

OI S.A.
Form 6-K
May 15, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or
15d-16 of the Securities Exchange Act of 1934

For the month of March 2012

Commission File Number: 1-15256

OI S.A.

(Exact Name as Specified in its Charter)

N/A

(Translation of registrant's name into English)

Edgar Filing: OI S.A. - Form 6-K

Rua General Polidoro, No. 99, 5th floor/part Botafogo

22280-001 Rio de Janeiro, RJ

Federative Republic of Brazil

(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F: **Form 40-F:**

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)):

Yes: **No:**

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7)):

Yes: **No:**

(Indicate by check mark whether the registrant by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes: **No:**

If **Yes** is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

1. Upcoming Events	3
2. Disclaimer	4
3. Highlights of 1Q12	5
4. Operating Performance	6
5. Financial Performance	15
6. Debt	22
7. Investments	22
8. Cash Flow	26
9. Additional Information	27

05/14/2012 2

Portuguese

Date: Tuesday, May 15, 2012
10:30 a.m. (RJ) 09:30 a.m. (NY)

Access: Phone: (55 11) 4688-6361

Code: Oi

Replay: (55 11) 4688-6312

Available until May 21, 2012

Code: 8015783#

Webcast: [Click here](#)

English

Date: Tuesday, May 15, 2012
12:00 a.m. (RJ) 11:00 a.m. (NY)

Access: Phone: 1-877-317-6776 (U.S.)
1 412 317 6776 (Brazil / other countries)

Code: Oi

Replay: 1-877 344 7529 (U.S.)

1 412 317 0088 (Brazil / other countries)

Available until May 24, 2012

(code 10013182)

Edgar Filing: OI S.A. - Form 6-K

Webcast: [Click here](#)

05/14/2012

3

6

Rio de Janeiro, May 14, 2012: Oi S.A. (new name of Brasil Telecom S.A.) announces today its results for the first quarter of 2012. **This report includes the consolidated financial and operating data for Oi S.A. and its direct and indirect subsidiaries as of March 31, 2012, in compliance with the CVM rules and presented in accordance with the International Financial Reporting Standards (IFRS).**

Following the approval of the corporate restructuring on 02/27/2012, the shareholders of Tele Norte Leste Participações S.A. (TNL), Coari Participações S.A. (Coari) and Telemar Norte Leste S.A. (TMAR) became shareholders of Oi S.A., as TNL and Coari were extinguished and TMAR became a wholly-owned subsidiary of Oi S.A. Therefore, the numbers presented herein accounts for Oi S.A. (the remaining company and new name of Brasil Telecom S.A.) at the end of March 2012, when it had consolidated just one month of results from TMAR, Coari and TNL (02/28/2012 to 03/31/2012). However, in order to make for an easier understanding, we present the proforma consolidated results equivalent to the old TNL figures; revenue, costs and expenses (EBITDA); debt and capital expenditure, as if the reorganization had taken place on January 1, 2012.

In 4Q11 the company decided to have its earnings disclosure format aligned with the manner it runs its business. This way, the view per product was changed to a segmented view (Residential, Personal Mobility and Corporate/Business). In this quarter, recognizing the relevance of this information to the market, for operating numbers we now present the breakdown within each segment.

05/14/2012

4

In April, the Company held its **Oi Investor Day 2012** in Rio de Janeiro and New York. The events, which were attended by representatives of the controlling shareholders and the top executives of Oi, aimed at presenting to the market the strategic long-term plan of the Company, which included the disclosure of future performance projection (Guidance) for 2012-2015. In addition, during the event the Company's Dividend Policy for the next three years was outlined. This report presents the first results of Oi S.A. disclosed following the event, and the reported performance reinforces the confidence of Oi's executives that the company will meet the targets set by the strategic plan unveiled at **Oi Investor Day**.

EBITDA and EBITDA Margin grew compared to the previous quarter and to the same period in 2011.

The major positive impact on EBITDA in 1Q12 reflects lower operating expenses. Although part of the quarterly drop derived from 4Q11 seasonality, the lower costs level fits in Oi's restructuring moment.

The performance of Net Revenue reflects a more aggressive commercial approach, aligned with the strategic long-term plan and with the expectation that the resumption of a growth path follows the improvement of operating metrics.

The effort of restructuring the sales channels is already showing positive results.

Revenue Generating Units (RGUs) reached 70,826 thousand, a growth of 7.2% compared to 1Q11:

Residential: the wireline client base decreased at a slower pace while Broadband and Pay TV accelerated, resulting in the stability of the base and reverting the downward trend;

Personal Mobility: Acceleration of post-paid growth and focus on greater profitability of the prepaid base; and

Business / Corporate: Maintenance of growth pace within the segment.

Investments totaled R\$1,091 million, 31.6% above 1Q11, aligned with the Capex Guidance disclosed to the market (R\$6 billion in 2012).

	1Q12	4Q11	1Q11	QoQ	YoY
Oi S.A. Pro-Forma					
Revenue Generating Unit ('000)	70,826	69,693	66,074	1.6%	7.2%
Residential ('000)	17,850	17,810	18,266	0.2%	-2.3%
Personal Mobility ('000)	44,106	43,263	39,294	1.9%	12.2%
Business / Corporate ('000)	8,112	7,848	7,690	3.4%	5.5%
Other Services ('000)	757	771	824	-1.8%	-8.1%
Net Revenue (R\$ million)	6,802	6,958	6,933	-2.2%	-1.9%
EBITDA (R\$ million)	2,012	1,838	1,985	9.5%	1.4%
EBITDA Margin (%)	29.6%	26.4%	28.6%	3.2 p.p.	1.0 p.p.
Net Debt (R\$ million)	17,472	16,326	14,390	7.0%	21.4%

Edgar Filing: OI S.A. - Form 6-K

Available Cash (R\$ million)	15,373	13,393	14,014	14.8%	9.7%
CAPEX (R\$ million)	1,091	2,132	829	-48.8%	31.6%
Net Debt / EBITDA	2.0	1.9	1.5	5.3%	33.3%

05/14/2012

5

Residential

The wireline client base decreased at a slower pace while Broadband and Pay TV accelerated, resulting in the stability of the base and reverting the downward trend.

	1Q12	4Q11	1Q11	QoQ	YoY
Residential					
Revenue Generating Units (RGU) (000)	17,850	17,810	18,266	0.2%	-2.3%
Fixed Line in Service	12,841	13,046	13,925	-1.6%	-7.8%
Fixed Broadband	4,614	4,412	3,999	4.6%	15.4%
Pay TV	396	351	341	12.8%	16.1%
ARPU Residential (R\$)	63.1	64.8	65.7	-2.6%	-4.0%

With client retention strategies that combine wireline services with broadband, Pay TV and Mobility, coupled with initiatives that aim to strengthen the sales channels and repositioning of offers, Oi has managed to slow down the reduction of fixed lines in service and has increased the penetration of services such as broadband and Pay TV, bringing positive impacts on residential RGUs.

This positive result comes mainly from the following initiatives:

Convergence

Through bundled solutions, the Company remains focused on increasing the residential base with more than one product. Quarter-over-quarter, the total residences with more than one Oi product/service grew 1.3pp, totaling 6,238 thousand.

05/14/2012

6

Regarding our bundled product Oi Conta Total, Oi launched a Christmas special in 2011 with attractive prices, including mobile phone data plans and Velox 3G. Also, the company started to offer in all of its plans unlimited calls to Oi Mobile and Oi Fixed. These actions led Oi Conta Total net additions to a 5.4% rise from 4Q11, reaching 1,632 thousand active clients. Oi Internet Total, launched in 4Q11, has been successful in the cities where it is sold and already accounts for more than 10% of high speed broadband sales.

Oi keeps introducing operational improvements and attractive solutions at Oi TV aimed at retaining the user base of residential wireline services, spurring the sale of product to residential clients who already have a fixed line. The company is developing several initiatives in an effort to make the service even more competitive, such as: the inclusion of programs from Globo's open TV in several regions within Brazil; Globosat channels; State and National Championships through Premiere FC; Fox Sports; Comedy Central; Canal Combate in addition to HBO and Telecine.

Oi TV Mais is the most complete entry level plan in the market with 44 paid channels, more than double that offered by the competition's entry package, being available for Oi Velox clients for R\$29.90 in the first three months.

The performance of Oi TV in 1Q12 already reflects the initiatives of the Company's strategic plan, with a significant rise in net additions compared to the additions during the whole of 2011. This way, Oi's Pay TV service grew faster than the competition in the first quarter of the year, according to Anatel data. Oi TV saw a 12.8% growth in its subscriber base compared to December 2011. The Oi TV growth exceeded the market average of 7.3% in the same period.

The company is intensifying its focus on Pay TV services, as it considers this product essential in its portfolio of bundled products. Oi's strategy is centered on presenting the best and most complete solutions for its clients, providing savings, convenience and convergence for their homes.

05/14/2012

7

Increase in Broadband speed and penetration

Oi reached 5.2 million Oi Velox clients (Residential + Business / Corporate) at the end of March 2012. The company offers fixed broadband service in every Brazilian state except for São Paulo. Oi has expanded its base with a strategy aimed at bundled services and offers a wide portfolio of internet access services, including fixed (Oi Velox) and mobile broadband (Oi Velox 3G) and Oi WiFi.

In order to serve to the new internet user seeking 24-7 connection, Oi launched in 2011 the first package of integrated internet services: Oi Internet Total combines fixed and mobile broadband and wi-fi network, ensuring a complete internet solution for the client. With plans starting at R\$69.90 in Rio de Janeiro, it is possible to utilize the three types of internet access: Oi Velox for home, Oi Velox 3G (with free mini modem) and Oi WiFi.

For an audience seeking faster internet connection, Oi offers plans as fast as 20 mega. The faster internet services as well as the Oi Internet Total plan are provided with anti-virus software and wi-fi modem. During the quarter, the average speed of the base rose again, reaching 2.6 Mega in March 2012, 37% growth from 1Q11. Of the total broadband customer base, 24.1% already have internet faster than or equal to 5 Mega (23.8% in 4Q11). Of this total, approximately 50% are faster than 10 Mega.

It is worth mentioning that the company has succeeded to increase the percentage of users demanding faster speeds, despite the rise in the penetration of this service.

05/14/2012

8

Broadband disconnections dropped 3.5% quarter-over-quarter due to investments in network expansion and quality as well as protective actions and the upgrade in the customer base speed and improvements in the installation process.

Oi Velox had a good performance in terms of net additions, with sales sustaining consistent growth, in line with the long-term plan. This performance derives from improved offers, an intensification of media campaigns, expansion of sales channels and cross-selling. In terms of offers, Oi has a portfolio with attractive prices for different profiles. For those seeking their first broadband internet access, the company provides services from R\$35.00, allowing an increase of Oi Velox penetration.

Strengthening of sales channels and portfolio repositioning

In line with the strategy of strengthening the channels, growth of Oi-owned stores and franchises, as well as the change in the commission system for partners, contributed to the result. Actions such as these contributed to the 13.1% increase in gross additions of fixed lines versus 4Q11.

05/14/2012

9

Oi services became even more attractive compared to the competition with the option of controlled plans and unlimited Long Distance plans, thus boosting the use of services by the clients and reducing the appeal of mobile carriers' products.

In addition, it is already possible to notice that the restructuring of the channels had a positive impact on the sales of Broadband, TV and bundles as described previously.

Personal Mobility

Acceleration of post-paid growth and focus on greater profitability of the pre-paid base.

	1Q12	4Q11	1Q11	QoQ	YoY
Personal Mobility					
Revenue Generating Units (RGU) ('000)	44.106	43.263	39.294	1,9%	12,2%
Pre-Paid Plans	38.536	37.978	34.634	1,5%	11,3%
Post-Paid Plans + Oi Controle	5.570	5.285	4.660	5,4%	19,5%

NOTE: The mobile bundles (Oi Conta Total and Oi Internet Total) are reflected in the chart above.

The operating performance in the personal mobility segment is directly linked to the strategic long-term plan presented at Oi Investor Day, as the Company has started to seek faster growth in the post-paid sector with a focus on data and the maintenance of profitable pre-paid growth.

In the personal mobility segment, gross additions grew quickly again, totaling 5.5 million at the end of 1Q12. In line with the strategy of boosting the growth with profitability on mobile users base, churn during the quarter totaled 4.7 million users.

Post-Paid:

The post-paid + Oi Controle segment totaled 5,570 thousand at the end of 1Q12, adding 285 thousand clients in the last quarter, about twice as much as the net additions in 4Q11. This performance is linked with the strategy set by Oi of focusing on the high-yield segment.

The sales performance of post-paid plans stems from the addition of more benefits to the offers and the strengthening of sales channels, which started in 4Q11 and advanced in 1Q12. These are already bearing fruits. We highlight that in March 2012 Oi became the market leader in terms of post-paid net additions in Brazil.

The inclusion of unlimited on-net voice packages (fixed and mobile) for all the post-paid plans complemented the portfolio, making our offers even more attractive. As a result of this movement, two independent surveys proved that Oi's plans are the most cost-effective in the mobile segment. It is worth highlighting that these surveys considered all the pre and post-paid portfolios.

The strengthening of the channels, following the opening of 10 stores in addition to the 60 Oi-owned stores, and an improvement in franchise management with changes to the commission model, ensuring a better alignment of sales incentives, contributed to this result.

05/14/2012

11

Pre-Paid:

The pre-paid base rose 11.3% in 12 months and 1.5% from 4Q11, totaling 38,536 thousand clients at the end of 1Q12.

The result also reflects a simpler plan structure. Oi migrated from plans with different triggers to plans with a single trigger, which offer, depending on the region, the same recharge value or twice as much in daily bonus for local and long-distance calls for Oi Mobile and Oi Fixed and for sending SMS to any operator. This new plan structure brings a clearer communication for the consumer and is part of a more aggressive position in the prepaid market to leverage sales and revenue.

Regarding the strategy of strengthening the sales channels, the Company increased significantly its presence in large national retail stores, moving from 34% to 56% currently. Meanwhile, Oi changed the distributors in the small retail and added the model of multi-brand distributors to its sales operations.

Total Mobile Base:

In 1Q12, 44,106 thousand users belonged to the Personal Mobility segment and 2,385 thousand to the Corporate segment. The base of mobile clients (Personal + Business / Corporate Mobility) recorded gross additions of 5,794 thousand users in another significant performance and net adds of 985 thousand clients, totaling 46,491 thousand users at the end of 1Q12, growing 2.2% during the quarter and 12.1% year over year. ARPU in the wireless segment reached R\$21.3 in 1Q12.

At the end of 1Q12, 65.6% of the Revenue Generating Units (RGUs) (65.3% in 4Q11 and 62.8% in 1Q11) represented the wireless base.

Business / Corporate**Maintenance of the growth pace within the segment.**

	1Q12	4Q11	1Q11	QoQ	YoY
Business / Corporate					
Revenue Generating Units (RGU) (000)	8,112	7,848	7,690	3.4%	5.5%
Fixed	5,192	5,083	4,998	2.1%	3.9%
Broadband	535	523	514	2.3%	4.1%
Mobile	2,385	2,242	2,178	6.4%	9.5%

05/14/2012

12

Business

The performance in the Business segment in 1Q12 resulted from the increase in sales in the fixed and mobile segments, supported mainly by expansion of the sales force and the investment in employee education, in addition to the opening of nine regional offices.

About 4,000 employees of authorized agents (door-to-door salespeople) were hired and trained since the beginning of 2011. We also witnessed a rise in customer service and performance positions on the telemarketing channel. These actions signal a commitment to a path of sustainable growth in the segment.

Corporate

On the Corporate side, the major highlights of 1Q12 came from fixed data communication and mobility, which grew 5.0% and 8.5% compared to 4Q11, and 12.1% and 44.8% in 12 months, respectively. In data communication, growth was strongly impacted by the installation of VPN networks (with IP/MPLS technology), and by the resumption of internet access sales in this market. In Mobility, the growth engine of the corporate RGUs was data access (2G and 3G), in addition to the return of focus on sales of post-paid lines in this segment, including the hiring of a team with more than 100 specialized sales professionals during 1Q12.

Another important highlight was the growth of RGUs of digital trunks (30 channels) for fixed voice, up 6.9% in the quarter and 18.5% from 1Q11, following the renewed focus on this offer at the end of 2011 and with a strong influence of the installations in Region Three in the period, already a result of the strategy of differentiated and specific effort in the São Paulo market, which is considered the key factor in order to consolidate Oi's leadership in this segment.

05/14/2012

13

Table 1 Consolidated Operational Indicators of Oi Group

	1Q12	4Q11	1Q11	QoQ	YoY
Residential					
Revenue Generating Units (RGU) (000)	17,850	17,810	18,266	0.2%	-2.3%
Fixed Line in Service	12,841	13,046	13,925	-1.6%	-7.8%
Fixed Broadband	4,614	4,412	3,999	4.6%	15.4%
Pay TV	396	351	341	12.8%	16.1%
ARPU Residential (R\$)	63.1	64.8	65.7	-2.6%	-4.0%
Personal Mobility					
Revenue Generating Units (RGU) (000)	44,106	43,263	39,294	1.9%	12.2%
Pre-Paid Plans	38,536	37,978	34,634	1.5%	11.3%
Post-Paid Plans + Oi Controle	5,570	5,285	4,660	5.4%	19.5%
ARPU Mobile (R\$)	21.3	22.3	20.7	-4.5%	2.9%
Business / Corporate					
Revenue Generating Units (RGU) (000)	8,112	7,848	7,690	3.4%	5.5%
Fixed	5,192	5,083	4,998	2.1%	3.9%
Broadband	535	523	514	2.3%	4.1%
Mobile	2,385	2,242	2,178	6.4%	9.5%
Others					
Public Telephones (000)	757	771	824	-1.8%	-8.1%
RGU Revenue Generating Units (000)	70,826	69,693	66,074	1.6%	7.2%

05/14/2012

14

Proforma Revenue¹:

Proforma net revenue totaled R\$6,802 million, down by 2.2% compared to 4Q11 chiefly due to seasonality of the fourth quarter and down by 1.9% compared to 1Q11. Revenue performance is in line with the outlook of the Company's strategic long-term plan, considering that the resumption of growth starts with an improvement of operating ratios.

Table 2 Breakdown of Proforma Net Revenue

R\$ million	1Q12	4Q11	Quarter 1Q11	QoQ	YoY	%	
						1Q12	1Q11
Residential	2,429	2,536	2,746	-4.2%	-11.5%	35.7%	39.6%
Personal Mobility	2,106	2,150	1,867	-2.0%	12.8%	31.0%	26.9%
Services	1,501	1,508	1,313	-0.5%	14.3%	22.1%	18.9%
Network Usage	580	628	550	-7.6%	5.5%	8.5%	7.9%
Sales of handsets, sim cards and others	25	15	4	66.7%	525.0%	0.4%	0.1%
Business / Corporate	2,111	2,112	2,127	0.0%	-0.8%	31.0%	30.7%
Other Services	155	159	193	-2.5%	-19.7%	2.3%	2.8%
Public Phone	26	43	69	-39.5%	-62.3%	0.4%	1.0%
Other	130	117	124	11.1%	4.8%	1.9%	1.8%
Total Net Revenue	6,802	6,958	6,933	-2.2%	-1.9%	100.0%	100.0%

Residential:

The rise in revenue from the expansion of the Oi Velox and Oi TV base, whose offers are increasingly attractive, has partially compensated for the decrease in wireline revenue in the residential segment. The continuous improvement in the offers of services in Pay TV and Broadband is a key aspect within the business model for bundled products adopted by the company. It must be noted that Oi's strategic long-term plan is based on convergence as the leading differential of the Company and, consequently, it is key for the success of the operational restructuring.

As expected, the balance seen among products in the Residential product have not yet reflected entirely in revenue. Therefore, the proforma net revenue in the residential segment dropped 4.2% compared to the previous quarter also due to seasonality and 11.5% from the same period last year, reaching R\$2,429 million at the end of 1Q12.

¹ The proforma data amount to the old TNL as if the takeovers had occurred on January 1, 2012. The results presented as Oi S.A. Consolidated equal two months of old BrT data added to one month following the takeovers.

Personal Mobility:

Net revenue from personal mobility totaled R\$2,106 million, up by 12.8% from the same period last year and down by 2.0% compared to the previous quarter.

Revenue from services jumped 14.3% compared with the same period last year and was basically unchanged from the previous quarter, reaching R\$1,501 million at the end of 1Q12. The annual performance is explained mainly from: (i) a rise in subscription revenue due to a larger post-paid client base; (ii) outgoing calls linked directly to the increase in the customer base; and (iii) data and value added base, driven by the rise in revenue from 3G services and mainly from short message services. This movement more than offset the drop in long distance revenue.

In the quarterly comparison, the performance is influenced by the seasonal effect, provided that historically the fourth quarter has a stronger usage due to the December holidays.

Revenue from mobile network usage reached R\$580 million, 5.5% higher than in 1Q11 and 7.6% lower than in 4Q11. The year-over-year analysis reflects the expansion of the mobile customer base. The quarterly performance was impacted by the reduction of fixed-to-mobile interconnection (VU-M) fees in the first quarter of 2012.

Proforma Operating Expenses²:

Proforma operating expenses totaled R\$4,789 million in 1Q12, down by 6.5% quarter over quarter and 3.2% in the past 12 months.

Quarter-over-quarter, the expenses were influenced mainly by personnel, third-party services, COGS and marketing. This performance is aligned with the strategy adopted in order to meet the strategic long-term plan. As a result, the company increased expenses in 4Q11 due to the initial phase for the implementation of the plan, part of which are non-recurring. In addition, the higher commercial intensity usually at the year-end also influenced the quarterly analysis. In this quarter Oi is heading back to a level that is adequate with the new phase of the company.

² The proforma results amount to the old TNL data as if the takeovers had occurred on January 1, 2012.

Table 3 Breakdown of Operating Expenses

Item	R\$ million	1Q12	4Q11	1Q11	QoQ	YoY
Operating Expenses						
Interconnection		1,163	1,157	1,185	0.5%	-1.9%
Personnel		482	537	423	-10.2%	13.9%
Materials		27	65	38	-58.5%	-28.9%
Handset Costs/Other (COGS)		57	84	41	-32.1%	39.0%
Third-Party Services		1,876	2,048	1,726	-8.4%	8.7%
Marketing		115	161	138	-28.6%	-16.7%
Rent and Insurance		455	443	396	2.7%	14.9%
Provision for Bad Debts		200	163	272	22.7%	-26.5%
Other Operating Expenses (Revenue), Net		414	462	728	-10.4%	-43.1%
TOTAL		4,789	5,120	4,948	-6.5%	-3.2%

Interconnection:

Interconnection costs were stable during the quarter at R\$1,163 million at the end of 1Q12. Compared to the same period last year, there was a 1.9% reduction explained by lower outgoing traffic, especially in the fixed segment. The impact from the cut of Mobile Termination Rates (MTR) in 1Q12 was not material.

Personnel:

Personnel expenses totaled R\$482 million at the end of 1Q12, in a 13.9% rise from the same period last year. The annual behavior is explained by a higher number of employees linked to the creation of regional commercial structures and opening of Oi own-stores during 4Q11, both linked to the company's long-term strategic plan, in addition to the 6.7% salary increase during 4Q11. Compared to the previous quarter, there was a 10.2% decrease due to one-time expenses for the start of the strategic long-term plan in the last quarter of 2011.

05/14/2012

17

Handset Costs and Others (COGS):

Handset costs and others (COGS) totaled R\$57 million in 1Q12, a 32.1% reduction from 4Q11 and 39.0% higher compared to 1Q11. The quarterly analysis is influenced by sales in 4Q11, mostly related to Christmas, which led to higher costs during this period. The annual comparison is linked to a rise in the customer base, in addition to subsidies on Velox modems and smartphones for high end post-paid clients, which started being offered in 4Q11.

Third-Party Services:

Expenses related to third-party services decreased 8.4% compared with 4Q11 and rose 8.7% from 1Q11, totaling R\$1,876 million at the end of 1Q12. The quarterly behavior is related to the impact in 4T11 of higher commissions and sales efforts, markedly in the pos-tpaid segment, Oi Conta Total and fixed broadband related to the Christmas sales, renegotiation of contracts linked to the network maintenance plan to improve quality as well as higher costs for consulting related to the strategic plan.

Compared to the previous year, the expansion of the customer base triggered higher spending on plant maintenance aimed at improving the quality of rendered services.

Marketing:

Spending on marketing decreased 28.6% and 16.7% compared to 4Q11 and 1Q11, respectively, amounting to R\$115 million at the end of 1Q12. The quarterly analysis is influenced by higher spending on advertising campaigns due to the Christmas specials. Year-over-year, the lower expenses are related to successful negotiations with some suppliers. Meanwhile, the revision of the sponsorship strategy also generated a drop in the flow of disbursements.

Provision for Bad Debtors:

The provision for bad debtors reached R\$200 million in 1Q12, up 22.7% from 4Q11 and down 26.5% compared to 1Q11. Growth compared to the previous quarter is due to the historical trend of rising delinquency linked to the jump in consumers' expenses at the beginning of the year. The year-over-year decrease is linked to a greater efficiency in collection, especially in the business / corporate segment.

The provision for bad debtors accounted for 2.9% of net revenue in 1Q12 (2.3% in 4Q11 and 3.9% in 1Q11).

Other Items in the Consolidated Result:**EBITDA³ :****Table 4 EBITDA and EBITDA Margin**

	1Q12	4Q11	1Q11	QoQ	YoY
Oi S.A. Pro-Forma					
EBITDA (R\$ Mn)	2,012	1,838	1,985	9.5%	1.4%
EBITDA Margin (%)	29.6%	26.4%	28.6%	3.2 p.p.	1.0 p.p.
	1Q12	4Q11	1Q11	QoQ	YoY
Oi S.A. Consolidated					
EBITDA (R\$ Mn)	1,150	524	664	119.5%	73.2%
EBITDA Margin (%)	30.0%	23.4%	28.0%	6.6 p.p.	2.0 p.p.

Proforma EBITDA⁴ of Oi S.A. in 1Q12 totaled R\$2,012 million with a 29.6% margin, in a 3.2 p.p. rise compared to 4Q11 and 1.0 p.p. from 1Q11. This results from lower operating expenses, as mentioned before. Costs fell 6.5%, leading to 9.5% growth in EBITDA. Year over year, the rise in EBITDA reflects a cost reduction (-3.2%) combined with an increase in personal mobility revenue, which partially offset the smaller net revenue from residential segment. The result seen in 1Q12 furthers Oi's confidence in reaching the targets that were announced to the market during the Oi Investor Day, related to the Long-Term Strategic Plan.

OI S.A. CONSOLIDATED⁵ NET FINANCIAL INCOME (EXPENSES):

Consolidated net financial expenses at Oi S.A. amounted to R\$237 million, a R\$201 million addition compared to 4Q11 and a R\$44 million drop from 1Q11. This performance, which was partially compensated by the decline in interest rates (SELIC), is influenced by the addition of financial data from TMAR and its subsidiaries from February 28, 2012, as well as by TMAR debt booked at Oi S.A., is explained by the corporate reorganization approved on February 27, 2012.

³ Proforma data amount to the old TNL as if the takeovers had occurred on January 1, 2012.

⁴ Proforma data amount to the old TNL as if the takeovers had occurred on January 1, 2012.

⁵ The figures presented as Oi S.A. Consolidated is equal two months of old BrT added to one month following the corporate reorganization.

Table 5 Net Financial Income (Oi S.A. Consolidated):

R\$ Million	1Q12	4Q11	1Q11
Financial Income	574	440	245
Interest on financial investments	207		