Filing of Restructuring Plan by Oi

São Paulo, Brazil, Sept 8, 2016 – The Steering Committee ("Steering Committee") of the Ad Hoc Group of Oi Bondholders (the "Bondholder Committee") objects to the terms of the plan of reorganization (the "Plan") filed on September 5, 2016 by Oi S.A. (together with its subsidiaries, the "Company") in its judicial reorganization proceedings (the "RJ Proceedings"), a Plan which the Steering Committee believes will not achieve the support of its various creditors and reflects a failure to understand the severity of Oi's current situation. Rather than working with its creditors to file a plan that has the support of its various creditor groups, the fiduciaries of Oi have filed a plan that seeks to advance the interests of its most junior stakeholders, who are not even entitled to vote on a plan, and shield themselves from pending and future lawsuits though a broad release that will protect fiduciaries from lawsuits involving violation of applicable laws, fraud and other claims. The Plan, which was put forward by a Board comprised of a significant number of representatives of the controlling shareholder, reflects a misguided attempt to inappropriately reallocate value to the most junior stakeholders of the Company, to the detriment of its creditors. Specifically, the Plan mandates R$22 billion of debt forgiveness by the creditors, with the value of such debt forgiveness transferred to the existing equity holders, who will retain 100% of the equity upon emergence.

Contrary to prior assertions by the Company, and despite repeated assurances by the Bondholder Committee and other creditors of their willingness to negotiate with the Company, the Plan was filed without prior negotiation, or even consultation, with the Bondholder Committee, or many of its other large creditors. Not a single substantive meeting was held with the Steering Committee or its advisors regarding the Plan despite numerous requests to do so (and Company assurances that such discussions would take place).

The Plan filed by the Company requests extraordinary debt forgiveness, substantial extensions of repayment periods and other concessions from its senior stakeholders, while it leaves existing equity holders largely unimpaired so long as the Company can refinance R$10 billion in post-confirmation convertible instrumentswithin three years (a task made easier given that the Plan contemplates substantial debt write-offs by creditors and would allow the Company to sell substantial assets without creditor approval). This Plan would provide extraordinary profits to existing equity holders, including the controlling shareholder and recent speculators in the Company's shares, even though they are making no substantial contribution to the Plan. Although structured to obscure its intended effects, this Plan plainly enriches existing equity holders and gives them an option to take all of the upside in the Company that is generated by the debt forgiveness imposed on the creditors. Indeed, when compared to the proposal put forward by the Company prior to its RJ filing, the Plan effects a substantial reallocation of value to its most junior stakeholders – the existing shareholders – in direct contravention of the principles and priorities established by applicable bankruptcy law and related equitable principles. The Plan that was filed by the Company on September 5 provides that existing equity holders would continue to hold 100% of the Company's outstanding equity after emerging from its RJ proceeding,

whereas the original Company proposal presented to the Steering Committee in June, as disclosed to the market on June 17, proposed that existing equity would remain with less than 10% of the post-restructuring equity (based on share prices at the time of the proposal). The Plan further enriches existing shareholders and fiduciaries by including a broad release of various claims (including for mismanagement, abuse and fraud) against shareholders, management and officers and directors.

The issues with the Plan are not limited to the recoveries and treatment of existing shareholders. For example, the Company's recently filed Plan could potentially fail to put the Company in a position to remain competitive going forward because it does not provide certainty with respect to the Company's post-RJ level of debt, while it entrusts the future management and prospects of the business with the very same fiduciaries that steered it into insolvency.

While the Bondholder Committee remains willing to support fair and equitable concessions from creditors (including debt to equity conversions) that would allow the Company to continue and thrive as a competitor in the Brazilian telecommunications industry and enable shareholders to recoup some of their investments in the event the restructured Company succeeds, the Bondholder Committee cannot support a Plan that (as filed) clearly puts the interests of its controlling shareholder and speculative, opportunistic equity investors ahead of the best interests of the Company, its employees, suppliers and customers.

The Bondholder Committee, together with its advisors, Cleary Gottlieb Steen and Hamilton LLP (international counsel), Moelis & Company (financial advisor) and Pinheiro Neto Advogados (Brazilian counsel), (collectively, the "Advisors"), are currently in discussions with the Company's other main creditor groups to formulate and publicly propose a fair and equitable plan of reorganization that can expeditiously achieve the support of creditors and put the Company on the right footing for future growth and success. Specifically, the Bondholder Committee and its advisors are contemplating a plan of reorganization based on significant deleveraging of the Company through a substantial debt to equity conversion and the potential for new funding backstopped by existing creditors. Combined, the Bondholder Committee and these other major creditors, hold more than 60% of the Company's overall financial indebtedness.

Otavio Guazzelli, of Moelis, financial advisor to the Bondholder Committee says, "The principal goal of the Bondholder Committee has always been, and remains, to work with the Company and its relevant stakeholders to formulate a fair plan that can achieve creditor support, and ensure that the Company emerges financially and operationally strong from its judicial reorganization proceedings as swiftly and efficiently as possible. Despite the presentation of an unfavorable and likely unconfirmable plan that did not have the support of its creditors, and the lack of substantive engagement with creditors, an approach that many are calling hostile, the Bondholder Committee remains focused on finding a solution that works for all relevant stakeholders and prevents the

worst case scenario – the presentation of an inappropriate plan by the Company that fails to obtain the requisite creditor votes and the resulting liquidation of the Company that would cause significant job losses and disruption in service to consumers."

The Bondholder Committee currently consists of approximately 70 institutions that beneficially own in excess of 40% of the aggregate principal amount of all outstanding bonds issued by the Company, and the Steering Committee consists of institutions holding approximately $2 billion in principal amount of outstanding Company bonds, of which 65% are bonds not guaranteed by Telemar and approximately 35% are bonds guaranteed by Telemar. The Bondholder Committee is comprised of holders of every series of bonds that the Company and its subsidiaries have outstanding, and who are based in Asia, Latin America, the Middle East, the United States and Europe.