



Announcement | Lisbon | 3 September 2016

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 215058

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

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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 "Company"], in accordance with article 12 of CVM Instruction No. 358/02, informs the market that it has received a letter from CQS Directional Opportunities Master Fund Limited, as transcribed below:

"Dear Sir or Madam,

NOTICE OF material shareholding in Oi S.A.

<i>Name of shareholder, headquarters and Entity number</i>	<i>Compliance Manager</i>	<i>Other positions at Oi S.A.</i>	<i>Shareholding, Objective and Intention</i>
<i>Name:</i> CQS Directional Opportunities Master Fund Limited ["DOF"] <i>Address:</i> PO Box 309 Uglan House Grand Cayman KYI-1104 Cayman Islands <i>Entity number:</i> MC 149859	8,167,700 Oi S.A. The preferred shares are held through contracts for difference <i>Percentage:</i> 5.17% of OIBR4 BZ [BROIBRACNPR8] <i>Trading date</i> September 1, 2016	8,441,300 Oi S.A. shares are held through contracts for difference <i>Percentage:</i> 1.26% of OIBR3 BZ [BROIBRACNORI] <i>Trading date</i> September 1, 2016	DOF does not intend to change the control or administrative structure of the company at the present moment

Please contact us if you have any questions regarding this notice.

Best regards,

*Colin Woods
 Compliance Manager"*

Rio de Janeiro, September 2, 2016.

Oi S.A. – In Judicial Reorganization
Flavio Nicolay Guimarães
Chief Financial Officer and Investor Relations Officer