



Announcement | Lisbon | 19 May 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 PHR PL.

Luis Sousa de Macedo
Investor Relations Director
ir@pharol.pt
Tel.: +351 212 697 698
Fax: +351 212 697 949



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 Pharol, SGPS S.A. and Bratel B.V., as transcribed below:

"Dear Sirs,

1. *We hereby inform you that, in accordance with the provisions of Art. 12 of CVM Instruction No. 358/2002, as amended, due to the corporate reorganization (the "Corporate Reorganization"), the 71,067,957 common shares issued by Oi S.A., representing 8.61% of Oi S.A.'s capital stock, and held by **PHAROL SGPS S.A.**, a corporation with offices at Rua Joshua Benoliel, No. 1, 2C, Edifício Amoreiras Square, Campo de Ourique parish, City of Lisbon, Portugal, registered under the taxpayer registry No. 05.453.409/0001-87 ("Pharol"), hereby represented by its attorneys-in-fact, Messrs. Rafael Luis Mora Funes, registered under the taxpayer registry No. 233.678.448-37 and Bernardo Sérgio Rhodes Amado, registered under the taxpayer registry No. 235.224.088-37, have been passed on to **BRATEL B.V.**, a corporation with offices at Naritaweg, 165, 1043 BW, Amsterdam, the Netherlands, registered under the taxpayer registry No. 12.776.550/0001-86 ("BRATEL"), hereby represented by its attorneys-in-fact, Messrs. Rafael Luis Mora Funes and Bernardo Sérgio Rhodes Amado, identified above; hence Pharol is no longer a direct shareholder of Oi S.A.*

2. *In addition, we inform you that Bratel, due to the Corporate Reorganization, now holds 183,662,204 common shares of Oi S.A., which represent 22.24% of Oi S.A.'s entire capital stock. Therefore, since Pharol holds the totality of shares comprising the capital stock of Bratel, and with the above mentioned Corporate Reorganization, Pharol now indirectly holds 183,662,204 common shares of Oi S.A., representing 22.24% of Oi S.A.'s entire capital stock.*

3. *Finally, Bratel holds shares of Oi S.A. for investment purposes, without*

any intent to change Oi S.A. 's control.

Without anything further, we sign here below.

Sincerely,

PHAROL, SGPS, S.A.

Rafael Luis Mora Funes
Attorney-in-fact

Bernardo Rhodes Sérgio Amado
Attorney-in-fact

BRATEL B.V.

Rafael Luis Mora Funes
Attorney-in-fact

Bernardo Rhodes Sérgio Amado
Attorney-in-fact”

Rio de Janeiro, May 19, 2016

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