WELLS FARGO & COMPANY/MN
Form 424B2
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File No. 333-202840

Title of Each Class of Securities Offered	**Maximum Aggregate Offering Price**	**Amount of Registration Fee(1)**
Medium Term Notes, Series K, Principal at Risk Securities Linked to the Russell 2000® Index due August 26, 2022	$641,000	$64.55

(1) The total filing fee of $64.55 is calculated in accordance with Rule 457(r) of the Securities Act of 1933 (the Securities Act) and will be paid by wire transfer within the time required by Rule 456(b) of the Securities Act.

PRICING SUPPLEMENT No. 712 dated August 19, 2016

(To Market Measure Supplement dated March 18, 2015,

Prospectus Supplement dated March 18, 2015

and Prospectus dated March 18, 2015)

Wells Fargo & Company

Medium-Term Notes, Series K

Equity Index Linked Securities

Market Linked Securities Contingent Coupon and

Contingent Downside

Principal at Risk Securities Linked to the Russell 2000® Index due August 26, 2022

- Linked to the Russell 2000® Index
- Unlike ordinary debt securities, the securities do not provide for fixed payments of interest and do not repay a fixed amount of principal at stated maturity. Whether the securities pay a contingent coupon and whether you are repaid the original offering price of your securities at stated maturity will depend in each case on the performance of the Index
- **Contingent Coupon.** The securities will pay a contingent coupon on a quarterly basis if, **and only if**, the closing level of the Index on the calculation day for that quarter is greater than or equal to the threshold level. However, if the closing level of the Index is less than the threshold level on a calculation day, you will not receive any contingent coupon for the relevant quarter. If the closing level of the Index is less than the threshold level on every calculation day, you will not receive any contingent coupons throughout the entire 6-year term of the securities. The contingent coupon rate is 5.80% per annum
- **Potential Loss of Principal.** At stated maturity, you will receive the original offering price if, **and only if**, the closing level of the Index on the final calculation day is greater than or equal to the threshold level. If the closing level of the Index on the final calculation day is less than the threshold level, you will lose more than 30%, and possibly all, of the original offering price of your securities
- The threshold level is equal to 70% of the starting level
- You will have full downside exposure to the Index from the starting level if the closing level of the Index on the final calculation day is less than the threshold level, but you will not participate in any appreciation of the Index and will not receive any dividends on securities included in the Index
- All payments on the securities are subject to the credit risk of Wells Fargo & Company, and you will have no ability to pursue any securities included in the Index for payment; if Wells Fargo & Company defaults on its obligations, you could lose some or all of your investment
- No exchange listing; designed to be held to maturity

On the date of this pricing supplement, the estimated value of the securities is $917.49 per security. The estimated value of the securities was determined for us by Wells Fargo Securities, LLC using its proprietary pricing models. It is not an indication of actual profit to us or to Wells Fargo Securities, LLC or any of our other affiliates, nor is it an indication of the price, if any, at which Wells Fargo Securities, LLC or any other

person may be willing to buy the securities from you at any time after issuance. See Investment Description in this pricing supplement.

The securities have complex features and investing in the securities involves risks not associated with an investment in conventional debt securities. See Risk Factors herein on page PRS-11.

The securities are unsecured obligations of Wells Fargo & Company and all payments on the securities are subject to the credit risk of Wells Fargo & Company. The securities are not deposits or other obligations of a depository institution and are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental agency of the United States or any other jurisdiction.

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

	Original Offering Price	Agent Discount(1)	Proceeds to Wells Fargo
Per Security	$1,000.00	$32.50	$967.50
Total	$641,000.00	$20,832.50	$620,167.50

(1) Wells Fargo Securities, LLC, a wholly owned subsidiary of Wells Fargo & Company, is the agent for the distribution of the securities and is acting as principal. See Investment Description in this pricing supplement for further information.

Wells Fargo Securities

Market Linked Securities Contingent Coupon and Contingent Downside

Principal at Risk Securities Linked to the Russell 2000® Index due August 26, 2022

Investment Description

The Principal at Risk Securities Linked to the Russell 2000® Index due August 26, 2022 are senior unsecured debt securities of Wells Fargo & Company (Wells Fargo) that do not provide for fixed payments of interest and do not repay a fixed amount of principal at stated maturity. Whether the securities pay a quarterly contingent coupon and whether you are repaid the original offering price of your securities at stated maturity will depend in each case upon the performance of the Russell 2000® Index (the Index). The securities provide:

(i) quarterly contingent coupon payments at a rate of 5.80% per annum if, **and only if**, the closing level of the Index on the applicable quarterly calculation day is greater than or equal to 70% of the starting level;

(ii) repayment of the original offering price if, **and only if**, the Index does not decline by more than 30% from the starting level to the ending level; and

(iii) full exposure to the decline in the level of the Index from the starting level if the Index declines by more than 30% from the starting level to the ending level.

If the closing level of the Index on any quarterly calculation day is less than 70% of the starting level, you will not receive any contingent coupon payment for that quarter. If the Index declines by more than 30% from the starting level to the ending level, you will lose more than 30%, and possibly all, of the original offering price of your securities at stated maturity. Accordingly, you will not receive any protection if the level of the Index declines by more than 30% from the starting level to the ending level.

Any return on the securities will be limited to the sum of your contingent coupon payments, if any. You will not participate in any appreciation of the Index, but you will be fully exposed to the decline in the Index if the Index declines by more than 30% from the starting level to the ending level.

All payments on the securities are subject to the credit risk of Wells Fargo.

The Index is an equity index that is designed to reflect the performance of the small capitalization segment of the United States equity market.

You should read this pricing supplement together with the market measure supplement dated March 18, 2015, the prospectus supplement dated March 18, 2015 and the prospectus dated March 18, 2015 for additional information about the securities. Information included in this pricing supplement supersedes information in the market measure supplement, prospectus supplement and prospectus to the extent it is different from that information. Certain defined terms used but not defined herein have the meanings set forth in the prospectus supplement.

You may access the market measure supplement, prospectus supplement and prospectus on the SEC website www.sec.gov as follows (or if such address has changed, by reviewing our filing for the relevant date on the SEC website):

Market Measure Supplement dated March 18, 2015 filed with the SEC on March 18, 2015:
http://www.sec.gov/Archives/edgar/data/72971/000119312515096591/d890724d424b2.htm

Prospectus Supplement dated March 18, 2015 and Prospectus dated March 18, 2015 filed with the SEC on March 18, 2015:
http://www.sec.gov/Archives/edgar/data/72971/000119312515096449/d890684d424b2.htm

Russell 2000® is a trademark of Frank Russell Company, doing business as Russell Investment Group (Russell), and has been licensed for use by us. The securities, based on the performance of the Russell 2000® Index, are not sponsored, endorsed, sold or promoted by Russell and Russell makes no representation regarding the advisability of investing in the securities.

Market Linked Securities Contingent Coupon and Contingent Downside

Principal at Risk Securities Linked to the Russell 2000® Index due August 26, 2022

Investment Description (Continued)

The original offering price of each security of $1,000 includes certain costs that are borne by you. Because of these costs, the estimated value of the securities on the pricing date is less than the original offering price. The costs included in the original offering price relate to selling, structuring, hedging and issuing the securities, as well as to our funding considerations for debt of this type.

The costs related to selling, structuring, hedging and issuing the securities include (i) the agent discount, (ii) the projected profit that our hedge counterparty (which may be one of our affiliates) expects to realize for assuming risks inherent in hedging our obligations under the securities and (iii) hedging and other costs relating to the offering of the securities.

Our funding considerations take into account the higher issuance, operational and ongoing management costs of market-linked debt such as the securities as compared to our conventional debt of the same maturity, as well as our liquidity needs and preferences. Our funding considerations are reflected in the fact that we determine the economic terms of the securities based on an assumed funding rate that is generally lower than the interest rates implied by secondary market prices for our debt obligations and/or by other traded instruments referencing our debt obligations, which we refer to as our secondary market rates. As discussed below, our secondary market rates are used in determining the estimated value of the securities.

If the costs relating to selling, structuring, hedging and issuing the securities were lower, or if the assumed funding rate we use to determine the economic terms of the securities were higher, the economic terms of the securities would be more favorable to you and the estimated value would be higher. The estimated value of the securities as of the pricing date is set forth on the cover page of this pricing supplement.

Determining the estimated value

Our affiliate, Wells Fargo Securities, LLC (WFS), calculated the estimated value of the securities set forth on the cover page of this pricing supplement based on its proprietary pricing models. Based on these pricing models and related market inputs and assumptions referred to in this section below, WFS determined an estimated value for the securities by estimating the value of the combination of hypothetical financial instruments that would replicate the payout on the securities, which combination consists of a non-interest bearing, fixed-income bond (the debt component) and one or more derivative instruments underlying the economic terms of the securities (the derivative component).

The estimated value of the debt component is based on a reference interest rate, determined by WFS as of a recent date, that generally tracks our secondary market rates. Because WFS does not continuously calculate our reference interest rate, the reference interest rate used in the calculation of the estimated value of the debt component may be higher or lower than our secondary market rates at the time of that calculation. As noted above, we determine the economic terms of the securities based upon an assumed funding rate that is generally lower than our secondary market rates. In contrast, in determining the estimated value of the securities, we value the debt component using a reference interest rate that generally tracks our secondary market rates. Because the reference interest rate is generally higher than the assumed funding rate, using the reference interest rate to value the debt component generally results in a lower estimated value for the debt component, which we believe more closely approximates a market valuation of the debt component than if we had used the assumed funding rate.

WFS calculated the estimated value of the derivative component based on a proprietary derivative-pricing model, which generated a theoretical price for the derivative instruments that constitute the derivative component based on various inputs, including the derivative component factors identified in Risk Factors The Value Of The Securities Prior To Stated Maturity Will Be Affected By Numerous Factors, Some Of Which Are Related In Complex Ways. These inputs may be market-observable or may be based on assumptions made by WFS in its discretion.

The estimated value of the securities determined by WFS is subject to important limitations. See Risk Factors The Estimated Value Of The Securities Is Determined By Our Affiliate s Pricing Models, Which May Differ From Those Of Other Dealers and Our Economic Interests And Those Of Any Dealer Participating In The Offering Are Potentially Adverse To Your Interests.

Valuation of the securities after issuance

The estimated value of the securities is not an indication of the price, if any, at which WFS or any other person may be willing to buy the securities from you in the secondary market. The price, if any, at which WFS or any of its affiliates may purchase the securities in the secondary market will be based upon WFS s proprietary pricing models and will fluctuate over the term of the securities due to changes in market conditions and other relevant factors. However, absent changes in these market conditions and other relevant factors, except as otherwise described in the following paragraph, any secondary market price will be lower than the estimated value on the pricing date because the secondary market price will be reduced by a bid-offer spread, which may vary depending on the aggregate face amount of the securities to be purchased in the secondary market transaction, and the expected cost of unwinding any related hedging transactions. Accordingly, unless market conditions and other relevant factors change significantly in your favor, any secondary market price for the securities is likely to be less than the original offering price.

Market Linked Securities Contingent Coupon and Contingent Downside

Principal at Risk Securities Linked to the Russell 2000® Index due August 26, 2022

Investment Description (Continued)

If WFS or any of its affiliates makes a secondary market in the securities at any time up to the issue date or during the 6-month period following the issue date, the secondary market price offered by WFS or any of its affiliates will be increased by an amount reflecting a portion of the costs associated with selling, structuring, hedging and issuing the securities that are included in the original offering price. Because this portion of the costs is not fully deducted upon issuance, any secondary market price offered by WFS or any of its affiliates during this period will be higher than it would be if it were based solely on WFS s proprietary pricing models less the bid-offer spread and hedging unwind costs described above. The amount of this increase in the secondary market price will decline steadily to zero over this 6-month period. If you hold the securities through an account at WFS or any of its affiliates, we expect that this increase will also be reflected in the value indicated for the securities on your brokerage account statement.

If WFS or any of its affiliates makes a secondary market in the securities, WFS expects to provide those secondary market prices to any unaffiliated broker-dealers through which the securities are held and to commercial pricing vendors. If you hold your securities through an account at a broker-dealer other than WFS or any of its affiliates, that broker-dealer may obtain market prices for the securities from WFS (directly or indirectly), but could also obtain such market prices from other sources, and may be willing to purchase the securities at any given time at a price that differs from the price at which WFS or any of its affiliates is willing to purchase the securities. As a result, if you hold your securities through an account at a broker-dealer other than WFS or any of its affiliates, the value of the securities on your brokerage account statement may be different than if you held your securities at WFS or any of its affiliates.

The securities will not be listed or displayed on any securities exchange or any automated quotation system. Although WFS and/or its affiliates may buy the securities from investors, they are not obligated to do so and are not required to make a market for the securities. There can be no assurance that a secondary market will develop.

Market Linked Securities Contingent Coupon and Contingent Downside

Principal at Risk Securities Linked to the Russell 2000® Index due August 26, 2022

Investor Considerations

We have designed the securities for investors who:

- seek an investment with contingent quarterly coupon payments at a rate of 5.80% per annum if, **and only if**, the closing level of the Index on the applicable quarterly calculation day is greater than or equal to 70% of the starting level;
- understand that if the Index declines by more than 30% from the starting level to the ending level, they will be fully exposed to the decline in the Index from the starting level and will lose more than 30%, and possibly all, of the original offering price at stated maturity;
- are willing to accept the risk that they may not receive any contingent coupon payment on one or more, or any, quarterly contingent coupon payment dates over the term of the securities and may lose all of the original offering price per security at maturity;
- are willing to forgo participation in any appreciation of the Index and dividends on securities included in the Index; and
- are willing to hold the securities to maturity.

The securities are not designed for, and may not be a suitable investment for, investors who:

- seek a liquid investment or are unable or unwilling to hold the securities to maturity;
- require full payment of the original offering price of the securities at stated maturity;
- are unwilling to purchase securities with an estimated value as of the pricing date that is lower than the original offering price, as set forth on the cover page;
- are unwilling to accept the risk that the closing level of the Index may decline by more than 30% from the starting level to the ending level;
- seek certainty of current income over the term of the securities;

- seek exposure to the upside performance of the Index;
- are unwilling to accept the risk of exposure to the small capitalization segment of the United States equity market;
- are unwilling to accept the credit risk of Wells Fargo; or
- prefer the lower risk of conventional fixed income investments with comparable maturities issued by companies with comparable credit ratings.

Market Linked Securities Contingent Coupon and Contingent Downside

Principal at Risk Securities Linked to the Russell 2000® Index due August 26, 2022

Terms of the Securities

Market Measure:	Russell 2000® Index
Pricing Date:	August 19, 2016.
Issue Date:	August 26, 2016. (T+5)
Original Offering Price:	$1,000 per security. References in this pricing supplement to a security are to a security with an original offering price of $1,000.
Contingent Coupon Payment:	On each contingent coupon payment date, you will receive a contingent coupon payment at a per annum rate equal to the contingent coupon rate if, **and only if**, the closing level of the Index on the related calculation day is greater than or equal to the threshold level. **If the closing level of the Index on any calculation day is less than the threshold level, you will not receive any contingent coupon payment on the related contingent coupon payment date, and if the closing level of the Index is less than the threshold level on all quarterly calculation days, you will not receive any contingent coupon payments over the term of the securities.**

	Each quarterly contingent coupon payment, if any, will be calculated per security as follows: \$1,000 x contingent coupon rate x (90/360). Any contingent coupon payments will be rounded to the nearest cent, with one-half cent rounded upward.
Contingent Coupon Payment Dates:	Quarterly, on the fourth business day following each calculation day (as each such calculation day may be postponed pursuant to Postponement of a Calculation Day below, if applicable), provided that the contingent coupon payment date with respect to the final calculation day will be the stated maturity date.
Contingent Coupon Rate:	The contingent coupon rate is 5.80% per annum.
Calculation Days:	Quarterly, on the 22nd day of each February, May, August and November, commencing November 2016 and ending May 2022, and the final calculation day, each subject to postponement as described below under Postponement of a Calculation Day. We refer to August 22, 2022 as the final calculation day.
Stated Maturity Date:	August 26, 2022. If the final calculation day is postponed, the stated maturity date will be the later of (i) August 26, 2022 and (ii) three business days after the final calculation day as postponed. See Postponement of a Calculation Day below. If the stated maturity date is not a business day, the payment to be made on the stated maturity date will be made on the next succeeding business day with the same force and effect as if it had been made on the stated maturity date. The securities are not subject to redemption by Wells Fargo or repayment at the option of any holder of the securities prior to the stated maturity date.

Market Linked Securities Contingent Coupon and Contingent Downside

Principal at Risk Securities Linked to the Russell 2000® Index due August 26, 2022

Terms of the Securities (Continued)

Payment at Stated Maturity:	On the stated maturity date, you will be entitled to receive a cash payment per security in U.S. dollars equal to the redemption amount (in addition to the final contingent coupon payment, if any). The redemption amount per security will equal: if the ending level is greater than or equal to the threshold level: $1,000; or if the ending level is less than the threshold level: $1,000 *minus*: $\$1{,}000 \times \frac{\text{starting level} - \text{ending level}}{\text{starting level}}$ **If the ending level is less than the threshold level, you will lose more than 30%, and possibly all, of the original offering price of your securities at stated maturity.** **Any return on the securities will be limited to the sum of your contingent coupon payments, if any. You will not participate in any appreciation of the Index, but you will be fully exposed to a decrease in the Index if the ending level is less than the threshold level.** All calculations with respect to the redemption amount will be rounded to the nearest one hundred-thousandth, with five one-millionths rounded upward (e.g., 0.000005 would be rounded to 0.00001); and the redemption amount will be rounded to the nearest cent, with one-half cent rounded upward.
Closing Level:	The closing level of the Index on any trading day means the official closing level of the Index reported by the index sponsor on such trading day, as obtained by the calculation agent on such trading day from the licensed third-party market data vendor contracted by the calculation agent at such time; in particular, taking into account the decimal precision and/or rounding convention employed by such licensed third-party market data vendor on such date. Currently, the calculation agent obtains market data from Thomson Reuters Ltd., but the calculation agent may change its market data vendor at any time without notice. The foregoing provisions of this definition of closing level are subject to the provisions set forth below under Additional Terms

	of the Securities Market Disruption Events, Adjustments to the Index and Discontinuance of t Index.
Starting Level:	1236.769, the closing level of the Index on the pricing date.
Ending Level:	The ending level will be the closing level of the Index on the final calculation day.
Threshold Level:	865.7383, which is equal to 70% of the starting level.
Postponement of a Calculation Day:	If any calculation day is not a trading day, such calculation day will be postponed to the next succeeding trading day. A calculation day is also subject to postponement due to the occurrence of a market disruption event. See Additional Terms of the Securities Market Disruption Events. A trading day means a day, as determined by the calculation agent, on which (i) the relevant stock exchanges with respect to each security underlying the Index are scheduled to be open for trading for their respective regular trading sessions and (ii) each related futures or options exchange is scheduled to be open for trading for its regular trading session. The relevant stock exchange for any security underlying the Index means the primary exchange or quotation system on which such security is traded, as determined by the calculation agent. The related futures or options exchange for the Index means an exchange or quotation system where trading has a material effect (as determined by the calculation agent) on the overall market for futures or options contracts relating to the Index.
Calculation Agent:	Wells Fargo Securities, LLC
No Listing:	The securities will not be listed on any securities exchange or automated quotation system.

Terms of the Securities (Continued)

Material Tax Consequences:	For a discussion of the material U.S. federal income and certain estate tax consequences of the ownership and disposition of the securities, see United States Federal Tax Considerations.
Agent:	Wells Fargo Securities, LLC, a wholly owned subsidiary of Wells Fargo & Company. The agent may resell the securities to other securities dealers at the original offering price of the securities less a concession not in excess of $32.50 per security. The agent or another affiliate of ours expects to realize hedging profits projected by its proprietary pricing models to the extent it assumes the risks inherent in hedging our obligations under the securities. If any dealer participating in the distribution of the securities or any of its affiliates conducts hedging activities for us in connection with the securities, that dealer or its affiliate will expect to realize a profit projected by its proprietary pricing models from such hedging activities. Any such projected profit will be in addition to any discount or concession received in connection with the sale of the securities to you.
Denominations:	$1,000 and any integral multiple of $1,000.
CUSIP:	94986RS93

Market Linked Securities Contingent Coupon and Contingent Downside

Principal at Risk Securities Linked to the Russell 2000® Index due August 26, 2022

Determining Payment On A Contingent Coupon Payment Date and at Maturity

On each quarterly contingent coupon payment date, you will either receive a contingent coupon payment or you will not receive a contingent coupon payment, depending on the closing level of the Index on the related quarterly calculation day, as follows:

On the stated maturity date, you will receive (in addition to the final contingent coupon payment, if any) a cash payment per security (the redemption amount) calculated as follows:

Market Linked Securities Contingent Coupon and Contingent Downside

Principal at Risk Securities Linked to the Russell 2000® Index due August 26, 2022

Hypothetical Payout Profile

The following profile illustrates the potential payment at stated maturity on the securities (excluding the final contingent coupon payment, if any). This graph has been prepared for purposes of illustration only. Your actual return will depend on the actual ending level and whether you hold your securities to stated maturity.

Risk Factors

The securities have complex features and investing in the securities will involve risks not associated with an investment in conventional debt securities. You should carefully consider the risk factors set forth below as well as the other information contained in this pricing supplement and the accompanying market measure supplement, prospectus supplement and prospectus, including the documents they incorporate by reference. As described in more detail below, the value of the securities may vary considerably before the stated maturity date due to events that are difficult to predict and are beyond our control. You should reach an investment decision only after you have carefully considered with your advisors the suitability of an investment in the securities in light of your particular circumstances.

If The Ending Level Is Less Than The Threshold Level, You Will Lose More Than 30%, And Possibly All, Of The Original Offering Price Of Your Securities At Maturity.

We will not repay you a fixed amount on your securities at stated maturity. Instead, you will receive a payment at stated maturity that will be equal to or less than the original offering price per security, depending on the closing level of the Index on the final calculation day.

If the ending level is less than the threshold level, the payment you receive at stated maturity will be reduced by an amount equal to the decline in the level of the Index to the extent it is below the starting level (expressed as a percentage of the starting level). The threshold level is 70% of the starting level. For example, if the Index has declined by 30.1% from the starting level to the ending level, you will not receive any benefit of the contingent downside protection feature and you will lose 30.1% of the original offering price per security. As a result, you will not receive any protection if the level of the Index declines significantly and you may lose some, and possibly all, of the original offering price per security at stated maturity, even if the level of the Index is greater than or equal to the starting level or the threshold level at certain times during the term of the securities.

Even if the ending level is greater than the threshold level, the amount you receive at stated maturity will not exceed the original offering price, and your yield on the securities, taking into account any contingent coupon payments you may have received during the term of the securities, may be less than the yield you would earn if you bought a traditional interest-bearing debt security of Wells Fargo or another issuer with a similar credit rating.

The Securities Do Not Provide For Fixed Payments Of Interest And You May Receive No Coupon Payments On One Or More Quarterly Contingent Coupon Payment Dates, Or Even Throughout The Entire Six-Year Term Of The Securities.

On each quarterly contingent coupon payment date you will receive a contingent coupon payment if, **and only if**, the closing level of the Index on the related calculation day is greater than or equal to the threshold level. If the closing level is less than the threshold level on any calculation day, you will not receive any contingent coupon payment on the related contingent coupon payment date, and if the closing level of the Index is less than the threshold level on each calculation day over the term of the securities, you will not receive any contingent coupon payments over the entire six-year term of the securities.

You May Be Fully Exposed To The Decline In The Index From The Starting Level, But Will Not Participate In Any Positive Performance Of The Index.

Even though you will be fully exposed to a decline in the level of the Index below the threshold level, you will not participate in any increase in the level of the Index over the term of the securities. Your maximum possible return on the securities will be limited to the sum of the contingent coupon payments you receive, if any. Consequently, your return on the securities may be significantly less than the return you could achieve on an alternative investment that provides for participation in an increase in the level of the Index.

Higher Contingent Coupon Rates Are Associated With Greater Risk.

The securities offer contingent coupon payments at a higher rate, if paid, than the fixed rate we would pay on conventional debt securities of the same maturity. These higher potential contingent coupon payments are associated with greater levels of expected risk as of the pricing date as compared to conventional debt securities, including the risk that you may not receive a contingent coupon payment on one or more, or any, contingent coupon payment dates and the risk that you may lose a substantial portion, and possibly all, of the original offering price per security at maturity. The volatility of the Index is an important factor affecting this risk. Volatility is a measurement of the size and frequency of daily fluctuations in the level of the Index, typically observed over a specified period of time. Volatility can be measured in a variety of ways, in particular, on an historical basis or, on an expected basis, as implied by option prices in the market. Greater expected volatility of the Index as of the pricing date may result in a higher contingent coupon rate, but it also represents a greater expected likelihood as of the pricing date that the closing level of the Index will be less than the threshold level on one or more calculation days, such that you will not receive one or more, or any, contingent coupon payments during the term of the securities and that the closing level of the Index will be less than the threshold level on the final calculation day, such that you will lose a substantial portion, and possibly all, of the original offering price per security at maturity. In general, the higher the contingent coupon rate is relative to the fixed rate we would pay on conventional debt securities, the greater the risk that you will not

Risk Factors (Continued)

receive one or more, or any, contingent coupon payments during the term of the securities, or that you will lose a substantial portion, and possibly all, of the original offering price per security at maturity.

The Securities Are Subject To The Credit Risk Of Wells Fargo.

The securities are our obligations and are not, either directly or indirectly, an obligation of any third party. Any amounts payable under the securities are subject to our creditworthiness, and you will have no ability to pursue any securities included in the Index for payment. As a result, our actual and perceived creditworthiness may affect the value of the securities and, in the event we were to default on our obligations, you may not receive any amounts owed to you under the terms of the securities.

The Estimated Value Of The Securities On The Pricing Date, Based On WFS s Proprietary Pricing Models, Is Less Than The Original Offering Price.

The original offering price of the securities includes certain costs that are borne by you. Because of these costs, the estimated value of the securities on the pricing date is less than the original offering price. The costs included in the original offering price relate to selling, structuring, hedging and issuing the securities, as well as to our funding considerations for debt of this type. The costs related to selling, structuring, hedging and issuing the securities include (i) the agent discount, (ii) the projected profit that our hedge counterparty (which may be one of our affiliates) expects to realize for assuming risks inherent in hedging our obligations under the securities and (iii) hedging and other costs relating to the offering of the securities. Our funding considerations are reflected in the fact that we determine the economic terms of the securities based on an assumed funding rate that is generally lower than our secondary market rates. If the costs relating to selling, structuring, hedging and issuing the securities were lower, or if the assumed funding rate we use to determine the economic terms of the securities were higher, the economic terms of the securities would be more favorable to you and the estimated value would be higher.

The Estimated Value Of The Securities Is Determined By Our Affiliate s Pricing Models, Which May Differ From Those Of Other Dealers.

The estimated value of the securities was determined for us by WFS using its proprietary pricing models and related market inputs and assumptions referred to above under Investment Description Determining the estimated value. Certain inputs to these models may be determined by WFS in its discretion. WFS s views on these inputs may differ from other dealers views, and WFS s estimated value of the securities may be higher, and perhaps materially higher, than the estimated value of the securities that would be determined by other dealers in the market. WFS s models and its inputs and related assumptions may prove to be wrong and therefore not an accurate reflection of the value of the securities.

The Estimated Value Of The Securities Is Not An Indication Of The Price, If Any, At Which WFS Or Any Other Person May Be Willing To Buy The Securities From You In The Secondary Market.

The price, if any, at which WFS or any of its affiliates may purchase the securities in the secondary market will be based on WFS s proprietary pricing models and will fluctuate over the term of the securities as a result of changes in the market and other factors described in the next risk factor. Any such secondary market price for the securities will also be reduced by a bid-offer spread, which may vary depending on the aggregate face amount of the securities to be purchased in the secondary market transaction, and the expected cost of unwinding any related hedging transactions. Unless the factors described in the next risk factor change significantly in your favor, any such secondary market price for the securities is likely to be less than the original offering price.

If WFS or any of its affiliates makes a secondary market in the securities at any time up to the issue date or during the 6-month period following the issue date, the secondary market price offered by WFS or any of its affiliates will be increased by an amount reflecting a portion of the costs associated with selling, structuring, hedging and issuing the securities that are included in the original offering price. Because this portion of the costs is not fully deducted upon issuance, any secondary market price offered by WFS or any of its affiliates during this period will be higher than it would be if it were based solely on WFS s proprietary pricing models less the bid-offer spread and hedging unwind costs described above. The amount of this increase in the secondary market price will decline steadily to zero over this 6-month period. If you hold the securities through an account at WFS or any of its affiliates, we expect that this increase will also be reflected in the value indicated for the securities on your brokerage account statement. If you hold your securities through an account at a broker-dealer other than WFS or any of its affiliates, the value of the securities on your brokerage account statement may be different than if you held your securities at WFS or any of its affiliates, as discussed above under Investment Description.

The Value Of The Securities Prior To Stated Maturity Will Be Affected By Numerous Factors, Some Of Which Are Related In Complex Ways.

The value of the securities prior to stated maturity will be affected by the level of the Index at that time, interest rates at that time and a number of other factors, some of which are interrelated in complex ways. The effect of any one factor may be offset or magnified by the effect of another factor. The following factors, which we refer to as the derivative component factors, are expected to affect the

Risk Factors (Continued)

value of the securities. When we refer to the value of your security, we mean the value you could receive for your security if you are able to sell it in the open market before the stated maturity date.

Index Performance. The value of the securities prior to maturity will depend substantially on the level of the Index. The price at which you may be able to sell the securities before stated maturity may be at a discount, which could be substantial, from their original offering price, if the level of the Index at such time is less than, equal to or not sufficiently above the starting level or threshold level.

Interest Rates. The value of the securities may be affected by changes in the interest rates in the U.S. markets.

Volatility Of The Index. Volatility is the term used to describe the size and frequency of market fluctuations. The value of the securities may be affected if the volatility of the Index changes.

Time Remaining To Maturity. The value of the securities at any given time prior to maturity will likely be different from that which would be expected based on the then-current level of the Index. This difference will most likely reflect a discount due to expectations and uncertainty concerning the level of the Index during the period of time still remaining to the stated maturity date.

Dividend Yields On Securities Included In The Index. The value of the securities may be affected by the dividend yields on securities included in the Index.

In addition to the derivative component factors, the value of the securities will be affected by actual or anticipated changes in our creditworthiness, as reflected in our secondary market rates. You should understand that the impact of one of the factors specified above, such as a change in interest rates, may offset some or all of any change in the value of the securities attributable to another factor, such as a change in the level of the Index. Because numerous factors are expected to affect the value of the securities, changes in the level of the Index may not result in a comparable change in the value of the securities.

The Securities Will Not Be Listed On Any Securities Exchange And We Do Not Expect A Trading Market For The Securities To Develop.

The securities will not be listed or displayed on any securities exchange or any automated quotation system. Although the agent and/or its affiliates may purchase the securities from holders, they are not obligated to do so and are not required to make a market for the securities. There can be no assurance that a secondary market will develop. Because we do not expect that any market makers will participate in a secondary market for the securities, the price at which you may be able to sell your securities is likely to depend on the price, if any, at which the agent is willing to buy your securities.

If a secondary market does exist, it may be limited. Accordingly, there may be a limited number of buyers if you decide to sell your securities prior to stated maturity. This may affect the price you receive upon such sale. Consequently, you should be willing to hold the securities to stated maturity.

Historical Levels Of The Index Should Not Be Taken As An Indication Of The Future Performance Of The Index During The Term Of The Securities.

The trading prices of the securities included in the Index will determine the level of the Index and, therefore, the amount payable to you at maturity and whether contingent coupon payments will be made. As a result, it is impossible to predict whether the closing level of the Index will fall or rise compared to its starting level. Trading prices of the securities included in the Index will be influenced by complex and interrelated political, economic, financial and other factors that can affect the markets in which those securities are traded and the values of those securities themselves. Accordingly, any historical levels of the Index do not provide an indication of the future performance of the Index.

Changes That Affect The Index May Adversely Affect The Value Of The Securities And The Amount You Will Receive At Stated Maturity.

The policies of the index sponsor concerning the calculation of the Index and the addition, deletion or substitution of securities comprising the Index and the manner in which the index sponsor takes account of certain changes affecting such securities may affect the level of the Index and, therefore, may affect the value of the securities, the amount payable at maturity and whether contingent coupon payments will be made. The index sponsor may discontinue or suspend calculation or dissemination of the Index or materially alter the methodology by which it calculates the Index. Any such actions could adversely affect the value of the securities.

We Cannot Control Actions By Any Of The Unaffiliated Companies Whose Securities Are Included In The Index.

Actions by any company whose securities are included in the Index may have an adverse effect on the price of its security, the closing level on any calculation day, the ending level and the value of the securities. We are not affiliated with any of the companies included in the Index. These companies will not be involved in the offering of the securities and will have no obligations with respect to the securities, including any obligation to take our or your interests into consideration for any reason. These companies will not receive any of the proceeds of the offering of the securities and will not be responsible for, and will not have participated in, the determination

Risk Factors (Continued)

of the timing of, prices for, or quantities of, the securities to be issued. These companies will not be involved with the administration, marketing or trading of the securities and will have no obligations with respect to any amounts to be paid to you on the securities.

We And Our Affiliates Have No Affiliation With The Index Sponsor And Have Not Independently Verified Its Public Disclosure Of Information.

We and our affiliates are not affiliated in any way with the index sponsor and have no ability to control or predict its actions, including any errors in or discontinuation of disclosure regarding the methods or policies relating to the calculation of the Index. We have derived the information about the index sponsor and the Index contained in this pricing supplement and the accompanying market measure supplement from publicly available information, without independent verification. You, as an investor in the securities, should make your own investigation into the Index and the index sponsor. The index sponsor is not involved in the offering of the securities made hereby in any way and has no obligation to consider your interest as an owner of the securities in taking any actions that might affect the value of the securities.

An Investment In The Securities Is Subject To Risks Associated With Investing In Stocks With A Small Market Capitalization.

The stocks that constitute the Index are issued by companies with relatively small market capitalization. These companies often have greater stock price volatility, lower trading volume and less liquidity than large capitalization companies. As a result, the Index may be more volatile than that of an equity index that does not track solely small capitalization stocks. Stock prices of small capitalization companies are also generally more vulnerable than those of large capitalization companies to adverse business and economic developments, and the stocks of small capitalization companies may be thinly traded, and be less attractive to many investors if they do not pay dividends. In addition, small capitalization companies are typically less well-established and less stable financially than large capitalization companies and may depend on a small number of key personnel, making them more vulnerable to loss of those individuals. Small capitalization companies tend to have lower revenues, less diverse product lines, smaller shares of their target markets, fewer financial resources and fewer competitive strengths than large capitalization companies. These companies may also be more susceptible to adverse developments related to their products or services.

A Contingent Coupon Payment Date And The Stated Maturity Date May Be Postponed If A Calculation Day Is Postponed.

A calculation day (including the final calculation day) will be postponed if the applicable originally scheduled calculation day is not a trading day or if the calculation agent determines that a market disruption event has occurred or is continuing on that calculation day. If such a postponement occurs with respect to a calculation day other than the final calculation day, then the related contingent coupon payment date will be postponed. If such a postponement occurs with respect to the final calculation day, the stated maturity date will be the later of (i) the initial stated maturity date and (ii) three business days after the postponed final calculation day.

Our Economic Interests And Those Of Any Dealer Participating In The Offering Are Potentially Adverse To Your Interests.

You should be aware of the following ways in which our economic interests and those of any dealer participating in the distribution of the securities, which we refer to as a participating dealer, are potentially adverse to your interests as an investor in the securities. In engaging in certain of the activities described below, our affiliates or any participating dealer or its affiliates may take actions that may adversely affect the value of and your return on the securities, and in so doing they will have no obligation to consider your interests as an investor in the securities. Our affiliates or any participating dealer or its affiliates may realize a profit from these activities even if investors do not receive a favorable investment return on the securities.

The calculation agent is our affiliate and may be required to make discretionary judgments that affect the return you receive on the securities. WFS, which is our affiliate, will be the calculation agent for the securities. As calculation agent, WFS will determine the closing level of the Index on each calculation day, the ending level of the Index and whether you receive a contingent coupon payment on a contingent coupon payment date and may be required to make other determinations that affect the return you receive on the securities. In making these determinations, the calculation agent may be required to make discretionary judgments, including determining whether a market disruption event has occurred on a scheduled calculation day, which may result in postponement of that calculation day; determining the closing level of the Index if a calculation day is postponed to the last day to which it may be postponed and a market disruption event occurs on that day; if the Index is discontinued, selecting a successor index or, if no successor index is available, determining the closing level of the Index on the applicable calculation day and the ending level of the Index; and determining whether to adjust the closing level of the Index on a calculation day in the event of certain changes in or modifications to the Index. In making these discretionary judgments, the fact that WFS is our affiliate may cause it to have economic interests that are adverse to your interests as an investor in the securities, and WFS s determinations as calculation agent may adversely affect your return on the securities.

Risk Factors (Continued)

The estimated value of the securities was calculated by our affiliate and is therefore not an independent third-party valuation. WFS calculated the estimated value of the securities set forth on the cover page of this pricing supplement, which involved discretionary judgments by WFS, as described under Risk Factors The Estimated Value Of The Securities Is Determined By Our Affiliate s Pricing Models, Which May Differ From Those Of Other Dealers above. Accordingly, the estimated value of the securities set forth on the cover page of this pricing supplement is not an independent third-party valuation.

Research reports by our affiliates or any participating dealer or its affiliates may be inconsistent with an investment in the securities and may adversely affect the level of the Index. Our affiliates or any participating dealer in the offering of the securities or its affiliates may, at present or in the future, publish research reports on the Index or the companies whose securities are included in the Index. This research is modified from time to time without notice and may, at present or in the future, express opinions or provide recommendations that are inconsistent with purchasing or holding the securities. Any research reports on the Index or the companies whose securities are included in the Index could adversely affect the level of the Index and, therefore, adversely affect the value of and your return on the securities. You are encouraged to derive information concerning the Index from multiple sources and should not rely on the views expressed by us or our affiliates or any participating dealer or its affiliates. In addition, any research reports on the Index or the companies whose securities are included in the Index published on or prior to the pricing date could result in an increase in the level of the Index on the pricing date, which would adversely affect investors in the securities by increasing the level at which the Index must close on each calculation day (including the final calculation day) in order for investors in the securities to receive a favorable return.

Business activities of our affiliates or any participating dealer or its affiliates with the companies whose securities are included in the Index may adversely ;margin-bottom:0pt ; font-size:8pt">

Corporate / SMEs

	2Q14	2Q13	1Q14	YoY	QoQ	1H14	1H13	YoY
Corporate / SMEs								
Net Revenues (R$ million)	2,096	2,154	2,091	-2.7%	0.2%	4,187	4,232	-1.1%
Revenue Generating Units (RGU) - (000)	8,108	8,755	8,137	-7.4%	-0.4%	8,108	8,755	-7.4%
Fixed	4,995	5,306	5,050	-5.9%	-1.1%	4,995	5,306	-5.9%
Broadband	628	615	630	2.1%	-0.4%	628	615	2.1%
Mobile	2,485	2,834	2,456	-12.3%	1.2%	2,485	2,834	-12.3%

Net revenues totaled R$ 2,096 million (-2.7% y.o.y), essentially due to the decline in MTRs, fewer number of working days in June, outsourced field force stoppages in Bahia and in the southern region of Brazil, which impacted installations and the lower voice usage in both segments as a result of the migration to data usage.

Additionally, in the Corporate segment, there were lower extra-bundle revenues due to customer migration to more suitable plans that included voice and data.

Oi ended 2Q14 with 8,108 thousand RGUs (-7.4% y.o.y) in the Corporate / SMEs segment. This performance reflected the above including: (i) the ongoing restructuring in the SME segment and the focus on sales quality, with the revision of processes, sales channels and partnerships with franchises to improve the quality of the customer addition mix, causing a natural decline in sales volume, and (ii) the strategy of rational handset subsidies, an important tool for boosting segment sales, in line with the focus on financial discipline and improved cash generation.

SMEs

In this quarter, the SMEs segment continued to focus in the implementation of the proposed restructuring composed of three stages. The first stage was focused on the improvement of sales quality through changes in the franchise commissioning policy and the implementation of the quality call, allowing Oi to have a more sustainable sales growth. The second phase consisted of competitive gains, with the repositioning of offerings and channels. Finally, in the third and last phase, the Company aims to increase productivity through initiatives to improve the ratio gross additions / activation.

With the first and second phases now deployed, Oi is now focused on boosting productivity of its sales channels with the expansion of outbound and the resumption of growth in the number of franchises but with strict quality and financial controls. The result was a sequential increase of 25% of the gross additions, mainly due to a robust quarterly growth of the mobile gross addition, a direct result of the new bundled offerings launched in the second phase of the restructuring process. The share of bundled offerings in total mobile gross additions improved from 6% in December 2013 to 36% in March 2014 and 50% in June, thus underlining the attractiveness of the convergence strategy in this segment.

The performance of the gross additions, associated to a significant annual reduction in churn levels, resulted in the lowest net disconnections since 4Q12.

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In 2Q14, the SMEs segment was impacted mostly by the MTR cuts and the expected decline in traffic and sales volume given fewer working days in June. But on the other hand, it is worth highlighting that in 2Q14 the segment presented a 50% drop in accounts receivable overdue for more than 30 days in comparison with 2Q13, which is in line with Oi s strategy of improving the quality of its sales and its cash flow profile.

Corporate

In June 2014, Oi was the official provider of telecom and IT services of FIFA s World Cup. Oi served FIFA in two different ways: FITS (FIFA s corporate network) and Media Services (cabled and wireless internet and phone solution for the media public). With FITS and Media Services, Oi offered data and voice communication solutions to meet FIFA s communication needs (corporate network, accreditation and ticket management) and Media Public (news agencies, journalists and photographers) in more than 70 event venues (Stadiums, FIFA Venue Hotels, FIFA Headquarters, FIFA Referee Hotel, VIP Hotel, Airports, Transport Depots, FIFA Venue Ticketing Centers and other key locations) in the 12 host cities.

During the event, 74 terabytes of data were transported in media and computer networks provided by Oi for FIFA, of which 57 terabytes were used by approximately 20,000 accredited media professionals from 113 countries to cover the event in Brazil.

The organizing committee acknowledged the high quality of the services rendered by Oi in this high profile event.

Although, the Corporate segment posted an annual decline in RGUs, Oi saw robust increase of 8.2% in broadband customers, driven mainly by networks and IP. In addition, VPN networking accesses were +17.2%, internet accesses were +16.5% and fixed digital trunking was +4.2%.

In terms of revenues, the highlight was data communication and IT services. The innovative offers of Data Center, Cloud and IT combined with telecom solutions, resulted in a 22% annual growth, contributing to a greater share (+3.0pp y.o.y) of non-voice services revenues.

PORTUGAL

In 2Q14, revenues from Portuguese telecommunications businesses amounted to R$ 1,853 million, increasing by 9.5% y.o.y, reflecting a favorable currency effect.

In local currency, total net revenue amounted to Euro 606 million, decreasing by 3.4% y.o.y. Customer revenues from Portuguese telecommunications businesses decreased by 4.5% y.o.y showing an improvement versus the previous quarter, the best performance of the last six quarters.

The B2C segment, posted a decline in revenues of 3.0%, improving versus the previous quarter (-3.5% y.o.y in 1Q14). MEO posted another quarter of resilient performance in terms of net adds and market share both in the Residential and Personal segments.

Residential revenues amounted to R$ 534 million, up by 12.4% y.o.y. In local currency, Residential revenues amounted to Euro 175 million, decreasing by 0.7% y.o.y. MEO continued to gain share in triple-play and quadruple-play offers. As a result, fixed retail accesses posted the double of net additions of 1Q14 and the best performance over the last six quarters. Personal Mobility segment revenues amounted to R$ 474 million, up by 7.9% y.o.y, while in local currency amounted to Euro 155 million, decreasing by 4.9% y.o.y, mainly impacted by lower sales and higher competitive and pricing pressure on the prepaid business. The Corporate / SMEs segment was also penalized by competitive dynamics that are impacting pricing environment, namely on mobile services. Corporate / SMEs revenues amounted to R$ 577 million, up by 6.8% y.o.y. In local currency, Corporate / SMEs revenues decreased by 5.7% y.o.y, to Euro 189 million, improving the trend compared to previous quarters whilst maintaining a strong market position. Revenues from Wholesale, other and eliminations amounted to R$ 268 million, up by 12.6% y.o.y, while in local currency amounted to Euro 87 million, decreasing by 0.8% y.o.y in 2Q14, reflecting lower accesses and international traffic revenues.

Residential

	2Q14	2Q13	1Q14	YoY	QoQ	1H14	1H13	YoY
Residential								
Net Revenues (R$ million)	534	475	579	12.4%	-7.7%	1,113	947	17.5%
Net Revenues (Euro million)	175	176	179	-0.7%	-2.2%	353	355	-0.4%
Revenue Generating Units (RGU) - (000)	3,884	3,810	3,848	2.0%	0.9%	3,884	3,810	2.0%
Fixed Line in Service	1,637	1,660	1,638	-1.4%	-0.1%	1,637	1,660	-1.4%
Fixed Broadband	1,057	1,015	1,042	4.1%	1.4%	1,057	1,015	4.1%
Pay TV	1,190	1,134	1,168	4.9%	1.9%	1,190	1,134	4.9%
ARPU Residential (Euro)	31.7	31.6	32.1	0.3%	-1.2%	31.9	31.7	0.5%

In 2Q14, residential RGUs increased by 2.0% y.o.y, reaching 3,884 thousand, with pay TV and broadband accesses already accounting for 57.8% of total residential retail accesses as at 30 June 2014.

In 2Q14, fixed retail accesses posted 36 thousand net additions (2x 1Q14 net adds), reflecting: (1) one thousand PSTN/ISDN net disconnections; (2) 22 thousand pay TV net additions, and (3) 14 thousand fixed broadband net additions.

This performance, notwithstanding increased competitive pressure and high penetration of pay TV in the Portuguese market, was the best performance of the last six quarters. Pay TV reached 1,190 thousand customers in the quarter (+4.9% y.o.y) while fixed retail broadband reached 1,057 thousand customers (+4.1% y.o.y), underpinned by PT s bundled offers and M_4O, which is still gaining momentum. Unique customers in the residential segment reached 1,793 thousand. Triple-play customers stood at 876 thousand (+11.3% y.o.y), equivalent to 48.9% of PT s residential customers, thus extending its leadership in the market. The continued and sustainable growth of triple and quadruple-play bundles also underpinned ARPU growth of 0.3% y.o.y to Euro 31.7 and the increase of RGU s per unique customer from 2.07 in 2Q13 to 2.17 in 2Q14.

In 2Q14, revenues in the Residential segment amounted to Euro 175 million, decreasing by 0.7% y.o.y. As a result of the higher penetration of triple and quadruple-play offers, the contribution of non-voice services in Residential service revenues reached 68.0% (+2.3pp y.o.y) in 2Q14 whilst the weight of flat revenues stood at 90.3% (+0.3pp y.o.y).

Personal Mobility

	2Q14	2Q13	1Q14	YoY	QoQ	1H14	1H13	YoY
Personal Mobility								
Net Revenues (R$ million)	474	439	488	7.9%	-2.8%	962	856	12.4%
Net Revenues (Euro million)	155	163	151	-4.9%	2.8%	305	321	-4.8%
Service	137	140	133	-2.1%	3.1%	269	280	-3.6%
Customer	125	131	123	-4.5%	2.2%	248	263	-5.7%
Network Usage	11	8	10	35.4%	14.7%	21	17	28.3%
Sales of handsets, sim cards and others	18	23	18	-22.0%	0.4%	36	41	-12.9%
Revenue Generating Units (RGU) - (000)	6,189	6,183	6,316	0.1%	-2.0%	6,189	6,183	0.1%
Prepaid Plans	4,374	4,843	4,630	-9.7%	-5.5%	4,374	4,843	-9.7%
Postpaid Plans	1,815	1,340	1,686	35.5%	7.7%	1,815	1,340	35.5%

In 2Q14, Personal Mobility customers, including voice and broadband customers, remained broadly flat y.o.y at 6,189 thousand. The focus is in increasing postpaid customers on the back of convergence offers. Postpaid had the best performance in the last ten quarters and already accounts for 29.3% of the personal mobility customer base. The solid performance in postpaid customers (130 thousand net additions in 2Q14) is anchored on the strong commercial success of M_4O, which is supporting the transformation of the Portuguese mobile market by introducing convergence which allows additional differentiation, while at the same time is shifting the focus from prepaid to postpaid. In fact, according to the Portuguese telecommunications regulator, Anacom, PT has gained market share in 1Q14 for the sixth consecutive quarter (+2.5pp) and it now stands at 48% of the market.

In 2Q14, customer revenues in the Personal Mobility segment declined by 4.5% y.o.y to Euro 125 million, improving the trend compared to 1Q14 (-6.8% y.o.y). The weight of flat fee customer revenues increased by 12.5pp y.o.y to 50.0%

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underpinned by M_4O and unlimited tariff plans performance. Interconnection revenues increased 35.4% y.o.y to Euro 11 million in 2Q14, as MTRs, which declined throughout 2012, averaged out and contributed to an improvement of interconnection revenues. Personal Mobility segment ARPU declined by 3.5% y.o.y to Euro 7.3, improving when compared to 1Q14 and 4Q13 (-9.2% y.o.y and 10.8% y.o.y, respectively). The weight of non-voice revenues in service revenues stood at 38.2% in 2Q14 (+3.4pp y.o.y), reflecting the solid performance of data packages internetnotelemovel .

Corporate / SMEs

	2Q14	2Q13	1Q14	YoY	QoQ	1H14	1H13	YoY
Corporate / SMEs								
Net Revenues (R$ million)	577	541	614	6.8%	-6.0%	1,191	1,075	10.8%
Net Revenues (Euro million)	189	200	189	-5.7%	-0.4%	378	403	-6.1%
Revenue Generating Units (RGU) - (000)	2,633	2,569	2,638	2.5%	-0.2%	2,633	2,569	2.5%
Fixed	703	733	714	-4.2%	-1.5%	703	733	-4.2%
Broadband	274	250	271	9.5%	1.2%	274	250	9.5%
Pay TV	170	134	165	27.0%	3.5%	170	134	27.0%
Mobile	1,487	1,452	1,489	2.4%	-0.1%	1,487	1,452	2.4%

PT Portugal has maintained a solid leadership, both in large corporate and in small and medium size businesses, anchored on its distinctive and broad products and services offering to both market segments, leveraged in its state-of-the-art network.

In 2Q14, the Corporate / SMEs segment presented a positive operational performance with enterprise RGUs increasing by 2.5% y.o.y, reaching 2,633 thousand, with pay TV and broadband accesses already accounting for 38.7% (+4.4pp y.o.y) of total enterprise retail accesses as at 30 June 2014. In 2Q14, fixed retail accesses reached two thousand net disconnections, reflecting: (i) 11 thousand PSTN/ISDN net disconnections; (ii) six thousand pay TV net additions, and (iii) three thousand fixed broadband net additions.

Operating revenues of the Corporate / SMEs customer segment declined by 5.7% y.o.y to Euro 189 million in 2Q14, impacted by strong cost cutting initiatives and significant reduction in investments in new projects of the public and private sector and competitiveness of the market.

Aimed at improving its share of wallet and the resilience of the business, IT, Data and Cloud remain a key focus, aimed at leveraging PT Portugal s network and investments in technology. In 2Q14, non-voice services from Corporate / SMEs segment represented 58.5% of Enterprise retail revenues, up by 5.1pp y.o.y.

Operating Costs and Expenses

Table 2 Breakdown of Operating Costs and Expenses

Item - R$ million	2Q14	2Q13	1Q14	YoY	QoQ	1H14	1H13	YoY
Operating Expenses (Pro-forma)								
Personnel	1,015	860	966	18.1%	5.2%	1,981	1,729	14.6%
Interconnection	840	1,195	925	-29.7%	-9.1%	1,765	2,420	-27.0%
Third-Party Services	2,025	1,992	2,019	1.6%	0.3%	4,044	3,940	2.6%
Network Maintenance Service	485	624	520	-22.2%	-6.6%	1,005	1,317	-23.6%
Handset Costs/Other (COGS)	241	214	181	12.5%	33.4%	422	425	-0.7%
Marketing	230	256	151	-10.4%	51.7%	381	359	6.3%
Rent and Insurance	857	562	845	52.4%	1.3%	1,702	1,131	50.5%
Provision for Contingencies	211	172	147	22.6%	43.5%	357	306	17.0%
Provision for Bad Debt	200	338	217	-40.9%	-7.9%	416	654	-36.3%
Other Operating Expenses (Revenue), Net	449	464	526	-3.1%	-14.5%	975	955	2.1%
Routine OPEX	**6,553**	**6,677**	**6,497**	**-1.9%**	**0.9%**	**13,050**	**13,235**	**-1.4%**

In 2Q14 consolidated routine Opex, on a pro-forma basis, stood at R$ 6,553 million (-1.9% y.o.y). The decline registered in 2Q14, was observed notwithstanding the impact of the appreciation of the Euro against the Real (R$ 138 million), inflation and costs associated with the rentals of certain assets that were sold in 2013 (R$ 137 million), namely GlobeNet and fixed and mobile towers.

Excluding the impact of the depreciation of the Real against the Euro and the additional rentals, Opex would have declined by 6.0% y.o.y.

The cost performance reflects primarily: (i) lower interconnection costs; (ii) lower provisions for bad debt, against a backdrop of the successful measures undertaken over the past 12 months to improve the quality of sales, and (iii) overall cost discipline across all items.

Personnel

Personnel costs and expenses totaled R$ 1,015 million in 2Q14 (+18.1% y.o.y), including the impact of depreciation of the Real against the Euro, which amounted to R$ 35 million. Excluding this impact, personnel costs would have increased by 14.0% y.o.y.

This increase, excluding the currency impact, is mainly due to the collective bargaining agreement adjusted by inflation, which occurred in December 2013 (R$ 28 million), the insourcing of part of Oi s internal network maintenance operations (2Q13) and SME door to door sales (R$ 81 million).

It is important to highlight that part of this annual increase in personnel costs was partially compensated by the initiatives to increase productivity already showing results in 2014.

Interconnection

Interconnection costs totaled R$ 840 million in 2Q14 (-29.7% y.o.y), including the impact of depreciation of the Real against the Euro, Namibian dollar and US dollar, which amounted to R$ 19 million. Excluding this impact, interconnection costs would have declined by 31.3% y.o.y. This performance was mostly due to the 25% cut in MTRs in Brazil, implemented in February 2014. Also, in Brazil this quarter presented a lower SMS and mobile voice off-net traffic, reflecting the success of the on-net offers. It is worth highlighting that MTRs in Portugal declined throughout 2012 and averaged out in 2013.

Third-Party Services

In 2Q14, expenses with third-party services totaled R$ 2,025 million (+1.6% y.o.y), including the impact of depreciation of the Real against the Euro, which amounted to R$ 56 million. Excluding this impact, third-party costs would have decreased by 1.2% y.o.y.

This decline is primarily explained by lower third-party services in Portugal. In Brazil higher expenses with TV content and the implementation of IT projects for the World Cup more than offset lower commissions, which reflected lower gross adds, as a result of the focus on quality of sales, and a commissioning model indexed to the payment of the first and second bills, and lower call center costs, as a result of more efficient sales processes.

Network Maintenance Service

In 2Q14, expenses related with network maintenance services reached R$ 485 million (-22.2% y.o.y), including the impact of depreciation of the Real against the Euro, which amounted to R$ 5 million. Excluding this impact, network maintenance costs would have declined by 23.1% y.o.y.

Handset Costs/Other (COGS)

The handset costs increased by 12.5% y.o.y, having reached R$ 241 million in 2Q14, including the impact of depreciation of the Real against the Euro, which amounted to R$ 7 million. Excluding this impact, handset costs would have increased by 9.2% y.o.y.

This increase is the result of a higher volume of handset sales. As previously explained, Oi boosted its handset sales volume through partnerships with large retailers as a strategic initiative to leverage its SIM card sales and increase the smartphone penetration in its customer base.

Marketing

Advertising expenses closed 2Q14 at R$ 230 million (-10.4% y.o.y), including the impact of depreciation of the Real against the Euro, which amounted to R$ 5 million. Excluding this impact, marketing costs would have declined by 12.5% y.o.y.

This reduction is primarily due to more focused marketing efforts in the campaigns associated with the FIFA World Cup and notwithstanding the re-launch of the new pay TV offer with the corresponding marketing campaign starting at the end of 1Q14. In Portugal, the decline in marketing expenses is explained by the commercial effort in 1H13 following the launch of M_4O and despite the marketing campaigns supporting the rebranding of PT s mobile business from TMN to MEO occurred during 1H14. On a sequential basis, marketing costs increased by 51.7% due to the World Cup investments and promotions including the launch of the Oi Eu Tô na Copa offer and other marketing campaigns.

Rent and Insurance

In 2Q14, rent and insurance expenses reached R$ 857 million (+52.4% y.o.y), including the impact of depreciation of the Real against the Euro, which amounted to R$ 6 million. Excluding this impact, rent and insurance costs would have increased by 51.3% y.o.y.

This increase is mainly due to: (i) the incremental operational leasing of network infrastructure, related to the Brazilian assets sold since 2013, including GlobeNet and mobile and fixed towers (R$ 137million); (ii) higher expenses with the rent of satellite capacity in connection with the SES-6 satellite launched in June 2013; (iii) higher expenses with the insourcing of the internal plant in Brazil, which includes car rental and insurance; (iv) settlement agreements with other operators; and (v) annual contractual adjustments.

Quarter on quarter, the increase of 1.3% is explained by incremental operational leasing of network infrastructure, related to the mobile towers sold in March 2014.

Provision for Contingencies

The expenses with provision for contingencies stood at R$ 211 million (+22.6% y.o.y).

Provision for Bad Debt

In 2Q14, provisions for bad debt stood at R$ 200 million (-40.9% y.o.y), including the impact of depreciation of the Real against the Euro, which amounted to R$ 4 million. Excluding this impact, provisions for bad debt would have decreased by 41.9% y.o.y.

This decline in provisions is a direct result of of the improvement in churn and more strict credit requirements for new customers. In 2Q14, provisions for bad debt amounted to 2.2% of net revenue, 1.6pp lower than 2Q13 (3.8%).

Other Operating Expenses (Revenue)

In 2Q14, other operating expenses stood at R$ 449 million (-3.1% y.o.y), including the impact of depreciation of the Real against the Euro, which amounted to R$ 1 million. Excluding this impact, other operating expenses would have decreased by 3.3% y.o.y.

This decline is primarily explained by lower expenses in Portugal, as in 2Q13 there were additional operational provisions and other costs amounting to R$ 76 million (Euro 28 million), which more than compensated the increase in other operating expenses in Brazil primarily explained by higher expenses with fuel and other materials related to the insourcing of the internal plant maintenance, lower revenues resulting from the asset disposals and other expenses.

EBITDA

Table 3 EBITDA and EBITDA Margin

	2Q14	2Q13	1Q14	YoY	QoQ	1H14	1H13	YoY
Oi S. A. Pro-forma								
EBITDA (R$ Mn)	2,549	3,239	3,823	-21.3%	-33.3%	6,372	6,194	2.9%
Brazil	1,719	1,797	2,957	-4.4%	-41.9%	4,675	3,948	18.4%
Portugal	782	448	806	74.5%	-3.0%	1,588	1,203	32.0%
Others	49	995	60	-95.0%	-18.2%	110	1,043	-89.5%
EBITDA Margin (%)	28.3%	36.0%	42.1%	-7.8 p.p.	-13.9 p.p.	35.2%	34.6%	0.6 p.p.
Non-routine Items	**-78**	**-927**	**-1,246**			**-1,325**	**-1,531**	
Reported OPEX	**6,475**	**5,750**	**5,250**	**12 .6%**	**23.3%**	**11,725**	**11,704**	**0 .2%**
Routine EBITDA (R$ Mn)	2,471	2,312	2,577	6.9%	-4.1%	5,048	4,663	8.2%
Brazil	1,640	1,633	1,710	0.4%	-4.1%	3,350	3,248	3.1%
Portugal	782	628	807	24.5%	-3.1%	1,588	1,314	20.8%
Others	49	51	60	-3.0%	-18.2%	110	101	8.5%
Routine EBITDA Margin (%)	27.4%	25.7%	28.4%	1.7 p.p.	-1.0 p.p.	27.9%	26.1%	1.8 p.p.
Brazil	23.7%	23.1%	24.9%	0.6 p.p.	-1.2 p.p.	24.3%	23.0%	1.2 p.p.
Portugal	42.2%	37.1%	41.3%	5.1 p.p.	0.9 p.p.	41.7%	39.3%	2.4 p.p.
Others	20.9%	22.8%	24.8%	-1.9 p.p.	-3.9 p.p.	22.9%	22.8%	0.1 p.p.

In 2Q14, pro-forma consolidated EBITDA reached R$ 2,549 million (-21.3% y.o.y), while EBITDA from Brazil stood at R$ 1,719 million and EBITDA from the Portuguese telecommunications business reached R$ 782 million.

In Brazil, routine EBITDA amounted to R$ 1,640 million (+0.4% y.o.y) underpinned by overall cost discipline, and lower interconnection costs, despite revenue decline and increased marketing spend. EBITDA margin reached 23.7% compared to 23.1% in 2Q13.

In 2Q14, EBITDA from the Portuguese telecommunications businesses amounted to R$ 782 million, equivalent to a 42.2% margin. In local currency, EBITDA reached Euro 255 million (+10.0% y.o.y), benefitting from cost containment.

Capex

Table 4 Capex

R$ million	**2Q14**	**2Q13**	**1Q14**	**YoY**	**QoQ**	**1H14**	**1H13**	**YoY**
Capex - Pro-forma								
Brazil	1,380	1,506	1,208	-8.4%	14.2%	2,588	3,196	-19.0%
Portugal	236	347	258	-31.9%	-8.4%	494	608	-18.8%
Other	60	82	75	-26.3%	-19.3%	135	136	-0.8%
Total	**1,676**	**1,934**	**1,540**	**-13.3%**	**8.8%**	**3,216**	**3,940**	**-18.4%**

In 2Q14, pro-forma consolidated Capex reached R$ 1,676 million (-13.3% y.o.y). Capex in Brazil amounted to R$ 1,380 million (-8.4% y.o.y) whilst Capex in the Portuguese telecommunications business amounted to R$ 236 million (-31.9% y.o.y).

In Brazil, Oi continues to invest in its network with a granular approach and also seeking to share infrastructure investments with its peer group companies. In 2Q14, 74.5% of Capex in Brazil was targeted at the network, including: (i) improving the quality and coverage of 3G and 4G; (ii) the infrastructure for the supply of IT and communication services to the FIFA World Cup, as discussed before; (iii) the investment in improving the quality and speeds of broadband access, and (iv) investments in infrastructure and in customer equipment related to rollout the TV service.

In 2Q14, in local currency, Capex from Portuguese telecommunications businesses decreased by 40.0% y.o.y to Euro 77 million in 2Q14 and stood at 12.8% of revenues (-7.8pp y.o.y), mainly due to lower investments in IT/IS projects, following the IP transformation and consolidation of all IT applications, lower infrastructure and technology related Capex, as a result of the strong investments made in the past years, both on FTTH and 4G-LTE networks and lower customer related Capex.

Operational Cash Flow (EBITDA Capex)

Table 5 Operational Cash Flow

R$ million	**2Q14**	**2Q13**	**1Q14**	**YoY**	**QoQ**	**1H14**	**1H13**	**YoY**
Oi S. A. - Pro-forma								
Routine EBITDA	2,471	2,312	2,577	6.9%	-4.1%	5,048	4,663	8.2%
Capex	1,676	1,934	1,540	-13.3%	8.8%	3,216	3,940	-18.4%
Routine Operational Cash Flow (EBITDA - Capex)	**795**	**378**	**1,036**	**110.3%**	**-23.3%**	**1,831**	**723**	**153.1%**

In 2Q14, pro-forma routine EBITDA minus CAPEX increased by 110.3% y.o.y to R$ 795 million. This increase is in line with the stated strategy of taking a granular approach to investment and focusing on improving the cash-flow profile of the Company.

Depreciation / Amortization

In 2Q14 the Company reported depreciation and amortization expenses of R$ 1,598 million, broadly stable when compared to 2Q13, including the impact of depreciation of the Real against the Euro, which amounted to R$ 66 million. Excluding this impact, depreciation and amortization would have decreased by 3.4% y.o.y to R$ 1,532 million.

This decline is primarily explained by a lower contribution from Brazilian operations, benefitting already from the lower Capex in the first half of 2014 compared to year 2013.

Table 6 Depreciation and Amortization

R$ million	**2Q14**	**2Q13**	**1Q14**	**YoY**	**QoQ**	**1H14**	**1H13**	**YoY**
Depreciation and Amortization Pro-forma								
Total	**1,598**	**1,586**	**1,716**	**0.8%**	**-6.8%**	**3,314**	**3,080**	**7.6%**

Financial Results

Table 7 Financial Results (Oi S.A. Consolidated)

R$ Million	2Q14	2Q13	1Q14	1H14	1H13
Oi S.A. Consolidated					
Net Interest (on fin. investments and loans and financing)	-711	-526	-663	-1,374	-1,001
Net FX result (on fin. investments and loans and financing)	-248	-239	-243	-491	-397
Other Financial Income / Expenses	-282	-107	-288	-570	-233
Net Financial Income (Expenses)	**-1,241**	**-871**	**-1,194**	**-2,435**	**-1,632**

Oi S.A. reported a net financial expense of R$ 1,241 million in 2Q14 (+3.9% q.o.q and +42.5% y.o.y). This quarter results are impacted by the consolidation of the net financial expenses from PT Portugal in May and June in the amount of R$ 203 million. Excluding this impact, in 2Q14 the net financial expenses would have declined 13.1% q.o.q and increased 19.1% y.o.y.

The sequential performance in Brazil is explained by the decrease of: (i) net interest expenses in the amount of R$ 86 million as a result of the capital increase, which impacted positively the net and gross debts, and (ii) other financial expenses in the amount of R$ 81 million mainly due to the dividends received from Portugal Telecom SGPS in May.

In the annual comparison, the increase resulted mainly from: (i) higher CDI and IPCA rates impacting net interest results, and (ii) the increase in other financial expenses chiefly due to greater contingencies payment and interest and inflation adjustment on other liabilities.

Net Income

Oi S.A. registered net loss of R$ 221 million in 2Q14. In 1H14 net profit stood at R$ 7 million. The sequential decline in 2Q14 is primarily explained by a lower EBIT following the decrease in EBITDA due to lower non-routine revenues, as in 1Q14 there was R$ 1,247 million impact related to the sale of the second tranche of mobile towers. It is important to mention that this quarter result is not comparable to previous quarters due to the consolidation of PT Portugal results since May 2014.

Table 8 Net Income (Oi S.A. Consolidated)

	2Q14	2Q13	1Q14	YoY	QoQ	1H14	1H13	YoY
Net Income								
Net Earnings (R$ Mn)	-221	-124	228	77.8%	n.m.	7	138	-95.2%
Net Margin	-2.4%	-1.4%	2.5%	-1.1 p.p.	n.m.	0.0%	0.8%	-0.7 p.p.
Earnings per Share (R$)	-0.026	-0.076	0.139	-65.4%	n.m.	0.001	0.084	-99.1%

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Debt & Liquidity

Table 9 - Debt

R$ million	**Jun/14**	**Jun/13**	**Mar/14**	**% Gross Debt**
Debt				
Short Term	7,294	4,360	4,589	14.0%
Long Term	44,933	29,222	29,869	86.0%
Total Debt	**52,228**	**33,582**	**34,458**	**100.0%**
In Local Currency	19,908	20,954	21,133	38.1%
In Foreign Currency	33,037	13,966	14,158	63.3%
Swaps	-718	-1,338	-833	-1.4%
(-) Cash	-5,988	-3,011	-4,166	-11.5%
Balance transferred to noncurrent assets for sale [(1)]		-308		
(-) Cash	-5,988	-3,320	-4,166	-11.5%
(=) Net Debt	**46,239**	**30,262**	**30,291**	**88.5%**

(1) This refers to GlobeNet cash and equivalents, which, following the agreement settled for the sale of this business, was reclassified for accounting purposes, together with other GlobeNet assets, to noncurrent assets for sale.

Oi S.A. consolidated gross debt totaled R$ 52,228 million in 2Q14 (+51.6% q.o.q and +55.5% y.o.y). On May 5, 2014, the Company concluded its capital raising and integrated the businesses of PT Portugal. Since then, PT Portugal assets and liabilities are being consolidated in Oi s balance sheet.

Brazil accounted for R$ 32.1 billion of the gross debt, a reduction of 6.8% q.o.q and 4.4% y.o.y. The accrual of debt, the hedge and BNDES/ECAs funding operations on this quarter were more than offset by the debt amortizations and maturities in the period, explaining this reduction. PT Portugal contributed with R$ 20.1 billion to the consolidated gross debt.

Considering that almost all PT s debt is linked to Euro, the gross debt denominated in foreign currency reached 63.3% of the total in 2Q14. At the end of the quarter, although the Brazilian subsidiaries had 39.9% of their total debt denominated in foreign currency, the exposure to exchange rate fluctuations stood below 0.1% of the total gross debt, as a result of the Company s hedging policy. As PT Portugal s debts are mainly Euro denominated, this FX exposure may cause some volatility in the consolidated results, from a P&L perspective. From a cash flow perspective, though, such exposure is minimized by the Company s cash flows in Euros or by the possibility of refinance in that currency. At the end of 2Q14, the average debt maturity reached 4.0 years.

In 2Q14 the Company registered a cash balance of R$ 5,988 million and consequently net debt closed at R$ 46,239 million. It is important to highlight that this cash balance does not consider the financial exposure to commercial paper of Rio Forte Investments S.A. in the amount of R$ 2,763 million.

Table 10 Net Debt Variation

R$ million	**2Q14**	**2Q13**	**1Q14**
Net Debt BoP	**30,291**	**28,390**	**31,331**
(-) EBITDA	2,207	1,633	1,710
(-) Non-recurring Revenues (Expenses) (1)	78	164	0
(+) Capex (2)	1,573	1,506	1,208
(+) Assets in Escrow	280	274	199
(+) Corporate Taxes	278	187	184
(+) PIS / COFINS on ICMS	0	0	0
(+) D Working Capital (3)	-587	7	359
(+) 3G/4G Licenses	0	830	458
(+) Fistel Fee / Profit Sharing	0	880	782
(+) Net Financial Charges	934	1,045	784
(-) Asset Disposals	0	1,061	3,304
(-) Capital Increase	7,956		
(+) PT Debt	21,277		
(+) RioForte Investment	2,763		
(+) FX Variation	-433		
(+) Other Variations	104	90	0
Net Debt EoP	**46,239**	**30,262**	**30,291**

(1) Excludes asset disposals
(2) Economic capex in the period
(3) Includes the difference in capex disbursement and economic capex

In 2Q14, Oi s net debt increased from R$ 30,291 million to R$ 46,239 million. This performance was explained by: (i) R$ 7,956 million of favorable impact of the capital increase carried out on May 5, 2014; (ii) consolidation of PT Portugal s net debt, including the capitalization of the holding companies, amounting to R$ 21,277 million; (iii) exclusion of the financial exposure to commercial paper of Rio Forte Investments S.A. from the net debt calculation, in the amount of R$ 2,763 million; (iv) the R$ 433 million favorable impact from the depreciation of the Real against the Euro, and (v) the R$ 297 million negative free cash flow generation.

It should be underlined that, in line with the Company s strategy, the negative free cash flow generation improved from R$ 1.3 billion in 2Q13 to R$ 297 million as referred to above.

Table 11 - Gross Debt Amortization Schedule

(R$ million)	2014	2015	2016	2017	2018	2019 onwards	Total
Schedule for the Amortization of Gross Debt							
Amortization in Real	752	2,051	4,003	4,348	2,942	5,812	19,908
Amortization in Euro	3,949	358	3,124	4,616	2,627	7,714	22,388
Amortization in other currencies + swap	811	966	777	526	462	6,391	9,931
Gross Debt Amortization	**5,512**	**3,374**	**7,904**	**9,490**	**6,031**	**19,916**	**52,228**

Table 12 Breakdown of Gross Debt

R$ million	
Breakdown of Gross Debt	**2Q14**
Int l Capital Markets	29,226
Local Capital Markets	7,636
ECAs & Int l Development Banks	5,323
National Development Banks	6,626
Commercial Banks	4,696
Hedge and Borrowing Costs	-1,279
Total Gross Debt	**52,228**

The Company has credit lines that are already contracted and available for disbursement as shown below:

BNDES: R$ 1.7 billion credit line linked to Capex between 2012 and 2014

Revolving credit lines with commercial banks:

R$ 5.4 billion in US$/Euro

R$ 1.5 billion

Commercial papers: R$ 2.1 billion

ECAs: R$ 653 million in US$

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Asset Disposals

Since 2012, Oi has entered into several agreements to divest non-strategic assets. The objective of these transactions is to monetize assets that are not essential to the Company s operations, in order to increase Oi s financial flexibility and obtain savings, once the Company will acquire the related service in more favorable financial conditions, and to add value for its shareholders.

These transactions, however, result in additional lease costs to the Company who naturally does not rely upon future revenues from these assets. On the other hand, there are savings in terms of Capex and maintenance costs related to these assets. Therefore, once each transaction is completed, the Company s results are subject to the effects of the above-mentioned items, net of taxes. The Company estimates an impact of approximately R$ 650 million in the 2014 EBITDA due to these transactions (this amount does not include the mobile towers disposal in June 2014). In fact, the operational costs related to these disposals impacted 2Q14 EBITDA in R$ 149 million.

It is important to highlight that the cost of these transactions, between 7% and 8% (including costs, expenses, Capex and fiscal effects), is lower than the Company s average funding costs, which demonstrates Oi s focus on financial discipline and improvement of the cash flow profile.

The table below shows more details regarding these previously-announced transactions:

Pro-forma Numbers	**Fixed Towers**	**Real Estate**[1]	**Fixed Towers**	**GlobeNet**	**Mobile Towers**	**Mobile Towers**[1]
Date of Signed Contract	**Apr/13**	**Jul/13**	**Jul/13**	**Jul/13**	**Dec/13**	**Jun/14**
Term of lease (years)	20 - 40		20 - 40	13	15	15
Quantity	4,226	1	2,113		2,007	1,641
Date of Closing	Aug/13	Sep/13	Nov/13	Dec/13	Mar/14	
Transaction value (R$ billion)	**1.1**	**0.2**	**0.7**	**1.8**	**1.5**	**1.2**
EBITDA impact of disposals (R$ billion)	**n.m.**	**0.2**	**n.m.**	**1.5**	**1.3**	**1.0**[2]

1 - Cash-in still pending

2 - Considering current book value

The chart above reflects the current view of management and is subject to various risks and uncertainties, including economic, regulatory and anti-trust factors. Any changes to these assumptions or factors may lead to actual results different from current expectations.

Oi S.A. Consolidated

Income Statement - R$ million	**2Q14**	**2Q13**
Net Operating Revenues	**8,349.2**	**7,073.1**
Operating Expenses	-6,064.3	-5,278.7
Personnel	-905.6	-609.2
Interconnection	-794.2	-1,060.3
Third-Party Services	-1,841.2	-1,530.8
Network Maintenance Service	-467.8	-576.9
Handset Costs/Other (COGS)	-216.2	-137.3
Marketing	-218.3	-212.5
Rent and Insurance	-835.5	-506.0
Provision for Contingencies	-210.5	-173.4
Provision for Bad Debt	-190.8	-323.4
Other Operating Expenses (Revenue), Net	-462.6	-312.9
Other Non-recurring Operacional Revenues, net	78.4	163.9
EBITDA	**2,285.0**	**1,794.3**
Margin %	27.4%	25.4%
Depreciation and Amortization	-1,417.7	-1,087.8
EBIT	867.3	706.5
Financial Expenses	-1,640.2	-1,238.1
Financial Income	399.2	366.9
Income Before Tax and Social Contribution	-373.8	-164.7
Income Tax and Social Contribution	156.3	40.5
Net Income	**-217.5**	**-124.2**
Margin %	-2.6%	-1.8%
Earnings attributed to the controlling shareholders	-220.9	-124.2
Earnings attributed to the non-controlling shareholders	3.4	0.0
Outstanding Shares Thousand (ex-treasury)	8,427,661	1,640,028
Earnings per share (R$)	-0.0262	-0.0757

Oi S.A. Consolidated

Balance Sheet - R$ million	**Jun-14**	**Jun-13**	**Mar-14**
TOTAL ASSETS	**107,832**	**68,015**	**69,568**
Current	25,375	17,257	17,053
Cash and cash equivalents	5,531	2,442	3,635
Financial investments	268	501	426
Derivatives	123	524	252
Accounts Receivable	9,681	7,023	7,499
Inventories	787	381	444
Recoverable Taxes	825	586	397
Other Taxes	1,123	1,456	1,154
Assets in Escrow	1,112	2,107	1,269
Non-Current assets for sale	0	834	0
Other Investments	2,704	0	0
Other Current Assets	3,219	1,404	1,976
Non-Current Assets	82,457	50,758	52,515
Long Term	26,742	22,494	23,568
.Recoverable and Deferred Taxes	8,114	8,944	8,379
.Other Taxes	779	852	870
.Financial investments	189	68	105
.Assets in Escrow	11,809	10,008	11,328
.Derivatives	1,343	1,322	1,537
.Financial Assets Available for Sale	4,003	773	863
.Other	506	528	487
Investments	299	175	172
Property Plant and Equipment	35,880	23,856	24,980
Intangible Assets	19,536	4,232	3,795

Balance Sheet - R$ million	**Jun-14**	**Jun-13**	**Mar-14**
TOTAL LIABILITIES	**107,832**	**68,015**	**69,568**
Current	21,448	16,910	15,409
Suppliers	6,460	4,202	4,685
Loans and Financing	6,819	4,517	4,007
Financial Instruments	599	367	833
Payroll and Related Accruals	927	573	526
Provisions	1,297	1,521	1,153
Pension Fund Provision	95	148	78
Payable Taxes	436	318	424
Other Taxes	1,733	2,153	1,710

Dividends Payable	235	189	225
Authorizations and Concessions Payable	585	471	513
Other Accounts Payable	2,262	2,163	1,254
Non-Current Liabilities	60,319	40,461	42,280
Loans and Financing	46,127	30,403	31,284
Financial Instruments	149	141	122
Payable and Deferred Taxes	253	0	0
Other Taxes	1,536	2,382	1,800
Contingency Provisions	4,537	4,561	4,466
Pension Fund Provision	3,410	643	459
Outstanding authorizations	672	913	611
Other Accounts Payable	3,634	1,418	3,537
Shareholders Equity	26,066	10,645	11,879
Controlling Interest	24,646	10,645	11,879
Minority Interest	1,420	0	0

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Please note

The main tables in this Press Release will be available in Excel format in the Financial Information / Quarterly Reports section of the Company s website (www.oi.com.br/ir).

Definitions of the terms used in the Press Release are available in the Glossary section of the Company s website: http://ri.oi.com.br/oi2012/web/conteudo_en.asp?idioma=1&conta=44&tipo=44334

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Transfer of 1,641 Mobile Telecommunications Towers

On June 25, 2014, Oi published a Notice to the Market announcing that its subsidiaries Telemar Norte Leste S.A. (Telemar) and BRT Serviços de Internet S.A. (BRTSI , and together with Telemar, the Sellers) entered into an agreement with SBA Torres Brasil, Limitada (the Buyer), in which they committed to transfer shares representing 100% of the capital stock of a company controlled by the Sellers that owns 1,641 mobile telecommunications towers (the Transaction), in exchange for the aggregate amount of R$ 1,172,493,238, on the closing date (the Closing), which is expected to occur in December 2014.

The Transaction reinforces and improves the Company s financial flexibility, allowing it to extend its debt maturities, reduce costs related to financing and strengthen Oi s liquidity position. In addition, the Transaction will transfer to the Buyer the responsibility for costs and investments in the operation, maintenance and expansion of the towers. It also assures the continued provision of personal mobile services, insofar as the Company leases space in these towers through long-term lease agreements that establish the conditions for the expansion of the leased space.

The conclusion of the Transaction is subject to the satisfaction of the conditions precedent for Closing set forth in the agreement.

For further information, please refer to the Material Fact:

http://www.mzweb.com.br/oi2012/web/conteudo_en.asp?idioma=1&tipo=43097&conta=44&id=194111

Financial Investments of Portugal Telecom

Material Fact 1 July 2, 2014

Oi S.A. (Oi or the Company , Bovespa: OIBR3, OIBR4; NYSE: OIBR and OIBR.C), pursuant to art. 157, § 4 of Law No. 6.404/76 (Corporations Law) and CVM Instruction No. 358/02, informs its shareholders and the general market that it has become aware of an announcement (http://www.telecom.pt/InternetResource/PTSite/PT/Canais/Investidores/Pressrel/Noticias/2014/COM30JUN2014.htm) issued by Portugal Telecom, SGPS, S.A. (Portugal Telecom), in relation to the financial investments of Portugal Telecom in commercial paper of Rio Forte Investments S.A. (Rioforte), a member of the Portuguese Espírito Santo group (GES), as well as newspaper articles published about the matter.

According to this announcement:

PT subscribed, through its former subsidiaries PT International Finance BV and PT Portugal SGPS, a total of Euro 897 million in commercial paper of

Rioforte with an average annual remuneration of 3.6%. All treasury applications in commercial paper of Rioforte will mature on 15 and 17 July 2014 (Euro 847 million and Euro 50 million, respectively). Treasury operations are carried out in the context of analysis of various short-term investment options available in the market and taking into account the attractiveness of the remuneration offered and are monitored and approved by the Executive Committee. ( )

As at this date the total sum of investments in commercial paper of GES amounted to Euro 897 million, related to the investment in the commercial paper Rioforte. Since 28 April 2014 no applications and/or renewals of such investments were made. Additionally, as at this date, PT International Finance BV and Portugal Telecom, SGPS, S.A. maintain bank deposits with BES totaling Euro 22 million and Portugal Telecom, SGPS, S.A. maintains bank deposits of Euro 106 million. The figures above represent the total exposure to GES / BES.

Oi was not informed, nor did it participate in the decisions that led to the implementation of this financial investment, which was made prior to the acquisition of Oi s shares by Portugal Telecom in Oi s recently completed capital increase.

Oi has requested additional clarification from Portugal Telecom, and will analyze the information it receives, take any actions necessary to protect its interests and keep its shareholders and the market informed about developments regarding this matter.

Material Fact 2 July 15, 2014

Oi S.A. (Oi , Bovespa: OIBR3, OIBR4; NYSE: OIBR and OIBR.C), in compliance with art. 157, § 4 of Law No. 6.404/76, pursuant to CVM Instruction No. 358/02, hereby informs its shareholders and the market in general the following:

Rio Forte Securities

On this date, commercial paper in the amount of 847 million euros issued by Rio Forte Investments S.A. (Rio Forte) matured and was not paid. This commercial paper was the object of financial investments made by Portugal Telecom SGPS S.A. (PT SGPS) that were transferred to Oi in Oi s capital increase of Oi on May 5, 2014 and are currently held by Oi s subsidiaries, PT Portugal, SGPS, S.A. and Portugal Telecom International Finance B.V. (which we refer to as the Oi Subsidiaries). The unpaid commercial paper establishes a cure period of seven business days for Rio Forte to make such payment.

On July 17, 2014, additional commercial paper of Rio Forte in the amount of 50 million euros will mature, which is also subject to the same cure period.

Signing of MOU with PT SGPS

On this date, Oi entered into a Memorandum of Understanding (MOU) with PT SGPS to establish the basis of an agreement between them in relation to financial investments in Rio Forte commercial paper (the Securities) made by the Oi Subsidiaries.

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Principal Terms of the MOU

PT SGPS and the Oi Subsidiaries will conduct an exchange through which PT SGPS will deliver to Oi 474,348,720 Oi common shares and 948,697,440 Oi preferred shares (the Exchanged Shares), representing 16.6% of the voting capital and 16.6% of the total capital of Oi, and Oi, in return, will deliver the Securities to PT SGPS, for 100% of its face value, without additional payments (the Exchange). The number of shares to be delivered by PT SGPS to Oi, which will be held in Treasury, was agreed as the equivalent to the face value of the Securities. The consummation of the Exchange and the execution of definite agreements to be concluded within twenty (20) days from the date hereof (Definitive Agreements) are subject to the negotiation of definitive documents governing the Exchange, in addition to approval by an extraordinary general shareholders meeting of PT SGPS, approval by a Previous Meeting (*reunião previa*) of Telemar Participações S.A. (TmarPart), and approval by the Board of Directors of Oi. Because this is a transaction involving Oi treasury stock, the implementation of the Exchange is subject to the approval of the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários* CVM).

Oi (and/or the Oi Subsidiaries) will grant to PT SGPS a personal and nontransferable option (the Option) to purchase shares of Oi in the same amount and type as the Exchanged Shares (or, after the previously announced merger of shares between TmarPart and Oi, the shares of TmarPart issued to replace the Exchanged Shares), and the amount shall be adjusted to reflect changes that may result from any split or reverse split of the shares (the Option Shares).

The Option may be exercised in whole or in part, at any time, in accordance with the following terms and conditions:

(i) Term: 6 (six) years, subject to the reduction of the number of Option Shares as follows:

Reduction Date	% of the Option Shares which will cease to be subject to the Option annually
From the 1st anniversary of the completion of the Exchange	10%
From the 2nd anniversary of the completion of the Exchange	18%
From the 3rd anniversary of the completion of the Exchange	18%
From the 4th anniversary of the completion of the Exchange	18%
From the 5th anniversary of the completion of the Exchange	18%
From the 6th anniversary of the completion of the Exchange	18%

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(ii) Exercise Price: R $ 1.8529 per Oi preferred share and R $ 2.0104 per Oi common share (and, as the case may be, R$ 2.0104 per TmarPart common share), restated by the CDI rate plus 1.5% per annum, calculated on a pro rata basis from the completion of the Exchange until the date of payment of the exercise price for the Option Shares for which the Option is exercised. The exercise price of the Option shall be paid in cash.

The terms and conditions of the Exchange and of the Option shall be established in the Definitive Agreements.

Other terms, corporate approvals and operation of the business combination of Oi and Portugal Telecom

As a result of the transactions contemplated in the Definitive Agreements, the agreements entered into on February 19, 2014 that regulate the operation of the business combination and of the shareholder bases of Oi and PT SGPS (the Transaction) will be amended to provide for, among other things: (i) the extension of deadlines for the completion of the Transaction; (ii) the necessary adjustment in the structure of the merger of PT SGPS into TmarPart (as previously disclosed to the market), so that the shareholders of PT SGPS have the opportunity to receive, as soon as possible, the TmarPart shares, in accordance with a legally valid structure to be determined by mutual agreement of the parties; and (iii) the limitation of voting rights of PT SGPS in the by-laws of TmarPart to a maximum of 7.5% (seven and a half percent). Such arrangements will be set out in the Definitive Agreements.

The MOU will remain in effect until the first to occur of (i) the date of execution of the Definitive Agreements, and (ii) September 8, 2014.

Other Information

Oi emphasizes that the conclusion of the MOU will enable the Transaction, as announced in October 2013 and in February 2014, to continue to be implemented, aiming to migrate TmarPart to the *Novo Mercado* segment of the BM&FBOVESPA, with the highest standards of corporate governance, to increase liquidity of the shares, with dispersion of ownership in the market, and accelerating the synergies created by the Transaction.

With the transfer of Securities to PT SGPS, PT SGPS will be solely responsible for negotiating payment terms with Rio Forte and for decisions relating to the Securities. Oi, as the parent company of PT Portugal, will lend documentary support to PT SGPS to enable it to take the measures necessary for it to recover debts represented by Securities.

Oi will keep its shareholders and the market informed regarding the conclusion of the Transaction and any other events that may affect its terms and conditions.

Material Fact 3 July 28, 2014

Terms of the Exchange of Credits for Shares of Oi/TmarPart

and the Option for the Purchase of Shares in Treasury

to be Submitted to the Governing Bodies of the Companies

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Continuation of the Final Stages of the Corporate Reorganization

Oi S.A. (Oi, Bovespa: OIBR3, OIBR4; NYSE: OIBR and OIBR.C) and Telemar Participações S.A., (TmarPart) in compliance with art. 157, §4 of Law No. 6,404/76 (the Brazilian Corporation Law) and the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários CVM) Instruction No. 358/02, in addition to the Material Fact dated July 15, 2014, notifies their shareholders and the market in general of the following regarding the terms of the agreements that may be entered into between Oi, TmarPart and Portugal Telecom SGPS S.A. (PT SGPS) in relation to the financial investments in commercial paper of Rio Forte Investments, S.A. (the Commercial Paper).

On this date, Oi and PT SGPS determined the terms that will be included in the definitive agreements and that will be submitted to the Board of Directors of Oi and the shareholders meeting of PT SGPS for approval, which, once such approval has been obtained, will be entered into by PT SGPS and the companies that became subsidiaries of Oi as a result of the transfer of PT SGPS assets on May 5, 2014, that is, PT International Finance B.V. (PT Finance) and PT Portugal SGPS, S.A. (PT Portugal and, together with PT Finance, the Oi Subsidiaries), as well as Oi and TmarPart and will establish the terms and conditions that may govern the transactions agreed upon by Oi and PT SGPS in connection with the financial investments in the Commercial Paper (the Definitive Agreements).

The Definitive Agreements provide for: (i) an exchange whereby the Oi Subsidiaries will transfer to PT SGPS the Commercial Paper, and in exchange PT SGPS will transfer to the Oi Subsidiaries common and preferred shares of Oi (or of TmarPart, in the event that the exchange occurs after the merger of shares of Oi into TmarPart (the Merger of Shares)); and (ii) the granting by the Oi Subsidiaries to PT SGPS of a call option to repurchase shares of Oi.

Main terms of the Exchange Agreement and Other Covenants (the Exchange Agreement)

The Oi Subsidiaries and PT SGPS will conduct an exchange whereby PT SGPS will transfer to the Oi Subsidiaries unencumbered shares of Oi corresponding to 474,348,720 Oi common shares and 948,697,440 Oi preferred shares (the Exchanged Shares); and Oi, as compensation, will transfer the Commercial Paper to PT SGPS, in the total principal amount of 897 million, with no additional consideration (the Exchange).

Because this transaction involves shares that will be placed in Oi s treasury, the implementation of the Exchange is subject to CVM authorization of (a) the receipt of the Exchanged Shares by the Oi Subsidiaries; (b) the maintenance of Oi shares (and, after the Merger of Shares, of TmarPart shares) in treasury, in an amount equal to the maximum number of Exchanged Shares; and (c) the granting of the call option by the Oi Subsidiaries to PT SGPS, in an amount equal to the maximum number of Exchanged Shares.

The Exchange, which includes the transfer of the Exchanged Shares to the Oi Subsidiaries and the transfer of the Commercial Paper to PT SGPS, shall be concluded in up to three business days after the date of CVM approval. In accordance with the Definitive Agreements, in the event that the Exchange is not approved by March 31, 2015, none of the parties will be obligated to consummate the Exchange.

Main terms of the Call Option for the Purchase of Shares (Option Contract)

Pursuant to the Option Contract, the Oi Subsidiaries will grant to PT SGPS an option (the Option) to acquire 474,348,720 common shares and 948,697,440 preferred shares of Oi (or the corresponding number of shares of TmarPart after the Merger of Shares (the Shares Subject to the Option)).

The Option may be exercised, in whole or in part, at any time, pursuant to the following terms and conditions:

(i) Term: Six years, it being noted that PT SGPS s right to exercise the Option on the Shares Subject to the Option will be reduced by the percentages indicated below:

(ii)

Date of Reduction	% of Shares Subject to the Option that cease to the subject to the Option each year
From the 1st anniversary of the Closing Date	10%
From the 2nd anniversary of the Closing Date	18%
From the 3rd anniversary of the Closing Date	18%
From the 4th anniversary of the Closing Date	18%
From the 5th anniversary of the Closing Date	18%
From the 6th anniversary of the Closing Date	18%

(iii) Exercise Price: R$ 1.8529 per preferred share and R$ 2.0104 per common share of Oi (and, as the case may be, R$ 2.0104 per common share of TmarPart), as adjusted by the Interbank Certificate of Deposit (*Certificado de Depósito Interbancário*) rate, (the CDI rate), plus 1.5% per annum, calculated *pro rata temporis*, from the date of the Exchange to the date of the effective payment of each exercise price, in whole or in part, of the Option. The exercise price of the Option shall be paid in cash on the date of the transfer of the Shares Subject to the Option.

Neither Oi nor TmarPart is required to maintain the Exchanged Shares in treasury. In the event that PT Portugal, PT Finance and/or any of Oi s subsidiaries do not hold, in treasury, a sufficient number of Shares Subject to the Option to transfer to PT SGPS, the Option may be financially settled through payment by the Oi Subsidiaries of the amount corresponding to the difference between the market price of the Shares Subject to the Option and the respective exercise price corresponding to these shares.

Whenever the Option is exercised, PT SGPS will undertake its best efforts to integrate the shareholder bases of PT SGPS and TmarPart in the shortest time possible.

While the Option is effective, PT SGPS may not purchase shares of Oi or TmarPart, directly or indirectly, in any manner other than by exercising the Option. PT SGPS may not transfer or assign the Option, nor grant any rights under the Option, including security, without the consent of Oi. If PT SGPS issues, directly or indirectly, derivatives that are backed by or referenced to Oi or TmarPart shares, it shall immediately use the proceeds derived from such a derivative transaction, directly or indirectly, to acquire the Shares Subject to the Option.

Oi may terminate the Option if (i) the Bylaws of PT SGPS are amended voluntarily to remove or amend the provision that limits the voting right to 10% of all votes corresponding to the capital stock of PT SGPS; (ii) PT SGPS directly or indirectly engages in activities that compete with the activities of Oi or its subsidiaries in the countries in which they operate; (iii) PT SGPS violates certain obligations under the Option Contract.

The Option shall only become effective and in full effect after the consummation of the Exchange and will terminate automatically if the Exchange is not consummated by March 31, 2015.

Other information regarding the Transaction, corporate approval and business combination of Oi and Portugal Telecom

The terms and conditions of the Exchange Agreement and the Option Contract were agreed upon by the Board of Executive Officers of Oi and the Board of Directors of PT SGPS and approved on this date by the Board of Directors of PT SGPS. The execution of the Definitive Agreements and the consummation of the Exchange and the Option described above are subject to certain conditions, including, among others, corporate approvals, approval by the Board of Directors of Oi and by the shareholders meeting of PT SGPS.

The following will be submitted for approval by a prior meeting of the shareholders of TmarPart and by the Board of Directors of TmarPart and PT SGPS: (i) the amendment of the bylaws of TmarPart to include a limitation of a maximum 7.5% of the voting rights (I) of PT SGPS, and (II) of any shareholder that, as a result of the distribution of shares of TmarPart by PT SGPS to its shareholders, results in a shareholding greater than 15% of the shares representing the total capital stock of TmarPart, excluding the shares of TmarPart previously held or that will be acquired by other means; (ii) the amendment of the terms and other provisions of the amendments to the shareholders agreements, of the provisional commitment to vote and the terms of termination of the shareholders agreements; each of which agreements were executed on February 19, 2014.

Other than the limitation on voting described above, the TmarPart bylaws will not contain any other limitations on shareholders voting rights that are applicable due to their shareholding position in TmarPart.

The parties intend to develop a new structure to integrate the shareholder bases of PT SGPS and TmarPart, and the first Board of Directors of TmarPart elected in preparation for its migration to the Novo Mercado segment of the São Paulo Stock Exchange (BM&FBOVESPA S.A. Bolsa de Valores, Mercadorias e Futuros BM&FBOVESPA) shall consist of: Antônio Gomes Mota, Fernando Magalhães Portella, Fernando Marques dos Santos, Paulo José Lopes Varela, José Mauro Mettrau Carneiro da Cunha, Rafael Luís Mora Funes, Renato Torres de Faria, Rui Horta e Costa, Sérgio Franklin Quintella, Thomas C. Azevedo Reichenheim and Vitor da Conceição Gonçalves.

Other information

Oi reiterates that the Definitive Agreements, when executed, will enable the continued implementation of the business combination and the merging of the shareholder bases of Oi and PT SGPS in order to migrate TmarPart to the Novo Mercado segment of the BM&FBOVESPA, with the highest standards of corporate governance, increase in liquidity, with dispersed ownership in the market and the acceleration of synergies created by the transaction.

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

Resignation of Manager of Subsidiaries

On July 11, 2014, Oi published a Notice to the Market announcing that Luís Pacheco de Melo has resigned as Vice President of the Board of Directors of PT Portugal SGPS, S.A. and as manager of certain subsidiaries of PT Portugal SGPS, SA.

For further information, please access the Notice to the Market:

http://ri.oi.com.br/oi2012/web/conteudo_en.asp?idioma=1&tipo=43097&conta=44&id=195451

Oi s Credit Rating Review by Fitch

On July 17, 2014, Oi published a Notice to the Market disclosing to its shareholders and the market in general that Fitch announced on July 16 its review of the credit rating attributed to the Company, downgrading the long-term global scale credit rating from BBB- to BB+ and the long-term domestic scale credit rating from AA+ to AA. The outlook is now stable.

For further information, please refer to the Material Fact:

http://ri.oi.com.br/oi2012/web/conteudo_en.asp?idioma=1&tipo=43097&conta=44&id=197473

Oi s Credit Rating Review by Standard & Poor s

On July 18, 2014, Oi published a Notice to the Market disclosing to its shareholders and the market in general that Standard & Poor s announced its review of the credit rating attributed to the Company, downgrading the long-term global scale credit rating from BBB- to BB+ and the long-term domestic scale credit rating from brAAA to brAA+. The outlook is stable.

For further information, please refer to the Material Fact:

http://ri.oi.com.br/oi2012/web/conteudo_en.asp?idioma=1&tipo=43097&conta=44&id=197522

CVM INSTRUCTION 358, ART. 12: Direct or indirect controlling shareholders and shareholders who elect members of the Board of Directors or the Fiscal Council, and any other individual or legal entity, or group of persons, acting as a group or representing the same interests, that attains a direct or indirect interest representing five percent (5%) or more of a type or class of shares of the capital of a publicly-held company, must notify the Securities Commission (CVM) and the Company of the fact, in accordance with the above article.

Oi recommends that its shareholders comply with the terms of article 12 of CVM Instruction 358, but it takes no responsibility for the disclosure or otherwise of acquisitions or disposals by third parties of interests corresponding to 5% or more of any type or class of its share, or of rights over those shares or other securities that it has issued.

	Capital	Treasury	TmarPart	TmarPart Shareholders (2)	PT SGPS	Free-Float
Common	2,861,553,199	84,250,695	290,549,788	202,225,872	1,045,803,934	1,238,722,910
Preferred	5,723,166,916	72,808,076	18,289,917	677,287,619	1,720,252,731	3,234,528,573
Total	**8,584,720,115**	**157,058,771**	**308,839,705**	**879,513,491**	**2,766,056,665**	**4,473,251,483**

Note: (1) Shareholding position as of June 30, 2014.
(2) AG Telecom, Andrade Gutierrez, BNDES, Bratel, Funcef, La Fonte Telecom, LF TEL, Petros and Previ.

Portuguese

Date:	Wednesday, August 06, 2014
	09:00 a.m. (Brasília) / 08:00 a.m. (NY) / 01:00 p.m. (Portugal / UK)
Access:	Phone: +55 (11) 3127-4971
	+55 (11) 3728-5971
	Code: Oi
	Replay: +55 (11) 3127-4999
	Available until 08/12/2014
	Code: 40338384
Webcast:	Clique aqui

English

Date:	Wednesday, August 06, 2014
	11:00 a.m. (Brasília) / 10:00 a.m. (NY) / 03:00 p.m. (Portugal / UK)
Access:	Phone: 1-877-317-6776 (USA)
	1-412-317-6776 (other countries)
	Senha: Oi
	Replay: 1-877-344-7529 (USA)
	1-412-317-0088 (other countries)
	Available until 08/13/2014
	Code: 10050160
Webcast:	Clique aqui

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This report includes consolidated financial and operating data for Oi S.A. and its direct and indirect subsidiaries as of June 30, 2014. In compliance with CVM instructions, the data are presented in accordance with international financial reporting standards (IFRS).

Following the capital raise concluded on May 5, 2014, PT Portugal SGPS, S.A. (PT Portugal) became a wholly-owned subsidiary of Oi S.A. The earnings presented herein represent Oi S.A. consolidated financial information for the period ended June 30, 2014, which includes two months of PT Portugal. However, in order to provide a clearer understanding of the Company s performance, we have prepared pro-forma consolidated figures for operational indicators, revenues, costs and expenses (EBITDA), depreciation/amortization and investments, as if this consolidation had taken place on March 1, 2013.

Due to the seasonality of the telecom sector in its quarterly results, the Company will focus on comparing its financial results with the same period in the previous year.

This report contains projections and/or estimates of future events. The projections contained herein were compiled with due care, taking into account the current situation, based on work in progress and the corresponding estimates. The use of terms such as projects , estimates , anticipates , expects , plans , hopes on, is intended to indicate possible trends and forward-looking statements which, clearly, involve uncertainty and risk, so that future results that may differ from current expectations. 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 that differ from current expectations. Excessive reliance should not be placed on these statements. Forward-looking statements relate only to the date on which they are made, and the Company is not obliged to update them as new information or future developments arise. Oi takes no responsibility for transactions carried out or investment decisions taken on the basis of these projections or estimates. The financial information contained herein is unaudited and may therefore differ from the final results.

Oi Investor Relations

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 6, 2014

OI S.A.

By:	/s/ Bayard De Paoli Gontijo
Name:	Bayard De Paoli Gontijo
Title:	Chief Financial Officer