



Announcement | Lisbon | 22 August 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"], pursuant to Article 12 of CVM Instruction No. 358/02, announced that, on this date, it received the following correspondence from **Goldman Sachs & Co. LLC.**, transcribed below:

“To

Oi S.A. – In Judicial Reorganization

CNPJ/MF No. 76.535.764/0001-43

Attn.: Sr. Ricardo Malavazi Martins

Chief Financial Officer and Investor Relations Officer

*Rua Humberto de Campos,
425 - 8º andar. Leblon - Rio de Janeiro,
RJ, Brazil - 22430-190*

Ref.: Acquisition of Preferred Shares

Dear Sir or Madam,

Goldman Sachs & Co. LLC (“Goldman Sachs”), a New York limited liability company, registered as a broker-dealer and as an investment adviser pursuant to the laws of the United States Securities and Exchange Commission, and a subsidiary of The Goldman Sachs Group, Inc. and enrolled with the C.N.P.J. under No. CNPJ 05.987.216/0001-06, by its undersigned legal representative, in fulfillment of the obligation set forth in article 12, caput and §4, of CVM Normative Ruling No. 358, dated January 3, 2002, as amended (“CVM 358”), hereby informs you that on August 16, 2017, Goldman Sachs together with its affiliate Goldman Sachs International (collectively, the “Goldman Entities”), a subsidiary of The Goldman Sachs Group, Inc. and enrolled with the C.N.P.J. under No. 05.479.103/0001-08 (“GSI”), entered into transactions that resulted in a position equivalent to 16,185,547 (sixteen million, one-hundred eighty-five thousand, and five-hundred forty-seven) preferred shares issued by Oi S.A. – In Judicial Reorganization (the “Company”), or 10.26% (ten point twenty-six percent) of the outstanding preferred shares of the Company.

Detailed position below:

Reportable Summary / Resumo da Posição Oi S.A. – Preferred Shares / Ações Preferenciais	
Physically Settled / Liquidação Física	
<i>Short Positions</i>	
<i>Posição Vendida (vendas realizadas e doações por meio de empréstimos)</i>	(5,919,582)
<i>Long Positions</i>	
<i>Posição Comprada (posição à vista)</i>	22,105,129
Total % Holdings	10.26%
Cash Settled / Liquidação Financeira	
<i>Long Positions</i>	
<i>Posição Comprada</i>	599,925
Total % Holdings	0.35%

Reportable Summary / Resumo da Posição Oi S.A. – Common Shares / Ações Ordinárias	
Physically Settled / Liquidação Física	
<i>Short Positions</i>	
<i>Posição Vendida (vendas realizadas e doações por meio de empréstimos)</i>	(16,461,280)
<i>Long Positions</i>	
<i>Posição Comprada (posição à vista)</i>	38,770,224
Total % Holdings	3.34%
Cash Settled / Liquidação Financeira	
<i>Long Positions</i>	
<i>Posição Comprada</i>	10,047,615
Total % Holdings	1.50%

This is a minority investment that does not involve a change in the composition of corporate control or a change in the management structure of the Company. Currently, the Goldman Entities do not target any quantity of the Company's shares. Other than as disclosed herein, there are no convertible debentures already held, directly or indirectly, by the Goldman Entities, nor any agreement or contract regulating voting rights or the purchase and sale of securities issued by the Company, to which the Goldman Entities are a party.

In accordance with article 12, § 6º of CVM 358, we request the Investor Relations Officer to kindly take the necessary provisions for the immediate transmission of the information contained herein to CVM and to BM&FBOVESPA.

We remain at your disposal should you need any further clarification of this matter. With respect to the subject of this letter, you may contact Fernando Rosas, telephone (55 11) 3372-0107, e-mail fernando.rosas@gs.com, with offices at Rua Leopoldo Couto de Magalhães Jr., nº 700, 16th floor, Itaim Bibi, São Paulo, SP, Brasil.

Sincerely,

August 21, 2017

Goldman Sachs & Co. LLC

Yvette Kotic

Vice President/Vice Presidente

Goldman Sachs International

Yvette Kotic

Vice President/Vice Presidente”

Rio de Janeiro, August 21, 2017.

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