



Announcement | Lisbon | 29 March 2017

Notice to the Market disclosed by Oi

PHAROL, SGPS S.A. hereby informs on the Notice to the Market disclosed by Oi, S.A., according to the company's announcement attached hereto.

PHAROL, SGPS S.A.

Public company
Share capital Euro 26,895,375
Registered in the Commercial
Registry Office of Lisbon and
Corporation no. 503 215 058

PHAROL is listed on the
Euronext (PHR). Information
may be accessed on Bloomberg
under the symbol PHR PL.

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Oi S.A. – In Judicial Reorganization
Corporate Taxpayers' Registry (CNPJ/MF)
No. 76.535.764/0001-43
Board of Trade (NIRE) No. 33.300.29520-8
Publicly-Held Company

NOTICE TO THE MARKET

Oi S.A. – In Judicial Reorganization ["Oi" or "Company"], hereby informs its shareholders and the market in general that, today, March 28, 2017, the company presented to the 7th Corporate Court of the State of Rio de Janeiro, where the Judicial Reorganization of Oi and its subsidiaries is currently underway, information about new financial conditions as adjustments to the Oi Companies' Judicial Reorganization Plan (*Plano de Recuperação Judicial*—"PRJ"), presented on September 5, 2016, as detailed in Oi's Material Fact dated March 22, 2017.

The new conditions were formulated on the basis of conversations held in more than 50 face-to-face meetings with various creditors of Oi in Brazil and abroad, as well as their respective advisors, considering the different credit profiles, including national and international banks, development institutions and bondholders. In addition, a number of other meetings and mediations were held with other groups of creditors, such as suppliers, Anatel and small creditors, among others. The company's management and advisors also participated in the meetings.

The discussions considered, in addition to the debt restructuring plan, a sustainable business plan for Oi. The company considered suggestions and contributions from these various creditors, represented in the four classes provided for in the company's Judicial Reorganization, as well as shareholders, to structure the presented conditions and to seek to balance the different interests and credit and investment profiles.

The amended judicial reorganization plan will be presented as soon as possible, in accordance with Oi's Material Fact disclosed on March 22, 2017.

The Company will maintain its shareholders and the market informed of the development of the subject matter of this Notice to the Market.

Rio de Janeiro, March 28, 2017.

Ricardo Malavazi Martins
Chief Financial Officer and Investor Relations Officer.
Oi S.A. – In Judicial Reorganization