OI S.A.
Form 424B2
April 30, 2014
Table of Contents

Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-194523

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee (2)
Common Shares, no par value, of Oi S.A. (3)	1,069,661,741	US$0.970	US$1,037,571,887.80	US$133,639.26
Preferred Shares, no par value, of Oi S.A. (3)	2,480,507,063	US$0.894	US$2,217,573,314.55	US$285,623.44
Total	3,550,168,804	N/A	US$3,255,145,202.35	US$419,262.70

(1) Includes common shares and preferred shares, including in the form of American Depositary Shares, or ADSs, each of which represents one common share or one preferred share, as applicable, evidenced by American Depositary Receipts, to be offered and sold in the United States (including 287,554,298 common shares and 575,108,597 preferred shares that may be sold pursuant to the international underwriters option). Additionally, this includes common shares and preferred shares that are being offered in Brazil and elsewhere other than the United States but which may be resold in the United States in transactions requiring registration under the Securities Act of 1933, as amended, or the Securities Act. Offers and sales of common shares in Brazil are being made pursuant to Regulation S under the Securities Act and are not covered by this registration statement.

(2) The registration fee of US$419,262.70 is calculated in accordance with Rule 457(r) of the Securities Act.

(3) The common shares and preferred shares may be represented by ADSs, each of which represents one common share or one preferred share, as applicable, evidenced by American Depositary Receipts, issuable on deposit of common shares or preferred shares, as applicable, which have been registered pursuant to separate Registration Statements on Form F-6 (File No. 333-179758, 333-179759, 333-195519 and 333-195520), which were filed on February 28, 2012, February 28, 2012, April 28, 2014 and April 28, 2014, respectively.

Table of Contents

Prospectus Supplement

(To Prospectus dated March 13, 2014)

Oi S.A.

782,107,442 Common Shares

1,905,398,466 Preferred Shares

Including Common Shares and Preferred Shares in the Form of American Depositary Shares

We are offering 2,142,279,524 common shares and 4,284,559,049 preferred shares in a global offering that consists of an international offering outside Brazil and an offering in Brazil. The common shares and preferred shares (including in the form of American Depositary Shares, or ADSs) offered pursuant to this prospectus supplement comprise part of the global offering. Certain persons are subscribing for shares not offered pursuant to this prospectus supplement in concurrent transactions in the global offering. See The Global Offering for more information. The international offering is being conducted outside Brazil and includes a registered offering in the United States. The common shares and preferred shares may be offered directly or in the form of ADSs, each of which represents one of our common shares, or our Common ADSs, or one of our preferred shares, or our Preferred ADSs. Our Common ADSs and our Preferred ADSs are collectively referred to as our ADSs. The international offering and the Brazilian offering are being conducted concurrently.

Each of our existing common shareholders and preferred shareholders as of April 9, 2014 was given the opportunity to subscribe for common shares or preferred shares, as the case may be, in the Brazilian offering on a priority basis. Priority subscription was not available to holders of ADSs. An ADS holder that wished to be eligible for priority subscription was required to make the necessary arrangements to cancel such holder s ADSs and take delivery of the underlying shares in a Brazilian account. Telemar Participações S.A., or TmarPart, our direct controlling shareholder, Valverde Participações S.A., or Valverde, AG Telecom Participações S.A., or AG Telecom, and LF Tel S.A., or LF Tel, each of which is a member of a group of entities that indirectly controls our company, assigned their respective priority rights to Portugal Telecom, SGPS, S.A., or Portugal Telecom, which is a member of a group of entities that indirectly controls our company. See Underwriting Priority Subscription.

Our Common ADSs and our Preferred ADSs are listed on the New York Stock Exchange, or NYSE, under the symbols OIBR.C and OIBR, respectively. The closing price of our Common ADSs and our Preferred ADSs on the NYSE on April 28, 2014 was US$1.07 and US$1.04 per ADS, respectively. Our common shares and our preferred shares are listed on the Level 1 (*Nível 1*) listing segment of the São Paulo Stock Exchange (*BM&FBOVESPA S.A. Bolsa de Valores Mercadorias e Futuros*), or the BM&FBOVESPA, under the symbols OIBR3 and OIBR4, respectively. The closing price of our common shares and our preferred shares on the BM&FBOVESPA on April 28, 2014 was R$2.52 per common share and R$2.37 per preferred share, respectively.

	Per Common ADS (1)	Per Preferred ADS (2)	Per common share (3)	Per preferred share	Total (4)(5)
Public offering price	US$ 0.970	US$ 0.894	R$ 2.17	R$ 2.00	US$ 2,462,212,821
Underwriting discounts and commissions (6)	US$ 0.011	US$ 0.010	R$ 0.025	R$ 0.023	US$ 28,315,447
Proceeds to us before expenses	US$ 0.959	US$ 0.884	R$ 2.145	R$ 1.977	US$ 2,433,897,374

(1) The offering price for the Common ADSs is the approximate U.S. dollar equivalent of the offering price per common share in the Brazilian offering.
(2) The offering price for the Preferred ADSs is the approximate U.S. dollar equivalent of the offering price per preferred share in the Brazilian offering.
(3) The price per common share was based solely on the price per preferred share, which was based on the market price per preferred share and on the bookbuilding process, with the price of one preferred share being equal to the price of 0.9211 common shares.
(4) Amounts in *reais* have been translated into U.S. dollars at the selling exchange rate reported by the Central Bank of Brazil (*Banco Central do Brasil*) as of April 28, 2014, or R$2.237 to US$1.00.
(5) Total amounts reflect the common shares and preferred shares (including in the form of ADSs) offered pursuant to this prospectus supplement, and do not reflect other subscriptions occurring concurrently in the global offering.
(6) Reflects an underwriting discount and commission of 1.15% of the aggregate offering price of the Common ADSs, Preferred ADSs, common shares and preferred shares sold. The underwriting discount and commission does not include a discretionary incentive fee described in the Underwriting Underwriting Discounts and Commissions section.

We have granted Banco BTG Pactual S.A. Cayman Branch an option, exercisable in its sole discretion upon prior written notice to our company, with a copy to the other international underwriters, at any time for a period of 30 days from, and including, April 29, 2014, for the international underwriters to purchase up to 287,554,298 additional common shares and 575,108,597 additional preferred shares, in each case in the form of ADSs, minus the number of common shares and preferred shares sold by us pursuant to the Brazilian underwriters option referred to below, at the initial public offering price, less the underwriting discounts and commissions, provided that we will not issue a number of shares under the underwriters options that yields gross proceeds in excess of R$742,035,333.77. If any additional ADSs are purchased with this international underwriters option, the international underwriters will offer the additional ADSs on the same terms as those ADSs that are being offered pursuant to the international offering.

We have also granted Banco BTG Pactual S.A. an option, exercisable in its sole discretion upon prior written notice to our company, with a copy to the other Brazilian underwriters, at any time for a period of 30 days from and including, April 29, 2014, for the Brazilian underwriters to place up to 287,554,298 additional common shares and 575,108,597 additional preferred shares, minus the number of common shares and preferred shares in the form of ADSs sold pursuant to the international underwriters option, provided that we will not issue a number of shares under the underwriters options that yields gross proceeds in excess of R$742,035,333.77. If this Brazilian underwriters option is exercised, the additional common shares and preferred shares will be offered on the same terms as those common shares and preferred shares that are being offered pursuant to the Brazilian offering.

Investing in our common shares and our preferred shares and our Common ADSs and our Preferred ADSs involves risks. See Risk Factors beginning on page S-38 of this prospectus supplement and Item 3. Key Information Risk Factors beginning on page 9 of our annual report on Form 20-F for the year ended December 31, 2013, which is incorporated by reference in this prospectus supplement, to read the discussion of

material risks you should consider before investing in our common or preferred shares or our Common ADSs or our Preferred ADSs.

Our common shares and preferred shares to be delivered in the form of ADSs will be deposited with the depositary s custodian through the facilities of the BM&FBOVESPA and our Common ADSs and our Preferred ADSs will be delivered through the facilities of The Depository Trust Company, or DTC, on or about May 2, 2014. Delivery of our common shares and our preferred shares to be delivered in the form of shares will be made in Brazil through the book-entry facilities of the BM&FBOVESPA on or about May 5, 2014.

Neither the U.S. Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Global Coordinators

BTG Pactual	**BofA Merrill Lynch**	**Barclays**	**Citigroup**	**Credit Suisse**	**Espirito Santo Investment Bank**	**HSBC**	**Banco do Brasil Securities**

Joint Bookrunners

Bradesco BBI	**Caixa Banco de Investimento**	**Goldman, Sachs & Co.**	**Itaú BBA**	**Morgan Stanley**	**Santander**

Co-Managers

XP Securities	**Nomura**	**BNP PARIBAS**

The date of this Prospectus Supplement is April 28, 2014

We are responsible for the information contained and incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free-writing prospectus we prepare or authorize. We have not authorized anyone to provide you with any other information, and we take no responsibility for any other information that others may give you. This prospectus may only be used where it is legal to sell our common shares, preferred shares or ADSs. You should not assume that the information in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of these documents.

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus, which are part of a registration statement we filed with the SEC using the shelf registration process, are being used in connection with the offering of our common shares, including our Common ADSs, and our preferred shares, including our Preferred ADSs, in the United States and other countries outside Brazil. We are also offering our common shares and our preferred shares in Brazil by means of a Brazilian prospectus and accompanying reference form (*formulário de referência*) in the Portuguese language, or the Brazilian offering documents. The Brazilian prospectus and accompanying reference form, which have been filed with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or the CVM, are in a format different from that of this prospectus supplement and the accompanying prospectus, and contain information not generally included in documents such as this prospectus supplement and the accompanying prospectus. This offering of our common shares, including our Common ADSs, and our preferred shares, including our Preferred ADSs, is made in the United States and elsewhere outside Brazil solely on the basis of the information contained in this prospectus supplement, the accompanying prospectus and any additional free writing prospectus prepared or authorized by us. You should not rely on the Brazilian offering documents in making an investment decision in relation to our common shares, our preferred shares and our ADSs.

Any investors outside Brazil purchasing our common shares or preferred shares directly (not in the form of our ADSs) must be authorized to invest in Brazilian securities under the requirements established by Brazilian law, especially by the Brazilian National Monetary Council (*Conselho Monetário Nacional*), or the CMN, the CVM and the Central Bank of Brazil (*Banco Central do Brasil*), or the Central Bank of Brazil, complying with the requirements set forth in Instruction No. 325, dated January 27, 2000, of the CVM, as amended, and Resolution No. 2,689, dated January 22, 2000, as amended, of the CMN and Law No. 4,131 of September 3, 1962, as amended. No offer or sale of ADSs may be made to the public in Brazil except in circumstances that do not constitute a public offer or distribution under Brazilian laws and regulations. Any offer or sale of our ADSs in Brazil to non-Brazilian residents may be made only under circumstances that do not constitute a public offer or distribution under Brazilian laws and regulations.

The representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference in this prospectus supplement and the accompanying prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs. You should read this prospectus supplement, the accompanying prospectus and the additional information incorporated by reference in this prospectus supplement described under Where You Can Find More Information and Incorporation by Certain Documents by Reference before making an investment in our securities

To the extent there is a conflict between the information contained in this prospectus supplement and the accompanying prospectus or any document incorporated by reference herein or therein, you should rely on the information in this prospectus supplement, provided that if any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in this prospectus supplement the statement in the document having the later date modifies or supersedes the earlier statement.

This prospectus supplement contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of the documents referred to herein have been filed, or will be filed or incorporated by reference as exhibits to the registration statement of which the accompanying prospectus is a part, and you may obtain copies of those documents as described below under Where You Can Find More Information.

Table of Contents

Neither the delivery of this prospectus supplement nor any sale made under it implies that there has been no change in our affairs or that the information in this prospectus supplement is correct as of any date after the date of this prospectus supplement. You should not assume that the information in this prospectus supplement, including any information incorporated in this prospectus supplement by reference, the accompanying prospectus or any free writing prospectus prepared or authorized by us, is accurate as of any date other than the date on the front of those documents. Our business, financial condition, results of operations and prospects may have changed since that date.

We are responsible for the information contained and incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free-writing prospectus we prepare or authorize. We have not authorized anyone to provide you with any other information, and we take no responsibility for any other information that others may give you. We are not making an offer to sell securities in any jurisdiction where the offer or sale of such securities is not permitted.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We file annual and other reports with the SEC under the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act. You may read and copy this information at the following location of the SEC:

Public Reference Room

100 F Street, N.E.

Room 1580

Washington, D.C. 20549

You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the SEC s Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports and other information about issuers like us who file electronically with the SEC. The address of the site is www.sec.gov. We maintain an Internet site at www.oi.com.br/ir. Information contained on our website is not incorporated by reference in, and should not be considered as part of this prospectus, or any accompanying prospectus supplement.

We are a foreign private issuer as defined under Rule 405 of the U.S. Securities Act of 1933, as amended, or the Securities Act. As a result, although we are subject to the informational requirements of the Exchange Act as a foreign private issuer, we are exempt from certain informational requirements of the Exchange Act which domestic issuers are subject to, including the proxy rules under Section 14 of the Exchange Act, the insider reporting and short-profit provisions under Section 16 of the Exchange Act and the requirement to file current reports on Form 8-K upon the occurrence of certain material events.

We are also subject to the informational requirements of the BM&FBOVESPA and the CVM. You are invited to read and copy reports, statements or other information, other than any confidential filings, that we have filed with the BM&FBOVESPA and the CVM. Our public filings with the BM&FBOVESPA are electronically available from the BM&FBOVESPA s Internet site at www.bmfbovespa.com.br. However, information on file with the BM&FBOVESPA and the CVM is not incorporated by reference in, and should not be considered as part of, this prospectus supplement or the accompanying prospectus.

Table of Contents

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC, allows us to incorporate by reference information into this prospectus supplement and the accompanying prospectus. This means that we can disclose important information to you by referring you to another document filed by us separately with the SEC. The information incorporated by reference is considered to be a part of this prospectus supplement and the accompanying prospectus, except for any information superseded by information that is included directly in this prospectus supplement or incorporated by reference subsequent to the date of this prospectus supplement.

We incorporate by reference herein the following documents listed below, which we have already filed with or furnished to, or will file with or furnish to, the SEC, as the case may be:

- our annual report on Form 20-F for the fiscal year ended December 31, 2013, filed with the SEC on March 12, 2014 (File No. 001-15256), which we refer to as our 2013 Annual Report;

- the report on Form 6-K of Portugal Telecom, SGPS, S.A. furnished to the SEC on March 12, 2014 (SEC File No. 001-13758) containing audited annual financial statements of Portugal Telecom as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011, which we refer to as the Portugal Telecom Financial Statement Report;

- the valuation report dated February 21, 2014 prepared by Banco Santander (Brasil) S.A., or Santander Brasil, on the shares of PT Portugal that we will acquire in the Oi capital increase, which we refer to as the PT Assets Valuation Report, included as Exhibit 99.1 to our current report on Form 6-K furnished to the SEC on April 3, 2014 (File No. 001-15256);

- our current report on Form 6-K including information with respect to PT Portugal, furnished to the SEC on April 3, 2014 (File No. 001-15256), which we refer to as the PT Portugal Acquisition Report;

- any future annual reports on Form 20-F that we file with the SEC after the date of this prospectus supplement and prior to the termination of the offering of the securities offered by this prospectus supplement; and

- any future reports on Form 6-K that we submit to the SEC after the date of this prospectus supplement that are identified in such reports as being incorporated by reference in this prospectus supplement.

You may request a copy of any and all of the information that has been incorporated by reference herein and that has not been delivered with this prospectus supplement, at no cost, by writing or telephoning us at:

Oi S.A.

Attn: Investor Relations Department

Rua Humberto de Campos No. 425, 7th floor Leblon

22430-190 Rio de Janeiro, RJ

Telephone: +(55 21) 3131-2918

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references herein to the *real*, *reais* or R$ are to the Brazilian *real*, the official currency of Brazil. All references to U.S. dollars, dollars or US$ are to U.S. dollars. All references to Euros, EUR or are to the Euro.

On April 28, 2014, the exchange rate for *reais* into U.S. dollars was R$2.237 to US$1.00, based on the selling rate as reported by the Central Bank of Brazil. The selling rate was R$2.343 to US$1.00 as of December 31, 2013, R$2.044 to US$1.00 as of December 31, 2012 and R$1.876 to US$1.00 as of December 31, 2011, in each case, as reported by the Central Bank of Brazil. The *real*/U.S. dollar exchange rate may fluctuate widely, and the selling rate as of April 28, 2014 may not be indicative of future exchange rates.

On April 28, 2014, the exchange rate for Euros into U.S. dollars was 0.723 to US$1.00, based on the selling rate as certified for customs purposes by the Federal Reserve Bank of New York. The selling rate was 0.726 to US$1.00 as of December 31, 2013, 0.758 to US$1.00 as of December 31, 2012 and 0.771 to US$1.00 as of December 31, 2011, in each case, as reported by the Federal Reserve Bank of New York. The Euro/U.S. dollar exchange rate may fluctuate widely, and the selling rate as of April 28, 2014 may not be indicative of future exchange rates. See Part Two Summary Exchange Rates for more information.

Solely for the convenience of the reader, we have translated some amounts included in Exchange Rates from *reais* into U.S. dollars and Euros into U.S. dollars using the selling rate as reported by the Central Bank of Brazil and the Federal Reserve Bank of New York as of December 31, 2013 of R$2.343 to US$1.00 and 1.38 to US$1.00, respectively. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or at any other exchange rate.

Financial Statements

Oi Financial Statements

We maintain our books and records in *reais*. Our consolidated financial statements as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 have been audited, as stated in the reports appearing therein, and are incorporated herein by reference to our 2013 Annual Report.

We prepare our consolidated financial statements in accordance with accounting practices adopted in Brazil, or Brazilian GAAP, which are based on:

- Brazilian Law No. 6,404/76, as amended by Brazilian Law No. 9,457/97, Brazilian Law No. 10,303/01, and Brazilian Law No. 11,638/07, which we refer to collectively as the Brazilian Corporation Law;
- the rules and regulations of the CVM and the Brazilian Federal Accounting Council (*Conselho Federal de Contabilidade*); and
- the accounting standards issued by the Brazilian Accounting Pronouncements Committee (*Comitê de Pronunciamentos Contábeis*), or the CPC.

Brazilian GAAP differs in certain important respects from accounting principles generally accepted in the United States, or U.S. GAAP. Differences between Brazilian GAAP and U.S. GAAP where applicable to Oi are summarized in note 31 to our audited consolidated financial statements which are incorporated herein by reference to our 2013 Annual Report.

The financial information of our company included in this prospectus supplement and the accompanying prospectus should be read in conjunction with, and is qualified in its entirety by, our consolidated financial statements and Item 5. Operating and Financial Review and Prospects in our 2013 Annual Report, which is incorporated into this prospectus supplement and the accompanying prospectus.

Table of Contents

Portugal Telecom Financial Statements

As part of the Oi capital increase described in this prospectus supplement, we will acquire substantially all of Portugal Telecom s operating assets. To assist investors in understanding these assets, we have incorporated by reference into this prospectus supplement the audited financial statements of Portugal Telecom as of December 31, 2013, 2012 and 2011 and for the years ended December 31, 2013, 2012 and 2011. We note that a significant part of the assets of Portugal Telecom consists of its investments in AG Telecom, LF Tel, TmarPart, our company, CTX and Contax. These investments will not be acquired by us, and we understand that Portugal Telecom intends to dispose of its investments in CTX and Contax prior to the merger of shares and the merger described in this prospectus supplement. The pro forma financial information of Oi presenting the effects of our acquisition of substantially all of Portugal Telecom s operating assets presented elsewhere in this prospectus supplement depicts the elimination of the equity investments that will not be part of the assets that we acquire from Portugal Telecom.

Portugal Telecom maintains its books and records in Euros, the single currency adopted by certain participating member countries of the European Union, or the EU, including Portugal, as of January 1, 1999.

Portugal Telecom s audited consolidated financial statements as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012, and 2011 included in the Portugal Telecom Financial Statement Report, were prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

As a result of Portugal Telecom s adoption of IFRS 11 and of the amendments to IAS 19, *Employee Benefits*, or IAS 19, Portugal Telecom restated the previously reported consolidated statements of financial position as of December 31, 2012 and 2011 and the consolidated income statements for the periods then ended, as detailed in Note 4 to its audited consolidated financial statements. In addition, we retrospectively adjusted the selected consolidated financial data in Summary Historical Financial and Operating Data of Oi and Portugal Telecom Summary Historical Financial and Operating Data of Portugal Telecom for the years ended December 31, 2009, December 31, 2010, December 31, 2011 and December 31, 2012 to reflect the adoption of IFRS 11 and the amendments to IAS 19.

Market Information

We make statements in this prospectus supplement about our market share and other information relating to the telecommunications industry in Brazil. We have made these statements on the basis of information obtained from third-party sources and publicly available information that we believe are reliable, such as information reports from the Brazilian federal telecommunications regulator (*Agência Nacional de Telecomunicações*), or ANATEL, among others. Information derived from the industry publications above has been accurately reproduced and, to our knowledge, no facts have been omitted which would render the reproduced information inaccurate or misleading. Notwithstanding any investigation that we and the Brazilian and international underwriters may have conducted with respect to the market share, market size or similar data provided by third parties or derived from industry or general publications, we and the Brazilian and international underwriters assume no responsibility for the accuracy or completeness of any such information obtained from such sources.

Rounding and Other Information

Some percentages and certain figures included in this prospectus supplement have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables in this prospectus supplement may not be an arithmetic aggregation of the figures that precede them.

Table of Contents

Certain Defined Terms Used in this Prospectus Supplement

Unless otherwise indicated or the context otherwise requires:

all references to Oi are to Oi S.A.;

all references to our company, we, our, ours, us or similar terms are to Oi and its consolidated subsidia

all references to TmarPart are to Telemar Participações S.A., including its consolidated subsidiaries as the context requires;

all references to Portugal Telecom are to Portugal Telecom, SGPS S.A., including its consolidated subsidiaries as the context requires;

all references to PT Portugal are to PT Portugal SGPS, S.A. including its consolidated subsidiaries and investments following the reorganization of Portugal Telecom in anticipation of the business combination (as described in the PT Portugal Acquisition Report);

all references to Bratel Brasil are to Bratel Brasil S.A., an indirect wholly-owned subsidiary of Portugal Telecom and a member of a group of shareholders that controls our company;

all references to AG Telecom are to AG Telecom Participações S.A., which is a member of a group of shareholders that controls our company;

all references to LF Tel are to LF Tel S.A., which is a member of a group of shareholders that controls our company;

all references to PASA are to PASA Participações S.A., which is the sole shareholder of AG Telecom;

all references to EDSP are to EDSP 75 Participações S.A., which is the sole shareholder of LF Tel;

all references to AGSA are to Andrade Gutierrez S.A., which together with Bratel Brasil are the only shareholders of PASA;

all references to Jereissati Telecom are to Jereissati Telecom S.A., which together with Bratel Brasil are the only shareholders of EDSP;

all references to CTX are to CTX Participações S.A., a company controlled by AG Telecom, LF Tel and Portugal Telecom;

all references to Contax Holding are to Contax Participações S.A., a company controlled by CTX;

all references to Contax are to Contax S.A., a company controlled by Contax Holding;

all references to Caravelas are to Caravelas Fundo de Investimentos em Ações, an investment vehicle managed through Banco BTG Pactual S.A.;

all references to Brazil are to the Federative Republic of Brazil; and

all references to the Brazilian government are to the federal government of the Federative Republic of Brazil.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain forward-looking statements. These forward-looking statements are set forth under Item 3. Key Information Risk Factors, Item 4. Information on the Company and Item 5. Operating and Financial Review and Prospects in our 2013 Annual Report, which is incorporated by reference into this prospectus supplement and the accompanying prospectus. Some of the matters discussed concerning our business operations and financial performance include forward-looking statements within the meaning of the Securities Act and the Exchange Act.

Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as expects, anticipates, intends, plans, believes, estimates and similar expressions are forward-looking statements. Although we believe that these forward-looking statements are based upon reasonable assumptions, these statements are subject to several risks and uncertainties and are made in light of information currently available to us. As a result of these risks and uncertainties, investors should not base their decisions to invest in our shares or our ADSs on these estimates or forward-looking statements.

Many important factors could cause our actual results to differ substantially from those anticipated in our forward-looking statements, including, among other things:

- competition in the Brazilian telecommunications sector and, following the completion of the Oi capital increase, the Portuguese telecommunications sector;

- the Brazilian government s telecommunications policies that affect the telecommunications industry and our business in general, including issues relating to the remuneration for the use of our network, and changes in or developments of ANATEL regulations applicable to us;

- following the completion of the Oi capital increase, the Portuguese government s telecommunications policies that affect the telecommunications industry and the business of PT Portugal in general, including issues relating to the remuneration for the use of the network we will acquire, and changes in or developments of ANACOM regulations applicable to PT Portugal;

- our progress in integrating the operations of PT Portugal following the completion of the Oi capital increase, so as to achieve the anticipated benefits of this acquisition;

- the cost and availability of financing;

- the general level of demand for, and changes in the market prices of, our services;

- our ability to implement our corporate strategies in order to expand our customer base and increase our average revenue per user;

political, regulatory and economic conditions in Brazil and the specific Brazilian states in which we operate;

political, regulatory and economic conditions in Portugal and the African and Asian countries in which we will operate following the Oi capital increase;

inflation and fluctuations in exchange rates;

the outcomes of legal and administrative proceedings to which we are or become a party;

changes in telecommunications technology that could require substantial or unexpected investments in infrastructure or that could lead to changes in our customers behavior; and

other factors identified or discussed under Item 3. Key Information Risk Factors of our 2013 Annual Report, which is incorporated by reference in this prospectus.

Table of Contents

Our forward-looking statements are not guarantees of future performance, and our actual results or other developments may differ materially from the expectations expressed in the forward-looking statements. As for forward-looking statements that relate to future financial results and other projections, actual results will be different due to the inherent uncertainty of estimates, forecasts and projections. Because of these uncertainties, potential investors should not rely on these forward-looking statements.

We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Table of Contents

SUMMARY

This summary highlights selected information about us and the common shares, preferred shares and ADSs that we are offering. It may not contain all of the information that may be important to you. Before investing in our common shares, preferred shares or ADSs, you should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus carefully for a more complete understanding of our business and this offering, including our consolidated financial statements and the related notes incorporated herein by reference to our 2013 Annual Report, the consolidated financial statements of Portugal Telecom and the related notes incorporated herein by reference to the Portugal Telecom Financial Statement Report, the section entitled Risk Factors included elsewhere in this prospectus supplement and Item 3. Key Information Risk Factors of our 2013 Annual Report, which is incorporated into this prospectus supplement and the accompanying prospectus.

Overview

We are one of the principal integrated telecommunications service providers in Brazil with approximately 74.5 million revenue generating units, or RGUs, based on data from the first quarter of 2013. We operate throughout Brazil and offer a range of integrated telecommunications services that include fixed-line and mobile telecommunication services, network usage (interconnection), data transmission services (including broadband access services), pay-TV (including as part of double-play, triple-play and quadruple-play packages), internet services and other telecommunications services for residential customers, small, medium and large companies and governmental agencies. We estimate we own approximately 330,000 kilometers of installed fiber optic cable distributed throughout Brazil. Our mobile network covers areas in which we estimate approximately 93.0% of the Brazilian population lives and works. According to ANATEL, as of December 31, 2013, we had an 18.5% share of the Brazilian mobile telecommunications market, and as of April 30, 2013 (the date of the most recent information available from ANATEL), we had a 39.6% share of the Brazilian fixed-line market. As part of our convergence strategy, we estimate we offer more than 520,000 WiFi hotspots in public places, such as airports and shopping malls.

We commenced an industrial alliance with Portugal Telecom, which we refer to as the Portugal Telecom Alliance, in July 2010. The objective of the Portugal Telecom Alliance has been to develop a global telecommunications platform that will allow for the development, research and sharing of telecommunications projects and technologies, strategic investments, the sharing of best practices, the expansion of the parties international presence, particularly in Latin America and Africa, diversification of services, the maximization of synergies and the reduction of costs, with the constant objective of offering better services and care to customers of both groups and to create value for both parties shareholders. This global offering, which is a step towards the consolidation of the Portugal Telecom Alliance, will occur concurrently with the acquisition by us of all of the shares of PT Portugal, which holds (1) all of the operating assets of Portugal Telecom, except interests held directly or indirectly in TmarPart, our company, CTX and Contax, and (2) all of Portugal Telecom s liabilities as of the date of the acquisition. See The Proposed Business Combination for additional information. As a result, we will hold significant interests in telecommunications companies in Portugal as well as Angola, Cape Verde, Namibia, São Tomé and Principe in Africa and East Timor in Asia.

PT Portugal offers packages of convergence products, which include pay TV, broadband, fixed-line and mobile telecommunications, as well as cloud solutions and IT/IS and BPO services for corporate and small and medium business customers. In Portugal, in our view, PT Portugal s 4G network covers areas in which more than 93% of the Portuguese population lives and works and PT Portugal owns an installed fiber optic network connecting 1.6 million homes through fiber-to-the-home, or FTTH, technology. In 2011, the FTTH Council Europe gave Portugal Telecom the award for best implementation and operation of an FTTH network in Europe. In addition, in our view, PT Portugal owns one of the largest and most modern data centers of Europe (recently inaugurated in September 2013) with a capacity of 30 Pbytes. This new data center will continue to allow the development and expansion of cloud computing services.

S-1

Upon acquiring PT Portugal, we believe we will have an aggregate of approximately 100 million RGUs in Brazil, Portugal, Africa and Asia (including RGUs of operators in which we will have a minority investment) and our combined networks will cover a population of approximately 260 million people (including people in areas served by operators in which we will have a minority investment), which we understand will make our company one of the operators with the largest presence in Portuguese-speaking countries. In addition, we expect to benefit from synergies with Portugal Telecom, combining our leadership position in Brazil and the experience of Portugal Telecom in Portugal, Africa and Asia, creating growth opportunities supported by a qualified and internationally recognized management team led by Mr. Zeinal Bava.

Financial and Operational Highlights

During the year ended December 31, 2013, our net operating revenue was R$28,422 million and our net income was R$1,493 million. During the three years ended December 31, 2013, we made aggregate capital expenditures of R$14,388 million, of which 62% was invested in our infrastructure and network, for the development and expansion of our mobile network (2G, 3G and 4G), and improvement of our fixed-line network with a focus on expanding our broadband services and launching our pay-TV platform.

During the year ended December 31, 2013, Portugal Telecom s consolidated operating revenue was 2,911.2 million (R$9,491 million) and its consolidated net income was 388.0 million (R$1,265 million). During the year ended December 31, 2013, Portugal Telecom recorded equity in the earnings of joint ventures of 4.5 million (R$15 million) related to entities that will not be contributed to PT Portugal. During the three years ended December 31, 2013, Portugal Telecom made total capital expenditures of 2,000 million (R$5,135 million).

Strengths

Integrated national presence aligned with an international platform and brand recognition

We are the only provider of telecommunications services in Brazil with a fully integrated national presence, offering a variety of convergent products, marketed exclusively under the brand *Oi*. Following our acquisition of PT Portugal concurrently with the settlement of this offering, we understand that we will become an international company with our principal offices in Brazil, approximately 100 million RGUs (including RGUs of operators in which we will have a minority investment), and operations in Brazil, Portugal, Africa and Asia with networks covering a population of approximately 260 million people (including people in areas served by operators in which we will have a minority investment). We will continue to operate under the *Oi* and the *PT* brands and we believe we will become one of the operators with the largest presence in Portuguese-speaking countries.

In 2009, we have offered all of our services under the brand *Oi* and we believe that this uniform branding has contributed to the creation of a simpler and more universally recognizable corporate identity, resulting in strong brand recognition, and the position of our brand among the 20 most valuable brands in Brazil in the last four years, according to Interbrand. In 2013, the brand *Oi* was one of the brands most recognized by consumers in the category of mobile operators, and was the most recognizable brand in the broadband category, according to the newspaper *Folha de São Paulo* s Top of Mind survey. We have supported and sponsored major events such as the FIFA World Cup, the Confederations Cup, Rio + 20 and Rock in Rio.

We believe that our extensive national presence through our fixed and mobile operations, our market position and brand awareness of the *Oi* brand represent a strong competitive advantage in Brazil because it increases the loyalty of our customer base, as well as our average revenue per user, or ARPU, which contribute to the expansion of our business.

Table of Contents

We have a large and diversified infrastructure

We believe that our telecommunications backbone and WiFi network are the largest in Brazil. We estimate we own approximately 330,000 kilometers of fiber optic cable. Our fiber optic network is distributed throughout Brazil, providing, in our understanding, voice and internet services to more than 12 million households in approximately 4,800 municipalities (*municípios*), which are analogous to counties in the U.S. We estimate our WiFi network has more than 520,000 hotspots that offer data packets, optimizing our resources. In addition, we have satellite coverage that allows us to offer pay-TV services to an estimated 4,500 localities *(localidades)*, which are governmental administrative units into which municipalities are divided. In June 2013, the SES-6 (a satellite leased by us) went into orbit improving coverage as well as increasing our pay-TV capacity, which will substantially increase the number of channels, pay-per-view services and interactive services that we offer and improve the quality and coverage of our pay-TV signal. Additionally, the SES-6 will allow us to offer a greater number of channels in high definition (HD) and transmit all of our content in digital format.

After the acquisition of PT Portugal, we believe our Portuguese fiber optic network will reach 1.6 million households connected through FTTH technology, equivalent to 46% of households and 94% of the Portuguese population. In Portugal, we believe our network will be a leader in 4G development, with expected coverage extended to over 92% of the country s population, a backbone capacity over 79 Tbps and individual connections of 100 Gbps of velocity. We understand that we will also own one of the largest and most modern data centers in Europe, with a capacity of 30 Pbytes, which will allow us to offer new and differentiated cloud-based services. This data center is one of the largest, most efficient and ecologically friendly of its kind. It occupies a total area of 75,500 square meters and was designed to be modular, composed of four blocks, with a capacity of up to 12,000 square meters for IT space.

We believe that our network capillarity and broad coverage will allow us to expand in municipalities in Brazil with higher economic growth potential and lower market penetration where our competitors do not yet have a significant presence.

Complete and innovative telecommunications and IT solutions

We offer and develop complete and innovative telecommunications and IT solutions and have leveraged the experience of Portugal Telecom in these areas since the commencement of the Portugal Telecom Alliance in July 2010. Upon the completion of the acquisition of PT Portugal, we will have an even greater capacity to offer telecommunications and IT products and services, drawing upon the expertise and know-how in the latest generation cloud computing services of Portugal Telecom, such as SmartCloudPTI, which aims to help companies adopt more efficient business models and reduce costs related to IT. In addition, we will have access to the centralized management tools of Portugal Telecom.

Experienced and qualified management team

Our business is run by qualified professionals with extensive experience in the telecommunications industry. We believe that our senior managers have positioned us to anticipate and capitalize on growth opportunities and to have the ability to plan and execute our strategies. Moreover, our senior management is recognized for its excellence in managing the technologies, services and products we offer. Mr. Zeinal Bava, the CEO of our company and PT Portugal, received the award for best CEO in the telecommunications industry in Europe by the Institutional Investor in 2010, 2011, 2012 and 2013, and the fifth best CEO of Europe by the Thomson Reuters Extel Survey in 2013.

We have a strong commitment to sustainability initiatives

We were part of, for the sixth consecutive year, the Corporate Sustainability Index (*Índice de Sustentabilidade Empresarial*) in 2013 and, for the third year, the Carbon Efficient Index (*Índice de Carbono Eficiente*), both indices of the BM&FBOVESPA. In addition, in 2013, we became part of the NYSE Dow Jones Sustainability Index, in the category Emerging Markets. We have been part of the UN Global Compact since 2009, committing ourselves to upholding best practices in human rights, labor relations, environment and anti-corruption.

We sponsor *Instituto Oi Futuro*, which is a social responsibility organization founded in 2001 to support culture, sustainability and educational programs, using IT and communication to promote social transformation.

Our Strategy

The principal components of our strategy are:

Consolidate our business model by capturing synergies and offering convergent services

Part of our strategy will focus on realizing the potential synergies resulting from the acquisition of PT Portugal, thereby creating value for our shareholders, customers and employees. To achieve this, we have prepared a preliminary plan to integrate areas where potential synergies exist and designated specific teams that will seek to maximize economies of scale and resolve operational challenges.

We intend to grow by offering convergent services, leveraging PT Portugal s know-how with respect to implementing innovative and integrated communication solutions in the Portuguese market, such as its experience launching the $M_4$0 service (quadruple-play) in Portugal. The convergence of telecommunication services is a trend in the industry and we offer convergent services through bundles of fixed-line, mobile, broadband and pay-TV services. Aside from potential synergies that may lead to reductions in operating and expansion investments, we believe that our strategy of bundling services has and will continue to increase sales, leading to increased ARPU and reduced customer acquisition costs. Furthermore, we believe that offering bundled services with a focus on quality sales and services increases customer loyalty, resulting in lower churn rates (the rates at which customers disconnect services).

We intend to leverage our network capillarity to grow our broadband and pay-TV services subscription base, as we believe that these services have a low level of penetration in certain regions of Brazil and there is relatively little competition in certain regions of the country. For example, we do not face significant competition in 97% of the approximately 4,800 municipalities in which we operate and in many municipalities, we are currently the only telecommunications service provider. Large parts of the population that we serve have a prior relationship with us through our fixed-line services and we believe that we have the potential to grow our broadband and pay-TV businesses by offering these services to these segments of the population. Therefore, we believe we are positioned to serve any increased demand for these services in these municipalities and we intend to continue to use our fixed-line business as an anchor to cross-sell our other services.

With respect to the mobile market, our strategy is to continue to focus on the pre-paid segment, which accommodates the profile of Brazilian consumers, reduces customer acquisition costs and provides us cash flows without the risk of payment default. In addition, we plan to continue to promote the increased usage of voice and data in this segment through active and personalized marketing campaigns targeted at stimulating customer purchases of credits for use in our pre-paid services, or recharging. We have adopted a strict policy for maintaining our customers accounts that focuses on profitability and terminates the service of customers who remain in default after a certain period.

Table of Contents

With respect to the post-paid segment, our objective is to acquire new, high quality customers through our adoption of effective sales methods, ensuring the growth of a healthy and profitable customer base, that, in addition to providing increased demand for mobile data, will provide opportunities to offer bundled services, such as internet and voice.

In order to continue the strengthening of our relationships with our corporate customers, we have focused on improving the quality of our service offerings and our sales channels. We have also focused on innovative solutions for our customers through services that they have not yet contracted, including cloud computing, leveraging Portugal Telecom s know-how in this area. We believe these efforts will increase our revenue per customer (share of wallet), improving our results of operations.

Improve our operational efficiency with network and infrastructure management focused on three pillars: network, operation and IT

We will continue to focus on initiatives to improve operational efficiency based on three core pillars: network, operations and IT.

Our principal objectives includes the gradual development of our fiber optic network as well as the improvement of the network s current profitability to better allocate our investments, to converge our services (Single Edge and IMS) and to improve data traffic. In connection with our strategy to optimize our network, we will continue to better allocate our investment and reduce operational costs. The sharing of the 4G network with TIM is an example of successfully improving infrastructure rationalization since it allowed us to expand our 4G coverage without incurring significant operating costs. Additionally, we have modernized our legacy network, migrated voice and data traffic from our 2G network to our 3G network and expanded the capacity to offload traffic from our Wi-Fi network as well as the synergies from sharing of the network.

We will continue adopting a centralized network management model to increase control of the services we provide to our customers. Our center of operations in Rio de Janeiro is completely integrated and operates without interruptions. Our operational efficiency and quality of field services have shown consistent increases as a result of adopting strategic actions, such as reducing our field operating centers from 20 to three during 2013. We drew from Portugal Telecom s experience in order to implement Workforce Management Click, or Click, the principal focus of which is on the services supply chain as well as planning, schedule modifications in real time, resource management and communications with our customers.

Click improves the rate at which installations are successfully completed, increases productivity, reduces complaints and lowers operating costs. We believe that our acquisition of PT Portugal will result in even more pronounced results for this sector through our full adoption of tools and systems used by Portugal Telecom.

We develop our IT architecture to converge, standardize, integrate and simplify the business processes and development of our services, and we adopt the most flexible solutions for our customers. In the short-term, we intend to continue optimizing and reorganizing our internal processes with the goal of significantly reducing the quantity of our programs and applications as well as the related costs to maintain these programs and applications. We have also prepared productivity benchmarks with the goal of achieving improved services from our software and operational teams. In the long-term, we intend to consolidate the portfolio of applications, transforming our IT architecture into an instrument to converge, standardize, integrate and simplify the business process and development of our services as well as to improve significantly the time-to-market of our services and reduce our operating costs.

Table of Contents

Improve our cash flow profile, better allocate capital expenditures and optimize our capital structure through financial discipline

We will continue exploring initiatives to maintain our financial discipline to improve our cash flow profile, better allocate capital expenditures and optimize our capital structure. We have sold non-core operating assets, which has improved our financial flexibility, generated savings and added value for our shareholders. Our processes for carrying out investments are highly efficient, utilizing management and control tools (geo-location and performance metrics) based on maps defining technology priorities (2G vs. 3G vs. 4G, and DSL vs. fiber optics). In order to implement our 4G services quickly, economically and with the lowest environmental impact, we developed, together with Tim Celular S.A., an infrastructure sharing model called RAN Sharing. We intend to use the RAN Sharing model to reduce costs that would otherwise be necessary since it allows us to comply with certain regulatory obligations using half of the infrastructure to offer our services.

This strategy allows us to better allocate investments with respect to potential risk and reward. We will continue to focus on reducing our indebtedness by streamlining investments, reducing operational and financial costs and improving profitability. Following the acquisition of PT Portugal, we intend to improve our results of operations by achieving greater economies of scale and cost reductions.

Business Combination

This offering is a step in the proposed business combination of TmarPart, our company and Portugal Telecom, which, together with the related transactions described under The Proposed Business Combination included elsewhere in this prospectus supplement, we refer to collectively as the business combination. The business combination is expected to be accomplished through the global offering, the merger of shares and the merger that will cumulatively result in (1) our owning PT Portugal, (2) our being a wholly-owned subsidiary of TmarPart, and (3) our shareholders and the shareholders of Portugal Telecom becoming shareholders of TmarPart. **None of Oi, TmarPart or Portugal Telecom is offering the shares to be issued in the merger of shares or the merger by means of this prospectus supplement. We cannot assure you that the business combination will be completed.**

As a result of the business combination, we will provide services that include fixed-line and mobile telecommunication services, network usage (interconnection), data transmission services (including broadband access services), pay-TV (including as part of double-play, triple-play and quadruple-play packages), internet services, cloud services and other telecommunications services that are currently provided by Portugal Telecom in the countries in which it operates (in addition to the services we currently provide in Brazil).

The business combination is expected to be accomplished through three primary transactions:

- the Oi capital increase, including the global offering described in this prospectus supplement;

- a merger of shares (*incorporação de ações*) under Brazilian law, a Brazilian transaction in which, subject to the approvals of the holders of voting shares of Oi and TmarPart, all of the Oi shares not owned by TmarPart will be exchanged for TmarPart shares and Oi will become a wholly-owned subsidiary of TmarPart, which we refer to as the merger of shares; and a merger (*incorporação*) under Portuguese and Brazilian law, of Portugal Telecom with and into TmarPart, with TmarPart as the surviving company, which we refer to as the merger.

The effectiveness of the merger is conditioned upon the approval and completion of the merger of shares.

Table of Contents

We believe that the business combination will:

- permit the formation of a single large multinational telecommunications company based in Brazil with more than 100 million RGUs (including RGUs of operators in which we will have a minority investment) in seven countries with a total population of 260 million people (including people in areas served by operators in which we will have a minority investment);
- maintain the continuity of operations under the trademarks of our company and Portugal Telecom in their respective regions of operation, subject to unified control and management by TmarPart;
- further consolidate the operations of our company and Portugal Telecom, enabling the achievement of significant economies of scale, the maximization of operational synergies, the reduction of operational risks, the optimization of efficient investments and the adoption of best operational practices;
- strengthen the capital structure of TmarPart, facilitating its access to capital and financial resources;
- consolidate the shareholder bases of TmarPart, our company and Portugal Telecom as holders of a single class of common shares or ADSs traded on the *Novo Mercado* segment of the BM&FBOVESPA, the NYSE and NYSE Euronext Lisbon;
- diffuse TmarPart s shareholder base, as a result of which no shareholder or group of shareholders will hold a majority TmarPart s capital;
- result in the adoption by TmarPart of the corporate governance practices of the *Novo Mercado* segment of the BM&FBOVESPA; and
- promote greater liquidity of the TmarPart shares than currently is available to holders of shares of our company and Portugal Telecom.

Contribution of Shares of PT Portugal to Oi

In anticipation of the business combination, prior to the settlement of the Oi capital increase, Portugal Telecom will transfer all operating assets directly or indirectly owned by Portugal Telecom, except equity interests held in (1) our company and the direct and indirect shareholders of our company, and (2) Contax Holding and the direct and indirect shareholders of Contax Holding, to PT Portugal, and we expect that PT Portugal will assume all of Portugal Telecom s indebtedness outstanding on the date of our acquisition of PT Portugal. For more information regarding Portugal Telecom s internal reorganization, see Exhibit 1: Business of PT Portugal SGPS, S.A. in the PT Portugal Acquisition Report.

On February 19, 2014, we and Portugal Telecom executed a subscription agreement (*contrato de subscrição de ações de emissão da Oi S.A.*), or the Portugal Telecom Subscription Agreement, with Portugal Telecom, under which Portugal Telecom agreed to subscribe for our common and preferred shares as part of the Oi capital increase by contributing all of the share capital of PT Portugal to our company. The price per share paid by Portugal Telecom will be equivalent to the price per share paid in the cash portion of the Oi capital increase, and the number of our shares to which Portugal Telecom will subscribe will be based on an amount equivalent to the economic value of shares of PT Portugal (and consequently of the assets and liabilities to be transferred to PT Portugal), as determined in the valuation report prepared by Banco Santander (Brasil) S.A., or Santander Brasil, on the shares of PT Portugal that we will acquire in the Oi capital increase, which we refer to as the PT Assets Valuation Report. According to the PT Assets Valuation Report, the shares of PT Portugal were valued at an amount between 1,623.3 million (R$5,296.4 million) and 1,794.1 million (R$5,853.9 million). For purposes of Portugal Telecom s subscription in the Oi capital increase, our board of directors has determined a value for the shares of PT Portugal of 1,750 million (R$5,709.9 million), based on the Euro-*real* exchange rate on February 20, 2014.

Under the Portugal Telecom Subscription Agreement, as amended, the obligation of Portugal Telecom to contribute all of the share capital of PT Portugal to our company is subject to the satisfaction of certain conditions, including, among others:

- the approval by ANATEL of the business combination, which was obtained on March 27, 2014;
- the approval of creditors of Portugal Telecom, where necessary to complete the business combination, including waivers of creditors of Portugal Telecom, which have been obtained as described under The Proposed Business Combination The Oi Capital Increase Amendments to Portugal Telecom Bonds and Credit Agreements ;
- the placement of a subscription order in the global offering by Caravelas under the subscription agreement (*contrato de subscrição de ações de emissão da Oi S.A.*) that we have entered into with Caravelas, or the Caravelas Subscription Agreement, and by TmarPart Shareholders in the aggregate amount of R$2,000 million, which occurred on April 28, 2014;
- Oi obtaining proceeds of the cash portion of the Oi capital increase of at least R$7.0 billion; and
- the settlement of the Oi capital increase on or prior to May 15, 2014.

For more information regarding the Portugal Telecom Subscription Agreement, see The Proposed Business Combination The Oi Capital Increase Portugal Telecom Subscription Agreement.

Recent Developments Affecting Oi and Portugal Telecom

Sale of Mobile Telecommunications Towers

In March 2014, we sold all of our equity interests in a subsidiary that owns 2,007 mobile telecommunications towers to SBA Torres Brasil, Ltda. for R$1,525 million. We have entered into long-term lease agreements with SBA Torres Brasil, Ltda. that permit us to continue to use space on these communications towers for our mobile services business.

Dividend Proposal of Portugal Telecom

In March 2014, the board of directors of Portugal Telecom proposed that dividends of 89.7 million, or 0.10 per ordinary share, be approved by the annual general shareholders meeting of Portugal Telecom that is scheduled to be held on April 30, 2014.

Disbursement Under EDC Facility

In April 2014, EDC disbursed US$98.1 million under an export credit facility with EDC entered into in July 2012. See Item 5: Operating and Financial Review and Prospects Indebtedness Long-Term Indebtedness Credit Facilities with Export Credit Agencies Export Credit Facility with Export Development Canada for more information.

Disbursement Under BNDES Facility

In April 2014, BNDES disbursed an aggregate amount of R$836 million under the 2012 credit facility with BNDES entered into in December 2012. See Item 5: Operating and Financial Review and Prospects Indebtedness Long-Term Indebtedness Credit Facilities with BNDES for more information.

Increase of Fixed-Line Tariffs

In April 2014, ANATEL approved increases of (1) 0.651%, on average, in the rate baskets that our company is permitted to charge for regulated fixed-line local and long-distance services, and (2) 10.69% in the rates that our company is permitted to charge for local fixed-line network usage (interconnection).

Table of Contents

Proposed Connected Continent Legislative Package

The EC is finalizing its plans to pass a legislative package implementing a single telecommunications market the so-called Connected Continent legislation in order to stimulate the provision of cross-border European services. The draft legislation, in its initial wording, addresses matters such as a single European authorization and convergence of regulatory remedies, a standard EU wholesale broadband access product, the harmonization of spectrum authorization procedures, net neutrality and transparency, international mobile roaming and international calls, and consumer protection.

In its latest form, the legislative package approved by the European Parliament on April 3, 2014, provides, among other things, for (1) the cancellation of retail market roaming tariffs by December 15, 2015, which would result in operators no longer being able to differentiate between retail domestic and roaming communications within EU mobile networks, (2) clear rules for traffic management and the obligation of operators to assure a certain quality of service, and (3) reinforced consumer rights.

The draft legislative package will now be discussed at the level of the European Council and could be subject to additional revisions. It is expected that final legislation will be formally adopted by the end of 2014.

Proposed Legislation to Reduce Deployment Costs of High-Speed Broadband Networks

Negotiations between the European Parliament, the European Council and the European Commission regarding the reduction of roll-out costs of next generation networks, or NGA, took place in early 2014. On April 15, 2014, the European Parliament plenary adopted the measures proposed in these negotiations to reduce the costs of deploying high-speed broadband networks with no substantial amendments to the final report published by the ITRE Committee of the European Parliament on March 20, 2014. No further amendments to this report are expected and the formal adoption by the European Council is expected during the first half of 2014. If adopted, Member States will be required to transpose the directive into national law by January 1, 2016 and these national laws will enter into force by July 1, 2016.

Principal Executive Office

Our principal executive office is located at Rua Humberto de Campos No. 425, 7th floor Leblon, 22430-190 Rio de Janeiro, RJ, and the telephone number of our Investor Relations Department at this address is (55-21) 3131-2918.

Risk Factors

Investing in our common and preferred shares, including in the form of ADSs, involves significant risk. You should carefully consider the risks set forth under the caption Risk Factors in this prospectus supplement and under Item 3. Key Information Risk Factors in our 2013 Annual Report, which is incorporated into this prospectus supplement and the accompanying prospectus, before investing in our common shares, preferred shares or our ADSs. One or more of these factors could negatively impact our business, results of operations and financial condition, as well as our ability to implement our business strategy successfully.

Table of Contents

Summary of the Offering

Issuer Oi S.A.

Brazilian Underwriters Banco BTG Pactual S.A.
Bank of America Merrill Lynch Banco Múltiplo S.A.

Banco Barclays S.A.

Citigroup Global Markets Brasil, Corretora de Câmbio,

Títulos e Valores Mobiliários

Banco de Investimentos Credit Suisse (Brasil) S.A.

BES Investimento do Brasil S.A. Banco de Investimento

HSBC Bank Brasil S.A. Banco Múltiplo

BB Banco de Investimento S.A.

Banco Bradesco BBI S.A.

Banco Caixa Geral Brasil S.A.

Goldman Sachs do Brasil Banco Múltiplo S.A.

Banco Itaú BBA S.A.

Banco Morgan Stanley S.A.

Banco Santander (Brasil) S.A.

International Underwriters Banco BTG Pactual S.A. Cayman Branch
Merrill Lynch, Pierce, Fenner & Smith Incorporated

Barclays Capital Inc.

Citigroup Global Markets Inc.

Credit Suisse Securities (USA) LLC

Banco Espírito Santo de Investimento S.A.

HSBC Securities (USA) Inc.

Banco do Brasil Securities LLC

Banco Bradesco BBI S.A.

Caixa Banco de Investimento, S.A.

Goldman, Sachs & Co.

Itaú BBA USA Securities Inc.

Morgan Stanley & Co. LLC

Santander Investment Securities Inc.

Global offering	The global offering consists of an offering of an aggregate of 2,142,279,524 common shares and 4,284,559,049 preferred shares in the Brazilian offering and the international offering. The Brazilian offering and the international offering are being conducted concurrently. See The Global Offering.
Brazilian offering	In the Brazilian offering, we are offering 1,745,689,542 common shares and 3,455,677,254 preferred shares through the Brazilian underwriters in a public offering in Brazil, including on a priority subscription basis, as well as through separate subscription agreements through which we will sell common shares and preferred shares directly to certain purchasers. See The Global Offering.
International offering	Concurrently with the Brazilian offering, 396,589,982 common shares and 828,881,795 preferred shares are being offered in the international offering in the form of ADSs. Shares sold in the form of ADSs will be paid for in U.S. dollars at the U.S. dollar public offering price per ADS set forth on the cover page of this prospectus supplement.

Shares sold in the international offering in the form of shares will be delivered in Brazil and paid for in *reais at* the *real* offering price per share set forth on the cover page of this prospectus supplement. Any investor outside Brazil purchasing common shares or preferred shares, other than in the form of ADSs, must be authorized to invest in Brazilian securities under the requirements established by Brazilian law, especially by the CMN, the CVM and the Central Bank of Brazil, complying with the requirements set forth in Instruction No. 325, dated January 27, 2000, of the CVM, as amended, and Resolution No. 2,689, dated January 22, 2000, as amended, of the CMN, and Law No. 4,131 of September 3, 1962, as amended.

The international underwriters named in this prospectus supplement are underwriting the sale of 396,589,982 of our Common ADSs and 828,881,795 of our Preferred ADSs. The international underwriters are also acting as placement agents on behalf of the Brazilian underwriters for sales of shares in the form of shares to investors outside Brazil. See The Global Offering.

American Depositary Shares

Each of our Common ADSs represents one common share, and each of our Preferred ADSs represents one preferred share. ADSs may be represented by American Depositary Receipts, or ADRs. Our Common ADSs will be issued under a deposit agreement among us, The Bank of New York Mellon, as depositary, or the Common ADR Depositary, and the holders and beneficial owners from time to time of our Common ADSs issued thereunder, or the Common Deposit Agreement. Our Preferred ADSs will be issued under a deposit agreement among us, The Bank of New York Mellon, as depositary, or the Preferred ADR Depositary, and the holders and beneficial owners from time to time of our Preferred ADSs issued thereunder, or the Preferred Deposit Agreement. We refer to the Common ADR Depositary and the Preferred ADR Depositary collectively as the ADR Depositary. We refer to the Common Deposit Agreement and the Preferred Deposit Agreement collectively as the Deposit Agreement.

Priority Subscription

Each of our existing common shareholders and preferred shareholders as of April 9, 2014 was given the opportunity to subscribe for common shares or preferred shares, as the case may be, in the Brazilian offering on a priority basis. TmarPart, Valverde, AG Telecom and LF Tel assigned their respective priority rights to Portugal Telecom without charge.

Priority subscription was not available to holders of ADSs. An ADS holder that wished to be eligible for priority subscription was required to make the necessary arrangements to cancel such holder s ADSs and take delivery of the underlying shares in a Brazilian account. See Underwriting Priority Subscription.

Existing Subscription Agreements

We have entered into the Portugal Telecom Subscription Agreement pursuant to which Portugal Telecom subscribed for 1,045,803,934 common shares and 1,720,252,731 preferred shares in the Brazilian offering equivalent to R$5.7 billion, a portion of which was subscribed

	on the basis of the priority rights that were assigned to Portugal Telecom. See Underwriting Existing Subscription Agreements.
	We have also entered into the Caravelas Subscription Agreement, pursuant to which Caravelas subscribed for 171,362,482 common shares and 359,171,518 preferred shares in the Brazilian offering. See Underwriting Existing Subscription Agreements.
Offering price	The public offering prices for the Common ADSs and the Preferred ADSs being offered in the international offering are set forth on the cover page of this prospectus supplement. The offering price for the Common ADSs is the approximate U.S. dollar equivalent of the offering price per common share in the Brazilian offering and the offering price for the Preferred ADSs is the approximate U.S. dollar equivalent of the offering price per preferred share in the Brazilian offering, based upon the selling exchange rate reported by the Central Bank of Brazil of R$2.237 to US$1.00 on April 28, 2014.
	The price per common share will be based solely on the price per preferred share with the price of one preferred share being equal to the price of 0.9211 common shares.
Underwriters option	We have granted Banco BTG Pactual S.A. Cayman Branch an option, exercisable in its sole discretion upon prior written notice to our company, with a copy to the other international underwriters, at any time for a period of 30 days from, and including, April 29, 2014, for the international underwriters to purchase up to 287,554,298 additional common shares and 575,108,597 additional preferred shares, in each case in the form of ADSs, minus the number of common shares and preferred shares sold by us pursuant to the Brazilian underwriters option referred to below, at the initial public offering price, less the underwriting discounts and commissions, provided that we will not issue a number of shares under the underwriters options that yields gross proceeds in excess of R$742,035,333.77. If any additional ADSs are purchased with this international underwriters option, the international underwriters will offer the additional ADSs on the same terms as those ADSs that are being offered pursuant to the international offering.
	We have also granted Banco BTG Pactual S.A. an option, exercisable in its sole discretion upon prior written notice to our company, with a copy to the other Brazilian underwriters, at any time for a period of 30 days from and including, April 29, 2014, for the Brazilian underwriters to place up to 287,554,298 additional common shares and 575,108,597

additional preferred shares, minus the number of common shares and preferred shares in the form of ADSs sold pursuant to the international underwriters option, provided that we will not issue a number of shares under the underwriters options that yields gross proceeds in excess of R$742,035,333.77. If this Brazilian underwriters option is exercised, the additional common shares and preferred shares will be offered on the same terms as those common shares and preferred shares that are being offered pursuant to the Brazilian offering.

Table of Contents

Use of proceeds	We intend to use the net proceeds from the global offering to repay a portion of our indebtedness. See Use of Proceeds.
Share capital before and after global offering	As of the date of this prospectus supplement, we had 514,757,934 common shares outstanding (excluding shares held in treasury) and 1,125,269,709 preferred shares outstanding (excluding shares held in treasury). After the offering, we will have 2,657,037,458 common shares outstanding (excluding shares held in treasury) and 5,409,828,758 preferred shares outstanding (excluding shares held in treasury), assuming no exercise of the underwriters options.
Dividends	Our common shares bear a right to minimum mandatory dividends, equivalent to 25% of our annual adjusted net profits, if any, as calculated under Brazilian GAAP unless our board of directors advises our shareholders at our annual shareholders meeting that payment of the mandatory dividend for the preceding year is inadvisable in light of our financial condition and our shareholders approve their recommendation. See Description of Share Capital Dividends in the accompanying prospectus.
	Our preferred shares have a priority in the payment of a minimum non-cumulative dividend before dividends may be paid on the common shares equal to the greater of (i) 6.0% per year of their pro rata share of our capital or (ii) 3.0% per year of their pro rata share of the book value of our shareholders equity. Following the allocation of the preferential amount described above, our common shares will receive dividends up to the amount distributed to our preferred shares. Our preferred and common shares have the right to share in the balance of the mandatory minimum dividend under equal conditions. See Description of Share Capital Dividends in the accompanying prospectus.
	Holders of the ADSs will be entitled to receive dividends and any interest on shareholders equity to the same extent as the owners of our common shares and preferred shares, as applicable, subject to the deduction of the fees of the ADR Depositary and any applicable withholding taxes and the costs of foreign exchange conversion. See Description of American Depositary Shares Dividends and Other Distributions in the accompanying prospectus.
Voting Rights	Holders of common shares are entitled to one vote per share at meetings of our shareholders. See Description of Share Capital Description of Our Company s By-laws Voting Rights in the accompanying prospectus.

Holders of preferred shares have no voting rights except in certain limited circumstances. If we fail to pay the minimum dividends to which the preferred shares are entitled for three consecutive fiscal years, the preferred shares will acquire unrestricted voting rights. See Description of Share Capital Description of Our Company s By-laws Voting Rights in the accompanying prospectus.

Table of Contents

Holders of ADSs do not have voting rights, but may instruct the ADR Depositary how to vote the common shares underlying their ADSs under the circumstances described in the Deposit Agreement. See Description of American Depositary Shares Voting Rights in the accompanying prospectus.

Listings

Our Common ADSs and our Preferred ADSs are listed on the NYSE under the symbols OIBR.C and OIBR, respectively. Our common shares and our preferred shares are listed on the Level 1 (*Nível 1*) listing segment of the BM&FBOVESPA under the symbols OIBR3 and OIBR4, respectively.

Lock-up agreements

In connection with the global offering, we, our executive officers and our directors and certain of our major shareholders have agreed to enter into lock-up agreements with the international underwriters under which neither we nor they may, subject to certain exceptions, for a period from the date of each lock-up agreement through 90 days from the date of the execution of the international underwriting agreement, directly or indirectly sell, dispose of or hedge any common shares, preferred shares or ADSs (or any shares or other securities received from TmarPart in connection with the transactions described herein under the caption The Proposed Business Combination) or any securities convertible into or exchangeable for common shares, preferred shares or ADSs (or any shares or other securities received from TmarPart in connection with the transactions described herein under the caption The Proposed Business Combination) without the prior written consent of the international underwriters. See Underwriting No Sale of Similar Securities.

ADR Depositary

The Bank of New York Mellon.

Timetable for the global offering:

Commencement of marketing of the global offering	April 3, 2014
Announcement of offer price	April 28, 2014
Allocation of common shares, preferred shares and ADSs	April 28, 2014
Settlement and delivery of ADSs	May 2, 2014
Settlement and delivery of common shares and preferred shares	May 5, 2014

Unless otherwise indicated, all information contained in this prospectus supplement assumes no exercise of the underwriters options of Banco BTG Pactual S.A. and Banco BTG Pactual S.A. Cayman Branch.

Table of Contents

Summary Historical Financial and Operating Data of Oi and Portugal Telecom

Summary Historical Financial and Operating Data of Oi

The following summary financial data have been derived from our consolidated financial statements. The summary financial data as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 have been derived from our audited consolidated financial statements, which were prepared in accordance with Brazilian GAAP and are incorporated herein by reference to our 2013 Annual Report. The summary financial data as of December 31, 2011, 2010 and 2009 and for the years ended December 31, 2010 and 2009 have been derived from our audited consolidated financial statements that are not included in this prospectus supplement or incorporated herein by reference.

Our consolidated financial statements are prepared in accordance with Brazilian GAAP, which differs in certain important respects from U.S. GAAP. For a discussion of certain differences relating to our financial statements, see note 31 to our audited consolidated financial statements, which are incorporated herein by reference to our 2013 Annual Report. Under U.S. GAAP, our financial information has been retrospectively adjusted to reflect the effect of the corporate reorganization for all periods during which we, TNL, Telemar and Coari were under common control, which for these purposes was January 1, 2009. See Presentation of Financial and Other Information Corporate Reorganization in our 2013 Annual Report for more information regarding our corporate reorganization.

The following tables present summary financial data as of the dates and for each of the periods indicated. You should read this summary financial data in conjunction with (1) our audited consolidated financial statements and the related notes thereto and Item 5: Operating and Financial Review and Prospects, both of which are incorporated herein by reference to our 2013 Annual Report, and (2) Presentation of Financial and Other Information, which is included elsewhere in this prospectus supplement.

Statement of Operations Data

	For the Year Ended December 31,					
	2013(1)	2013	2012	2011	2010	2009
	(in millions of US$, except per share amounts)	(in millions of *reais*, except per share amounts and as otherwise indicated)				
***Brazilian GAAP*:**						
Net operating revenue	US$ 12,131	R$ 28,422	R$ 25,161	R$ 9,245	R$ 10,263	R$ 10,919
Cost of sales and services	(6,513)	(15,259)	(12,670)	(4,587)	(4,732)	(5,764)
Gross profit	5,618	13,163	12,491	4,659	5,531	5,155
Operating income (expenses), net	(3,362)	(7,876)	(7,731)	(3,091)	(3,072)	(6,232)
Operating income (loss) before financial income	2,256	5,287	4,760	1,567	2,459	(1,077)

(expenses) and taxes						
Financial income	587	1,375	2,275	1,406	979	630
Financial expenses	(1,985)	(4,650)	(4,491)	(1,478)	(1,060)	(912)
Financial income (expenses), net	(1,398)	(3,275)	(2,216)	(72)	(80)	(281)
Income (loss) before taxes	859	2,012	2,544	1,495	2,379	(1,358)
Income tax and social contribution	(222)	(519)	(760)	(490)	(408)	339
Net income (loss)	US$ 637	R$ 1,493	R$ 1,785	R$ 1,006	R$ 1,971	R$ (1,019)

Table of Contents

	For the Year Ended December 31,											
	2013(1)		2013		2012		2011		2010		2009	
	(in millions of US$, except per share amounts)		(in millions of reais, except per share amounts and as otherwise indicated)									
Net income (loss) attributable to controlling shareholders	US$	637	R$	1,493	R$	1,785	R$	1,006	R$	1,971	R$	(1,021)
Net income (loss) attributable to non-controlling shareholders												2
Net income (loss) applicable to each class of shares:												
Common shares		200		469		560		316		619		(1,021)
Preferred shares		437		1,024		1,225		690		1,352		
Net income (loss) per share(2):												
Common shares basic		0.39		0.91		1.09		0.61		1.20		(0.62)
Common shares diluted		0.39		0.91		1.09		0.61		1.20		(0.62)
Preferred shares and ADSs basic		0.39		0.91		1.09		0.61		1.20		
Preferred shares and ADSs diluted		0.39		0.91		1.09		0.61		1.20		
Weighted average shares outstanding (in thousands):												
Common shares basic		514,758		514,758		514,758		514,758		514,758		514,758
Common shares diluted		514,758		514,758		514,758		514,758		514,758		514,758
Preferred shares basic		1,125,273		1,125,273		1,125,273		1,125,273		1,125,273		1,125,273
Preferred shares diluted		1,125,273		1,125,273		1,125,273		1,125,273		1,125,273		1,125,273

(1) Translated for convenience only using the selling rate as reported by the Central Bank of Brazil on December 31, 2013 for reais into U.S. dollars of R$2.343=US$1.00.

(2) As required by CPC 41, we have adjusted retrospectively the calculation of basic and diluted earnings per share taking into consideration the shareholding structure resulting from our corporate reorganization. In addition, under the Brazilian Corporation Law, preferred shareholders are not obligated to absorb losses, and such losses are exclusively attributed to common shareholders. See Presentation of Financial and Other Information Corporate Reorganization in our 2013 Annual Report for more information regarding our corporate reorganization.

Table of Contents

	For the Year Ended December 31,					
	2013(1)	2013	2012	2011	2010	2009
	(in millions of US$, except per share amounts)	(in millions of *reais,* except per share amounts and as otherwise indicated)				
***U.S. GAAP*:**						
Net operating revenue	US$ 12,131	R$ 28,422	R$ 28,141	R$ 27,907	R$ 29,479	R$ 29,861
Cost of sales and services	(7,028)	(16,467)	(15,825)	(16,180)	(16,576)	(18,371)
Gross profit	5,102	11,955	12,316	11,727	12,903	11,490
Operating income (expenses) net	(3,402)	(7,972)	8,579	9,016	8,611	3,691
Operating income (loss) before financial income (expenses) and taxes	1,700	3,983	3,737	2,712	4,292	7,799
Financial income (expenses), net	(1,409)	(3,302)	(2,617)	(3,471)	(2,440)	(2,385)
Income (loss) before taxes	290	681	1,120	(759)	1,852	5,414
Income tax and social contribution	(32)	(77)	(254)	202	20	(548)
Net income (loss)	257	604	866	(557)	1,872	4,866
Net income (loss) attributable to controlling shareholders (2)	257	604	859	(296)	1,492	3,933
Net income (loss) attributable to non-controlling shareholders (2)			7	(261)	381	933
Other comprehensive income (loss)	15	34	(319)	(133)	(62)	252
Comprehensive income (loss)	US$ 272	R$ 638	R$ 547	R$ (690)	R$ 1,810	R$ 5,118
Net income (loss) applicable to each class of shares (3):						
Common shares basic	US$ 80	R$ 190	R$ 289	R$ (296)	R$ 613	R$ 1,617
	80	190	289	(296)	620	1,637

Common shares diluted						
Preferred shares and ADSs basic	176	414	570		878	2,316
Preferred shares and ADSs diluted	176	414	570		872	2,296
Net income (loss) per share:						
Common shares basic	0.15	0.37	0.57	(0.65)	1.79	4.72
Common shares diluted	0.15	0.37	0.57	(0.65)	1.76	4.63
Preferred shares and ADSs basic	0.15	0.37	0.57		1.79	4.72
Preferred shares and ADSs diluted	0.15	0.37	0.57		1.76	4.63
Weighted average shares outstanding (in thousands):						
Common shares basic	514,758	514,758	504,990	456,149	342,917	342,837
Common shares diluted	514,758	514,758	504,990	465,598	352,283	353,341
Preferred shares and ADSs basic	1,125,270	1,125,270	994,880	536,927	491,199	490,860
Preferred shares and ADSs diluted	1,125,270	1,125,270	994,880	540,924	495,194	495,601

(1) Translated for convenience only using the selling rate as reported by the Central Bank of Brazil on December 31, 2013 for *reais* into U.S. dollars of R$2.343=US$1.00.

(2) We adopted the provisions of FASB ASC 810-10-65-1, related to non-controlling interest, as of January 1, 2009.

(3) In accordance with ASC 260, basic and diluted earnings per share have been calculated, for U.S. GAAP purposes, using the two class method. See note 31 to our audited consolidated financial statements, which are incorporated herein by reference to our 2013 Annual Report.

Table of Contents

Balance Sheet Data

	As of December 31,					
	2013(1)	2013	2012	2011	2010	2009
	(in millions of US$, except per share amounts)	(in millions of *reais,* except per share amounts and as otherwise indicated)				
Brazilian GAAP:						
Cash and cash equivalents	US$ 1,035	R$ 2,425	R$ 4,408	R$ 6,005	R$ 3,217	R$ 1,717
Cash investments	210	493	2,426	1,084	832	382
Trade accounts receivable, net	3,029	7,097	7,018	2,010	2,070	1,992
Total current assets	7,549	17,687	21,138	12,246	8,487	6,127
Property, plant and equipment, net	10,579	24,786	23,103	5,794	5,317	5,267
Intangible assets, net	1,673	3,919	4,196	1,085	1,318	1,572
Total assets	29,917	70,096	69,150	31,664	26,886	24,564
Short-term loans and financings (including current portion of long-term debt)	1,775	4,159	3,114	1,144	1,044	870
Total current liabilities	6,633	15,540	17,093	8,619	6,691	5,424
Long-term loans and financings	13,527	31,695	30,232	6,962	3,321	3,573
Share capital	3,189	7,471	7,309	3,731	3,731	3,731
Total equity	4,918	11,524	11,109	10,589	11,337	9,906
Shareholders equity attributable to controlling shareholders	4,918	11,524	11,109	10,589	11,337	9,905
Shareholders equity attributable to non-controlling shareholders						1

(1) Translated for convenience only using the selling rate as reported by the Central Bank of Brazil on December 31, 2013 for *reais* into U.S. dollars of R$2.343=US$1.00.

Table of Contents

	2013(1) (in millions of US$, except per share amounts)	As of December 31, 2013	2012	2011	2010	2009
		(in millions of *reais,* except per share amounts and as otherwise indicated)				
U.S. GAAP:						
Cash and cash equivalents	US$ 1,035	R$ 2,425	R$ 4,413	R$ 11,025	R$ 9,052	R$ 6,206
Cash investments	210	493	2,426	2,299	2,148	1,819
Property, plant and equipment, net	10,975	25,725	24,640	23,165	23,257	25,282
Intangible assets	6,260	14,666	15,869	16,329	17,197	18,431
Total assets	25,872	78,727	78,647	81,382	76,365	71,270
Short-term loans, financing and debentures (including current portion of long-term debt)	1,775	4,159	3,114	4,600	7,144	8,552
Long-term loans, financing and debentures	13,527	31,695	30,232	25,169	21,991	21,366
Total Liabilities	25,059	58,713	58,218	56,162	55,387	50,215
Shareholders equity	8,538	20,013	20,428	25,219	20,978	21,054
Shareholders equity attributable to controlling shareholders (2)	8,538	20,013	20,428	13,826	11,793	11,886
Shareholders equity attributable to non-controlling shareholders (2)				11,393	9,185	9,168

(1) Translated for convenience only using the selling rate as reported by the Central Bank of Brazil on December 31, 2013 for *reais* into U.S. dollars of R\$2.343=US\$1.00.

(2) We adopted the provisions of FASB ASC 810-10-65-1, related to non-controlling interest, as of January 1, 2009.

Operating Data

	As of December 31, 2013	2012	2011
	(in thousands)		
Residential			
Total number of subscribers	17,837	18,337	17,180
Number of fixed-line subscribers	11,750	12,478	13,046
Number of broadband subscribers	5,258	5,102	4,412
Number of pay-TV subscribers	829	757	351
Mobile			
Total number of subscribers	47,727	46,304	43,264

Number of pre-paid subscribers	41,019	39,832	37,978
Number of post-paid subscribers	6,708	6,472	5,285
Corporate			
Total number of subscribers	8,246	8,971	7,848
Number of fixed-line subscribers	5,105	5,422	5,083
Number of broadband subscribers	630	594	523
Number of mobile subscribers	2,511	2,955	2,242
Other services			
Number of subscribers	655	727	771

Table of Contents

Summary Historical Financial and Operating Data of Portugal Telecom

As part of the Oi capital increase described in this prospectus supplement, we will acquire substantially all of Portugal Telecom s operating assets. To assist investors in understanding these assets, we have incorporated by reference into this prospectus supplement the audited financial statements of Portugal Telecom as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011. We note that a significant part of the assets of Portugal Telecom consists of its investments in TmarPart, our company, CTX and Contax. These investments will not be acquired by us, and we understand that Portugal Telecom intends to dispose of its investments in CTX and Contax prior to the merger of shares and the merger described in this prospectus supplement. The pro forma financial information of Oi presenting the effects of our acquisition of substantially all of Portugal Telecom s operating assets presented elsewhere in this prospectus supplement depicts the elimination of these the equity investments that will not be part of the assets that we acquire from Portugal Telecom.

The following summary financial data have been derived from Portugal Telecom s consolidated financial statements. The summary consolidated statement of financial position data as of December 31, 2013 and 2012 and the summary consolidated income statement for the years ended December 31, 2013, 2012 and 2011 have been derived from audited consolidated financial statements of Portugal Telecom, which were prepared in accordance with IFRS and are incorporated by reference herein. The summary consolidated statement of financial position data as of December 31, 2011, 2010 and 2009 and the summary consolidated income statement data for the years ended December 31, 2010 and 2009 have been derived from the consolidated financial statements of Portugal Telecom, which were prepared in accordance with IFRS, have been retrospectively adjusted for the adoption of IFRS 11 and the amendments to IAS 19 and are not included in this prospectus or incorporated herein by reference.

As a result of Portugal Telecom s sale on September 27, 2010 of its interest in Vivo Participações S.A., or Vivo, to Telefónica, Portugal Telecom s proportional interest in the net income of Vivo is presented under the line item Discontinued Operations for all periods through the completion of the sale, and the selected consolidated statement of financial position as of December 31, 2010 no longer includes the assets and liabilities related to Vivo, following the completion of the sale on September 27, 2010.

You should read this summary financial data in conjunction with (1) the audited consolidated financial statements of Portugal Telecom and the related notes thereto, which are incorporated herein by reference to the Portugal Telecom Financial Statement Report, (2) Management s Discussion and Analysis of Financial Condition and Results of Operations of PT Portugal, which is incorporated herein by reference to Exhibit 2 to the PT Portugal Acquisition Report, and (3) Presentation of Financial and Other Information, which is included elsewhere in this prospectus.

Table of Contents

Statement of Operations Data

	For the Year Ended December 31,					
	2013(1)	**2013**	**2012 (restated)**	**2011 (restated)**	**2010 (restated)**	**2009 (restated)**
	(in millions of US$)	**(in millions of Euros)**				
Continuing Operations:						
Revenue	US$ 4,012	2,911.2	3,079.0	3,379.7	3,742.3	3,733.4
Costs, expenses and net losses and income	3,611	(2,565.8)	(2,587.2)	(2,872.5)	(3,344.4)	(3,049.0)
Income before financial results and taxes	476	345.4	491.8	507.2	397.9	684.4
Financial (losses) and gains, net:						
Net interest expenses	(355)	(257.4)	(213.0)	(121.5)	(185.0)	(227.5)
Net foreign currency exchange losses	(30)	(21.9)	(1.8)	(2.3)	(6.8)	(0.2)
Net losses (gains) on financial assets and other investments	(3)	(2.0)	(3.9)	0.6	1.9	8.1
Equity in the earnings of joint ventures(2)	(3)	(2.2)	(3.0)	(33.7)		
Equity in earnings of associated companies, net	610	442.8	210.3	211.3	141.7	456.0
Net other financial expenses	(75)	(54.6)	(44.6)	(54.9)	(33.3)	(35.7)
	(144)	(104.6)	56.1	0.6	81.6	(200.7)
Income before taxes	620	450.0	435.7	506.6	316.3	885.1
Income taxes	(85)	(62.0)	(125.6)	(99.1)	(73.6)	(184.0)
Net income from continuing operations	535	388.0	310.1	407.6	242.8	701.1
Discontinued Operations:						
Net income from discontinued operations					5,565.4	82.5
Net income	US$ 535	388.0	310.1	407.6	5,808.2	783.5
Net income attributable to non-controlling interests	79	57.0	84.3	73.7	147.9	104.5
Net income attributable to equity holders of the parent	456	331.0	225.8	333.9	5,660.3	679.1

(1) Translated for convenience only using selling rate as certified for customs purposes by the Federal Reserve Bank of New York as of December 31, 2013 for Euros into U.S. dollars of 0.726=US$1.00.

Table of Contents

(2) Includes equity in earnings of joint ventures that were acquired by Portugal Telecom in March 2011 and will not be contributed to PT Portugal as set forth in the table below:

	For the Year Ended December 31,			
	2013(a)	2013	2012 (restated)	2011 (restated)
	(in millions of US$)	(in millions of Euros)		
Equity in the earnings of joint ventures not contributed to PT Portugal:				
Oi	US$ 32.3	23.4	34.4	26.8
TmarPart	(13.5)	(9.8)	(11.3)	(17.4)
LF Tel	(14.4)	(10.4)	(12.1)	(20.9)
AG Telecom	(13.8)	(10.0)	(14.8)	(20.4)
Contax	(2.0)	1.4	0.2	(0.4)
CTX	(1.2)	0.9	(0.5)	(1.4)
	US$ 6.2	(4.5)	(4.3)	(33.7)

(a) Translated for convenience only using selling rate as certified for customs purposes by the Federal Reserve Bank of New York as of December 31, 2013 for Euros into U.S. dollars of 0.726=US$1.00.

Balance Sheet Data

	As of December 31,					
	2013(1)	2013	2012 (restated)	2011 (restated)	2010 (restated)	2009 (restated)
	(in millions of US$)	(in millions of Euros)				
Cash and cash equivalents	US$ 2,286	1,659.0	1,988.8	3,642.1	4,765	1,450
Short-term cash investments	1,260	914.1	626.0	462.8	341.8	26.9
Trade accounts receivable, net	1,051	762.9	796.8	888.8	1,054.0	1,398.9
Total current assets	5,475	3,973.2	4,102.5	5,503.1	8,855.4	2,505.2
Investments in joint ventures(2)	3,319	2,408.2	2,980.1	3,509.6		2,898.4
Investments in group companies	705	511.3	406.8	532.5	361.5	597.2
Tangible assets	4,738	3,438.5	3,578.9	3,656.1	3,874.6	3,538.0
Intangible assets	989	717.7	757.5	800.7	695.1	1,100.7
Total assets(2)	16,564	12,020.4	12,829.1	15,064.3	15,165.4	11,605.2
Short-term debt (including current portion of medium-	2,056	1,492.0	1,395.7	2,690.9	6,254.4	6,551.5

and long-term debt)						
Total current liabilities	4,168	3,024.6	2,994.8	4,767.8	2,683.7	2,146.5
Medium- and long-term debt	8,102	5,879.2	5,979.4	5,708.0	6,254.4	5,720.4
Accrued post-retirement liability	1,324	960.9	835.4	913.6	950.5	1,535.0

(1) Translated for convenience only using selling rate as certified for customs purposes by the Federal Reserve Bank of New York as of December 31, 2013 for Euros into U.S. dollars of 0.726=US$1.00.

(2) Includes investments in joint ventures that were acquired by Portugal Telecom in March 2011 and will not be contributed to PT Portugal as set forth in the table below:

	2013(a)	As of December 31, 2013	2012 (restated)	2011 (restated)
	(in millions of US$)	(in millions of Euros)		
Investments in joint ventures not contributed to PT Portugal:				
Oi	US$ 2,774	2,013.3	2,488.1	2,901.7
TmarPart	107	77.9	91.0	115.3
LF Tel	166	120.6	157.5	197.7
AG Telecom	172	124.5	161.5	201.3
Contax	75	54.3	60.1	71.0
CTX	22	16.2	20.7	22.6
	US$ 3,317	2,406.7	3,008.9	3,509.6

(a) Translated for convenience only using selling rate as certified for customs purposes by the Federal Reserve Bank of New York as of December 31, 2013 for Euros into U.S. dollars of 0.726=US$1.00.

Operating Data

	As of December 31, 2013	2012	2011
	(in thousands)		
Residential			
Total number of subscribers	3,892	3,841	3,557
Number of fixed-line subscribers	1,665	1,692	1,674
Number of broadband subscribers	1,049	1.015	911
Number of pay-TV subscribers	1,179	1,135	972
Mobile			
Total number of subscribers	6,330	6,024	5,932
Number of pre-paid subscribers	1,533	1,093	1,064
Number of post-paid subscribers	4,797	4,931	4,868
Corporate			
Total number of subscribers	2,594	2,533	2,532
Number of fixed-line subscribers	701	725	826
Number of broadband subscribers	242	207	193
Number of pay-TV subscribers	134	86	68
Number of mobile subscribers	1,516	1,514	1,445
Other services			

Number of subscribers	13,739	13,625	11,713

Table of Contents

Unaudited Pro Forma Financial Information of Oi

The unaudited pro forma financial information of Oi presented below has been derived from:

- the historical audited consolidated financial statements of Oi as of December 31, 2013 and for the year then ended, prepared in accordance with Brazilian GAAP, which are incorporated herein by reference; and

- the historical audited consolidated financial statements of Portugal Telecom as of December 31, 2013 and for the year then ended, prepared in accordance with IFRS, which are incorporated herein by reference.

As described in The Proposed Business Combination, the Oi capital increase is one of the steps in the business combination of TmarPart, Oi and Portugal Telecom.

In anticipation of the business combination, prior to the settlement of the Oi capital increase, Portugal Telecom is expected to contribute additional assets to PT Portugal as described in Exhibit 1: Business of PT Portugal SGPS, S.A. Corporate Reorganization Contribution of Assets to PT Portugal in the PT Portugal Acquisition Report, and we expect that PT Portugal will assume all of Portugal Telecom s liabilities at the time of transfer.

This unaudited pro forma financial information was prepared as if the Oi capital increase, including the contribution of all of the shares of PT Portugal to Oi in exchange for Oi common shares and Oi preferred shares to be issued in the Oi capital increase, described under the caption The Proposed Business Combination had been completed on December 31, 2013 for purposes of the unaudited pro forma statement of financial position as of December 31, 2013, and on January 1, 2013 for purposes of the unaudited pro forma statement of operations for the year ended December 31, 2013. The pro forma assumptions and adjustments are described in the accompanying notes presented below.

This unaudited pro forma financial information should be read in conjunction with the accompanying notes presented below and the historical consolidated financial statements of Oi and Portugal Telecom as of and for the year ended December 31, 2013 and the notes thereto.

This unaudited pro forma financial information is provided for illustrative purposes only and does not purport to represent, and you should not rely on the unaudited pro forma financial information as an indication of, (1) what the actual consolidated results of operations or the consolidated financial position of Oi would have been had the Oi capital increase occurred on the dates assumed, or (2) Oi s future consolidated results of operations or financial position.

The unaudited pro forma financial information does not reflect, for example, (1) any integration costs that may be incurred as a result of the contribution of all of the shares of PT Portugal to Oi, (2) any synergies, operating efficiencies and cost savings that may result from this transaction, (3) any benefits that may be derived from the combined company s growth prospects, or (4) changes in rates for services or exchange rates subsequent to the dates of this unaudited pro forma financial information. We have not completed the transactions described above. Accordingly, additional liabilities may be incurred in connection with these transactions. Any additional liabilities and costs have not been reflected in the unaudited pro forma financial information because information necessary to reasonably estimate such costs is not yet available.

Table of Contents

Oi S.A.

Unaudited Pro Forma Statement of Financial Position

As of December 31, 2013 under Brazilian GAAP

(in millions of *reais*)

			Oi capital increase		
	Oi S.A. consolidated	Net assets of PT Portugal at carrying value (A)	PT Portugal purchase price allocation (B)	Cash capital increase (C)	Oi S.A. consolidated pro forma
Assets:					
Current assets:					
Cash and cash equivalents	R$ 2,425	R$ 616	R$	R$	R$ 3,041
Cash investments	493	2,978			3,470
Derivative financial instruments	452				452
Accounts receivables	8,872	3,809			12,682
Judicial deposits	1,316				1,316
Other assets	4,129	751			4,880
Total current assets	17,687	8,155			25,842
Non-current assets:					
Cash investments	99				99
Derivative financial instruments	1,621				1,621
Deferred tax assets	8,274	1,161	(1,859)		7,577
Available-for-sale financial asset	914		(914)		
Judicial deposits	11,051				11,051
Financial investments	174	1,738	1,441		3,352
Property, plant and equipment	24,786	9,103	2,098		35,987
Goodwill			11,307		11,307
Intangible assets	3,919	2,338	4,540		10,798
Other non-current assets	1,570	12			1,582
Total non-current assets	52,409	14,353	16,613		83,374
Total assets	R$ 70,096	R$ 22,508	R$ 16,613	R$	R$ 109,216
Liabilities and Equity:					
Current liabilities:					
Payables	5,383	3,004			8,387
Borrowings and financing	4,159	5,430		(7,855)	1,733
Derivative financial instruments	410				410

Provisions	1,224	289			1,513
Other current liabilities	4,365	1,130			5,495
Total current liabilities	15,540	9,853		(7,855)	17,538
Non-current liabilities:					
Borrowings and financing	31,695	19,152			50,847
Derivative financial instruments	157				157
Provisions	4,393	7	65		4,465
Other non-current liabilities	6,787	3,582			10,369
Total non-current liabilities	43,031	22,741	65		65,838
Total liabilities	58,572	32,594	65	(7,855)	83,376
Equity:					
Equity attributable to controlling shareholders	11,524	(10,821)	16,187	7,855	24,746
Non-controlling interests		735	360		1,095
Total equity	11,524	(10,086)	16,548	7,855	25,841
Total liabilities and equity	70,096	22,508	16,613		109,216

See accompanying notes to the Unaudited Pro Forma Financial Information of Oi.

Table of Contents

Oi S.A.

Unaudited Pro Forma Statement of Operations

For the Year Ended December 31, 2013 under Brazilian GAAP

(in millions of *reais*)

	Oi S.A. consolidated	Income and expenses of PT Portugal (A)	PT Portugal purchase price allocation (B)	Oi S.A. consolidated pro forma
Net operating revenue	28,422	8,247		36,669
Cost of sales and services	(15,259)	(5,083)	(454)	(20,796)
Gross profit	13,163	3,164	(454)	15,872
Operating income (expenses):				
Equity method of accounting	(18)	1,263	(168)	1,078
Selling expenses	(5,554)	(674)		(6,228)
General and administrative expenses	(3,519)	(1,348)	(116)	(4,983)
Other operating income	3,128	125		3,253
Other operating expenses	(1,913)	(115)		(2,028)
	(7,876)	(748)	(284)	(8,908)
Profit before financial income (expenses) and taxes	5,287	2,415	(738)	6,964
Financial income (expenses):				
Financial income				