Set out below is a summary of the By-laws, certain provisions of Brazilian corporate law, and certain Brazilian, US and other securities and tax regulations applicable to our Company.

GENERAL

The rights and restrictions attaching to the Common Shares and Preferred Shares are detailed in the By-laws, the Corporations Act, the BM&FBOVESPA Listing Rules, and the CVM Rules. Other than the Golden Shares, which must be owned by the Brazilian Government, there are no restrictions on the transfer of either the Common Shares or Preferred Shares, the number of members of our Company or on invitations by our Company to the public to subscribe for its Common Shares or Preferred Shares which would result in our Company being classified as a private company under section 29 of the Companies Ordinance.

The Stock Exchange has granted waivers from strict compliance with certain requirements of Appendix 3 to the Listing Rules.

SUMMARY OF THE BY-LAWS AND CERTAIN PROVISIONS OF BRAZILIAN CORPORATE LAW

The last amendment of the By-laws was made on 19 May 2010. A copy of the By-laws is available at our website.

Our corporate purpose is defined in the By-laws to include:

- the exploitation of mineral deposits in Brazil and abroad by means of research, extraction, processing, industrialisation, transportation, shipment and commerce of mineral goods;
- the building and operation of railways and the exploitation of our Company's own or unrelated party rail traffic;
- the building and operation of our Company's own or any unrelated party's maritime terminals, and the exploitation of maritime activities for the provision of support within the harbour;
- the provision of integrated cargo transport logistics services, comprising generation, storage, trans-shipment, distribution and delivery within the context of a multi-modal transport system;
- the production, processing, transport, industrialisation and commercialisation of all and any source and form of energy, also involving activities of production, generation, transmission, distribution and trading of its products, derivatives and sub-products;
- the carrying-on, in Brazil or abroad, of other activities that may be of direct or indirect consequence for the achievement of our Company's corporate purpose, including research, industrialisation, purchase and sale, importation and exportation, exploitation, industrialisation and commercialisation of forest resources and provision of services of any kind whatsoever; and
- incorporating or participating in any other type of company, consortium or association that is directly or indirectly related to its corporate purpose.

Share Capital

Classes of Shares

Please refer to the sections in this Listing Document headed "Share Capital — Capital Structure" and "Share Capital — Two Classes of Shares" for details of our Common Shares and Preferred Shares.

Issue of Shares

Pursuant to the Corporations Act, our Company may increase its share capital (i) by the Simple Approval of Shareholders at a general Shareholders' meeting constituted with a Special Quorum or, where Shares are being issued pursuant to any limit authorised in the By-laws, by a resolution passed by our Board; (ii) by conversion of debentures into Shares or by the exercise of rights conferred by warrants (or subscription bonuses as known under Brazilian law) (if any) or options to purchase Shares.

Where authorisation to issue new Shares is to be given in the By-laws, the authorisation must specify:

(i) the limit by which the share capital may be increased, whether in terms of the amount of capital or the number of Shares, and the type and class of Shares that may by issued;

(ii) the body that is competent to approve the issue of the new Shares, which may be either the general meeting or the Board;

(iii) the conditions to which the issue of the new Shares may be subject;

(iv) the circumstances and conditions under which Shareholders would or would not be entitled to pre-emptive rights upon the issue of any of the new Shares.

Where an increase of share capital and the corresponding amendment to the By-laws are to be specifically approved by our Shareholders, a Simple Approval at a general Shareholders' meeting constituted with a Special Quorum is required. Where specific approval to issue Shares is granted by our Shareholders, our Shareholders may specify all the conditions of the capital increase, such as the number of new Shares to be issued, the time limit within which the new Shares must be issued and the issue price, or they may delegate the authority to determine the issue price to our Board of Directors. Where general authorisation to issue Shares is given by our Shareholders to our Board of Directors by way of amendment to the By-laws, there is no time limit within which the authorised share capital has to be issued by our Board of Directors and the authorisation remains valid without any specific term or the need for renewal.

The Corporations Act further provides that Shareholders have general pre-emptive rights to subscribe for any Shares, warrants or convertible securities in proportion to their respective shareholdings. A minimum period of 30 days following the publication of the notice of an increase in capital has to be provided for the exercise of the right.

In the event of an increase of the number of Shares of all existing types and classes in the same proportion, each Shareholder shall have a pre-emptive right to subscribe for Shares of the same type or class as those he owns. If the Shares issued are of the existing types or classes but the respective proportions in the capital are altered, holders of the same types or classes shall have pre-emptive rights to subscribe for the new Shares issued, and holders of another type or class of Shares may only subscribe for the new Shares issued if their existing Shares are insufficient to assure them the same proportion as they had in the capital before the increase. In the event of an issue of Shares of a new type or class, each Shareholder shall have a pre-emptive right to subscribe for the new Shares issued, in proportion to his shareholding.

Under the By-laws, our Board may issue Shares, convertible securities or subscription bonuses (or warrants) without any pre-emptive rights to our existing Shareholders, or reduce the 30-day period granted for the exercise of pre-emptive rights under the Corporations Act on the issue of Shares, convertible securities or subscription bonuses (or warrants) in the event of a sale of Shares on a stock exchange or a capital increase offered for public subscription.

The By-laws currently authorise the issuance of up to 3.6 billion Common Shares and up to 7.2 billion Class A Preferred Shares, in each case based solely on the approval of our Board without any further Shareholders' approval.

Form and transfer of Shares

Our Class A Preferred Shares and Common Shares are in book-entry form registered in the name of each Shareholder or its nominee. As provided under the Corporations Act, transfers of Shares are effected by our transfer agent, Banco Bradesco S.A., upon presentation of valid share transfer instructions to us by a transferor or its representative. When our Class A Preferred Shares or Common Shares are acquired or sold on BM&FBOVESPA, the transfer is effected on the records of our transfer agent by a brokerage firm through BM&FBOVESPA clearing system. Transfers of Shares by a foreign investor are made in the same way and are executed by the investor's local agent, who is also responsible for updating the information relating to the foreign investor furnished to the Central Bank of Brazil.

BM&FBOVESPA operates a central clearing system through *Companhia Brasileira de Liquidação e Custódia* or CBLC. A holder of our Shares may participate in this system and all Shares elected to be put into the system will be deposited in custody with CBLC (through a Brazilian brokerage institution that is duly authorised to operate by the Central Bank of Brazil and maintains a clearing account with CBLC). The fact that such Shares are subject to custody with the relevant stock exchange will be reflected in our register of Shareholders. Each participating Shareholder will, in turn, be registered in the register of our beneficial Shareholders that is maintained by CBLC and will be treated in the same way as registered Shareholders.

Changes in share capital

In accordance with the Corporations Act and the By-laws, our Company may by a Simple Approval at a meeting of our Shareholders constituted by a Special Quorum:

- consolidate our Common Shares or Class A Preferred Shares;
- subdivide our Common Shares or Class A Preferred Shares;
- redeem our Common Shares and Class A Preferred Shares; and
- cancel any of our Common Shares or Class A Preferred Shares held in treasury.

Variation of rights

Any change in the preferences or advantages of our Preferred Shares or the creation of a class of Shares having priority over our Preferred Shares, would be subject to the veto right of the holder of our Golden Shares. In addition to this, if the variation of rights would be prejudicial to the interests of those holders or would result in changes to the relative ratios between the different classes of Preferred Shares, the Special Approval of our Shareholders in a general meeting and the Special Approval of the holders of a majority of the outstanding Preferred Shares pertaining to the class(es) negatively affected, voting as a class at a special meeting, is required. Any other changes to class rights which are not considered to be prejudicial to the interests of the relevant class of Shareholders do not require a separate class vote and only require the Special Approval of Shareholders in a general Shareholders' meeting.

Reduction of capital

Our Company may reduce its share capital if it is authorised to do so by the Simple Approval of Shareholders attending a meeting constituted with a Special Quorum. Our Company must ensure that a resolution to reduce its share capital abides by the principle of equal treatment and must not

be limited to certain classes of Shares. The minutes of the general Shareholders' meeting at which the capital reduction was approved must be published. Following publication, our creditors will have 60 days to oppose any capital reduction pursuant to which we would be returning cash or assets to our Shareholders. Upon expiration of the creditors' opposition period, the minutes of the general Shareholders' meeting must be filed with the Registry of Commerce. The capital reduction will be completed upon registration with the Registry of Commerce.

Share option schemes

Pursuant to the CVM Rules, any share option scheme to be adopted by us and any share option scheme which involves the grant of share options over our Shares by any of our Subsidiaries must be approved by our Shareholders at a general Shareholders' meeting. The general Shareholders' meeting must approve the main provisions of the share option scheme, including the group of beneficiaries, the maximum number of options that can be issued and the maximum number of Shares that can be subscribed or purchased by the beneficiary as a result of the exercise of such options.

In addition, we must include the following information on the relevant stock option plan(s) in our Annual Disclosure Document:

(i) the participants of the scheme and the basis of their eligibility;

(ii) the total number of securities that may be issued upon exercise of all options to be granted under the scheme (which must not exceed the authorised share capital previously approved by our Shareholders and set forth in the By-laws);

(iii) the vesting period;

(iv) the basis of determination of the exercise price;

(v) restrictions on the transfer of shares issued upon the exercise of share options;

(vi) the life of the scheme; and

(vii) the circumstances under which the scheme will expire.

Where any of our Directors, Executive Officers, members of the executive committees or employees have been granted stock option(s) under the stock option plan, we must disclose such stock option(s) granted in our Annual Disclosure Document. Our Annual Disclosure Document must also include details of any impact that the share options granted under the share option scheme may have on the compensation paid to Directors and Executive Officers.

The Corporations Act also prohibits any Director to whom share options are proposed to be granted from voting in the Directors' meeting at which the grant of options to him is to be approved.

We have provided undertakings to the Stock Exchange with respect to any share option schemes we may adopt in future. With effect from the listing of the Depositary Receipts on the Stock Exchange and for so long as they remain so listed, we have undertaken to ensure that if and when we have adopted a stock option plan, no stock option will be granted: (i) after a Material Fact (as defined in the section of this Appendix headed "Brazilian Regulatory Provisions — Disclosure of information") has arisen until a notice of Material Fact has been published; or (ii) during the period of 30 days immediately preceding the publication of our quarterly financial statements and annual financial statements.

Warrants

Under the Corporations Act, all warrants to subscribe for shares (*bônus de subscrição*) in a listed company must be approved by shareholders in general meeting, unless the board of directors has been given the express authority to approve the issue of warrants under the by-laws. Such authority shall be limited to the authorised share capital specified in the by-laws of the company, that is, the shares to be issued on exercise of the warrants granted, together with the shares already in issue, shall not exceed the authorised share capital.

In the event that any warrant is to be issued, whether approved by our Board or our Shareholders, and the Shares to be issued on exercise of such warrant, together with the Shares already in issue, exceed the authorised share capital specified in the By-laws, prior Shareholders' approval for the increase of the authorised share capital is required by way of amendment of the by-laws. A Simple Approval at a general meeting at which a Special Quorum is present is required. A management proposal must be published on the websites of CVM and BM&FBOVESPA at the same time as the publication of the notice of the meeting.

Our Fiscal Council must opine on the management proposal on any issue of warrants. However, it has no power to approve or veto any issue of warrants.

Subject to certain exceptions, our Shareholders generally have the pre-emptive right to subscribe for any new warrants issued.

Voting rights

Please refer to the section in this Listing Document headed "Share Capital — Voting rights" for details of the voting rights attached to our Shares.

Distributions

Calculation of distributable amount

At each annual Shareholders' meeting, our Board is required to recommend, based on the Executive Officers' proposal, how to allocate our earnings for the preceding fiscal year. Pursuant to the Corporations Act, a company's net income after income taxes and social contribution taxes for such fiscal year, net of any accumulated losses from prior fiscal years and amounts allocated to employees' and management's participation in earnings represents its "net profits" for such fiscal year. In accordance with the Corporations Act, an amount equal to our net profits, as further reduced by amounts allocated to the legal reserve, the fiscal incentive investment reserve, the contingency reserve or the unrealised income reserve established by our Company in compliance with applicable law and increased by reversals of reserves constituted in prior years, is available for distribution to Shareholders in any given year. Such amount, being the adjusted net profits, is the distributable amount. We may also establish discretionary reserves, such as reserves for investment projects.

The Corporations Act provides that all discretionary allocations of net profits, including discretionary reserves, the contingency reserve, the unrealised income reserve and the reserve for investment projects, are subject to approval by our Shareholders voting at the annual meeting and can be transferred to capital or used for the payment of dividends in subsequent years. The fiscal incentive investment reserve and legal reserve are also subject to approval by our Shareholders voting at the annual meeting and may be transferred to capital but are not available for the payment of dividends in subsequent years.

The sum of profit reserves, except for the contingency reserve, the tax incentive investment reserve and the unrealised profit reserve, may not exceed the amount of our paid-in capital. When such limit is reached, our Shareholders may vote to use the excess to pay in capital, increase capital or

distribute dividends. Our calculation of net profits and allocations to reserves for any fiscal year are determined on the basis of financial statements prepared in accordance with the Corporations Act. Our consolidated financial statements have been prepared in accordance with U.S. GAAP and, although our allocations to reserves and dividends will be reflected in these financial statements, investors will not be able to calculate such allocations or required dividend amounts from our consolidated financial statements.

Mandatory dividend

The Corporations Act and the By-laws prescribe that we must distribute to our Shareholders in the form of dividends or interest on Shareholders' equity an annual amount equal to not less than 25% of the distributable amount, referred to as the mandatory dividend, unless our Board advises our Shareholders at our general Shareholders' meeting that payment of the mandatory dividend for the preceding year is inadvisable in light of our financial condition. To date, our Board has never determined that payment of the mandatory dividend was inadvisable. Our Fiscal Council must review any such determination and report it to our Shareholders. In addition to the mandatory dividend, our Board may recommend to our Shareholders payment of dividends from other funds legally available for such purpose. Any payment of interim dividends will be netted against the amount of the mandatory dividend for that fiscal year. Our Shareholders must also approve the recommendation of our Board with respect to any required distribution. The amount of the mandatory dividend is subject to the size of the legal reserve, the contingency reserve, and the unrealised income reserve. The amount of the mandatory dividend is not subject to the size of the discretionary depletion reserve.

Dividend preference of Preferred Shares

Pursuant to the By-laws, holders of our Preferred Shares are entitled to a minimum annual non-cumulative preferential dividend equal to (i) at least 3% of the book value per share, calculated in accordance with the financial statements which serve as reference for the payment of dividends, or (ii) 6% of their pro rata share of our paid-in capital, whichever is higher. The amount of dividends declared by our Company in any year must first be applied to satisfy the preferential dividend payable on our Preferred Shares. Any dividend remaining will then be paid to the holders of our Common Shares up to an amount equivalent to the total preferential dividend paid on our Preferred Shares. Any further amount of dividend remaining will then be distributed among holders of our Common Shares and Preferred Shares on a pro rata basis.

Holders of our Common Shares are not entitled to any preference relating to our Company's dividends or other distributions.

Pursuant to the Corporations Act, dividends are payable to the persons appearing in our Company's share register as Shareholders on the date of the resolution approving the distribution. Our Company must pay any declared dividend within 60 days from the date of the approval of the distribution, unless our Shareholders decide by Simple Approval in a general Shareholders' meeting to set a later date. Notwithstanding any resolution passed, dividends must be paid within the fiscal year in which they have been declared. In addition, dividends relating to the unrealised profit reserve are payable as soon as such profit becomes available for distribution.

Distributions classified as shareholders' equity

Brazilian companies are permitted to pay limited amounts to shareholders and treat such payments as an expense for Brazilian income tax purposes. The By-laws provide for the distribution of interest on Shareholders' equity as an alternative form of payment to Shareholders. The interest rate applied is limited to the Brazilian long-term interest rate for the applicable period. The deduction of the amount of interest paid cannot exceed the greater of (1) 50% of net income

(after the deduction of the provision of social contribution on net profits and before the deduction of the provision of the corporate income tax) before taking into account any such distribution for the period in respect of which the payment is made; or (2) 50% of the sum of retained earnings and profit reserves. Any payment of interest on Shareholders' equity is subject to Brazilian withholding income tax. Under the By-laws, the amount paid to Shareholders as interest on Shareholders' equity (net of any withholding tax) may be included as part of any mandatory and minimum dividend. Under the Corporations Act, we are obligated to distribute to Shareholders an amount sufficient to ensure that the net amount received, after payment by us of applicable Brazilian withholding taxes in respect of the distribution of interest on Shareholders' equity, is at least equal to the mandatory dividend.

Management

Board of Directors

Our Board sets general guidelines and policies for our Company's business and monitors the implementation of those guidelines and policies by our Executive Officers. However, our Shareholders must approve certain matters, such as changes to the share capital and the election and re-election of our Board. Our Board may appoint Directors to fill vacancies until the next general Shareholders' meeting. The By-laws provide that our Board shall comprise eleven members and their respective alternates. Pursuant to article 146 of the Corporations Act, all the members of our Board of Directors must be Shareholders, holding at least one Share each. There is no maximum number of Shares that must be held by each Director. Each Director (and his alternate) is elected for a two-year term at a general Shareholders' meeting, may be re-elected, and is subject to removal at any time.

Our Board holds meetings on a monthly basis and additional meetings when called by the Chairman, Vice-Chairman or any two Directors. Meetings of our Board require a quorum of a majority of our Directors and decisions are taken by majority vote. Alternate Directors may attend and vote at meetings in the absence of the Director for whom the alternate Director is acting.

As a general rule, the execution of any agreement and the undertaking of any obligation on behalf of our Company is attributed to our Executive Officers. The By-laws provide that the execution of transactions exceeding certain thresholds set forth by our Board is subject to Board approval. The Executive Officers may exercise all the powers of our Company to borrow money and to mortgage or charge any of its assets subject to certain thresholds set out in the By-laws.

Appointment of Directors

Please refer to the section in this Listing Document headed "Share Capital — Two Classes of Shares — Voting rights" for details on our Shareholders' rights to vote on the election and removal of members of our Board of Directors. In addition to these rights, the By-laws provide that our employees may appoint one Director at a separate election.

Under the Corporations Act, Shareholders representing 5% of our voting share capital have the right to request a multiple voting system on election of Directors. Where the multiple voting system is used, each Shareholder is entitled to exercise the number of votes equal to the number of Directors being appointed for each Share held. Shareholders are free to allocate their votes to one candidate or divide them among some or all candidates.

In order to be appointed as a Director, a person may not:

(a) have been disqualified from holding office as a member of the board of directors or board of executive officers of any company by law or by decision of CVM;

(b) have been sentenced for bankruptcy offence, fraud, bribery or corruption, misappropriation of public funds or embezzlement, crimes against the national economy,

indecency or public property, or to any criminal sanction which precludes, even temporarily, access to public office.

There is no requirement under Brazilian law for a Director to retire upon reaching a certain maximum age.

Any person who holds a position in a company engaged in a competing business or has conflicting interests with our Company will not be eligible to be appointed as a Director unless special authorisation is granted by our Shareholders in a general Shareholders' meeting.

Remuneration of Directors

Please refer to the section in this Listing Document headed "Directors, Executive Officers, Committees and Staff — Management Compensation" for details of the remuneration of Directors.

Directors' interests in contracts

In accordance with the requirements of the Corporations Act, if a Director has a conflict of interest with our Company in connection with any proposed transaction, he may not vote, intervene or take any action to direct any decision of our Board regarding such transaction and must disclose the nature and extent of the conflicting interest for record in the minutes of the meeting of the Board at which such transaction is considered. In any case, a Director may not transact any business with our Company, except on reasonable or fair terms and conditions that are identical to the terms and conditions prevailing in the market or offered by unrelated parties.

Directors' power to vote on own terms of appointment

A Director may vote on and be counted in the quorum in relation to any resolution presented at the general Shareholders' meeting concerning his appointment as a Director, or the settlement or variation of the terms or the termination of his appointment as a Director. As the By-laws do not provide for a Director's appointment contract to be approved by our Shareholders, it may also be approved by the Board and the rules on conflict of interests will apply, such that (i) any Director whose appointment contract is to be approved by the Board may not vote or by any means intervene in the relevant resolution approving his appointment contract; and (ii) the contract must be entered into on regular commercial terms.

Loans to Directors

Our Company may grant loans (or any comparable benefits, including guarantees for a loan granted by a third party) to any of its managers (who include Directors or employees of our Company) if: (i) such transaction is approved by Shareholders in a general Shareholders' meeting or by the Board; (ii) such transaction is entered into on an arm's length basis; and (iii) the relevant manager does not intervene or take any action to direct our Company to undertake an obligation for his benefit (for example, by means of approving a resolution authorising the execution of the agreement or executing the agreement on our Company's behalf).

Under Brazilian law, if a Director or manager of our Company attempts to conceal his conflicting interests by means of using a legal entity or another individual to enter into an agreement with our Company on his behalf, the resulting transaction would be considered fraudulent and, thus, null and void. The relevant Director or manager would have to disgorge all benefits arising out of the transaction and would be subject to the applicable sanctions.

In addition, pursuant to the Exchange Act and subject to certain exceptions, we are prohibited from, directly or indirectly, including through any subsidiary, (i) extending or maintaining credit, (ii) arranging for the extension of credit, or (iii) renewing an extension of credit in the form of a personal loan to or for any of our Directors or Executive Officers (or equivalent thereof).

We have provided undertakings to the Stock Exchange in respect of loans being made to Directors or their related parties. With effect from the listing of the Depositary Receipts on the Stock Exchange and for so long as they remain so listed and subject to certain limited exceptions, we have undertaken to not make any loan, or provide guarantee or security, to a related party of any of our Directors, being:

(i) the spouse, child or step-child (under the age of 18 years) (the **Relatives**) of such Director;

(ii) a person acting in his capacity as the trustee (other than as trustee under an employees' share scheme or pension scheme) of any trust the beneficiaries of which include the Director or his Relatives or the terms of which confer a power on the trustees that may be exercised for the benefit of the Director or his Relatives; and

(iii) a person acting in his capacity as partner of that Director or of his Relatives, or of any trustees referred to in (ii) above.

Payments to Directors for loss of office

In accordance with the Corporations Act, we must obtain the approval of our Shareholders in our annual general meeting of the total aggregate amount proposed to be paid to the Directors, Executive Officers and members of any advisory committee of our Company in the current financial year. Any compensation payable for loss of office or in connection with the retirement of any Director will have to be paid out of such amount.

Fiscal Council

Please refer to the section in this Listing Document headed "Directors, Executive Officers, Committees and Staff — Fiscal Council" for details.

Board of Executive Officers

Please refer to the section in this Listing Document headed "Directors, Executive Officers, Committees and Staff — Board of Executive Officers" for details.

Meetings

A general Shareholders' meeting is to be convened whenever necessary, and at least once a year, to decide on matters relating to our corporate purpose and to pass such resolutions as Shareholders may deem necessary.

Pursuant to the Corporations Act, Shareholders voting at a general Shareholders' meeting have the power, among others, to:

- amend the By-laws;
- elect or dismiss members of the Board and members of our Fiscal Council at any time;
- establish the remuneration of senior management and members of our Fiscal Council;
- receive annual reports by management and accept or reject management's financial statements and recommendations including the allocation of net profits and the distributable amount for payment of the mandatory dividend and allocation to the various reserve accounts;
- authorise the issuance of convertible and secured debentures;
- suspend the rights of a Shareholder who is in default of obligations established by law or the By-laws;

- accept or reject the valuation of assets to be contributed by a Shareholder in consideration for issuance of capital stock;
- pass resolutions to reorganise the legal form of our Company, to merge, consolidate or divide our Company, to dissolve and liquidate our Company, to elect and dismiss our liquidators and to examine their accounts; and
- authorise management to file for bankruptcy or to request a creditors' reorganisation.

According to the Corporations Act, all Shareholders' meetings, including the annual Shareholders' meeting, are to be convened by publishing, no fewer than 15 days prior to the scheduled meeting date and no fewer than three times, a notice in the *Diário Oficial do Estado do Rio de Janeiro* and in a newspaper in general circulation in Rio de Janeiro where we have our registered office. Our Shareholders have previously designated *Jornal do Commercio* for this purpose. Also, because our Shares are traded on BM&FBOVESPA, our Company publishes its notice of Shareholders' meetings in a São Paulo-based newspaper and DCI was designated for this purpose. Such notice must contain the agenda for the meeting and, in the case of an amendment to the By-laws, an indication of the subject matter. Under the By-laws, the holder of our Golden Shares is entitled to a minimum of 15 days prior notice to its legal representative of any general Shareholders' meeting to consider any proposed action that may be subject to the veto rights attached to the Golden Shares.

A Shareholders' meeting may be constituted by an Ordinary Quorum, except for meetings convened to amend the By-laws, which require a Special Quorum. If no such quorum is present, notice must again be given in the same manner as described above except that only 8 days' prior notice will be required, and a meeting may then be convened without any specific quorum requirement, subject to the minimum voting requirements for certain matters, as discussed below. A Shareholder who does not have the right to vote on any matter to be considered at a general Shareholders' meeting in the circumstances set out below may still attend the meeting and take part in the discussion of matters tabled for consideration.

We have provided undertakings to the Stock Exchange in respect of the length of the notice period required for the convening of a general Shareholders' meeting. With effect from the listing of the Depositary Receipts on the Stock Exchange and for so long as they remain so listed, we have undertaken to (i) follow strictly the recommendation of CVM to give at least 30 days' notice of any general meeting to our Shareholders; and (ii) where any general Shareholders' meeting is adjourned, give at least 15 days' notice to reconvene the meeting.

Except as otherwise provided by law, resolutions of a Shareholders' meeting are passed by Simple Approval, and any abstentions are not taken into account for voting purposes. Under the Corporations Act, Special Approval is required for the matters described below, as well as, in the case of clause (i) and clause (ii), approval by a majority of the holders of any class of Preferred Shares whose interests are adversely affected:

(i) creating a new class of preferred shares or disproportionately increasing an existing class of preferred shares relative to the other classes of Shares, other than to the extent permitted by the By-laws;

(ii) changing a priority, preference, right, privilege or condition of redemption or amortisation of any class of preferred shares or creating any class of non-voting preferred shares that has a priority, preference, right, condition or redemption or amortisation superior to an existing class of shares, such as our Preferred Shares;

(iii) reducing the mandatory dividend;

(iv) changing the corporate purposes;

(v) merging our Company with another company or consolidating or dividing *(cisão)* our Company;

(vi) dissolving or liquidating our Company;

(vii) participating in a centralised group of companies as defined under the Corporations Act; and

(viii) authorising any ongoing liquidation of our Company.

Whenever our Shareholders are entitled to vote, each Share is entitled to one vote. Under Brazilian law, a Shareholder is required to abstain from voting only under the following circumstances:

(a) where our financial statements have been prepared by management and are to be approved by Shareholders at a general meeting, members of the management who are also Shareholders are required to abstain from voting on the resolution approving the financial statements;

(b) where there is an injection of assets by a Shareholder into our Company in consideration for the issue of new Shares, the Shareholder who is injecting the assets is required to abstain from voting on the resolution approving the valuation report on those assets; and

(c) where a resolution purports to grant to a Shareholder or group of Shareholders an economic benefit which will not be extended to the other holders of Shares of the same type or class, the Shareholder(s) who is/are to receive the economic benefit is/are required to abstain from voting on such resolution.

In addition, in the three scenarios mentioned above, if (i) a resolution is approved in a general Shareholders' meeting due to the affirmative vote of a Shareholder or group of Shareholders acting in concert and (ii) on a case-by-case analysis, such Shareholder or Shareholders are proved to be in conflict of interest with our Company, the resolution may be annulled.

Annual Shareholders' meetings must be held by 30 April of each year. Shareholders' meetings are called, convened and presided over by the chairman or by the vice-chairman of our Board. In the case of the temporary absence or unavailability of the chairman or vice-chairman of the Board, Shareholders' meetings may be chaired by their respective alternates, or in the absence or unavailability of such alternates, by a Director especially appointed by the chairman of the Board. A Shareholder may be represented at a general Shareholders' meeting by an attorney-in-fact appointed not more than one year before the meeting, who must be a Shareholder, a Company officer or a lawyer. For a public company, such as our Company, the attorney-in-fact may also be a financial institution.

We have provided undertakings to the Stock Exchange in respect of the content of the notice of a general Shareholders' meeting. With effect from the listing of the Depositary Receipts on the Stock Exchange and for so long as they remain so listed, we have undertaken to include a statement in reasonable prominence in each notice of general Shareholders' meeting that a Shareholder entitled to attend and vote at the general meeting is entitled to appoint an attorney-in-fact or, where permitted, more than one attorney-in-fact, to attend and vote instead of him.

Shareholder protection

Statutory derivative action

Under the Corporations Act, Shareholders who, together, hold at least 5% of the total issued shares of our Company (including non-voting shares) have the right to request our Board to convene a general Shareholders' meeting. They are required to give the reasons for the request and the proposed agenda of the meeting. If any such Shareholders consider that a transaction is not in the

best interests of our Company or that the management of our Company has abused its power in any way, they may request the Board to convene a general Shareholders' meeting to put forward the matter for deliberation by the Shareholders. If a majority of Shareholders present at the meeting resolves that the transaction under consideration is not in the best interests of our Company or that the management has abused its power, our Company may file a claim against its Directors, Executive Officers and/or other managers. If our Company fails to do so within 90 days from the date of the general Shareholders' meeting, Shareholders holding at least 5% of the total issued share capital of our Company may file the claim on behalf of our Company. In addition, any Shareholder who has directly suffered any loss as a result of the management's misconduct may file a legal claim directly (as opposed to a derivative action) against the management.

Protection of minorities

Our Common Shares and Preferred Shares are not redeemable, except that a dissenting Shareholder is entitled under the Corporations Act to obtain redemption upon a decision made at a Shareholders' meeting by Shareholders representing the majority of the voting Shares:

(1) to create a new class of preferred shares or to disproportionately increase an existing class of Preferred Shares relative to the other classes of Shares (unless such actions are provided for or authorised by the By-laws);

(2) to modify a preference, privilege or condition of redemption or amortisation conferred on one or more classes of preferred shares, or to create a new class with greater privileges than the existing classes of Preferred Shares;

(3) to reduce the mandatory distribution of dividends;

(4) to change our corporate purposes;

(5) to merge with another company or to consolidate or divide our Company;

(6) to transfer all of our Shares to another company in order to make us a wholly-owned subsidiary of such company (that is, a stock merger);

(7) to approve the acquisition of control of another company at a price which exceeds certain limits set forth in the Corporations Act;

(8) to approve our participation in a centralised group of companies as defined under the Corporations Act; or

(9) in the event that the entity resulting from (a) a merger, (b) a stock merger or (c) a spin-off that we conduct fails to become a listed company within 120 days of the general Shareholders' meeting at which such decision was taken.

Only holders of Shares adversely affected by the changes mentioned in items (1) and (2) above may require us to redeem their Shares. The right of redemption mentioned in items (5), (6) and (8) above may only be exercised if our Shares do not satisfy certain tests of liquidity, among others, at the time of the Shareholders' resolution. The right of redemption lapses 30 days after publication of the minutes of the relevant general Shareholders' meeting, unless, in the case of items (1) and (2) above, the resolution is subject to confirmation by the preferred Shareholders (which must be made at a special meeting to be held within one year), in which case the 30-day term is counted from the publication of the minutes of the general Shareholders' meeting.

We would be entitled to reconsider any action giving rise to redemption rights within 10 days following the expiration of such rights if the redemption of Shares by dissenting Shareholders would jeopardise our financial stability. Any redemption pursuant to the Corporations Act would be made at no less than the book value per share, determined on the basis of the last balance sheet approved by Shareholders; provided that if the general Shareholders' meeting giving rise to

redemption rights occurred more than 60 days after the date of the last approved balance sheet, a Shareholder would be entitled to demand that his or her shares be valued on the basis of a new balance sheet dated within 60 days of such general Shareholders' meeting.

General

Powers of subsidiaries to own Shares in our Company

Under Brazilian law, a subsidiary may purchase shares issued by its parent company, but it will be subject to the same restrictions applicable to the repurchase by our Company of its own Shares. For further details, please see section "Purchase by our Company of its own securities" below.

Procedures on liquidation

Special Approval of our Shareholders is required to pass a resolution to wind up our Company. The holder of our Golden Shares also has the right to veto the voluntary winding up of our Company.

In the event of a winding-up or liquidation, surplus assets would be distributed to Shareholders in proportionate to the interests held by each of them in our Company's share capital.

BRAZILIAN REGULATORY PROVISIONS

Share offerings

Private offering of Shares

A private offering for subscription of shares by a listed company in Brazil occurs when the offering is extended only to its existing shareholders on a pro rata basis. Shareholders are free to transfer the subscription rights to third parties in the market. Shares not taken up will be allotted to other existing shareholders who have expressed an intention to subscribe for the untaken shares or sold by the company in the market.

Pursuant to the Corporations Act, we may increase our share capital by passing a Shareholders' resolution at a general Shareholders' meeting or, where Shares are being issued pursuant to the authorised share capital, by a resolution passed by our Board of Directors. Where a capital increase is to be specifically approved by our Shareholders at a general Shareholders' meeting, the approval by a Special Quorum and Simple Approval is required.

If we were to conduct a private offering of our Shares, we would have to publish a management proposal on the websites of CVM and BM&FBOVESPA before or at the same time as the publication of the call notice for the general Shareholders' meeting. If our Board approves the capital increase, CVM does not require the publication of a management proposal.

After approval of the capital increase, our Company must publish a press announcement setting out the key terms of the capital increase. CVM does not prescribe a minimum content for the notice to Shareholders but the notice is expected to provide Shareholders with sufficient information in order to make an informed decision on whether or not to participate in the capital increase. Our Company is not required to seek prior authorisation from CVM or to release an offering memorandum.

Within seven business days after the Shares have been issued, our Company must update and issue its Annual Disclosure Document to reflect the change in its issued share capital.

Public offering of Shares

A public offering for subscription of shares by a listed company in Brazil occurs when the offering is marketed to an uncertain number of investors, irrespective of the types of investors, by way of the publication of a prospectus.

Any public offering of shares in Brazil must be registered with CVM. If we were to conduct a public offering of our Shares, we must obtain the prior approval of CVM and BM&FBOVESPA and publish an offering memorandum. Our Company must also publish two notices describing the terms of the offering and the methods for subscription of the offered Shares.

The first notice (*Aviso ao Mercado*, a Notice to the Market) states our Company's intention of effecting a public offering (including the conditions for suspension and cancellation of the offering) and indicates the documents which non-institutional investors must file in order to make a reservation request for the amount of Shares they intend to subscribe for. The second notice (*Anúncio de Início*, a Notice of Commencement) states the price per Share and the commencement of the offering. In addition, it is likely that we would also have to publish notices of Material Fact upon the disclosure of the intention to launch a public offer and the commencement of the offering.

Under the BM&FBOVESPA Rules, our Company must, on the day after completion of the public offering, convene a meeting of our Board or a general Shareholders' meeting in order to approve the number of issued Shares that have been subscribed for under the public offering. The minutes of the meeting will specify the total number and class of Shares issued and the total amount of the funds which will be raised. These minutes must be published on the websites of CVM and BM&FBOVESPA on the same day on which the meeting is held.

In addition, three days after completion of the public offering (being the settlement date of the public offering), our Company may convene a meeting of our Board or a general Shareholders' meeting in order to confirm completion of the capital increase. Upon completion of the Share issue, our Company must announce the results of the public offering, which must include, among other information, the number of Shares issued and the price per Share.

Within seven business days after the Shares have been issued, our Company must update and issue its Annual Disclosure Document to reflect the change in its issued share capital.

Capitalisation issue

In Brazil, a company whose shares do not have any par value (as in the case of our Company) may undertake a capitalisation issue by capitalising its reserves or profits, thereby increasing the amount of paid-up capital represented by each share in issue but not, however, increasing the number of shares in issue. It will involve an amendment of the by-laws of the company and hence, will require approval by the shareholders. The company is required to publish a management proposal disclosing the reasons for the capital increase and setting out the proposed amendments at the same time as the publication of the notice convening the shareholders' meeting at which such amendments are to be approved. The company must publish the minutes of the relevant meetings on the websites of CVM and BM&FBOVESPA and in the designated newspapers within seven business days of the local commercial registry granting registration of the respective minutes.

Exchange issue

Under Brazilian law, an exchange issue by a company is required to be approved by its shareholders since it will involve an amendment of its by-laws and may also involve a change in the rights attached to the existing class of shares. The company is required to publish a management proposal disclosing the reasons for conducting the exchange issue and setting out the proposed amendments at the same time as the publication of the notice convening the shareholders' meeting at which such amendments are to be approved.

Disclosure of information

Our Company is required to keep CVM and the market informed immediately after the occurrence of any material fact, which may include: (i) any resolution passed at a general Shareholders' meeting or any meeting of our Board; or (ii) any decision made by the Board of Executive Officers or the Controlling Shareholder of our Company; or (iii) any other act or fact of political, economic, administrative or technical nature, provided that it materially affects: (a) the price of the securities of our Company or securities related to our Company; (b) the decision of investors to purchase, sell or hold the securities of our Company or securities related to our Company; or (c) the decision of the investors to exercise any rights attached to the securities of our Company or securities related to our Company (each, a **Material Fact**). Under certain circumstances, the management of our Company may decide not to disclose a Material Fact to protect our best interest. However, such Material Fact must be immediately disclosed in the event that there is any partial or full leakage to the market.

Our Company must also include in its annual and quarterly financial statements and/or the Annual Disclosure Document, a description of any Material Fact that was disclosed if such Material Fact has had an impact or continues to have an impact on the financial position of our Company for the period covered by the annual or quarterly financial statements or the Annual Disclosure Document, as the case may be.

Major acquisitions

A major acquisition entered into by our Company has to be approved or ratified by our Shareholders by Simple Approval. Our Company has the right to elect, at its sole discretion, if the major acquisition is to be approved or ratified by our Shareholders. The acquisition will be classed as a 'major acquisition' if: (i) the purchase price constitutes a relevant investment for our Company (being 10% or more of the Shareholders' equity of our Company); or (ii) the price per share paid by our Company exceeds one and a half times of the greater of: (a) the average market price of the shares of the target entity (if listed) during the ninety trading days preceding the acquisition; (b) the net book value per share of the target entity, based on the market value of such entity's assets; and (c) the net profit per share of the target entity. If the purchase price per share exceeds one and a half times of the greater of (a), (b) and (c) above, any dissenting Shareholder has the right of redemption.

A management proposal is required to be prepared and published together with the notice of the general Shareholders' meeting convened to approve or ratify the major acquisition. The CVM Rules specify the content requirements for the management proposal, which include, *inter alia*, details of the nature of the transaction, information on the target company, major terms of the transaction and disclosure of the costs incurred by our Company if the transaction is not completed.

Our Company is required to disclose in its Annual Disclosure Document details of all major acquisitions entered into during the last three years preceding the date of the Annual Disclosure Document.

Related party transactions

Pursuant to the CVM Rules, a related party, in relation to any listed company, includes (i) any party that directly or indirectly through one or more intermediaries (a) controls, is controlled by, or is under the common control of any party who controls the listed company (this includes parent companies, subsidiaries and fellow subsidiaries); (b) has an interest in the listed company that gives it significant influence over the listed company; or (c) has joint control over the listed company; (ii) any party which is a joint venture in which the listed company is a joint venture partner; (iii) any party who is a member of the key management personnel of the listed company or its parent company; (iv) any party who is a close member of the family of any individual referred to in (i) or (iii);

(v) any party which is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in the listed company resides with, directly or indirectly, any individual referred to in (iii) or (iv); or (vi) any party which operates a post-employment/retirement benefit plan for the benefit of employees of the listed company, or of any company that is a related party of the listed company.

If our Company enters into a transaction with a related party, we are required, (i) if the transaction constitutes a Material Fact, to publish a notice immediately after such transaction has been entered into; (ii) to include annually a summary in its Annual Disclosure Document of all related party transactions that have been entered into by our Company during the last three years preceding the date of the Annual Disclosure Document; and (iii) report on all related party transactions involving an amount greater than (1) R$200,000; or (2) 1% of our Shareholders' equity of our Company, whichever is higher, to BM&FBOVESPA. Disclosures made under (i) and (ii) above, must identify the parties to the transaction and the relationship between them and also include the key terms and conditions of the transaction, such as the purpose, amounts payable, any guarantees, interest rates and termination clauses. The report to BM&FBOVESPA must include the main terms and conditions of the related party transaction, as well as the resulting influence on the management and on the business of our Company, if any.

Disclosure of shareholder's interests

Pursuant to the CVM Rules, any Shareholder, or a group of Shareholders acting in concert, that acquires an interest or short position of 5% or more in any class of our Shares, depositary receipts, securities convertible into or exchangeable for shares or share subscription and acquisition rights (and any other rights attached to such securities) (the **Securities**), of our Company (a **Major Shareholder**) must send a notice to our Company informing it of such acquisition immediately after the closing of the transaction. Further, any Major Shareholder must notify our Company by way of a notice of any further acquisition or disposal of an interest or short position in 5% or more in any Securities of our Company. Our Company must disclose the information received to CVM and BM&FBOVESPA immediately upon receipt of such notice. Our Company must also update the Annual Disclosure Document and upload it on the websites of CVM and BM&FBOVESPA within seven business days after the acquisition or disposal giving rise to the notification obligation of the Major Shareholder.

Disclosure of director's interests

Pursuant to the CVM Rules, each Director, Executive Officer and member of our Fiscal Council must disclose to our Company, by the tenth day of each month, his interests and short positions (and the interests and short positions held by his spouse, any individual that is financially dependent on him for tax purposes and any company directly or indirectly controlled by him, being referred to, together, as the **Relevant Persons**) in the Securities of our Company or any of its listed Controlling Shareholders and subsidiaries. Each Director, Executive Officer and member of our Fiscal Council must file an individual form with the investor relations officer of our Company within five days from the closing of such transaction. Our Company will forward the individual forms filed, as well as a consolidated form which sets out the aggregate interests and short positions in the Securities to CVM by the tenth day of the following month. The consolidated form will be published on the websites of CVM and BM&FBOVESPA by the tenth day of the following month. The Annual Disclosure Document must contain disclosure of the aggregate interests and short positions in the Securities held by all the Directors, Executive Officers, members of our Fiscal Council and their respective Relevant Persons. In addition to the requirements set out above, if any transaction entered into by any Director, Executive Officer or member of our Fiscal Council or their Relevant Persons, involves the acquisition or disposal of an interest or short position of 5% or more in any Securities, the disclosure requirements for Major Shareholders shall also apply.

U.S. REGULATORY PROVISIONS

Listing status

The ADSs are listed on NYSE. As a condition to listing on NYSE, securities must be registered under Section 12(b) of the Exchange Act. Accordingly, the Shares and ADSs are registered under the Exchange Act.

Our Company qualified for listing by satisfying the following criteria applicable to non-U.S. companies: (i) at least 5,000 shareholders worldwide own at least 100 company shares; (ii) at least 2,500,000 shares are held publicly worldwide; and (iii) the market value of the publicly held shares is at least US$100 million. In addition, the listed company must satisfy one of various earnings or cash flow tests.

Maintenance of a listing requires ongoing compliance with detailed quantitative standards regarding share distribution and share price, and compliance with the rules of NYSE and SEC.

Principal rules and regulations

Share offerings

To conduct a listing in the US, an issuer must file a registration statement with SEC. The disclosure requirements of the registration statement are similar in scope to the disclosure requirements of reports on Form 20-F, which include disclosures regarding the company's operations and financial condition. For a foreign private issuer such as our Company, US law does not impose any shareholder approval requirements apart from those that may be required under the law of the issuer's home jurisdiction.

US securities laws do not impose detailed disclosure requirements for an offering unless the offering is registered with SEC. For a reporting company like our Company that is current in its reports under the Exchange Act, an unregistered offering may ordinarily be completed without any additional disclosure requirements.

Shareholder approval will not generally be required for any such issuance involving: (a) any public offering for cash; (b) any bona fide private financing, if such financing involves a sale of: (i) common stock, for cash, at a price at least as great as each of the book and market value of the issuer's common stock; or (ii) securities convertible into or exercisable for common stock, for cash, if the conversion or exercise price is at least as great as each of the book and market value of the issuer's common stock.

Periodic reporting

Pursuant to SEC's periodic reporting rules, we are required to file an annual report on Form 20-F, including audited financial statements, and current reports on Form 6-K. A foreign company such as our Company is required to disclose material information on Form 6-K whenever such information: (i) is made or is required to be made public pursuant to the law of the jurisdiction of its domicile or in which it is incorporated or organised; or (ii) is filed or required to be filed with a stock exchange on which its securities are traded and is made public by that exchange; or (iii) is distributed to or is required to be distributed to its security holders. Material information includes, but is not limited to, interim financial information, changes in management or auditors, acquisitions or dispositions and material legal proceedings.

Exchange Act Rules 13a-15 and 15d-15 require that reporting companies maintain "disclosure controls and procedures", defined as procedures designed to ensure that information (both financial and non-financial) required to be disclosed under the Exchange Act is recorded and reported in a timely and accurate manner. Our Company's management is required to evaluate, as of the end of each fiscal year, the effectiveness of our Company's internal control over financial

reporting. Management's report on the effectiveness of internal controls is required to be included in the 20-F report.

Corporate governance

NYSE requires listed companies to comply with certain corporate governance practices. Under NYSE rules, a non-U.S. company is permitted to follow home country practices in lieu of most of the NYSE corporate governance requirements applicable to U.S. companies, provided the non-U.S. company discloses any significant ways in which its home country practices differs from NYSE standards. This disclosure must be included in our annual report on Form 20-F.

The principal NYSE corporate governance rule with which a non-U.S. company must comply is the requirement to maintain an audit committee that satisfies the requirements of Exchange Act Rule 10A-3, unless the company qualifies for an exemption contained in the rule. Rule 10A-3 contains independence requirements and defines the committee's functions to include the appointment, compensation and oversight of the company's auditors. It also requires that the audit committee establish procedures for handling complaints regarding the company's accounting practices. Rule 10A-3 contains an exemption from these requirements for non-U.S. companies that have a corporate body, separate from the company's board of directors, for overseeing auditors. In reliance on the exemption in section (c)(3) of Rule 10A-3 (and in accordance with Brazilian corporate law), our Company maintains the Fiscal Council.

Anti-fraud rules

Section 10(b) of the Exchange Act and Rule 10b-5 thereunder forbid the use of manipulative or deceptive devices, including making false or misleading statements, in connection with the purchase or sale of a security. Under Rule 10b-5, an issuer, its directors, its officers, or any person who exercises control over it can be held liable for disseminating information about the company that contains material misstatements or omissions of fact, whether or not in connection with a purchase or sale of securities. Liability can be based on information filed with SEC, such as a report on Form 20-F or Form 6-K, or in public statements (including press releases).

A director, officer, or controlling person can also be held liable under Section 18 of the Exchange Act by reason of a false or misleading statement in a report on Form 20-F (but not a report on Form 6-K) to anyone who, in reliance on such information, buys or sells a security at a price affected by such information. For purposes of this rule, "insiders" include members and any alternate members of the board of directors, officers, other members of management who have access to significant corporate plans or developments, and employees and agents who owe the company a duty of confidentiality.

FRENCH REGULATORY PROVISIONS

As a result of the admission to listing and trading of the ADSs on NYSE Euronext Paris, we must comply with certain French periodic and ongoing disclosure rules (for example, annual report with audited financial statements and interim financial statements) and anti-fraud rules, which prohibit market-abuse practices and devices, including insider trading, market manipulation and disclosure of false or misleading information. In general, our Company is deemed to comply with the French periodic and ongoing disclosure rules through its compliance with U.S. disclosure rules.

PURCHASE BY OUR COMPANY OF ITS OWN SECURITIES

Our Company is incorporated under the laws of Brazil, where we have our head office and place of central management. We have applied for, and the SFC has issued, a ruling that we will not be treated as a public company in Hong Kong for the purposes of the Share Repurchases Code and

hence, this code will not apply to our Company after the listing of the Depository Receipts on the Stock Exchange.

Brazilian requirements

Share repurchases in Brazil are governed by the CVM Rules and the Corporations Act. The Corporations Act permits listed companies to purchase its own shares or sell its treasury shares in the case of: (a) redemption, refund or amortisation set forth in law; (b) purchase and subsequent cancellation or maintenance of the repurchased shares as treasury stock (a listed company may only use its retained earnings or reserves to pay for the repurchased shares, and repurchases are limited to 10% of the company's free float of such class of shares); (c) sale of the shares acquired in accordance with paragraph (b) above in the market; and (d) if the shareholders have approved a share capital reduction and the stock price on the market is lower than the approved price, purchase shares on the stock exchange.

All purchases and sales of a listed company's own shares must be carried out on a stock exchange unless CVM approves otherwise. For the implementation of a stock buy-back programme, the CVM Rules require that the by-laws expressly authorise the board of directors to approve the purchase and sale of the company's own shares. In relation to our Company, a share repurchase programme may be approved by the Board as the By-laws expressly delegates this function.

Under the CVM Rules, we would not be permitted to purchase our own Shares and maintain them as treasury stock if, among other things, the transaction would:

(i) result in a share capital reduction;

(ii) require the use of funds in excess of our Company's retained earnings or reserves as recorded in the most recent financial statements (and the following reserves cannot be included in the calculation of the total amount of reserves: (1) legal reserve (*reserva legal*), (2) unrealised profits reserve (*reserva de lucros a realizar*), (3) special reserve for non-paid fixed dividends, as recorded in the most recent financial statements of the Company);

(iii) directly or indirectly create, through action or omission, any artificial demand for our Shares, any artificial market for our Shares that affects their trading and price or involves unfair market practices;

(iv) be used to purchase unpaid Shares or Shares held by Controlling Shareholders; or

(v) take place in the course of any public tender offer for our Shares.

The share repurchase programme must be conducted by a financial institution duly authorised by CVM to act as intermediary agent. The acquisition price cannot be higher than the market value of the shares to be purchased.

Our treasury stock may not exceed 10% of the free float of each of the class of Common Shares and Class A Preferred Shares.

Since the listing approval granted by BM&FBOVESPA to the Company was by reference to the entire class of its Common Shares and Class A Preferred Shares (including Shares held in the form of treasury stock) and not just limited to the Common Shares or Class A Preferred Shares in issue, if the Company decides to offer any treasury stock, it would not be necessary to apply to BM&FBOVESPA for the re-listing of such treasury stock.

In addition, our Company would not need to apply to BM&FBOVESPA for the treasury stock to be re-listed as such stock only had its economic and voting rights suspended for the time it was in treasury. Upon the transfer of treasury Shares to a third party, such Shares would resume the same rights afforded to Shares of the same type or class.

Under the CVM Rules, our annual and quarterly financial statements are required to disclose: (a) the purpose of any repurchase of Shares undertaken during the period covered by such financial statement; (b) the number of Shares repurchased, set out by type and class; (c) the highest, the lowest and the weighted average price paid; (d) net profit made by our Company on all sales of treasury Shares; (e) the market value of our Shares, set out by type and class, based on the last trading day of the previous fiscal year or quarterly period (as the case may be); and (f) any adjustments accrued on the price of Shares held in treasury due to inflation.

U.S. requirements

Any repurchases of Shares by our Company are subject to Rule 10b-5 of the Exchange Act and the following restrictions:

(1) on any single day, the share repurchases cannot be effected through more than one broker;

(2) repurchases cannot be effected immediately upon the opening of trading or shortly before the closing of trading;

(3) the purchase price cannot exceed the highest independent bid or the last independent transaction price, which is higher, at the time the repurchase is effected; and

(4) the total volume of repurchases on any single day must not exceed 25% of the average daily trading volume reported for the security during the four calendar weeks in which the repurchase is effected.

We are required to promptly notify NYSE of all facts relating to the purchase, directly or indirectly, of any of our Shares at a price in excess of the market price of such security prevailing on NYSE at the time of such purchase. Repurchases must be disclosed in our Form 20-F, which is filed with SEC annually, including the number of Shares purchased per month and the average price paid per month.

Our Company would not need to file a registration statement with SEC for our treasury stock to be re-listed. We are, however, required to provide a notice to SEC, in advance, of any re-issue of treasury stock of a class that is already listed. When treasury stock is re-issued together with newly issued Shares, our Company may include this notification in the listing application for the newly issued Shares.

Our annual report on Form 20-F discloses, for each month of the fiscal year covered by the report: (a) the total number of Shares repurchased; (b) the average price paid per Share; (c) the total number of Shares purchased as part of a publicly announced plan; (d) the maximum number (or approximate dollar value) of Shares that may yet be purchased under the plan. With respect to Shares purchased other than through a publicly announced plan or program, we must disclose the number of Shares repurchased and the nature of the transaction.

No specific disclosures about treasury stock are required in the annual report on Form 20-F, and foreign private issuers are not required to file quarterly reports in the US. However, we report the number of Shares held in treasury in our annual and quarterly financial statements included in our reports on Form 20-F and Form 6-K, respectively.

French requirements

French law provides for black-out periods during which our Company may not trade in its own securities (including ADSs). These black-out periods are (a) 15 days prior to the release of annual and quarterly results; (b) during the period from the date of the decisions of the shareholders of Valepar, (i) to modify the share capital through stock issuances (subscrição de ações), (ii) to approve a share acquisition or divestment programme by our Company; or (iii) to approve dividends or interest on

the company's capital stock, stock approve, stock derivatives, or share splits; and up to and including the date of the publication of relevant public notices or other press releases; and (c) during any other period designated by our Executive Officer for Investor Relations, upon prior authorisation by the Chairman of our Board of Directors, as requested by our Chief Executive Officer.

French law also provides for certain disclosure obligations. For share repurchases implemented on any market other than NYSE Euronext Paris, a press release would have to be issued to inform the French public of the terms and conditions of the repurchase programme and that no ADSs are repurchased on NYSE Euronext Paris. In the event that ADSs are repurchased by our Company, certain French specific disclosure obligations would be applicable.

TAKEOVER REGULATIONS

Our Company is incorporated under the laws of Brazil, where we have our head office and place of central management. We have applied for, and the SFC has issued, a ruling that we will not be treated as a public company in Hong Kong for the purposes of the Takeovers Code and hence, this code will not apply to our Company after the listing of the Depositary Receipts on the Stock Exchange.

Brazilian requirements

Takeover bids in Brazil are governed by the CVM Rules and the Corporations Act. The Corporations Act and the CVM Rules provide for three types of tender offers related to the acquisition of control of a listed company or any increase in shareholding by a Controlling Shareholder.

A voluntary tender offer may be made by any person, whether or not a shareholder, to acquire all or a specific percentage of shares in a listed company. In relation to our Company, a voluntary offer may be made to acquire all or a specific percentage of either our Common Shares or Class A Preferred Shares, or of both classes of Shares. There is, however, no requirement under Brazilian law that a voluntary tender offer has to be extended to all classes of Shares.

A mandatory tender offer is triggered where as a result of the acquisition of existing shares in a listed company by any person, there is a direct or indirect transfer of 'control' in the listed company to such person. Pursuant to the Corporations Act, a **Controlling Shareholder** means a person that (i) holds interests that permanently allow him to prevail in any matter to be decided at any shareholders' meeting of the company; (ii) appoints the majority of the company's managers (or if the company has a board of directors, the majority of directors, who will, in turn, appoint the executive officers); and (iii) effectively uses his power to guide the company's operations. Although the Corporations Act does not specify a percentage threshold for defining 'control', it is generally understood that, in most cases, the acquisition of more than 50% of the issued voting shares of a company would constitute control. The Corporations Act and the CVM Rules further provide that a mandatory tender offer, once triggered, must be extended to all holders of shares with unrestricted and permanent voting rights. Where a mandatory tender offer is triggered, the offeror must extend the offer to all holders of shares with unrestricted and permanent voting rights at a price that is equivalent to at least 80% of the price per share paid by the offeror to acquire the voting shares comprising the controlling block.

In relation to our Company, a mandatory tender offer will only be triggered by the acquisition of our Common Shares that results in a direct or indirect transfer of 'control' and not by the transfer of Class A Preferred Shares. Further to this, a mandatory tender offer, if triggered, would be required to be extended only to the remaining holders of our Common Shares (and not to any holders of the Class A Preferred Shares) by the party acquiring control.

An increased ownership mandatory tender offer is triggered if the Controlling Shareholder of a listed company (that is, a shareholder who already holds more than 50% of shares with unrestricted

and permanent voting rights) purchases by means other than a public tender offer, shares of any class (voting or non-voting) which represents more than one-third of the free float of that class of shares. The Controlling Shareholder will be required to make an offer to acquire all of the remaining shares of that class. In addition, if the Controlling Shareholder that holds more than 50% of the equity interest of a certain type or class of shares in issue of a company acquires, directly or indirectly, a further equity interest equivalent to 10% or more of such type or class of shares within a period of 12 months (even if such acquisition amounts to less than one-third of the free float), CVM may require, at its sole discretion, the Controlling Shareholder to launch an increased ownership mandatory tender offer. In relation to our Company, an increased ownership mandatory tender offer will only be triggered by the acquisition of further Shares in the manner described above by the Controlling Shareholder of our Common Shares.

As our Golden Shares must be owned by the Brazilian Government, none of our Golden Shares would be subject to any mandatory tender offer or voluntary tender offer.

U.S. requirements

Where the bidder, after consummation of the offer, would be the direct or indirect beneficial owner of more than 5% of any class of Shares, certain provisions of the Exchange Act apply. The provisions require certain disclosures by the bidder and management and contain certain procedural rights for the target Shareholders.

Tender offers must be open to all Shareholders of the class of Shares sought by the bidder, and the same price must be paid for all tendered Shares. The bidder is required to disclose in a filing with SEC the identity of the bidder, the target and target securities, the source and amount of funds to be used to purchase the target securities and the purpose of the offer. Management of the target is required to disclose in a filing with the SEC whether it has taken a position with respect to the bid and, if so, what that position is and management's reasons for adopting it.

French requirements

The bidder would be required to report crossing of ownership thresholds to the AMF if, after consummation of the offer, it would hold directly or indirectly more than 5% of any class of shares or voting rights of our Company.

The AMF may decide to exercise its jurisdiction and apply French takeover rules (except for the rules relating to mandatory takeover bids and squeeze-out) on the offer to the extent made in France.

EXCHANGE CONTROL, REGISTRATION REQUIREMENTS AND OTHER LIMITATIONS AFFECTING SECURITY HOLDERS

Other than strategic sectors such as telecommunications, broadcasting and news media, and nuclear energy, there are no restrictions under Brazilian law on ownership of Shares in any company incorporated in Brazil (including our Company) by individuals or legal entities domiciled outside Brazil. However, the right to convert dividend payments and proceeds from the sale of Class A Preferred Shares or Common Shares into foreign currency and to remit such amounts outside Brazil is subject to restrictions under foreign investment legislation which generally requires, among other things, that the relevant investment be registered with the Central Bank of Brazil. These restrictions on the remittance of foreign capital abroad could hinder or prevent the Custodian for our Class A Preferred Shares or Common Shares represented by HDRs, or holders who have exchanged HDRs for Class A Preferred Shares or Common Shares, from converting dividends, distributions or the proceeds from any sale of Class A Preferred Shares or Common Shares, as the case may be, into either HK Dollars or U.S. Dollars and remitting such HK Dollars or U.S. Dollars abroad. Delays in, or

refusal to grant, any required government approval for conversions of Brazilian currency payments and remittances abroad of amounts payable to the HDR Depositary could in turn adversely affect HDR Holders.

Under Resolution No. 2,689/2000, foreign investors may invest in almost all financial assets and engage in almost all types of transactions available in the Brazilian financial and capital markets, provided that certain requirements are fulfilled. In accordance with Resolution No. 2,689/2000, the definition of foreign investor includes individuals, legal entities, mutual funds and other collective investment entities, domiciled or headquartered outside Brazil.

Under Resolution No. 2,689/2000, a foreign investor must:

(1) appoint at least one representative in Brazil, with powers to perform actions relating to its investment;

(2) complete the appropriate foreign investor registration form;

(3) register as a foreign investor with CVM; and

(4) register its foreign investment with the Central Bank of Brazil.

Securities and other financial assets held by foreign investors pursuant to Resolution No. 2,689/2000 must be registered or maintained in deposit accounts or under the custody of an entity duly licensed by the Central Bank of Brazil or CVM. In addition, securities trading is restricted to transactions carried out on stock exchanges or through organised over-the-counter markets licensed by CVM. This restriction will not apply in the event of a subscription, granting of bonuses or conversion of debentures into shares, an acquisition or sale of derivatives or other financial instruments which track the price of indexed securities, purchase and sale of quotas issued by investment funds and, if permitted by CVM, purchase and sale of securities in the context of the cancellation of a company's registration with CVM, a delisting or a temporary suspension of trading. Moreover, the transfer or assignment of securities or other financial assets held by foreign investors pursuant to Resolution No. 2,689/2000 out of a stock exchange or an organised over-the-counter market in Brazil is prohibited, except for transfers resulting from a corporate reorganisation, or occurring upon the death of an investor by operation of law or will.

Resolution No. 1,927/1992 of the National Monetary Council provides for the issuance of depositary receipts in foreign markets in respect of shares of Brazilian issuers. It provides that the proceeds from the sale of depositary receipts outside Brazil are not subject to Brazilian foreign investment control and holders of depositary receipts who are not resident in a tax haven jurisdiction (that is, any country or location that does not impose taxes on income or where the maximum income tax rate is lower than 20%, or where the legislation imposes restrictions on disclosure of the shareholding structure or the ownership of the investment) will be entitled to favourable tax treatment.

An electronic registration has been issued to the Custodian in the name of the HDR Depositary with respect to the HDRs. Pursuant to this electronic registration, the Custodian and the HDR Depositary are able to convert dividends and other distributions with respect to the underlying shares into foreign currency and to remit the proceeds outside Brazil. If a holder exchanges HDRs for Class A Preferred Shares or Common Shares, the holder may continue to rely on the Custodian's electronic registration for only five business days after the exchange. After that, the holder must seek to obtain its own electronic registration with the Central Bank of Brazil under Law No. 4,131/1962 or Resolution No. 2,689/2000. Thereafter, unless the holder has registered its investment with the Central Bank of Brazil, such holder may not convert the proceeds from the disposition of, or distributions with respect to, such Class A Preferred Shares or Common Shares into foreign currency and remit them out of Brazil.

Under Brazilian law, whenever there is a serious imbalance in Brazil's balance of payments or there are reasons to foresee a serious imbalance, the Brazilian Government may impose temporary restrictions on the remittance to foreign investors of the proceeds of their investments in Brazil, and on the conversion of Brazilian currency into foreign currencies. Such restrictions may hinder or prevent the Custodian or holders who have exchanged HDRs for underlying Class A Preferred Shares or Common Shares from converting distributions or the proceeds from any sale of such shares, as the case may be, into HK Dollars or U.S. Dollars and remitting such HK Dollars or U.S. Dollars abroad. In the event the Custodian is prevented from converting and remitting amounts to foreign investors, the Custodian will hold the Reais it cannot convert for the account of the holders of HDRs who have not been paid. The HDR Depositary will not invest the Reais and will not be liable for interest on those amounts. Any Reais so held will be subject to devaluation risk against either the HK Dollar or the U.S. Dollar.

Under the Corporations Act a Brazilian company may engage a financial institution authorised by CVM to render share registration services and custody of the company's share register. Due to the nature of such services, our Company does not believe it to be feasible to engage more than one such custodian. Likewise, our Company does not consider it practicable to have such a custodian maintaining its share register in Hong Kong, considering the CVM authorisation requirement and that Brazil is its primary listing venue. In light of the requirement for listing of shares in Hong Kong to have the register of members maintained in Hong Kong, our Company does not believe a direct equity listing in Hong Kong to be the most practicable solution for investors.

TAXATION

The following summary contains a description of the principal Brazilian income tax implications in connection with the ownership and disposition of the Depositary Receipts. **This discussion is of a general nature only and is not exhaustive of all possible Brazilian tax considerations applicable to an investment in the Depositary Receipts. Moreover the income or other tax consequences of acquiring, holding or disposing the Depositary Receipts will vary depending on the holder's particular circumstances, including the jurisdiction or jurisdictions in which the holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Depositary Receipts. Investors should consult their own tax advisers for advice with respect to the tax consequences of an investment in Depositary Receipts based on their particular circumstances.**

Brazilian tax considerations

The following discussion summarises the principal Brazilian tax consequences of the acquisition, ownership and disposition of Class A Preferred Shares, Common Shares or Depositary Receipts by a holder not deemed to be domiciled in Brazil for purposes of Brazilian taxation (**a Non-Brazilian Holder**). It is based on the tax laws of Brazil and regulations thereunder in effect on the date hereof, which are subject to change (possibly with retroactive effect).

Shareholder distributions

For Brazilian corporations, such as our Company, distributions to shareholders are classified, for tax purposes, as either dividend or interest on shareholders' equity.

Dividends

Amounts distributed as dividends, including distributions in kind, will generally not be subject to withholding income tax if the distribution is paid by us from profits of periods beginning on or after 1 January 1996 (1) to the HDR Depositary in respect of our Class A Preferred Shares or Common Shares underlying the Depositary Receipts or (2) to a Non-Brazilian Holder in respect of our Class A

Preferred Shares or Common Shares. Dividends paid from profits generated before 1 January 1996 may be subject to Brazilian withholding income tax at varying rates depending on the year the profits were generated.

Interest on shareholders' equity

Amounts distributed as interest on shareholders' equity are generally subject to withholding income tax at the rate of 15%, except where:

(1) the beneficiary is exempt from tax in Brazil, in which case the distribution will not be subject to withholding income tax;

(2) the beneficiary is located in a jurisdiction that does not impose income tax or where the maximum income tax rate is lower than 20% (a **Low Tax Jurisdiction**) or where internal legislation imposes restrictions on the disclosure of the shareholding structure or the ownership of the investment, in which case the applicable withholding income tax rate is 25%; or

(3) the effective beneficiary is resident in Japan, in which case the applicable withholding income tax rate is 12.5%.

Interest on shareholders' equity is calculated as a percentage of shareholders' equity, as stated in the statutory accounting records. The interest rate applied may not exceed TJLP. In addition, the amount of distributions classified as interest on shareholders' equity may not be more than the greater of (1) 50% of net income (after the deduction of social contribution on net profits but before taking into account such payment of interest and the provision for corporate income tax) for the period in respect of which the payment is made and (2) 50% of the sum of retained earnings and profit reserves as at the first day of the fiscal year in respect of which the payment is made.

Payments of interest on shareholders' equity are deductible for the purposes of corporate income tax and social contribution on net profit, to the extent of the limits described above. The tax benefit to our Company in the case of a distribution by way of interest on shareholders' equity is a reduction in our Company's corporate tax charge by an amount equivalent to 34% of such distribution.

Taxation of capital gains

Taxation of Non-Brazilian Holders on capital gains depends on the status of the holder as either:

(1) not resident or domiciled in a Low Tax Jurisdiction or where internal legislation imposes restrictions on the disclosure of shareholding structure or the ownership of the investment and registered its investment in Brazil in accordance with Resolution No. 2,689 (**a 2,689 Holder**), or a HDR Holder; or

(2) any other Non-Brazilian Holder.

Investors identified in item 1 are subject to favourable tax treatment, as described below.

According to Law No. 10,833, dated 29 December 2003, capital gains realised by a Non-Brazilian Holder from the disposition of "assets located in Brazil" are subject to taxation in Brazil.

Class A Preferred Shares and Common Shares qualify as assets located in Brazil, and the disposition of such assets by a Non-Brazilian Holder may be subject to income tax on the gains assessed, in accordance with the rules described below, regardless of whether the transaction is carried out with another Non-Brazilian resident or with a Brazilian resident.

There is some uncertainty as to whether Depositary Receipts qualify as "assets located in Brazil" for purposes of Law No. 10,833/03. Arguably, Depositary Receipts do not constitute assets located in

Brazil and therefore the gains realised by a Non-Brazilian Holder on the disposition of Depositary Receipts to another Non-Brazilian resident should not be subject to income tax in Brazil. However, it cannot be guaranteed that the Brazilian courts will uphold this interpretation of the definition of "assets located in Brazil" in connection with the taxation of gains realised by a Non-Brazilian Holder on the disposition of Depositary Receipts. Consequently, gains on a disposition of Depositary Receipts by a Non-Brazilian Holder (whether in a transaction carried out with another Non-Brazilian Holder or a person domiciled in Brazil) may be subject to income tax in Brazil in accordance with the rules applicable to a disposition of shares.

Although there are grounds to sustain otherwise, the deposit of Class A Preferred Shares or Common Shares in exchange for Depositary Receipts may be subject to Brazilian income tax if the acquisition cost of the Class A Preferred Shares or Common Shares being deposited is lower than the average price of the Class A Preferred Shares or Common Shares (as the case may be), which is determined as either:

(1) the average price per Class A Preferred Share or Common Share on BM&FBOVESPA in which the greatest number of such shares were sold on the day of deposit; or

(2) if no Class A Preferred Shares or Common Shares were sold on that day, the average price on BM&FBOVESPA in which the greatest number of Class A Preferred Shares or Common Shares were sold in the 15 trading sessions immediately preceding such deposit.

The positive difference between the average price of the Class A Preferred Shares or Common Shares calculated as described above and their acquisition cost will be considered to be a capital gain subject to income tax in Brazil. In some circumstances, there are grounds to sustain that such taxation is not applicable with respect to any 2,689 Holder, provided he is not located in a Low Tax Jurisdiction.

The withdrawal of Depositary Receipts in exchange for Class A Preferred Shares or Common Shares is not subject to Brazilian income tax, subject to compliance with applicable regulations regarding the registration of the investment with the Central Bank of Brazil.

For the purpose of Brazilian taxation, the income tax rules on gains related to disposition of Class A Preferred Shares or Common Shares vary depending on:

- the domicile of the Non-Brazilian Holder;
- the method by which such Non-Brazilian Holder has registered his investment with the Central Bank of Brazil; and/or
- how the disposition is carried out, as described below.

The gain realised as a result of a transaction on a Brazilian stock, future and commodities exchange is the difference between: (i) the amount in Brazilian currency realised on the sale or disposition and (ii) the acquisition cost, without any adjustment for inflation, of the securities that are the subject of the transaction.

Any gain realised by a Non-Brazilian Holder on a sale or disposition of Class A Preferred Shares or Common Shares carried out on BM&FBOVESPA is:

- exempt from income tax where the Non-Brazilian Holder (i) is a 2,689 Holder; and (ii) is not located in a Low Tax Jurisdiction;
- subject to income tax at a rate of 15% where the Non-Brazilian Holder either (A) (i) is not a 2,689 Holder and (ii) is not resident or domiciled in a Low Tax Jurisdiction or (B) (i) is a 2,689 Holder and (ii) is resident or domiciled in a Low Tax Jurisdiction; or
- subject to income tax at a rate of 25% where the Non-Brazilian Holder (i) is not a 2,689 Holder and (ii) is resident or domiciled in a Low Tax Jurisdiction.

The sale or disposition of common shares carried out on BM&FBOVESPA is subject to withholding tax at the rate of 0.005% on the sale value. This withholding tax can be offset against the eventual income tax due on the capital gain. A 2,689 Holder that is not resident or domiciled in a Low Tax Jurisdiction is not required to withhold income tax.

Any gain realised by a Non-Brazilian Holder on a sale or disposition of Class A Preferred Shares or Common Shares that is not carried out on BM&FBOVESPA is subject to income tax at a 15% rate, except for gain realised by a resident in a Low Tax Jurisdiction, which is subject to income tax at the rate of 25%.

With respect to transactions arranged by a broker that are conducted on the Brazilian non-organised over-the-counter market, a withholding income tax at a rate of 0.005% on the sale value is also levied on the transaction and can be offset against the eventual income tax due on the capital gain. There can be no assurance that the current favourable treatment of 2,689 Holders will continue in the future.

In the case of a redemption of Class A Preferred Shares, Common Shares or Depositary Receipts or a capital reduction by a Brazilian corporation, the positive difference between the amount received by any Non-Brazilian Holder and the acquisition cost of the Class A Preferred Shares, Common Shares or Depositary Receipts being redeemed is treated as capital gain and is therefore generally subject to income tax at the rate of 15%, while the 25% rate applies to residents in a Low Tax Jurisdiction.

Any exercise of pre-emptive rights relating to our Class A Preferred Shares or Common Shares will not be subject to Brazilian taxation. Any gain realised by a Non-Brazilian Holder on the disposition of pre-emptive rights relating to Class A Preferred Shares or Common Shares in Brazil will be subject to Brazilian income taxation in accordance with the same rules applicable to the sale or disposition of Class A Preferred Shares or Common Shares.

Tax on foreign exchange and financial transactions

Foreign exchange transactions

Brazilian law imposes a tax on foreign exchange transactions, or an IOF/Exchange Tax, due on the conversion of Reais into foreign currency and on the conversion of foreign currency into Reais. Currently, for most foreign currency exchange transactions, the rate of IOF/Exchange is 0.38%.

Effective as of 20 October 2010, in respect of foreign exchange agreements entered into since 5 October 2010, the inflow of resources into Brazil for the acquisition or subscription of common shares through public offerings in Brazilian financial and capital markets by a Non-Brazilian Holder are subject to the IOF/Exchange at a rate of 2%, provided that the issuer has registered its shares for trading on the stock exchange.

The outflow of resources from Brazil related to investments carried out by a Non-Brazilian Holder in the Brazilian financial and capital markets is currently subject to IOF/Exchange at a zero percent rate. In any case, the Brazilian government may increase such rates at any time, up to 25%, with no retroactive effect.

Transactions involving bonds and securities

Brazilian law imposes a tax on transactions involving bonds and securities, or an IOF/Bonds Tax, including those carried out on BM&FBOVESPA. The rate of IOF/Bonds Tax applicable to transactions involving public traded shares in Brazil is currently zero. However, the Brazilian Government may increase such rate at any time up to 1.5% of the transaction amount per day, but the tax cannot be applied retroactively. Transfer of shares traded on BM&FBOVESPA in order to back depositary receipts traded abroad are subject to IOF/Bonds Tax at a rate of 1.5% starting 19 November 2009.

Other Brazilian taxes

There are no Brazilian inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of Class A Preferred Shares, Common Shares or the Depositary Receipts by a Non-Brazilian Holder, except for gift and inheritance taxes which are levied by some states of Brazil on gifts made or inheritances bestowed by a Non-Brazilian Holder to individuals or entities resident or domiciled within such states in Brazil. There are no Brazilian stamp, issue, registration, or similar taxes or duties payable by holders of Class A Preferred Shares or Common Shares or Depositary Receipts.

GENERAL

Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados, our legal counsel on Brazilian law, has sent to our Company a letter of advice summarising certain provisions of Brazilian corporate law and certain provisions of Brazilian securities and tax regulations. This letter is available for inspection as referred to in Appendix IX to this Listing Document.

Cleary Gottlieb Steen & Hamilton LLP, our legal counsel on U.S. and French law, has sent to our Company a letter of advice summarising certain provisions of U.S. and French securities regulations. This letter is available for inspection as referred to in Appendix IX to this Listing Document.