



Announcement | Lisbon | 20 April 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”), in continuance of and in addition to the information contained in the Notices to the Market disclosed by the Company on February 2, 2017, February 10, 2017, February 20, 2017 and March 29, 2017, hereby informs its shareholders and the market in general that, on this date, the Dutch Court of Appeals, Amsterdam, The Netherlands, granted the appeals against the decisions that had denied the requests for conversion of the suspension of payments proceedings for each of Oi’s financial vehicles in the Netherlands, Oi Brasil Holdings Coöperatief UA – In Judicial Reorganization (“Oi Brasil Holdings”) and Portugal Telecom International Finance B.V. – In Judicial Reorganization (“PTIF”), and ordered that such suspension of payments proceedings shall be converted into Dutch bankruptcy proceedings. These judgments rendered today by the Dutch Court of Appeals are restricted to Dutch jurisdiction and law and are not definitive. Oi Brasil Holdings and PTIF are going to file an appeal against them with the Dutch Supreme Court.

Oi reiterates that Oi Brasil Holdings and PTIF remain under judicial reorganization in Brazil and clarifies that today’s judgments do not have any impact on the Company’s day by day and operational activities. Oi continues with its healthy operations and strong commercial performance, as well as its sales, installation and maintenance activities, and investments.

Oi reiterates that it has been progressing on the discussions with creditors, potential investors and other stakeholders about the best proposal of a Judicial Reorganization Plan in order to submit it for approval in a Creditors’ Meeting, in accordance with the deadlines and rules provided by law. The goal is to ensure a proposal that guarantees the Company’s operational viability and sustainability and serves all interested parties in a balanced way, allowing Oi to be strengthened at the end of this process.

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

Rio de Janeiro, April 19, 2017.

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