



Oi S.A.

Corporate Taxpayers' Registry (CNPJ/MF) No. 76.535.764/0001-43

Board of Trade (NIRE) No.33.3.0029520-8

Publicly-Held Company

NOTICE TO THE MARKET

Oi S.A. ("Oi" or the "Company"), in accordance with article 12 of CVM Instruction No. 358/02, informs the market that it received a letter from BTG Pactual Asset Management S.A. DTVM, as transcribed below:

Dear Sirs,

BTG Pactual Asset Management S.A. DTVM, a financial institution domiciled in the City and State of Rio de Janeiro, at Praia de Botafogo, 501, 5th floor (partial), Torre Corcovado, Botafogo, enrolled under corporate taxpayer No. 29.650.082/0001-00 ("BTG Pactual AM"), duly authorized to act as an investment fund manager by the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários, the "CVM"), in accordance with CVM Declaration No. 5968 and the provisions of Article 12 of CVM Instruction No. 358, comes to inform you through this letter that:

- a) the funds managed by BTG Pactual AM reduced their aggregate shareholding interests from 50,368,430 (fifty million three hundred sixty-eight thousand four hundred thirty) common shares ("OIBR3"), representing approximately 7.54% (seven and fifty-four hundredths percent) to an interest less than 5% of the total number of OIBR3 issued by Oi S.A. (the "Company");*
- b) highlighting that the reduction referred to above occurred due to the partial redemption and subsequent transfer of assets to the former quotaholder of Caravelas Equity Investment Fund, enrolled under corporate taxpayer No. 19.445.247/0001-40 (Fundo de Investimento em Ações Caravelas, the "Caravelas FIA"), which reduced interests from 50,219,535 (fifty million two hundred nineteen thousand five hundred thirty-five) OIBR3, representing 7.52% (seven and fifty-two hundredths percent), to 21,625,834 (twenty-one million six hundred twenty-five thousand eight hundred thirty-four) OIBR3, representing approximately 3.24% (three and twenty-four hundredths percent) of the total number of OIBR3 issued by the Company; and*
- c) further highlighting that: (i) this reduction in shareholding interests did not occur in order to alter the ownership or management structure of the Company; (ii) this reduction in shareholding interests did not occur in order*

to reach a specific shareholding interest; and (iii) BTG Pactual AM states that it does not hold other securities or derivate financial instruments in connection with such shares, whether to be settled physically or financially, or any other agreement or instrument regulating the exercise of voting rights or the purchase and sale of securities issued by the Company.

Yours truly,

*BTG PACTUAL ASSET MANAGEMENT S.A. DTVM
/s/Marcelo Bittencourt Guariento (Attorney) and
/s/Nandikesb Anilkumar Dixit (Attorney in fact)”*

Rio de Janeiro, March 2, 2016

Flavio Nicolay Guimarães
Chief Financial Officer and Investor Relations Officer
Oi S.A.