



Announcement | Lisbon | 2 February 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.33.3.0029520-8

Publicly-Held Company

NOTICE TO THE MARKET

Oi S.A. – In Judicial Reorganization (“Oi” or the “Company”), in continuity with and in addition to the information in the Notices to the Market disclosed by the Company on January 30 and 31, 2017, informs its shareholders and the market in general that, during a meeting of the Board of Directors held on this date, LaPlace, the Company’s financial adviser, presented to the Board of Directors a few scenarios developed based on the feedbacks from the creditors, in order to allow the progress in the interactions, which scenarios were debated with the members of the Board. The Board authorized Oi’s Executive Officers Board to continue with the discussions with the creditors, going deeper into some critical items, including, among others, the possibility of converting part of the debt into equity.

Oi understands the interactions with creditors are progressing and reiterates that it shall continue to meet regularly with its creditors, other stakeholders and potential investors, with the intent of gathering impressions, comments and suggestions.

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

Rio de Janeiro, February 1, 2017.

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