

PRESENTATION OF FINANCIAL INFORMATION

The consolidated financial statements included in Appendix I to this Listing Document were prepared in accordance with US GAAP, which differ in certain respects both from the accounting practices adopted in Brazil (**Brazilian GAAP**), which are the basis for our statutory financial statements, and from both HKFRS and IFRS.

These financial statements reflect the retrospective adoption of the Noncontrolling Interests in Consolidated Financial Statements Standard, from 2007 and the oldest comparative period presented. The noncontrolling interest standard, which clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements, as shown in the consolidated statements of changes in stockholders' equity and consolidated statements of comprehensive income (deficit). Noncontrolling interests that could be redeemed upon the occurrence of certain events outside our Company's control have been classified as redeemable noncontrolling interest using the mezzanine presentation on the balance sheet between liabilities and stockholders' equity, retroactively to all periods presented.

Since December 2007, significant modifications have been made to Brazilian GAAP as part of a convergence project with IFRS and as from the financial statements for the year to 31 December 2010 the convergence will be completed and therefore IFRS will be the accounting practice adopted in Brazil. Our Company does not expect to discontinue US GAAP reporting during 2010.

The Brazilian Real is our Company's functional currency. We have selected the U.S. Dollar as our reporting currency.

All assets and liabilities have been translated to U.S. Dollars at the closing rate of exchange at each balance sheet date (or, if unavailable, the first available exchange rate). All statement of income accounts have been translated to U.S. Dollars at the average exchange rates prevailing during the respective periods. Capital accounts are recorded at historical exchange rates. Translation gains and losses are recorded in the Cumulative Translation Adjustments account (**CTA**) in stockholders' equity.

The results of operations and financial position of our entities that have a functional currency other than the U.S. Dollar have been translated into U.S. Dollars and adjustments to translate those statements into U.S. Dollars are recorded in the CTA in stockholders' equity.

The exchange rates used to translate the assets and liabilities of the Brazilian operations at: 30 June 2010; 31 December 2009; 31 December 2008; and 31 December 2007 were: R\$1.8015; R\$1.7412; R\$2.3370; and R\$1.7713 respectively.

The net transaction gain (loss) included in our statement of income (Foreign exchange and indexation gains (losses), net) was: US\$3 million; US\$665 million; US\$(1,011 million); and US\$1,639 million in the financial periods ended: 30 June 2010; 31 December 2009; 31 December 2008; and 31 December 2007, respectively.