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OI S.A.  
Form 425  
August 27, 2014

Filed by Oi S.A.

Pursuant to Rule 425 of the Securities Act of 1933

Subject Company: Oi S.A.

Commission File No.: 001-15256

THE FOLLOWING ARE MATERIALS MADE PUBLIC BY OI S.A. RELATING TO THE PROPOSED MERGER OF SHARES (*INCORPORAÇÃO DE AÇÕES*) BETWEEN TELEMAR PARTICIPAÇÕES S.A. ( TMARPART ) AND OI S.A. ( OI ).

**Oi S.A.**

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

Board of Trade (NIRE) 33.30029520-8

Publicly-held Company

**MATERIAL FACT**

Oi S.A. ( Oi or Company , Bovespa: OIBR3, OIBR4; NYSE: OIBR and OIBR.C), in compliance with art. 157, §4 of Law No. 6,404/76 and CVM Instruction No. 358/02, hereby informs its shareholders and the market in general that, on this date, the Company engaged Banco BTG Pactual S.A. to act as agent (*comissário*), pursuant to article 693 of the Brazilian Civil Code, in its own name and on behalf of Oi, to review alternatives with the purpose of enabling a viable proposal for the acquisition of the shares of TIM Participações S.A. indirectly held by Telecom Italia SpA, in compliance with the rules and restrictions provided in law and regulations and decisions issued by the Brazilian National Telecommunications Agency and the Brazilian Administrative Council for Economic Defense, in addition to other applicable regulations.

Oi will keep its shareholders and the market informed of any material events related to the topics discussed in this Material Fact.

Rio de Janeiro, August 26, 2014.

**Oi S.A.**

Bayard De Paoli Gontijo

Chief Financial Officer and Investor Relations Officer

**Additional Information and Where to Find It:**

This communication is not an offering document and does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval in any jurisdiction in which distribution of an offering document or such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

This communication contains information relevant to the proposed merger of shares (*incorporação de ações*) between Telemar Participações S.A. (TmarPart) and Oi S.A. (Oi).

In connection with the proposed merger of shares between TmarPart and Oi, TmarPart plans to file with the SEC (1) a registration statements on Form F-4 containing a prospectus which will be mailed to shareholders of Oi (other than non-U.S. persons as defined in applicable rules of the SEC), and (2) other documents regarding the proposed merger of shares and proposed merger.

**We urge investors and security holders to carefully read the prospectus and other relevant materials when they become available as they will contain important information about the proposed merger of shares.**

Investors and security holders will be able to obtain the documents filed with the SEC regarding the proposed merger of shares, when available, free of charge on the Commission's website at [www.sec.gov](http://www.sec.gov) or from TmarPart or Oi.