

OI S.A.  
Form 425  
November 13, 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. ( TMAPART ) AND OI S.A. ( OI ).

**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 with respect to the proposed merger of shares (*incorporação de ações*) between TmarPart and Oi.

In connection with the proposed merger of shares between TmarPart and Oi, TmarPart plans to file with the SEC (1) a registration statement 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.

**We urge investors and security holders to carefully read the relevant 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 mergers, when available, free of charge on the Commission's website at [www.sec.gov](http://www.sec.gov) or from TmarPart or Oi.

**Special Note Regarding Forward-Looking Statements:**

This communication contains certain forward-looking statements. Statements that are not historical facts, including statements regarding the beliefs and expectations of TmarPart or Oi, business strategies, future synergies and cost savings, future costs and future liquidity are forward-looking statements. The words will, may, should, could, anticipates, intends, believes, estimates, expects, plans, targets, goal and similar expressions, as they relate to TmarPart or Oi, are intended to identify forward-looking statements and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, tendencies or expected results will actually occur. Such statements reflect the current views of management TmarPart or Oi and are subject to a number of risks and uncertainties. These statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, corporate approvals, operational factors and other factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations. All forward-looking statements attributable to TmarPart or Oi or their affiliates, or persons acting on their behalf, are expressly qualified in their entirety by the cautionary statements set forth in this paragraph. Undue reliance should not be placed on such statements. Forward-looking statements speak only as of the date they are made. Except as required under the U.S.

federal securities laws and the rules and regulations of the SEC or of regulatory authorities in other applicable jurisdictions TmarPart, Oi and their affiliates do not have any intention or obligation to update or to publicly announce the results of any revisions to any of the forward-looking statements to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. You are advised, however, to consult any further disclosures TmarPart or Oi make on related subjects in reports and communications TmarPart or Oi file with the SEC.

**EXHIBIT INDEX**

**Exhibit  
Number**

**Description of Document**

1 Presentation Accompanying Third Quarter 2014 Earnings Release Call on November 13, 2014.

Rio de Janeiro, November 13, 2014  
3Q14 RESULTS  
Exhibit A

Oi S.A. |

IMPORTANT NOTICE

1

This release contains forward-looking statements, according to the U.S. Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including statements about perspectives and expectations, are forward-looking statements.

The words "anticipates", "believes", "estimates", "expects", "forecasts", "intends", "plans", and similar terms, when related to the Company or its management, indicate forward-looking

statements.

These statements

reflect

the

current

view

of

management

and are subject to various risks and uncertainties. These statements are based on various assumptions and factors, including general economic, market, industry, and operational factors.

Any changes

to

these

assumptions

or

factors

may

lead

to

practical

results

different from current expectations. Excessive reliance should not be placed on those statements.

Forward-looking statements relate only to the date they are made, and the Company is not obligated to update them as new information or future developments arise.

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METHODOLOGY  
2  
Full  
consolidation  
of  
Oi  
with  
all  
subsidiaries  
of  
PT  
Portugal  
that  
were  
included  
in  
Oi  
following  
the  
capital  
increase.  
Oi s  
results  
included  
in  
this  
proforma  
consolidation  
are  
consistent  
with  
those  
historically  
presented  
by  
Oi  
in  
the  
same  
periods.  
The  
results  
of  
PT  
Portugal s

companies  
have  
been  
included  
in  
the  
the consolidated  
financial  
statements  
of  
Portugal  
Telecom  
as  
of  
May  
5  
th  
,  
adjusted  
by  
the  
following:  
The  
effect  
of  
the  
consolidation  
of  
Unitel  
under  
the  
equity  
method  
was  
excluded,  
since  
the  
company  
now  
understands  
that  
has  
no  
significant  
influence  
over  
this  
subsidiary,  
thus  
not

applying  
the  
equity  
method  
on  
this  
investment.

The  
results  
are  
presented  
in  
line  
with  
the  
Brazilian  
format,  
which  
are  
different  
from  
the  
presented  
in  
Portugal,  
mainly  
due  
to  
the  
following  
aspects:

Total  
operational  
revenues  
previously  
presented  
by  
Portugal  
Telecom  
included  
services,  
sales  
and  
other  
operational  
revenues,  
while  
from  
a



report  
standpoint  
in  
Brazil  
it  
only  
includes  
services  
and  
sales.

Total  
operational  
revenues  
previously  
presented  
by  
Portugal  
Telecom  
included  
services,  
sales  
and  
other  
operational  
revenues,  
while  
from  
a  
report  
standpoint  
in  
Brazil  
it  
only  
includes  
services  
and  
sales.

For  
the  
calculation  
of  
the  
Routine  
EBITDA,  
there  
was  
an

adjustment  
related  
to  
the  
following  
significant  
effects  
identified  
in  
2013:  
gain  
with  
a  
concession  
agreement,  
gain  
with  
AG/LF  
dividends,  
gain  
with  
the  
disposal  
of  
CTM  
and  
curtailment  
costs.

Oi S.A. |

IN ORDER TO MAXIMIZE SHAREHOLDER VALUE WE WILL PURSUE  
FOUR PRIORITIES

Improve our balance sheet profile

Move our corporate governance standards to the highest  
levels in Brazil

Be a protagonist in consolidation to enhance value for all  
shareholders

Continue the turnaround with better COPEX control and  
commitment to reduce cash burn going forward

3

Oi S.A. |

Oi S.A. I

4

THIRD QUARTER  
FINANCIAL REVIEW

\*  
\*  
\*  
\*  
\*  
\*

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REVENUES HAVE SLOWED DOWN AS A RESULT OF THE WEAK GROSS ADDS OF  
THE FIRST NINE MONTHS BUT WE ARE NOW SEEING SIGNS OF IMPROVEMENT

5

Residential

% y.o.y

Broadband net adds

Thousands

Mobile net adds

Thousands

Customer

Revenues

Personal mobility customer revenues

% y.o.y

359

473

419

389

441

3Q14

4Q13

2Q14

3Q13

1Q14

4Q13

3Q14

2Q14

-4.4

-2.3  
1Q14  
-0.1  
0.6  
3Q13  
3.0  
3Q13  
3Q14  
2Q14  
3.4  
7.5  
1Q14  
3.6  
4Q13  
6.5  
-2.0  
-27  
-9  
19  
40  
-78  
146  
58  
-1  
-80  
9  
TV net adds  
Thousands  
90  
68  
46  
32  
12  
2  
1  
-29  
Sep  
Aug  
Jul  
Oct

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A SUCCESSFUL TV OFFER WILL PULL BROADBAND GROWTH AND PROTECT  
FIXED LINE

6

MEO

Oi

Tiered pricing to enhance 3P  
formation

Local Globo HD in over 2 thousand  
municipalities

Entry level offer with +18 HD  
channels

Aug 14

+27pp

Aug 13

Share of TV net adds

%

Churn (3P vs stand-alone)

%

Pay-TV customers

Thousand. PT Portugal

Net adds Residential RGUs

%. PT Portugal

TV  
Fixed line  
-46%  
-52%  
830  
1,315  
3Q14  
1,354  
1,223  
+63%  
2010  
2012  
2011  
2013  
1,042  
-6  
-8  
18  
4  
19  
12  
2Q14  
1Q14  
3Q14  
4Q13  
3Q13  
TV  
BB  
Fixed lines  
TV customers  
penetration in  
unique  
customers  
52%



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CONVERGENCE IS A GREAT OPPORTUNITY FOR OI S WIRELESS BUSINESS

7

1 Include data cards for M50

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**B2B TRANSFORMATION THROUGH CONVERGENCE AND PENETRATION  
OF NEW REVENUE DRIVERS IS ON TRACK**

8

SME -

Convergence

Corporate

Share of wallet and data

Weight of mobile net adds

%

Convergent customer penetration

%

83

55

45

Customer base

Oi

1P

Customer

base

PT

100

100

17

Convergent

Non-voice revenues

% of Corporate revenues

69  
59  
56  
+3pp  
3Q14  
3Q13  
50%  
67%  
1P  
3Q14  
3%  
3Q13  
2Q14  
1 As of 1Q14  
Non-traditional services  
Indexed. # of contracts  
133%  
3Q14  
2Q14  
Cloud  
ICT  
DC  
Oi  
Conver-  
gent  
1  
4Q13  
PT

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WE ARE ACCELERATING ALL OUR EFFORTS ON REDUCING OPEX

9

Brazil EBITDA

R\$ million

1 Routine

2 COGS / Marketing / Other commercial

3 After monetization

Stabilization period for  
transformation programs

Deployment of new workforce  
management tool

Remodeling sales channels  
and commissioning policy

Reshaping offers and credit  
policy

Rio Forte event impacted business  
focus

Technical recession of Brazilian  
economy (GDP drop of -0.2% in  
1Q14 and -0.6% in 2Q14)

MTR cuts (-25% in 2014 and -  
33% in 2015) with impact on VC

tariffs  
Brazil EBITDA  
R\$ million  
1.966  
3Q13  
1Q14  
4Q13  
1.999  
1.640  
1.710  
3Q14  
1.573  
2Q14  
Net service  
margin  
-167  
3Q13  
1,966  
Asset  
rental  
Other  
-20%  
Commer-  
cial costs<sup>2</sup>  
3Q14  
1,573  
35  
-130  
-131  
1  
1  
3

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Capex control was not sufficient to offset the EBITDA performance

10

Proforma CAPEX

R\$ million

706

898

3Q14

-21%

3Q13

Proforma EBITDA<sup>1</sup>

minus CAPEX

R\$ million

332

47

1,670

-14%

3Q14

1,431

3Q13

1,540

69

192

1,941  
1 Routine  
Brazil  
Portugal  
Other

Rationalization of suppliers

Renegotiation of contracts

Pay As You Go  
model (Users and Capacity)

Focus on network TCO optimization

RAN Sharing is one more step in rationalizing the common infrastructure. This initiative will be completely transparent to the user perception, not interfering in the relationship between user and operator.

FTTH agreement in Portugal with Vodafone allowed for FTTH footprint expansion without investment

Boosting 3G coverage, using existing 2G sites

Expansion of offload WiFi capacity

Leverage multiple play with DTH based HDTV services

Increasing sharing synergies: infrastructure (Fiber swap), TV network (DTH over PON)

Increase profitability of 3G Network by decreasing non-paid data traffic

Relationship with suppliers  
Infrastructure sharing  
Extracting network synergies

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WE ARE COMMITTED TO REDUCING CASH BURN  
11  
Change in Net debt  
R\$ million  
+R\$ 3.1 Bn  
3Q14  
914  
30,416  
2,497  
Financial  
results  
-7,956  
-2,285  
-3,304  
47,799  
111  
OCF  
3G  
licences  
458  
Non-  
core  
assets  
Others  
Others



FCF

2,763

2,906

21,277

PT shares

market

value

PT debt

44,680

Rio

Forte

investments

Capital

increase

1 Others: Debt of assets for sale (83); FX impact (28) 2 OCF: -EBITDA (6,302) + CAPEX (4,453) + Delta WCR (-436)

3 Others FCF: Judicial deposits (807), Fistel / Bonus (782), Others (908)

Note: Figures based on statutory accounts consolidating PT Portugal ( PT assets ) as from May 2014

2

9M2013

+R\$3.6 Bn

4Q13

reported

3

1

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12

Continuing the turnaround and  
improving cash flow

- \*
- \*
- \*
- \*
- \*

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13  
Product &  
Commercial  
Operations  
IT/  
Engineering  
Organization

Focus on net adds (multiplay)

Capture Oi TV price premium

Increase commercial productivity (and level of B2B  
outsourcing)

Continue Field force productivity and quality gains

Capture back office efficiency

Reduction of IT applications

Reduce costs of Oi Data Centers

Capture OPEX savings from network sharing

Adjust pricing of 3d party suppliers

Adjust SLA in accordance to customer expectations

Key strategic levers

Customer

Care

Organization simplification (whilst accelerating  
decision making process)

Others

Improvement

in EBITDA

minus Capex

2015 in a

range of

R\$1.2

1.8bn

Judicial costs and legal contention

COPEX REDUCTION WILL ACCELERATE AT OI

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THE OPERATIONAL TRANSFORMATION IS ALREADY UNDERWAY TO  
DELIVER COST REDUCTION

14

Sep-14

~10%

Base

Field force productivity

Productivity. activities/technician/day

Commercial productivity

Stores/Franchises. RGUs/month/salesperson

~15%

2014

2013

Total

28%

To be

maintained

10%

100%

Total applications

% of applications

Traffic

Users

High

Consumption cap  
more rational use of  
network and  
executed CAPEX  
and QoS  
improvement  
Increase of commercial productivity  
Transformation of field operations  
Optimization of IT applications  
Optimization of mobile network usage (FUP)  
Consumption of mobile data  
indexed  
users  
62%  
Termi-  
nated  
To be discon-  
tinued

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PORTUGUESE TRENDS ARE IMPROVING  
15  
M4O customers  
Million  
3P market share  
% vs. main competitor  
Sep 14  
2.9  
2.1  
May 14  
Nov 13  
0.0  
Jan 13  
1.3  
56  
53  
52  
49  
3Q12  
4Q11  
3Q13  
3Q14  
36% are new  
customer to  
MEO

Revenues

% y.o.y

as reported by PT

Portugal

EBITDA minus Capex

Euro million. As reported by PT

Portugal

194

165

3Q13

18%

3Q14

3Q14

-3.3

1Q12

-5.2

-2.5

-3.0

OPEX

Euro million. As reported by PT

Portugal

361

367

-2%

3Q14

3Q13

Oper Revenues

Consumer



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16

IMPROVE BALANCE

SHEET PROFILE

\*

\*

\*

\*

\*

\*

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**WE HAVE A SOLID LIQUIDITY POSITION AND LOW FUNDING REQUIREMENTS**

up to the beginning of 2016

17

Liquidity

R\$ million. Sept 2014

Gross debt amortization schedule

R\$ million. Sept 2014

Average debt maturity: 4.0 years

940

701

200

Commercial

papers

BNDES

3,805

Liquidity

position

Revol.

in R\$

ECAs in

USD/EUR

Revol. in

USD/EUR

4,927

12,281  
1,708  
Cash  
6,109  
9,628  
2019  
onwards  
2017  
2018  
2,560  
2015  
4,865  
7,958  
2016  
2014  
-3,805  
Gross  
debt  
Net  
debt  
Cash  
51,604  
47,799  
20,484  
Gross debt/  
EBITDA<sup>1</sup>  
3.76x  
1 LTM reported EBITDA  
3.79x  
3Q14  
2Q14

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18

WE WILL SELL ASSETS TO STRENGTHEN OUR FINANCIAL FLEXIBILITY; ANY  
AND ALL DEALS WILL HAVE THE AIM OF Maximizing SHAREHOLDER VALUE

Future Options

Asset monetization

Mobile towers

Real estate

Globenet

Mobile towers

4Q14

Transaction

value (R\$ bi)

Impact of

disposals on

EBITDA (R\$ bi)

5.3

3.0

Full year routine impact in EBITDA of

R\$650 million

(excl. mobile towers disposal in 4Q14)

Divestment of Oi's stake in Africatel

Proposals received for PT Portugal

Altice S.A.: 7,025 billion EV

Apax and Bain: 7,075 billion EV

1.2

1.0

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WE ARE COMMITTED TO IMPROVING CORPORATE GOVERNANCE AT OI

Commitment to migrate to Novo Mercado

CVM approval for the exchange,

between Oi and PT SGPS

Listing in Bovespa

(Novo Mercado), NYSE and

Euronext Lisbon

CorpCo share

registration at SEC

Extraordinary Shareholder

Meeting to approve the merger

of Oi into CorpCo

1Q15

Delayed due to:

Qualified opinion on 2Q14 financials

CVM approval of exchange

SEC approvals

19

Delayed due to:

Qualified opinion on 2Q14 financials

CVM approval of exchange

SEC approvals

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CURRENT MARKET STRUCTURE OF BRAZIL IS UNBALANCED AND UNSUSTAINABLE, demanding market consolidation	
20	
27	
64	
52	
49	
46	
5	
78	
Brazil	
LATAM (ex Brazil)	
Africa & ME	
Asia-Pacific	
China	
India	
Ø	
46	
Russia	
CAPEX for access	
USD per inhabitant / access	
High Capex per access related to	
Brazil's geographic dispersion and	
continental dimension	



Strong investment requirements

Market share

% customers 2Q14

Unbalanced market shares

SOURCE: Yankee Group, 2Q2014; Ovum, Jan2014; WWM, Merrill Lynch Global Wireless Matrix, 2Q2014;

AMX

25.4

TEF /

GVT

25.1

TIM

29.2

Sky

Oi

19.9

0.5

30.5

31.8

26.6

5.0

29.2

53.3

8.0

Pay-TV

Fixed

broad-

band

Pre-paid

mobile

SOURCE: Teleco

Rio de Janeiro, November 13, 2014  
3Q14 RESULTS