Attachment 8

Free Translation

LAW # 6404, DATED DECEMBER 15, 1976

Chapter I

The Characteristics and Nature of a Corporation or JOINT STOCK Company

Characteristics

Article 1. The capital of a corporation or joint stock company shall be divided into shares, and the liability of the partners or shareholders shall be limited to the issue price of the shares subscribed to or acquired.

Objects

Article 2. The corporate purpose of a corporation may be any profit-making undertaking not contrary to law, public order or decency.

Paragraph 1. Whatever its corporate purposes, a corporation shall be deemed to be a commercial entity and shall be governed by commercial laws and practices.

Paragraph 2. The bylaws of a corporation shall define its corporate purposes in a precise and complete manner.

Paragraph 3. The purposes of a corporation may be the participation in other corporations; such participation is permitted, even if not provided for in its bylaws, as a means of accomplishing its corporate purposes or to benefit from tax incentives.

Name

Article 3. A corporation shall be designated by a corporate name accompanied by the expression "companhia" or "sociedade anônima", either in full or abbreviated. "Companhia" may not be used at the end of a corporate name.

Paragraph 1. The name of a founder, shareholder, or person who in any other way may have contributed to the success of a corporation may appear in its corporate name.

Paragraph 2. Should a corporate name be identical or similar to that of a corporation already in existence, the aggrieved corporation may petition for an appropriate alteration by either administrative proceedings (article 97) or court action and may sue for consequential loss and damages.

Publicly Held Corporations and Closely Held Corporations

Article 4. For the purposes of this Law, the corporation shall be publicly-held or closely-held depending on whether its securities are accepted for trading in the securities market. *(Text as determined by Law n. 10.194, of February 14, 2001)*

Paragraph 1. Only securities issued by a corporation registered in the Brazilian Securities Commission may be traded in the securities market. *(Former sole paragraph turned into paragraph 1 by Law n. 10.303, of October 31, 2001)*

Sole Paragraph. Only the securities of a corporation registered with the *Comissão de Valores Mobiliários* may be publicly available and traded on a stock exchange or the over-the-counter market.

§ 2. No securities may be publicly distributed in the market without previous registration with the Brazilian Securities Commission. *(Text added by Law n. 10.303, of October 31, 2001)*

§ 3. The Brazilian Securities Commission may classify publicly-held companies in categories according to the types and classes of securities issued by it and traded in the market, and shall specify the regulations for publicly-held companies applicable to each category. *(Text added by Law n. 10.303, of October 31, 2001)*

§ 4. The registration of a publicly-held corporation for shares to be traded in the market may only be canceled if the corporation that issued the shares, the majority shareholder or the controlling corporation directly or indirectly makes a public offering to acquire the entirety of outstanding shares for a fair price, at least equal to the appraised worth of the corporation, calculated based on one or more of the following criteria: net assets appraised at market value, discounted cash flow, comparison by multiples, share quotation in the securities market, or another criteria adopted by the Brazilian Securities Commission. The review of the offered amount shall be assured according to the provisions of Article 4-A. *(Text added by Law n. 10.303, of October 31, 2001)*

§ 5. If less than five percent (5%) of all shares issued by the corporation are outstanding after the expiration of the term for public offering established by the regulation issued by the Brazilian Securities Commission, the general meeting may decide to redeem these shares for the amount of the offer provided for in § 4, as long as it deposits the redemption amount at a bank authorized by the Brazilian Securities Commission, in which case the provisions of § 6 of Section 44 shall not apply. *(Text added by Law n. 10.303, of October 31, 2001)*

§ 6. If the majority shareholder or the controlling corporation acquires shares of a publicly-held corporation under its control, and these shares directly or indirectly increase their interest in a certain class of shares in a way that hinders the market liquidity of the remaining shares, they shall be required to make a public offering for a price determined as per § 4 for the acquisition of all shares remaining in the market, according to the general rules issued by The Brazilian Securities Commission. *(Text added by Law n. 10.303, of October 31, 2001)*

Section 4-A. Shareholders holding at least ten per cent (10%) of outstanding shares of a publicly-held corporation may request the officers to call a special general meeting with holders of outstanding shares in order to determine a new appraisal, based on the same

on or different criteria from those originally adopted, for purposes of determining the valuation of the company as provided for in § 4 of Section 4. *(Text added by Law n. 10.303, of October 31, 2001)*

§ 1. The request shall be delivered within fifteen (15) days from the announcement of the price attributed to the public offer, accompanied by a justification and evidence of inadequacy or misuse of the calculation methodology or the valuation criteria. The shareholders specified in this Section 4-A (first part) may call the applicable meeting if the officers fail to do so within eight (8) days the date of the request. *(Text added by Law n. 10.303, of October 31, 2001)*

§ 2. Outstanding shares include all issued shares of a publicly-held corporation less the shares held by controlling shareholders, officers and directors, and treasury shares. *(Text added by Law n. 10.303, of October 31, 2001)*

§ 3. Those shareholders who request a new valuation and those shareholders who vote in favor of the new valuation shall reimburse the company of all costs incurred with the new valuation if the new valuation amount is lower than or equal to the initial amount of the public offer. *(Text added by Law n. 10.303, of October 31, 2001)*

§ 4. The Brazilian Securities Commission shall regulate the provisions of Section 4 and of this Section, and shall establish the periods for the effectiveness of the review stipulated herein. *(Text added by Law n. 10.303, of October 31, 2001)*

Chapter II

Share Capital

Section I

Amount

Bylaws and Currency

Article 5. The bylaws of the corporation shall state the amount of the capital, which shall be expressed in Brazilian currency.

Sole Paragraph. The monetary expression of the amount of paid-up capital shall be adjusted annually (article 167).

Changes in Share Capital

Article 6. The share capital may only be changed as provided for in this Law and in the bylaws (articles 166 to 174).

Section II

Formation

Cash and Property

Article 7. The capital may comprise contributions of cash or any other kind of property which may be valued in monetary terms.

Evaluation of Property

Article 8. The property shall be valued by three experts or by a specialist firm appointed at a general meeting of the subscribers called pursuant to notice in the press and presided over by a founder member. The presence of subscribers representing at least half of the capital shall constitute the minimum quorum on a first call and any number shall on a second call.

Paragraph 1. The experts or evaluation firm shall submit a report which shall indicate the evaluation criteria and the basis of comparison used, and these shall be supported by documentary evidence as to the property valued. The experts or evaluation firm shall be present at the meeting at which the report is read to supply any information requested of them.

Paragraph 2. Provided the subscriber accepts the value approved in the general meeting, the property shall be incorporated into the corporation assets, and the first directors shall be responsible for carrying out formalities necessary to effect the transfer.

Paragraph 3. The articles of incorporation shall be void if the evaluation is not approved at the general meeting or if the subscriber does not accept the approved evaluation.

Paragraph 4. The property may not be transferred to the corporation at a value higher than that attributed to them by the subscriber.

Paragraph 5. The provisions of paragraphs 1 and 2 of article 115 shall apply to the general meeting mentioned in this article.

Paragraph 6. Notwithstanding any criminal liability, the valuers and the subscriber shall be liable for any damage caused to the corporation, shareholders and third parties, by their negligence or fraud in valuing the property. Subscribers shall be jointly liable in the event such properties are jointly owned.

Transfer of Property

Article 9. The transfer of property to the corporation shall constitute a change of ownership rights to the property, unless there is express provision to the contrary.

Liability of Subscriber

Article 10. The civil liability of a subscriber or shareholder who contributes property to the formation of the capital shall be identical to that of a seller.

Sole Paragraph. A subscriber or shareholder, whose contribution consists of credits, shall be liable for the solvency of the debtor.

Chapter III

Shares

Section I

Number and Par Value

Bylaws

Article 11. The bylaws shall establish the number of shares into which the capital shall be divided and shall establish whether or not the shares shall have a par value.

Paragraph 1. The bylaws may create one or more classes of preferred shares with par value for a corporation whose shares have no par value.

Paragraph 2. The par value shall be the same for all shares of a corporation.

Paragraph 3. The par value of the shares of a publicly held corporation shall not be less than the minimum value established by the *Comissão de Valores Mobiliários*.

Alteration

Article 12. The number and par value of shares may only be modified in the event of a change in the amount of the capital or the monetary expression thereof, by shares division or consolidation or by cancellation of shares authorized by this Law.

Section II

Issue Price

Shares with Par Value

Article 13. The issue of any share at a price below its par value is prohibited**.**

Paragraph 1. Notwithstanding any criminal sanction, the infringement of the provisions of this article shall render the act or operation void and those responsible for the infringement shall be liable.

Paragraph 2. Any subscribed contribution which exceeds par value shall constitute a capital reserve (article 182, paragraphs 1).

Shares of No Par Value

Article 14. The issue price of shares of no par value shall be established by the founders when a corporation is incorporated, and at an annual shareholder's meeting or by the administrative council when the capital is increased (articles 166 and 170, paragraph 2).

Sole Paragraph. An issue price may be established in such a manner that a portion thereof shall be used to form a capital reserve. When preferred shares with priority to a capital refund is issued, only that portion which exceeds their refund value may be so designated.

Section III

Types and Classes

Types

Article 15. A share may be common, preferred or fruition, depending on the nature of the rights or advantages which it confers upon the shareholder.

Paragraph 1. Common shares of a closely held corporation and preferred shares of closely and publicly held corporations may be of one or more classes.

§ 2. The number of preferred shares without voting rights, or subject to restriction on voting rights, may not exceed fifty percent (50%) of all issued shares. (Text as determined by Law n. 10.303, of October 31, 2001)

Common Shares

Article 16. There may be different classes of common shares of a closely held corporation, depending on:

I - their convertibility into preferred shares; (*Text as determined by Law no. 9.457 of May 5, 1997)*

II - a requirement that the shareholder be a Brazilian citizen; or

III - the right to vote separately to fill certain positions in administrative bodies.

Sole Paragraph. Unless expressly provided for, an amendment to that part of the bylaws which regulates the different classes of shares shall require the approval of the shareholders of all shares thereby affected.

Preferred Shares

Section 17. Preferences or advantages of preferred shares may include: *(Text as determined by Law n. 10.303, of October 31, 2001)*

I – priority in the distribution of fixed or minimum dividends; *(Text as determined by Law n. 10.303, of October 31, 2001)*

II – priority in the reimbursement of capital, with or without premium; or *(Text as determined by Law n. 10.303, of October 31, 2001)*

III – the accumulation of the preferences and advantages provided for in items I and II. *(Text as determined by Law n. 10.303, of October 31, 2001)*

§ 1. Regardless of having priority rights in the reimbursement of capital, with or without premium, preferred shares will only be accepted for trading in the securities market if they are afforded at least one of the following preferences or advantages. *(Text as determined by Law n. 10.303, of October 31, 2001)*

I – the right to have an interest in the dividend to be distributed, corresponding to at least twenty-five percent (25%) of the net income for the year, calculated as set forth in Section 202, according to the following criteria: *(Text added by Law n. 10.303, of October 31, 2001)*

a) a priority in the receipt of dividends mentioned in this item, corresponding to at least three percent (3%) of the share's net worth; and *(Text added by Law n. 10.303, of October 31, 2001)*

b) the right to have interest in the profit distributed in conditions equal to the common shares, after a dividend equal to the minimum priority as set forth in item *a* is assured; or *(Text added by Law n. 10.303, of October 31, 2001)*

II – the right to receive dividend, for each preferred share, at least ten percent (10%) higher than the dividend assigned to each common share; or *(Text added by Law n. 10.303, of October 31, 2001)*

III – the right to be included in the public offering for alienation of control, in the conditions set forth in Section 254-A, in addition to the right to receive dividends at least equal to the common shares dividend. *(Text added by Law n. 10.303, of October 31, 2001)*

§ 2. In addition to those set forth in this Section, the bylaws must precisely indicate preferences or advantages assigned to the shareholders without voting rights, or with restricted voting rights. *(Text as determined by Law n. 10.303, of October 31, 2001)*

§ 3. Dividends, even when fixed or cumulative, shall not be distributed to the detriment of the share capital, unless the corporation is liquidated and this advantage has been expressly afforded. *(Former paragraph 1 turned into paragraph 3 by Law n. 10.303, of October 31, 2001)*

§ 4. Unless the bylaws provide otherwise, the priority dividend is non-cumulative, the share with fixed dividend has no interest in the remaining profits and the share with minimum dividend has interest in the profits distributed in conditions equal to the common shares after a dividend equal to the minimum is paid to such shares. *(Former paragraph 2 turned into paragraph 4 by Law n. 10.303, of October 31, 2001)*

§ 5. The bylaws may not exclude or restrict the right of preferred shares to participate in capital increases resulting from the capitalization of reserves or profits (Section 169), except with respect to shares with fixed dividends. *(Text as determined by Law n. 10.303, of October 31, 2001)*

§ 6. The bylaws may confer upon the preferred shares with priority in the distribution of cumulative dividends the right to, in such years where earned profits were insufficient, receive such dividend to the account of the capital reserves provided for in § 1 of Section 182. *(Former paragraph 5 turned into paragraph 6 by Law n. 10.303, of October 31, 2001)*

§ 7. In corporations object of privatization, a special class of preferred shares exclusively owned by the privatizing entity may be created. The bylaws may confer specific powers upon such shares, including the power to veto resolutions of the general meeting in certain matters. *(Text added by Law n. 10.303, of October 31, 2001)*

Advantages of Preferred Shares

Article 18. The bylaws may provide for one or more classes of preferred shares to have the right to elect one or more members of the administrative bodies by separate ballot.

Sole Paragraph. The bylaws may require that specific statutory amendments be approved at a special shareholders' meeting by the shareholders of one or more classes of preferred shares.

Bylaws

Article 19. The bylaws of a corporation having preferred shares shall state the advantages attributed to each class of such shares and the restrictions to which they shall be subject, and may provide for redemption, amortization or conversion of shares from one class into another and into common shares, and of the latter into preferred shares, and shall establish the respective conditions for each of the foregoing**.**

Section IV

Form of Shares

Article 20. The shares may be nominative. *(Text as determined by Law no. 8.021 of April 12, 1990)*

Shares not Fully Paid Up

Article 21. Revoked by Law no. 8.021 of April 12, 1990.

Bylaws

Article 22. The Bylaws shall state the form of the shares. *(Text as determined by Law no. 8.021 of April 12, 1990)*

Sole Paragraph. Revoked by Law no. 8.021 of April 12, 1990.

Section V

Share Certificates

Issue

Article 23. A share certificate may only be issued after the corporation complies with due formalities to legally initiate its operation.

Paragraph 1. Failure to comply with the provision of this article shall invalidate the certificate and those responsible for the failure will be liable therefor.

Paragraph 2. Share Certificates may only be issued after the requirements for the transfer of property have been met, or credits have been payed up, in case of contributions other than cash.

Paragraph 3. The corporation may charge the shareholder for the cost of a duplicate certificate requested by him.

Requirements

Article 24. The share certificates shall be written in Portuguese and shall contain the following declarations:

I - the corporate name , its head office and the duration of the corporation;

II - the amount of capital, the date when it was established, the number of shares into which it is divided and the par value of the shares or a statement that the shares have no par value;

III - for corporations with authorized capital, the authorized limit by number of shares or by amount of capital;

IV - the number of common and preferred shares of different classes, if any, the privileges or advantages conferred upon each class and the limitations or restrictions to which the shares may be subject;

V - the share certificate and the share serial numbers, and the type and class to which it belongs;

VI - the rights conferred upon founders' shares, if any;

VII - the time and place of the annual general meeting;

VIII - the dates of incorporation and of registration and publication of the articles of incorporation;

IX - the name of the shareholder; *(Text as determined by Law no. 9.457 of May 5, 1997)*

X - if the share is not fully paid up, the amount the shareholder owes and the time and place it should be paid; *(Text as determined by Law no. 9.457 of May 5, 1997)*

XI - the date of issue of the certificate and the signatures of two directors or of the certificate issuing agent (article 27). *(Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 1. The omission of any of such information shall entitle the shareholder to an indemnity for consequential loss and damages incurred against the corporation and the directors during whose term of office the certificate was issued.

Paragraph 2. The certificates for shares issued by publicly-held corporations may be signed by two attorneys-in-fact with special powers, or by mechanical authentication, with observance of the regulations issued by the Brazilian Securities Commission *(Text as determined by Law n. 10.303, of October 31, 2001)*

Multiple Share Certificates and Share Certificates

Article 25. After compliance with the requirements of article 24, the corporation may issue multiple share certificates and provisional share certificates for the shares.

Sole paragraph. The multiple share certificates of a publicly held corporation shall be subject to standardization of number of shares as determined by the*Comissão de Valores Mobiliários*.

Coupons

Article 26. Revoked by Law no. 8.021 of April 12, 1990.

Issuing Agent for Share Certificates

Article 27. The corporation may contract with a financial institution authorized by the *Comissão de Valores Mobiliários* for it to render the service of keeping and custody of its share register books, share transfer books and the issue of its share certificates.

Paragraph 1. Once the service has been placed under contract, only the issuing agent may perform acts relating to the registration of shares and the issue of share certificates.

Paragraph 2. The name of the issuing agent shall appear on the corporation's publications and public securities offerings .

Paragraph 3. The share certificates issued by the issuing agent of the corporation shall be numbered in sequence, but the numbering of the shares shall be optional.

Section VI

Ownership and Circulation

Indivisibility

Article 28. The share is indivisible in relation to the corporation.

Sole Paragraph. When a share belongs to more than one person, the rights conferred by it shall be exercised by the representative of the co-holders.

Article 29. A share of a publicly held corporation may only be traded after thirty per cent of its issue price has been paid.

Sole Paragraph. Non-compliance with this article shall render the act void.

Trading in its Own Shares

Article 30. A corporation may not trade in its own shares.

Paragraph 1. This prohibition does not apply to:

a) redemption, refund or amortization operations provided for by law;

b) shares acquired to be held in the corporation treasury or canceled, limited to the amount of the balance of profits or reserves, except the legal reserve, and which may not reduce the corporate capital, or by donation;

c) the sale of shares acquired under sub-paragraph (b) above, and held in the corporation treasury.

d) the acquisition of shares when, it being resolved that the capital will be reduced through a cash refund of part of the value of the shares, their stock exchange price is less than or equal to the amount to be refunded.

Paragraph 2. Under risk of annulment, the acquisition of its own shares by a publicly held corporation shall comply with the rules established by the *Comissão de Valores Mobiliários*, which may submit such acquisition to its prior authorization in each case.

Paragraph 3. A corporation may not receive its own shares as a guarantee, except to ensure proper management by its officers.

Paragraph 4. While held in the corporation treasury, the shares acquired in accordance with paragraph 1 (b)above, shall have the right to neither a dividend nor to a vote.

Paragraph 5. In the case of paragraph 1 (d) above, the shares acquired shall be permanently withdrawn from circulation.

Registered Shares

Article 31. The ownership of registered shares is evidenced by the name of the shareholder written in the "Registered Shares Book" or by the certificate supplied by the custody agent acting as fiduciary owner of the shares. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Paragraph 1. Registered shares shall be transferred by an entry in the Registered Shares Transfer book, dated and signed by the assignor and assignee or their legal representatives.

Paragraph 2. The transfer of registered shares by inheritance, legacy, award, court order or other judicial act or by any other means, shall require a notation in the Registered Shares Register book against the presentation of an appropriate document which shall remain in the possession of the corporation.

Paragraph 3. In the case of transfer of registered shares acquired on a stock exchange, the assignee shall be represented by the brokerage corporation or stock exchange liquidation department, which may act without a procuration.

Article 32. Revoked by Law no. 8.021 of April 12, 1990.

Article 33. Revoked by Law no. 8.021 of April 12, 1990.

Book Entry Shares

Article 34. The bylaws of the corporation may require all the corporation shares, or one or more classes thereof, to be kept in deposit accounts in the name of their holders at an institution designated by the corporation, without issuing certificates.

Paragraph 1. In the event of an amendment to the bylaws, conversion into book entry shares shall depend on the presentation and cancellation of the corresponding share certificate in circulation.

Paragraph 2. Only financial institutions authorized by the *Comissão de Valores Mobiliários* may maintain book entry share services.

Paragraph 3. The corporation shall be liable for consequential loss and damages caused to interested parties by errors or irregularities in book entry share services, notwithstanding any liability of the depositary.

Ownership of Book Entry Shares

Article 35. Book entry share ownership is presumed from the registration in the share deposit account opened in the name of the shareholder in the books of the depositary.

Paragraph 1. The transfer of a book entry share is effected by an entry made by the depositary in its books, debiting the share account of the assignor and crediting the share account of the assignee, against presentation of a written order by the assignor, or a court authorization or order, in an appropriate document which shall remain in the possession of the depositary.

Paragraph 2. The depositary shall furnish the shareholder with a statement of the book share deposit account on request, at the end of each month during which the account is used and, even if not used, at least once a year.

Paragraph 3. The bylaws may authorize the depositary to charge the shareholder for the cost of the service of transferring the ownership of book entry shares, subject to maximum limits established by the *Comissão de Valores Mobiliários*.

Restrictions on Transfer

Article 36. The bylaws of a closely held corporation may impose restrictions on the transfer of registered shares, provided that such restrictions are defined in detail and do not preclude their negotiability nor subject the shareholder to the arbitrary decision of the administrative bodies of the corporation or of the majority of shareholders.

Sole Paragraph. A restriction on the transfer of shares created by an amendment to the bylaws shall only be applied to shares whose holders have expressly agreed to such a restriction, by requesting its notation in the Registered Shares Register.

Suspension of Registrations

Article 37. By notice to the stock exchanges on which its shares are dealt with and by publication of a notice, a publicly held corporation may suspend the transfer, conversion and division of its shares for periods not exceeding fifteen days each or a total of ninety days during the year.

Sole Paragraph. The provisions of this article shall not affect the registration of share transfers negotiated on a stock exchange prior to the beginning of the suspension period.

Loss of Share Certificate

Article 38. Revoked by Law no. 8.021 of April 12, 1990.

Section VII

Creation of Rights *in rem* And Other Charges

Pledge

Article 39. A pledge or a bond of a share is effected by registering the respective instrument in the Registered Shares Register book. (*Text as determined by Law no. 9457 of May 5, 1997)*

I - Revoked by Law no. 8.021 of April 12, 1990.

II - Revoked by Law no. 8.021 of April 12, 1990.

III - Revoked by Law no. 8.021 of April 12, 1990.

Paragraph 1. A pledge of book entry shares shall be effected by registration of the respective instrument on the books of the financial institution, which registration shall be noted on the deposit account statement furnished to the shareholder.

Paragraph 2. In all circumstances, the corporation or the financial institution shall be entitled to request a copy of the pledge instrument for its files.

Other Rights and Charges

Article 40. Any usufruct, trust, fiduciary alienation in guarantee or any other clause or charge encumbering a share must be registered:

I - in the case of a registered share, in the Registered Shares Register Book;

II - in the case of a book entry share, in the books of the financial institution, with notation on the deposit account statement furnished to the shareholder *(Text as determined by Law no. 9.457 of May 5, 1997)*

III - Revoked by Law no. 8.021 of April 12, 1990.

Sole Paragraph. A contract to sell a share and the right of first refusal to acquire it may be enforced against third parties by registration under this article.

Section VIII

Custody of Fungible Shares

Custodian of Shares

Section 41. Institutions authorized by the Brazilian Securities Commission to act as custodians of fungible shares may agree to hold shares in custody where shares of each type and class of the corporation's shares shall be kept as fungible shares,and the custodian shall act as fiduciary owner of the shares. *(Text as determined by Law n. 10.303, of October 31, 2001)*

§ 1. The depositary institution may not sell the shares, being required to return the amount of shares received, with the modifications resulting from alterations in the share capital or in the number of shares in the issuing corporation, regardless of the order

number of the shares or their respective certificates. *(Former sole paragraph turned into paragraph 1 by Law n. 10.303, of October 31, 2001)*

§ 2. The provisions of this Section shall apply to other types of securities whenever applicable. *(Text added by Law n. 10.303, of October 31, 2001)*

§ 3. The depositary institution is required to inform to the issuing corporation: *(Text added by Law n. 10.303, of October 31, 2001)*

I – immediately, the name of the final beneficiary of the shares if there is any corporate event in which his identification is required; and *(Text added by Law n. 10.303, of October 31, 2001)*

II – in up to ten (10) days, any custody agreement or the creation of liens or encumbrances upon the shares. *(Text added by Law n. 10.303, of October 31, 2001)*

§ 4. The ownership of shares that are held in fungible custody shall be evidenced through the agreement executed between the owner of the shares and the depositary institution. *(Text added by Law n. 10.303, of October 31, 2001)*

§ 5. The institution has the obligations of a depositary, and it is liable to the shareholder and third parties for any breaches of its obligations. *(Text added by Law n. 10.303, of October 31, 2001)*

Representation and Responsibility

Article 42. The financial institution shall, *vis-à-vis* the corporation, represent the owner of the shares received in custody as provided for in article 41 for the purposes of receiving dividends and bonus shares and exercising the right of first refusal in the subscription of shares.

Paragraph 1. Whenever a dividend or bonus share is distributed and, in any case, at least once a year, the financial institution shall furnish the corporation with a list of the depositors of shares received under this article, as well as the number of shares held by each depositor. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 2. The depositor may at any time terminate the custody and request the returnof the share certificates.

Paragraph 3. The corporation shall not be liable to its shareholders nor to third parties for the acts performed by the institution with which the shares were deposited.

Section IX

Share Deposit Certificates

Share Deposit Certificates

Article 43. A financial institution authorized to operate as an agent for the issue of share certificates (article 27) may issue certificates to represent the shares received for deposit, and the certificates shall state: *(Text as determined by Law no. 9.457 of May 5, 1997)*

I - the place and date of issue;

II - the name of the issuing institution and the signatures of its representatives;

III - the title "Share Deposit Certificate";

IV - the specification of the shares deposited;

V - a statement that the deposited shares, the earnings therefrom and any sum received in the event of redemption or amortization shall only be delivered to the owner of the deposit certificate against presentation of the same;

VI - the name and identification of the depositor;

VII - the deposit fee charged by the bank, if due upon delivery of the deposited shares;

VIII - the place of delivery of the subject of the deposit.

Paragraph 1. The financial institution is liable for the origination and the authenticity of the share deposit certificates.

Paragraph 2. After the share deposit certificate has been issued, the deposited shares, their earnings and their redemption or amortization value may not be subjected to pledge, seizure, confiscation, search or attachment, or any other encumbrance which impedes their delivery to the owner of the certificate, but the certificate itself may be the subject of an attachment or provisional remedy due to a liability of the owner.

Paragraph 3. A share deposit certificate shall be a registered certificate, which may be kept in the book entry system. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 4. Share deposit certificates may be divided or consolidated at the request and at the expense of their owner.

Paragraph 5. Revoked by Law no. 8.021 of April 12, 1990.

Section X

Redemption, Amortization and Refund

Redemption and Amortization

Article 44. The bylaws or an extraordinary general meeting may authorize the allocation of profits or reserves to the redemption or amortization of shares, and shall prescribe the conditions and the procedure for this purpose.

Paragraph 1. Redemption comprises paying the value of share to withdraw it permanently from circulation, whether or not the share capital is reduced. If the share capital is not reduced, a new par value shall be attributed to the remaining shares, as the case may be.

Paragraph 2. Amortization comprises the distribution to the shareholders of an advance payment, without reduction of the share capital, in the amount to which they would be entitled in the event of liquidation of the corporation.

Paragraph 3. Amortization may be in full or in part, and may cover only one or all classes of shares.

Paragraph 4. A redemption and an amortization which do not cover all shares of the same class shall be carried out by drawing lots. Should shares in custody under article 41 be sorted out, the financial institution shall specify the redeemed or amortized shares by apportionment, if not otherwise established in the custody contract.

Paragraph 5. Fully amortized shares may be substituted by fruition shares, subject to the restrictions stated in the bylaws or by the general meeting approving the amortization. In any case, should the corporation be liquidated, the amortized shares may only participate in the net assets after each non-amortized share is guaranteed a sum equal to that of the amortization, subject to monetary adjustment.

§ 6. Unless the bylaws provide otherwise, the redemption of shares of one or more classes can only be effected if, in a general meeting called to resolve this specific matter, the redemption is approved by shareholders who represent at least half of the shares of the affected classes. *(Text added by Law n. 10.303. of October 31, 2001)*

Refund

Article 45. Refund is an operation whereby, in the cases provided for by law, a corporation pays a shareholder the value of his shares, if he dissents from a decision of a general meeting.

Paragraph 1. The bylaws may establish rules to determine the amount of a refund, which may be less than the net worth of the shares stated in the last balance sheet approved by the general meeting, only if, subject to the provisions of paragraph 2, below, the refund value is calculated in accordance with the economic value of the corporation, which shall be determined by proceeding to its evaluation (paragraphs 3 and 4). *(Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 2. If the decision of the general meeting is taken more than sixty days after the date of the last approved balance sheet, the dissenting shareholder may demand, together with the refund, that a special balance sheet be prepared as of a date within

such sixty-day period. In such a case, the corporation shall forthwith pay eighty per cent of the refund amount calculated according to the last balance sheet and, after the special balance sheet is ready, it shall pay the balance within one hundred and twenty days from the date of the resolution of the general meting.

Paragraph 3. If the bylaws has established the evaluation criteria for the purpose of refund, the refund value shall be determined by three experts or evaluation corporation, in a report elaborated in accordance with paragraph 1 of article 8, and subject to the liability provided for in paragraph 6 of the same article. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 4. The experts or evaluation firm shall be indicated in a list containing six or three names, respectively, produced by the administrative council or, in its absence, by the board of directors. The experts or evaluation firm shall be elected in a general meeting, by the absolute majority of votes, not counting shareholders' abstentions, being each share entitled to one vote, regardless of its class or type. (*Text added by Law no. 9.457 of May 5, 1997*)

Paragraph 5. A refund may be paid from profits or reserves, except the legal reserve, in which case refunded shares shall be held in the corporation treasury. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 6. If within one hundred and twenty days from the publication of the minutes of the general meeting, the shareholders whose shares were refunded from the capital have not been substituted, the capital shall be deemed to have been reduced by a corresponding amount and the administrative bodies shall call a general meeting within five days to inform the shareholders of the reduction. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 7. If the corporation is declared bankrupt, a dissenting shareholder who is a creditor for the refund of his shares shall be classified in a separate list as an unsecured creditor. The apportionment made to the unsecured creditors shall be used to pay the established claims prior to the date of publication of the minutes of the general meeting. The sums so attributed to earlier claims shall not be deducted from the claim of the former shareholder, which shall continue in full force for payment from the assets of the bankrupt estate after satisfaction of the former claims. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 8. If, in the event of bankruptcy, the former shareholders who have already been refunded from the capital have not yet been substituted and the estate is not sufficient to pay the earlier claims, a revocatory action may be brought to demand restitution of the refund paid with the reduction of the capital, limited to the remainder of this portion of the liabilities. Restitution shall be demanded in equal proportions from all the shareholders whose shares have been refunded. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Chpater IV

Founders’ Shares

Characteristics

Article 46. A corporation may at any time create negotiable securities of no par value and unrelated to the capital of the corporation, called "Founders’ Shares".

Paragraph 1. Founders’ Shares shall confer on its owner the right of credit to a possible participation in the annual profits of the corporation (article 190).

Paragraph 2. The participation attributed to the Founders’ Shares, including the right to form a redemption reserve, if any, shall not exceed one-tenth of the corporation’s profits.

Paragraph 3. The founders’ shares may not carry any exclusive shareholder rights, except to inspect the actions of the corporation’s officers, as provided in this Law.

Paragraph 4. The issue of more than one class or series of founders’ shares is prohibited.

Issue

Article 47. The founders’ shares may be disposed of by the corporation on the conditions stated in the bylaws or by a general meeting, or may be issued to a founder, a shareholder or a third party as remuneration for services rendered to the corporation.

Sole Sub-section. Publicly-held corporations are not allowed to issue founders’ shares *(Text as determined by Law n. 10.303, of October 31, 2001)*

Redemption and Conversion

Article 48. The bylaws shall state the duration of the founders’ shares and, whenever redemption is provided for, a special reserve shall be set up for such purpose.

Paragraph 1. The period of gratuitously issued founders’ shares shall not exceed ten years, except those issued to corporation employees' welfare associations or foundations.

Paragraph 2. The bylaws may provide for the conversion of founders’ shares into capital shares by capitalization of a reserve created for such purpose.

Paragraph 3. In the event of liquidation of the corporation, after the current liabilities have been discharged, the holders of founders’ shares shall have a preferred claim to the remaining assets up to the amount of the respective redemption or conversion reserve.

Certificates

Article 49. The founders’ share shall contain:

I - the title "Founders’ Share"

II - the name of the corporation, its headoff ice and its period of duration;

III - the amount of the capital, the date when it was established and the numberof shares into which it is divided;

IV - the number of founders' shares created by the corporation and its respective serial numbers;

V - the rights attributed to them by the bylaws, the period of duration and the conditions for its redemption, if any;

VI - the date of incorporation, and of the registration and publication of its articles of incorporation;

VII - the name of the beneficiary; *(Text as determined by Law no. 9.457 of May 5, 1997)*

VIII - Revoked by Law no. 8.021 of April 12, 1990.

VIII - the date of issue of the certificate and the signatures of two directors. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Form, Ownership, Transfer and Charges

Article 50. Founders' shares may be registeredand so far as applicable, shall be subject to the provisions of Sections V to VII of Chapter III. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 1. The registered founders' shares shall be registered in appropriate books maintained by the corporation. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 2. The founders' shares may be deposited against the issue of a certificate as provided for in article 43.

Alteration of Rights

Article 51. An amendment to the bylaws which changes or reduces the privileges conferred on the founders' shares shall only be valid when approved by at least one-half of their holders convened at a special general meeting.

Paragraph 1. The general meeting shall be called by publication of a notice in a newspaper at least one month in advance, pursuant to the requirements for calling general meetings. If after two calls no meeting can be held for the lack of quorum, another meeting may only be called six months later.

Paragraph 2. Each founder shares is entitled to one vote and the corporation may not vote in respect of the certificates which it holds in its treasury.

Chapter V

Debentures

Characteristics

Article 52. The corporation may issue debentures that will confer upon its holders credit rights against the company, under the conditions specified in the respective indenture and certificates, if any. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Section I

Debentureholders' Rights

Issues and Series

Article 53. The corporation may issue debentures more than once, and each issue may be divided into series.

Sole Paragraph. Debentures of the same series shall have equal par value and shall confer equal rights on their holders**.**

Par Value

Article 54. The par value of a debenture shall be expressed in Brazilian currency, except in the case of obligations which under current legislation may receive payment in a foreign currency.

§ 1. The debenture may include a monetary correction clause, based on the coefficient established for the correction of government bonds, based on the foreign exchange rate variation or based on other indices not expressly forbidden by law. *(Former sole paragraph turned into paragraph 1 by Law n. 10.303, of October 31, 2001)*

§ 2. The debenture indenture may grant to the debenture holder the option to receive principal and interest at the expiration, amortization or redemption, in cash or in assets valued pursuant to Section 8. *(Text added by Law n. 10.303, of October 31, 2001)*

Maturity, Amortization and Redemption

Article 55. The maturity date of the debenture shall be indicated in its deed of issue and its certificate. The corporation may establish partial amortizations for each series, create amortization funds and retain the right to either partial or total prior redemption of debentures of the same series.

Paragraph 1. The amortization of debentures of the same series shall be subject to apportionment. *(Text added by Law n. 12.431, of June 24, 2011)*

Paragraph 2. A partial redemption of same series debentures shall be accomplished:

I - by apportionment; or

II - if the debentures are trading below par, through purchases on the organized securities market, due regard given to Brazilian Securities Commission regulations. *(Text added by Law n. 12.431, of June 24, 2011)*

Paragraph 3. A corporation shall be permitted to repurchase debentures it may have issued:

I - for their nominal amount or lower, which event shall be reported in the management's report and the financial statements; or

II - for more than their nominal amount, provided due regard shall be given to Brazilian Securities Commission regulations. *(Text added by Law n. 12.431, of June 24, 2011)*

Paragraph 4. A corporation shall be permitted to issue debentures that mature only upon a default in payment of interest, or in the event of dissolution of the company, or occurrence of events set forth in the indenture. *(Text added by Law n. 12.431, of June 24, 2011)*

Interest and Other Rights

Article 56. A debenture may entitle its owner to a fixed or variable rate of interest, a participation in the profits of the corporation and a refund premium.

Convertibility into Shares

Article 57. A debenture may be converted into a share under the conditions contained in its deed of issue, which shall specify:

I - the basis of conversion, whether that is the number of shares into which each debenture can be converted or the relation between the par value of a debenture and the issue price of a share;

II - the type and class of shares into which a debenture may be converted;

III - the term or time within which the conversion right may be exercised;

IV - the other conditions to which the conversion may be subject.

Paragraph 1. The shareholders shall have a right of first refusal to subscribe to the issue of debentures convertible into shares, subject to the provisions of articles 171 and 172.

Paragraph 2. During the period in which the conversion right may be exercised, the prior approval of the debentureholders at a special general meeting or of their trustee shall be required to amend the bylaws:

(a) to change the corporate purposes; or

(b) to create preferred shares or to alter the privileges of existing preferred shares to the detriment of the shares into which the debentures may be converted.

Section II

Types of Debentures

Types of Debentures

Article 58. In conformity with the provisions of the deed of issue, a debenture may be guaranteed by a guarantee *in rem* or by a floating charge, and may, or may not, enjoy preference, or be subordinated to other creditors of the corporation.

Paragraph 1. The floating charge shall entitle the debenture to a general right to the corporation's assets, but shall not prevent transactions relating to the property composing such assets.

Paragraph 2. The guarantees may be cumulative.

Paragraph 3. Newly-issued debentures with a floating charge shall be subordinate to those of an earlier issue or issues, the priority to be established according to the date of inscription of the deed of issue. However, all debentures of one series shall be treated equally.

Paragraph 4. A debenture which has no guarantee may contain a clause which subordinates it to unsecured creditors in which case it shall only have priority over the shareholders with regard to the residual assets, if any, in the event of liquidation of the corporation.

Paragraph 5. A commitment not to alienate or encumber real property, or other kind of property subject to registration of ownership, assumed by the corporation in the deed of issue, is enforceable against third parties, provided it is registered at the appropriate registry.

Paragraph 6. The debentures issued by a corporation forming part of a group of corporations (article 265) may be guaranteed by a floating charge on the assets of two or more corporations of the group.

Section III

Creation and Issue

Competence to Create Debentures

Article 59. A general meeting shall have the exclusive competence to decide whether to issue debentures. In accordance with the bylaws, it shall state:

I - the amount of the issue or the criteria to establish its limit, and its division into series, if any;

II - the number and par value of the debentures;

III - the guarantees *in rem* or floating charge, if any;

IV - the monetary adjustment conditions, if any;

V - whether or not the debentures are convertible into shares and the conditions of such conversion;

VI - the time and conditions of maturity, amortization or redemption;

VII - the time and conditions of payment of interest, participation in profits and refund premiums, if any;

VIII - the method of subscription or placement and the type of debentures.

Paragraph 1. Unless the bylaws provide otherwise, the board of directors of publicly traded companies shall have authority to decide on issuances of non-convertible debentures. *(Text added by Law n. 12.431, of June 24, 2011)*

Paragraph 2. The bylaws of publicly traded companies may authorize the board of directors to decide on issuances of convertible debentures, so long as within the authorized limit of the share capital. In this event, the board shall set the limit (either as a capital stock amount or a given number of shares) by which a conversion of debentures into shares shall increase the shares of capital stock, in addition to determining the types and classes of shares that may be issued at the time. *(Text added by Law n. 12.431, of June 24, 2011)*

Paragraph 3. A general shareholders' meeting may decide the issuance shall be implemented for indefinite amount and series number, but within limits and value range it shall establish. *(Text added by Law n. 12.431, of June 24, 2011)*

Paragraph 4. Other than in the cases contemplated in paragraphs 1 and 2, a general shareholders' meeting may delegate to the board of directors authority to decide on the conditions foreseen under items VI through VIII of the main provision, and on the issuance timing. *(Text added by Law n. 12.431, of June 24, 2011)*

Limitations on the Issue of Debentures

Article 60. *(Revoked by Law n. 12.431, of June 24, 2011).*

Deed of Issue

Article 61. In the deed of issue the corporation shall state the rights conferred by the debentures, their guarantees and any further conditions.

Paragraph 1. A public or private deed of issue of debentures distributed or accepted for trading in the market shall also be signed by the trustee of the debentureholders (articles 66 to 70 inclusive).

Paragraph 2. Each new series of the same issue shall be the subject of an amendment to the corresponding deed.

Paragraph 3. The *Comissão de Valores Mobiliários* may approve standard clauses and conditions to be adopted in deeds of issue of debentures to he traded on a stock exchange or in the over-the-counter market and may refuse to admit to the market any issue which does not abide by such standard clauses and conditions.

Registration

Article 62. No debentures shall be issued unless the following requirements are met: *(Text as determined by Law n. 10.303, of October 31, 2001)*

I – filing with the commercial register and publication of the minutes of the shareholder meeting or the board of directors meeting that resolved on the issuance; *(Text as determined by Law n. 10.303, of October 31, 2001)*

II – registration of the indenture with the commercial register; *(Text as determined by Law n. 10.303, of October 31, 2001)*

III - the guarantees *in rem*, if any, have been drawn up.

Paragraph 1. The officers of the corporation shall be liable for the cosequential loss and damages caused to the corporation or to third parties by any failure to comply with this article.

Paragraph 2. The trustee and any debentureholders may effect any registration required by this article and remedy any omission or irregularity which may exist in the registrations effected by the corporation's officers. In such an event, an officer of the registry shall require the corporation to supply him with the necessary information and documents.

Paragraph 3. Any amendment to the deed of issue shall be registered at the same registry.

Paragraph 4. The commercial registers shall hold a special book for the registration of the issuance of debentures, in which the essential conditions of each issuance shall be written. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Section IV

Form, Ownership, Transfer and Charges

Form, Ownership, Transfer and Charges

Article 63. Debentures shall be registered, and the provisions of Sections V to VII of Chapter III, above, so far as appropriate, shall be applicable. *(Text as determined by Law no. 9.457 of May 5, 1997)*

§ 1. The debentures may be the object of deposit with the issuance of a certificate under the terms of Section 43. *(Primary sole paragraph turned into paragraph 1 by Law n. 10.303, of October 31, 2001)*

§ 2. The indenture may establish that the debentures shall be held in custody accounts in the name of their holders, at the institution it appoints, without the issuance of certificates, and the provisions of Section 41 shall apply whenever possible. *(Text added by Law n. 10.303, of October 31, 2001)*

Section V

Certificates

Requirements

Article 64. The debenture certificates shall contain:

I - the name, head office, duration and purposes of the corporation;

II - the dates of incorporation and of filing and publication of the articles of incorporation;

III - the date of publication of the minutes of the general meeting which passed the necessary resolution;

IV - the date on which and Real Estate Registry at which the issue was registered;

V - the title "Debenture" and an indication of its category by the words "with guarantee *in rem"*, "with floating charge", "without preference" or "subordinate";

VI - the designation of the issue and series;

VII - the serial number;

VIII - the par value, the monetary adjustment clause, if any, the conditions governing maturity, amortization, redemption, interest, participation in profits or refund premium and when the same shall be due;

IX - the conditions for conversion into shares, if any;

X - the name of the debentureholder; (*Text as determined by Law no. 9.457 of May 5, 1997)*

XI - the name of the trustee of the debentureholders, if any;

XII - the date of issued of the certificate and the signatures of two directors of the corporation;

XIII - authentication by the trustee, if any.

Single and Multiple Certificates

Article 65. Subject to the requirements of article 64, the corporation may issue multiple debenture certificates and may temporarily issue provisional certificates representing the debentures.

Paragraph 1. The multiple debenture certificates of publicly held corporations shall comply with the quantity standards of the *Comissão de Valores Mobiliários*.

Paragraph 2. The certificates may be substituted, divided or consolidated, as stipulated in the deed of issue with appointment of a trustee.

Section VI

Debentureholders' Trustee

Requirements and Incompatibility

Article 66. The trustee shall be appointed and shall accept the duties under the deed of issue of the debentures.

Paragraph 1. Only individuals who satisfy the requirements of holding office in a corporation administrative body and the financial institutions which have been specially authorized by the Central Bank of Brazil for the purpose of the administration or custody of third party assets may be appointed trustee.

Paragraph 2. The *Comissão de Valores Mobiliários* may require that the trustee or one of the trustees for an issue of debentures traded in the market be a financial institution.

Paragraph 3. The following may not be trustees:

(a) a person that acts as trustee for a previous issuance of the same issuer, unless so authorized by the Brazilian Securities Commission under its rules; *(Text added by Law n. 12.431, of June 24, 2011)*

(b) any financial institution connected with the issuing corporation or with the underwriting institution, or any corporation controlled by them;

(c) any creditor of any kind of the issuing corporation or any corporation controlled by such a creditor;

(d) any financial institution whose managers have an interest in the issuing corporation;

(e) any person who may otherwise be in a conflict of interest situation by performing such a task.

Paragraph 4. Any trustee who, due to circumstances occurring after an issue, becomes prohibited to exercise the task shall immediately communicate this fact to the debentureholders and request his replacement.

Replacement, Remuneration and Control

Article 67. The deed of issue shall lay down the conditions for the replacement and remuneration of the trustee, in accordance with the rules issued by the *Comissão de Valores Mobiliários*.

Sole Paragraph. The *Comissão de Valores Mobiliários* shall control the performance of the trustee of issues offered to the public or of debentures traded on a stock exchange or in the over-the-counter market and may:

(a) appoint a provisional replacement in the event of a vacancy;

(b) suspend a trustee from his task and replace him, should he fail to perform his duties.

Duties and Powers

Article 68. In accordance with this Law and the deed of issue, the trustee shall represent the joint interest of the debentureholders *vis-à-vis* the issuing corporation.

Paragraph 1. The duties of the trustee are:

(a) to protect the rights and interests of the debentureholders, employing in the performance of his duties the care and diligence that every diligent and honest man habitually employs in the administration of his own property;

(b) to prepare an annual report and make it available to the debentureholders within four months from the end of the corporation's fiscal year, drawing attention to all relevant facts occurred during the year relating to the corporation's liabilities, the security of the debentures and the constitution and application of the amortization fund, if any; the report shall also contain a statement by the trustee regarding his ability to continue performing his task;

(c) in the maximum term of sixty (60) days, give notice to the debenture holders of any default by the corporation in the obligations undertaken in the indenture. *(Text as dtermined by Law n. 10.303, of October 31, 2001)*

Paragraph 2. The deed of issue shall lay down the manner in which the duties referred to in paragraph (b) and (c), above, shall be complied with.

Paragraph 3. The trustee may take any action to protect the rights or defend the interests of the debentureholders and, in the event of default by the corporation, he may in particular:

(a) subject to the conditions of the deed of issue, declare the debentures to have matured in advance and collect the principal sum and interest;

(b) execute guarantees *in rem*, receive the income and apply the same in the full or proportional payment to the debentureholders;

(c) if there are no guarantees *in rem*, petition for the bankruptcy of the issuing corporation;

(d) represent the debentureholders in bankruptcy proceedings, "concordata", intervention or administrative procedure of liquidation of the issuing corporation, except as otherwise decided at a general meeting of debentureholders;

(e) take all steps necessary for the debentureholders to collect their debts.

Paragraph 4. The trustee is liable to the debentureholders for the losses they suffer as a consequence of his fault or fraud in performing his duties.

Paragraph 5. The expenses of the trustee which he may have incurred in protecting the rights and interests or in collecting the debts of the debentureholders shall be added to the debts of the issuing corporation, shall enjoy the same guarantees as the debentures and shall have priority over the debentures in order of payment.

Paragraph 6. Any provision in the deed of issue which purports to restrict the duties, responsibilities and liabilities of the trustee as provided in this article shall be void and of no effect.

Other Tasks

Article 69. The deed of issue may also impose on the trustee the authentication of debenture certificates, the administration of the amortization fund, the custody of the property given in guarantee and the payment of interest, amortization and redemption moneys.

Substitution of Guarantees and Amendment of Deed of Issue

Article 70. The substitution of the property offered in guarantee, when authorized in the deed of issue, shall require the approval of the trustee.

Sole Paragraph. The trustee shall not have the power to agree to amendments to the clauses and conditions of the issue.

Section VII

General Meeting of Debentureholders

General Meeting of Debentureholders

Article 71. The holders of debentures of the same issue or series may at any time hold a general meeting to resolve matters of joint interest to all the debentureholders.

Paragraph 1. A general meeting of debentureholders may be called by the trustee, by the issuing corporation, by debentureholders representing at least ten per cent of the debentures in circulation, and by the *Comissão de Valores Mobiliários*.

Paragraph 2. The provisions of this Law governing general meetings of shareholders shall be applicable, so far as appropriate, to general meetings of debentureholders.

Paragraph 3. A general meeting shall be held on the first call with the presence of debentureholders representing at least one-half of the debentures in circulation and on the second call with any number.

Paragraph 4. The trustee shall be present at the general meeting and shall give the debentureholders all the information requested from him.

Paragraph 5. The deed of issue shall state the quorum required to approve amendments to the conditions of the debentures, which shall not be less than one-half of the debentures in circulation.

Paragraph 6. Each debenture shall have the right to one vote in the decisions of the general meeting.

Section VIII

Debentures Coupons

Article 72. A financial institution authorized by the Central Bank of Brazil to carry out such an operation may issue certificates of coupons guaranteed by debentures, which shall confer upon their holders creditors' rights against the issuer for the respective par value and the interest stipulated thereon. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 1. The certificate shall be registered, whether or not it is a book entry certificate. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 2. The certificate shall contain the following information:

(a) the name of the issuing financial institution and the signatures of its representative;

(b) its serial number and the place and date of issue;

(c) the title "Debentures Coupon"; *(Text as determined by Law no. 9.457 of May 5, 1997)*

(d) the par value and the maturity date;

(e) the interest, which may be fixed or variable, and the date it shall be paid;

(f) the place of payment of the principal;

(g) the identification of the debentures given as guarantee, its value and the type of guarantee set up; *(Text as determined by Law no. 9.457 of May 5, 1997)*

(h) the name of the debentureholders' trustee:

(i) the monetary adjustment clause, if any;

(j) the name of the coupon-holder. *(Text as determined by Law no. 9.457 of May 5, 1997)*

(k) Revoked by Law no. 8.021 of April 12, 1990.

Section IX

Issue of Debentures Abroad

Issue of Debentures Abroad

Article 73. A Brazilian corporation may issue debentures abroad with a guarantee *in rem* or floating charge on assets located in Brazil only with the prior approval of the Central Bank of Brazil.

Paragraph 1. The creditor in respect of a debt located in Brazil shall have priority over the creditor of a debenture issued abroad by a foreign corporation authorized to operate in Brazil, unless the issue of the debenture was previously approved by the Central Bank of Brazil and its income applied in a business located in Brazil.

Paragraph 2. In any circumstances, only the principal and charges of debentures registered with the Central Bank of Brazil may be remitted abroad.

Paragraph 3. In addition to being subject to the requirements of article 62, an issue of debentures abroad shall require the registration, at the Real Estate Registry of the location of the head office or place of business of the corporation, of the other documents required by the laws of the place of issue, authenticated as provided for by the relevant legislation, legalized by the Brazilian Consulate abroad and accompanied by a translation into Portuguese prepared by a public translator on oath; and in the case of a foreign corporation, the registration at the Commercial Registry and the publication of the resolution which authorized the issue in accordance with the corporation’s bylaws and the laws of the place of the head office.

Paragraph 4. Trading on a Brazilian stock market of debentures issued abroad shall require the prior authorization of the *Comissão de Valores Mobiliários*.

Section X

Cancellation of Debentures

Cancellation of Debentures

Article 74. The issuing corporation shall enter notations in the appropriate books with regard to the cancellation of debentures and shall keep the canceled certificates or the receipts of the holders of book debenture accounts for a period of five years, together with the cancellation documents.

Paragraph 1. In the event of the issue having a trustee, he shall supervise the cancellation of the certificates.

Paragraph 2. The officers of the corporation shall be bound under joint and several liability for any loss resulting from non-compliance with the provisions of this article.

Chapter VI

Subscription Bonus

Characteristics

Article 75. A corporation may issue a negotiable security called a "Subscription Bonus", within the capital increase limit authorized in its bylaws (article 168).

Sole Paragraph. Subject to the conditions contained in the certificate, the subscription bonus shall confer upon its owner the right to subscribe to shares of the capital, and such right shall be exercised by the presentation of the security to the corporation and the payment of the share issue price.

Authorization

Article 76. A general meeting shall have authority to resolve to issue subscription bonuses when the bylaws do not empower the administrative council to do so.

Issue

Article 77. Subscription bonuses shall be disposed of by the corporation or shall be issued by the corporation as an additional privilege to the subscribers of its shares or debentures issues.

Sole Paragraph. The corporation’s shareholders shall have preference to subscribe to bonus issues, as provided in articles 171 and 172.

Form, Ownership and Transferability

Article 78. A subscription bonus shall be registered. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Sole Paragraph. So far as applicable, subscription bonuses shall be subject to the provisions of Sections V to VII of Chapter III.

Subscriptoin Bonus Certificates

Article 79. A subscription bonus certificate shall contain the following information:

I - the information set forth in items I to IV of article 24;

II - the title "Subscription Bonus";

III - the serial number;

IV - the number, type and class of shares which may be subscribed and their issue price or the criteria for establishing it;

V - the time within which the subscription right may be exercised and the termination date of the period for exercising such right;

VI - the name of the subscription bonus holder; *(Text as determined by Law no. 9.457 of May 5, 1997)*

VII - the date of issue of the certificate and the signatures of two directors. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Chapter VII

Incorporation of a Corporation

Section I

Preliminary Requirements

Article 80. The following requirements must be met before a corporation can be incorporated:

I - the subscription by at least two persons of all the shares into which the capital is divided in accordance with the bylaws;

II - the initial payment of at least ten per cent of the issue price of the shares subscribed in cash;

III - the deposit at the Banco do Brasil S.A., or at another banking establishment authorized by the *Comissão de Valores Mobiliários*, of the portion of the capital paid in cash.

Sole Paragraph. The provisions of item II, above, shall not apply to corporations for which the law requires the initial payment of a larger portion of the capital.

Initial Payment, Deposit

Article 81. The deposit referred to in item III of article 80 shall be made by the founder within five days from the date of receipt of the amounts, on behalf of the subscribers

and in favor of the corporation being incorporated, which may only withdraw the deposit after having acquired corporate entity status.

Sole Paragraph. If the corporation is not incorporated within six months from the date of the deposit, the bank shall return the deposits direct to the subscribers.

Section II

Incorporation by Public Subscription

Registration of Issue

Article 82. The incorporation of a corporation by public subscription shall be subject to prior registration of the issue with the *Comissão de Valores Mobiliários*, and the subscription may only be effected with a financial institution acting as an intermediary.

Paragraph 1. A request for registration of an issue shall comply with the rules issued by the *Comissão de Valores Mobiliários* and shall be accompanied by:

(a) the economic and financial feasibility study of the enterprise;

(b) a draft of the bylaws;

(c) a prospectus prepared and signed by the founders and by the intermediary financial institution.

Paragraph 2. The *Comissão de Valores Mobiliários* may require that amendments be made to the bylaws or to the prospectus as a condition for registration and may deny the same on the grounds of lack of feasibility or risk of the enterprise or of lack of fitness of the founders.

Draft of Bylaws

Article 83. The draft of the bylaws shall comply with all the requirements for contracts of commercial companies in general and those specially established for corporations, and shall contain the rules by which the corporation will be governed.

Prospectus

Article 84. The prospectus shall indicate precisely and clearly the basis of the corporation and the motives justifying the expectation of success of the enterprise, and specially:

I - the amount of capital to be subscribed, the manner in which it is to be paid up and whether or not a future increase has been authorized;

II - the extent of capital to be composed of property, a description of such property and the value attributed to such property by the founders;

III - the number, types and classes of shares into which the capital shall be divided; the par value of the shares and the issue price of the shares;

IV - the amount of the initial payment to be made upon subscription;

V - the obligations assumed by the founders, the contracts signed in the interest of the future corporation and the amounts already spent or to be spent;

VI - the special privileges to which the founders or third parties will be entitled and the article of the draft bylaws which regulates them;

VII - the government authorization for the incorporation, if necessary;

VIII - the date of the opening and closing of the subscription and the institutions authorized to receive the initial payments;

IX - the provision in case of surplus resulting from the subscription;

X - the period of time within which the general meeting of incorporation is to be held, or the preliminary meeting for the appraisal of the property, if any;

XI - the name, nationality, civil status, profession and residence of the founders, or, if a corporate entity, the firm or corporate name, nationality and head office, as well as the number and type of shares to which each one has subscribed;

XII - the financial institution acting as intermediary in the placement, which shall keep the original copy of the prospectus and of the draft of the bylaws, together with the documents mentioned therein, for examination by any interested party.

Subscription List, Bulletin of Initial Payment

Article 85. Upon subscription to shares to be paid up in cash, the subscriber shall make an initial payment and sign the list or individual bulletin authenticated by the financial institution authorized to receive the initial payments, and shall declare his name, nationality, residence, civil status, profession and identity card number, or, if a legal entity, its corporate name, nationality and head office, and shall also specify the number of shares subscribed, their type and class, if more than one, and the total initial payment.

Sole Paragraph. Under the conditions set forth in the prospectus, subscription may be made by a letter to the institution with the statements required by this article and the initial payment.

Convening General Meeting of Incorporation

Article 86. When the subscription is closed and the capital has been fully subscribed, the founders shall call a general meeting which shall:

I - provide for the evaluation of the property, if any (article 8);

II - resolve on the incorporation.

Sole Paragraph. The notices calling the meeting shall specify the time, date and place of the meeting and shall be published in the same newspapers in which the subscription offer was published.

General Meeting Of Incorporation

Article 87. The first general meeting, or general meeting of incorporation, shall be held on the first call with the presence of subscribers representing at least half of the capital, and on the second call with any number.

Paragraph 1. At the meeting, which shall be presided over by one of the founders and shall have a subscriber acting as secretary, the receipt of the deposit mentioned in item III of article 80 shall be read and the draft of the bylaws discussed and voted upon.

Paragraph 2. Regardless of its type or class, each share shall have the right to one vote; a majority shall not have the right to modify the draft of the bylaws.

Paragraph 3. Upon satisfying himself that all legal formalities have been observed and that there is no opposition from subscribers representing more than half of the capital, the chairman shall declare the corporation incorporated, and thereupon the election of the officers and members of the audit committee shall be held.

Paragraph 4. The minutes of the meeting, drawn up in duplicate, after being read and approved by the meeting, shall be signed by all subscriber present or by as many as are required to validate a decision; one copy shall remain in the possession of the corporation and the other shall be used for registration at the Commercial Registry.

Section III

Incorporation by Private Subscription

Incorporation by Private Subscription

Article 88. The incorporation of a corporation by private subscription of its capital may be effected by a resolution of the subscribers in a general meeting or by a public deed, all subscribers being considered founders.

Paragraph 1. If the form selected is that of a general meeting, it shall be subject to the provisions of articles 86 and 87 and the draft of the bylaws, signed in duplicate by all the subscribers to the capital, shall be presented at the meeting, as well as the lists or offerings of subscription to all the shares.

Paragraph 2. Should a public deed be preferred, it shall be signed by all the subscribers and shall contain:

(a) the description of the subscribers as required by article 85;

(b) the corporation’s bylaws;

(c) a list of the shares taken up by the subscribers and the amount of the initial payments made;

(d) a copy of the receipt of the deposit referred to in item III of article 80;

(e) in the event of subscription of the capital with property, a copy of the expert's evaluation report (article 8);

(f) the appointment of the first officers and, if any, of the audit committee members.

Section IV

General Provisions

Article 89. The appropriation of real property to the capital shall not require a public deed.

Article 90. A subscriber may be represented at the general meeting or in the public deed by a proxy vested with special powers.

Article 91. In all documents and publications relating to the corporation being incorporated, the clause "under incorporation" shall be added to its corporate name.

Article 92. Within the scope of their respective responsibilities, the founders and financial institutions participating in an incorporation by public subscription shall be liable for any loss resulting from the failure to comply with legal requirements.

Sole Paragraph. The founders shall be jointly and severally liable for the losses caused by their negligence or fraud in acts or transactions prior to the incorporation.

Article 93. The founders shall surrender to the first elected officers all documents, books or papers referring to the incorporation or belonging to the corporation.

Chapter VIII

Other Incorporation Formalities

Registration and Publicity

Article 94. No corporation may operate unless its incorporation documents have been registered and published.

Corporation Incorporated by General Meeting

Article 95. If the corporation was incorporated by resolution at a general meeting, the following documents shall be registered at the Commercial Registry of the place where its head office is located:

I - one copy of its bylaws, signed by all subscribers (article 88, paragraph 1), or, if the subscription was public, the original copies of the bylaws and the prospectus, signed by the founders, in addition to one copy of the newspaper in which these documents were published;

II - a complete list, authenticated by the founders or by the chairman of the general meeting, of the subscribers to the capital, giving their personal descriptions, the number of shares and the total initial amount paid up by each subscriber (article 85);

III - the receipt of the deposit referred to in item III of article 80;

IV - a duplicate copy of the minutes of the general meetings held to value property, if any (article 8);

V - a duplicate copy of the minutes of the general meeting of subscribers which passed the resolution to incorporate the corporation (article 87).

Incorporation by Public Deed

Article 96. If the corporation was incorporated by a public deed, it will be sufficient to register a certified copy of the deed.

Commercial Registry

Article 97. The Commercial Registry shall determine whether the incorporation complied with the legal requirements and whether the bylaws contain clauses contrary to the law, public order or decency.

Paragraph 1. Should registration be denied on the grounds of failure to comply with any legal requirement or an irregularity found in the incorporation, the first officers shall immediately call a general meeting to correct the omission or irregularity, or to authorize such steps as may be necessary. This general meeting shall be convened and held subject to the provisions of article 87, and resolutions shall be passed by shareholders representing at least one-half of the capital. If the bylaws are defective, they may be corrected at the same general meeting, which shall also decide whether the corporation should hold the founders liable in law (article 92).

Paragraph 2. On receipt of a duplicate copy of the minutes of the general meeting and proof that the omission or irregularity has been remedied, the Commercial Registry shall register the documents of incorporation.

Paragraph 3. Subject to the provisions of the bylaws, the establishment of branches, offices or agencies shall be registered at the Commercial Registry.

Publication and Transfer of Property

Article 98. Once the documents relating to the incorporation have been registered, within the following thirty days its officers shall publish such documents and a certified copy of the registration document in an official newspaper of the place of the head office of the corporation.

Paragraph 1. One copy of the official newspaper shall be filed with the Commercial Registry.

Paragraph 2. A certified copy of the documents of incorporation, issued by the Commercial Registry at which they were registered, shall be sufficient for the transfer of the property which a subscriber may have contributed to the capital (article 8, paragraph 2), by registration at the appropriate public registry.

Paragraph 3. The minutes of the general meeting which approves the incorporation shall identify each asset in precise terms, but may describe it briefly, provided that it is supplemented by a statement signed by the subscriber containing all the information necessary to effect the registration at the public registry office.

Liability of First Officers

Article 99. The first officers shall be jointly and severally liable to the corporation for any losses caused by delay in complying with the supplementary incorporation formalities.

Sole Paragraph. Subject to any resolution by the general meeting to the contrary, the corporation shall not be liable for any action by the first officers before the formalities of incorporation have been complied with.

Chapter IX

Corporate Books

Corporate Books

Article 100. In addition to the books required of all commercial firms and subject to the same legal formalities, a corporation shall keep the following books:

I - a Registered Shares Register book, for recording, noting or registering: *(Text as determined by Law no. 9.457 of May 5, 1997)*

(a) shareholders' names and the number of their shares;

(b) initial payments or installments to pay up capital;

(c) conversions of shares from onetype or class to another; *(Text as determined by Law no. 9.457 of May 5, 1997)*

(d) redemptions, refunds and amortizations of shares, or their acquisition by the corporation;

(e) changes resulting from the disposal of or transfer of shares; and

(f) pledges, usufructs, trusts, fiduciary alienations in guarantee, or any charge which encumbers the shares or prevents their sale;

II - a Registered Shares Transfer book for recording transfers, which must be signed by the assignor and the assignee, or their authorized representatives;

III - a Registered Founder Shares Register and a Registered Founder Shares Transfer book, should such certificates have been issued, subject, in both cases, where applicable, to the provisions of items I and II of this article;

IV - a Minutes of General Meetings book;

V - a Shareholders' Attendance book;

VI - a Minutes of Administrative Council Meetings book, if any, and a Minutes of Board of Directors Meetings book;

VII - a Minutes and Opinions of the Audit Committee book.

Paragraph 1. Any person may obtain certified copies of the entries made in the books mentioned in items I to III, as long as it be necessary to the defense of his rights or the elucidation of his personal interest or the interest of any shareholder or the capital market, being the corporation authorized to make a charge for the cost of such copies; the denial of such request shall be subject to appeal to the *Comissão de Valores Mobiliários. (Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 2. In the case of publicly traded companies, the registers listed under items I through V of the main provision of this article may be replaced with mechanical or electronic records, due regard being given to Brazilian Securities Commission regulations. *(Text added by Law n. 12.431, of June 24, 2011)*

Records of Issuing Agent of Share Certificates

Article 101. The issuing agent of share certificates (article 27) may substitute the books referred to in items I to III of article 100 for his own records and maintain, through adequate systems approved by the *Comissão de Valores Mobiliários*, records of ownership of shares, founders' shares, debentures and subscription bonuses; once a year, the agent shall prepare a list of the holders with the number of securities held by each, such list to be bound, authenticated at the Commercial Registry and filed with the corporation. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 1. The entries of transfer of nominative shares signed in the presence of an issuing agent may be made on loose pages, upon the presentation of the share certificate, on which the transfer and the name and the personal description of the assignee shall be entered.

Paragraph 2. Entries of transfer made on loose paper shall be bound in chronological order in books authenticated at the Commercial Registry and kept on file by the issuing agent.

Book Entry shares

Article 102. The financial institution with which book entry shares are deposited shall furnish the corporation, at least once a year, with copies of the statements of the share deposit accounts and a list of the shareholders with the number of their respective shares, and the copies and lists shall be bound into books to be authenticated at the Commercial Registry and kept on file by the financial institution.

Control and Disputes

Article 103. The corporation shall verify of the adequacy of the transfers and of the encumbrances constituted on securities which it issued; in the cases under articles 27 and 34, such responsibility shall be supported by the issuing agent of share certificates and the financial institution with which book entry shares are deposited, respectively.

Sole Paragraph. Disputes arising between a shareholder or any interested party and the corporation, the agent issuing share certificates or the financial institution with which book entry shares are deposited, with regard to the registrations required by this Law or with regard to notations, entries or transfers of shares, founders' shares, debentures or subscription bonuses in the register or transfer books, shall be settled by the judge competent to resolve doubts raised by public registry officials, except for questions relating to the substance of the right itself.

Liability of the Corporation

Article 104. The corporation shall be liable for any loss caused to interested parties by errors or irregularities found in the books mentioned in items I to III of article 100. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Sole Paragraph. The corporation shall provide for the issue and substitution of certificates and for the transfer and registration in corporate books to be performed within the shortest time possible, not to exceed the period determined by the *Comissão de Valores Mobiliários*, and shall be liable to shareholders and third parties for any loss caused by culpable delay.

Inspection of Books

Article 105. At the request of shareholders representing at least five per cent of the capital, a complete inspection of the books of the corporation may be ordered by the court, whenever acts contrary to the law or to the bylaws occur, or there are grounds to suspect that serious irregularities have been committed by the corporation.

Chapter X

Shareholders

Section 1

Obligation to Pay Up Capital

Conditions and Default

Article 106. The shareholders shall pay up the shares underwritten or acquired, in accordance with the conditions stated in the bylaws or the subscription offer.

Paragraph 1. If the bylaws and the subscription offer do not prescribe the amount and the term or date of payment, the administrative bodies shall issue calls through notices published in the press at least three times prescribing the period for payment which shall not be less than thirty days.

Paragraph 2. The shareholder who fails to make the payment under the conditions stated in the bylaws, subscription offer or call shall be deemed to be in arrears and may be required to pay any interest, monetary adjustment and penalty prescribed in the bylaws; any penalty may not exceed ten per cent of the total payment.

Arrears

Article 107. Once a shareholder is deemed in arrears, the corporation may at its option:

I - bring proceedings to levy execution against the shareholder and those jointly liable with him (article 108) for the collection of the amounts due; the subscription offer and the notice of call being accepted as extra-judicial instruments as required by the Code of Civil Procedure; or

II - order that the shares be sold on a stock exchange for the account of, and at the risk of, the shareholder.

Paragraph 1. Any provision in the bylaws or in the subscription offer which excludes or limits the exercise of the option provided by this article shall be deemed to be void in relation to the corporation, but a subscriber in good faith shall be entitled, apart from any criminal sanction which may be available, to sue the persons responsible for such provision to recover any loss and damages suffered.

Paragraph 2. The sale shall be effected at a special auction at the stock exchange of the place of the head office, or, if no stock exchange exists there, then at the nearest one, after publication of notice on three occasions at least three days in advance. The expenses incurred in the transaction, and, if so authorized by the bylaws, the interest, monetary adjustment and penalty, shall be deducted from the proceeds of the sale, the balance being recoverable by the ex-shareholder at the head office of the corporation.

Paragraph 3. Even after proceedings to levy execution have been initiated, the corporation may order the sale of the share on a stock exchange; the corporation may also proceed to levy execution if the shares offered in the stock exchange find no buyer or if the price obtained is not sufficient to pay the debts of the shareholder.

Paragraph 4. If the corporation is unable to obtain payment in full in respect of any share through any of the procedures provided by this article, it may declare the share to be forfeit and appropriate all payments made, paying them up from profits or reserve accounts, other than the legal reserve; if the corporation has insufficient profits or reserves, it shall have a period of one year in which to place the forfeited shares, at the end of which, if no buyer has been found, a general meeting shall consider a resolution to reduce the capital by a corresponding amount.

Liability of Transferors

Article 108. Even after an agreement to sell shares has been negotiated, the assignors shall be jointly liable with the acquirers for the payment of any amounts required to pay up the transferred shares.

Sole Paragraph. Such liability shall cease with respect to each assignor at the end of two years from the date of transfer of the shares.

Section II

Inherent Rights of Shareholders

Inherent Rights of Shareholders

Article 109. Neither the bylaws nor a general meeting may deprive a shareholder of the right:

I - to participate in the corporate profits;

II - to participate in the assets of the corporation in the case of liquidation;

III - to supervise the management of the corporate business as provided for in this Law;

IV - of first refusal in the subscription of shares, founders' shares convertible into shares, debentures convertible into shares and subscription bonuses, according to articles 171 and 172;

V - to withdraw from the corporation in the cases provided for in this Law.

Paragraph 1. The shares of each class shall confer equal rights upon their holders.

Paragraph 2. The means provided by law to shareholders to enforce their rights cannot be overridden either by the bylaws or by any general meeting.

Paragraph 3. The corporation's bylaws may establish that any disputes between the shareholders and the corporation, or between the majority shareholders and the minority shareholders may be resolved by arbitration under the terms specified by it.

Section III

Voting

General Provisions

Article 110. Each common share shall carry the right to one vote in the resolutions of a general meeting.

Paragraph 1. The bylaws may restrict the number of votes of each shareholder.

Paragraph 2. No class of shares may carry more than one vote in respect of each share.

Preferred Shares

Article 111. The bylaws may withhold from the preferred shares one or more of the rights assigned to the common shares, including the right to vote, or may grant such rights with restrictions, subject to the provisions of article 109.

Paragraph 1. A preferred share without a right to vote shall acquire such a right if, during a period provided for in the bylaws, which shall not exceed three consecutive fiscal years, the corporation fails to pay the fixed or minimum dividend to which the share is entitled, and the right shall continue until payment has been made, if the dividend is not cumulative, or until all cumulative dividends in arrears have been paid.

Paragraph 2. In the circumstances and under the same conditions as laid down in paragraph 1, above, any restrictions on the voting right of a preferred share shall be suspended.

Paragraph 3. The bylaws may provide that the provisions of paragraphs 1 and 2 shall become effective after completion of the initial undertaking of the corporation.

Bearer Shares

Article 112. Only the owner of a registered, endorsable or book entry share may have the right to vote.

Sole Paragraph. An owner of a preferred bearer share who acquires the right to vote in accordance with paragraphs 1 and 2 of article 111 may, notwithstanding the absence of any other statutory authority, convert his share into a registered or endorsable share while he enjoys such right.

Shares Pledged or Subject to Fiduciary Alienation

Article 113. Pledging a share shall not prevent the shareholder from exercising his right to vote; however, the pledge agreement may state that the shareholder shall not be allowed to vote on certain decisions without the consent of the pledge creditor.

Sole Paragraph. A creditor guaranteed by the fiduciary alienation of a share may not exercise the right to vote; a debtor may only exercise it subject to the conditions of the agreement.

Shares Subject to Usufruct

Article 114. If the instrument creating the usufruct does not provide to the contrary, the right to vote in respect of a share subject to a usufruct may only be exercised by prior agreement between the owner and the party entitled to the usufruct.

Abuse of Voting Rights and Conflict of Interest

Section 115. The shareholder shall exercise the right to vote in the corporation's interest; the right to vote shall be deemed abusive if it is exercised with the intent to cause damage to the corporation or to other shareholders, or of obtaining an advantage for the shareholder or for a third party to which neither is entitled, and which results or may result in damage to the corporation or to other shareholders. *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 1. A shareholder may not vote in a general meeting on a resolution which relates to the evaluation report on the property which he contributed to form the corporation's capital, to the approval of his accounts as a corporation officer, nor on any other resolution which may benefit him personally or in which he and the corporation may have conflicting interests.

Paragraph 2. If all subscribers jointly owned an property which they contributed to form the corporation's capital, they may approve the evaluation report subject to the liability imposed by paragraph 6 of article 8.

Paragraph 3. A shareholder shall be liable for any damages caused by the abuse of his right to vote even if his vote does not prevail.

Paragraph 4. Resolutions passed with the vote of a shareholder who has interests which conflict with the interests of the corporation can be made void; the shareholder shall be liable for any damage caused and shall be required to transfer to the corporation any benefits he may have obtained.

Paragraph 5. (VETOED) *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 6. (VETOED) *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 7. (VETOED) *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 8. (VETOED) *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 9. (VETOED) *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 10. (VETOED) *(Text added by Law n. 10.303, of October 31, 2001)*

Section IV

Controlling Shareholder

Duties

Article 116. A controlling shareholder is defined as an individual or a legal entity, or a group of individuals or legal entities by a voting agreement or under common control, which:

(a) possesses rights which permanently assure it a majority of votes in resolutions of general meetings and the power to elect a majority of the corporation officers; and

(b) in practice uses its power to direct the corporate activities and to guide the operations of the departments of the corporation.

Sole Paragraph. A controlling shareholder shall use its controlling power in order to make the corporation accomplish its purpose and perform its social role, and shall have duties and responsibilities towards the other shareholders of the corporation, those who work for the corporation and the community in which it operates, the rights and interests of which the controlling shareholder must loyally respect and heed.

Article 116-A. The controlling shareholder of a publicly-held corporation, and the shareholders or group of shareholders that elect a member of the board of directors or of the finance committee shall immediately inform any changes in their ownership positions to the Brazilian Securities Commission and to the Stock Exchange or entities of the organized over-the-counter market where the securities issued by the corporation are traded, with observance of the terms and conditions determined by the Brazilian Securities Commission *(Text added by Law n. 10.303, of October 31, 2001)*

Liability

Article 117. A controlling shareholder shall be liable for any damage caused by acts performed by the abuse of its power.

Paragraph 1. An abuse of power may take any of the following forms:

(a) to guide a corporation towards an objective other than in accordance with its corporate purposes clause or harmful to national interest, or to induce it to favor another Brazilian or foreign corporation to the detriment of the z shareholders' interest in the profits or assets of the corporation or of the Brazilian economy;

(b) to provide for the liquidation of a viable corporation or for the transformation, merger or division of a corporation in order to obtain, for itself or for a third party, any undue advantage to the detriment of the other shareholders, of those working for the corporation or of investors in securities issued by the corporation;

(c) to provide for a statutory amendment, an issue of securities or an adoption of policies or decisions which are not in the best interests of the corporation but are intended to cause damage to the minority shareholders, to those working for the corporation or to investors in securities issued by the corporation:

(d) to elect a corporation officer or audit committee member known to be unfit for the position or unqualified;

(e) to induce, or attempt to induce, any officer or audit committee member to take any unlawful action, or, contrary to their duties under this Law and under the bylaws, and contrary to the interest of the corporation, to ratify any such action in a general meeting;

(f) to sign contracts with the corporation directly, through a third party or through a business in which the controlling shareholder has an interest, incorporating unduly favorable or inequitable terms;

(g) to approve, or cause to be approved, irregular accounts rendered by corporation officers as a personal favor, or to fail to verify a complaint which he knows, or should know, to be well founded, or which gives grounds for a reasonable suspicion of irregularity.

(h) to subscribe shares, for the purpose of the provision of article 170, with the contribution of property unrelated to the purpose of the corporation. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 2. Under paragraph I (e), above, an officer or audit committee member who commits an unlawful act shall be jointly and severally liable with the controlling shareholder.

Paragraph 3. A controlling shareholder who holds the position of officer or audit committee member shall also have the duties and responsibilities relating to that position.

Section V

Shareholders' Agreements

Shareholders' Agreements

Section 118. Shareholder agreements regulating the purchase and sale of shares, preference to acquire shares, the exercise of voting rights, or the exercise of control must be observed by the corporation when filed in its head office. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Paragraph 1. The commitments or encumbrances resulting from such an agreement may only be enforced against a third party after the agreement has been duly entered in the register books and on the share certificates, if any.

Paragraph 2. Such agreements may not be invoked to exempt a shareholder either from liability when exercising his right to vote (article 115) or from the power of control (articles 116 and 117).

Paragraph 3. Under the terms of the agreement, shareholders may make provision for the specific performance of the commitments undertaken.

Paragraph 4. Shares registered under this article cannot be traded on a stock exchange or in the over-the-counter market.

Paragraph 5. The administrative bodies of a publicly held corporation shall include in their annual report to the general meeting information concerning any provisions on profit reinvestment or dividend distribution policy contained in shareholders' agreements filed with the corporation.

Paragraph 6. A shareholder's agreement with a term that depends on a certain condition may only be denounced according to its provisions. *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 7. The mandate granted under the terms of a shareholders agreement to render a vote against or in favor of a resolution in a general or special meeting may have a term that exceeds the term provided for in § 1 of Section 126 hereof. *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 8. The president of the meeting or of the decision making body of the corporation shall not compute a vote that infringes a duly filed shareholders agreement. *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 9.. Failure to attend a general meeting or meetings of the corporation's management bodies, as well as failure to vote on matters specified in the shareholders agreement by any party or by members of the board of directors elected under the terms of the shareholders agreement assures the damaged party the right to vote with the shares belonging to the shareholder who is absent or remiss and, in case of a member of the board of directors, by the board member elected by the votes of the damaged party. *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 10. Shareholders bound to the shareholders agreement shall indicate, in the act of filing, a representative to communicate with the corporation to render or to receive information upon request. *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph11. The corporation may request the members from the agreement to elucidate its clauses *(Text added by Law n. 10.303, of October 31, 2001)*

Section VI

Shareholders Resident or Domiciled Abroad

Shareholders Resident or Domiciled Abroad

Article 119. A shareholder resident or domiciled abroad must maintain a representative in Brazil empowered to accept service of process in proceedings brought against him under this Law.

Sole Paragraph. The exercise of any shareholder's right in Brazil shall give the proxy or legal representative the capacity to accept service of process.

Section VII

Suspension of Rights

Suspension of Rights

Article 120. A general meeting may suspend the rights of any shareholder who fails to fulfill any obligation imposed by law or by the bylaws, such suspension ceasing as soon as the obligation is fulfilled.

Chapter XI

General Shareholders' Meeting

Section I

General Provisions

General Provisions

Article 121. A general meeting called and opened in accordance with the law and the bylaws is empowered to decide all matters relating to the corporate purposes of the corporation and to pass such resolutions as it deems necessary for the protection and *progress* of the corporation.

Sole paragraph. In the case of publicly traded companies, remote shareholder participation and voting at shareholders' meeting shall be permitted pursuant to Brazilian Securities Commission regulations. *(Text added by Law n. 12.431, of June 24, 2011)*

Exclusive Authority

Article 122. The general shareholders' meeting shall have exclusive authority to decide on: *(Text added by Law n. 12.431, of June 24, 2011)*I – to amend the bylaws; *(Text as determined by Law n. 10.303, of October 31, 2001)*

II – to elect or discharge corporation officers and auditors at any time, subject to the provisions of item II of Section 142; *(Text as determined by Law n. 10.303, of October 31, 2001)*

III – to receive the yearly accounts drawn up by the corporation's officers and to decide on the financial statements presented by them. *(Text as determined by Law n. 10.303, of October 31, 2001)*

IV - authoring debenture issuances, with due regard given to paragraphs 1, 2 and 4 of article 59; *(Text added by Law n. 12.431, of June 24, 2011)*

V – to suspend the rights of a shareholder (Section 120); *(Text as determined by Law n. 10.303, of October 31, 2001)*

VI – to resolve on the appraisal of assets contributed as capital by shareholders; *(Text as determined by Law n. 10.303, of October 31, 2001)*

VII – to authorize the issuance of founders' shares; *(Text as determined by Law n. 10.303, of October 31, 2001)*

VIII – to resolve on the corporation's transformation, consolidation, incorporation and divestment, its dissolution and liquidation, to elect and discharge its liquidators, and to examine their accounts; and *(Text as determined by Law n. 10.303, of October 31, 2001)*

IX – to authorize the officers to file for bankruptcy or request reorganization. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Sole Sub-section. In case of urgency, the filing for bankruptcy or the request for reorganization may be made by the officers, as agreed with the majority shareholder, if any, immediately calling a general meeting in order to vote on the matter *(Text as determined by Law n. 10.303, of October 31, 2001)*

Right to Call General Meetings

Article 123. Subject to the bylaws, general meetings shall be called by the administrative council, if any, or by the directors.

Sole Paragraph. A general meeting may also be called:

(a) by the statutory audit committee, under the provisions of item V of article 163;

(b) in accordance with the law or the bylaws, whenever the officers delay the call for more than sixty days, by any shareholder;

(c) whenever the corporation officers do not, within eight days, comply with their justifiable request that a meeting be called, indicating the matters to be discussed, by shareholders representing at least five per cent of the capital. *(Text as determined by Law no. 9.457 of May 5, 1997)*

(d) whenever the corporation officers do not, within eight days, comply with the request that a meeting be called in order to appoint a statutory audit committee, by shareholders

representing at least five per cent of the voting capital, or five per cent of nonvoting shareholders. *(Text added by Law no. 9.457 of May 5, 1997)*

Procedure for Calling and Venue

Article 124. The call shall be made by a notice published on at least three occasions which, in addition to the place, date and time of the general meeting, shall contain the agenda and, in the case of an amendment to the bylaws, an indication of the subject-matter.

§ 1. The first call of the general meeting shall be made: *(Text as determined by Law n. 10.303, of October 31, 2001)*

I – in a closely-held corporation, at least eight (8) days in advance counted from the date of publication of the first notice; if the meting is not held, a new notice of second call shall be published at least five (5) days prior to the meeting; *(Text added by Law n. 10.303, of October 31, 2001)*

II – in a publicly-held corporation, the first call shall be made fifteen (15) days in advance, and the second call eight (8) days in advance. *(Text added by Law n. 10.303, of October 31, 2001)*

§ 5. The Brazilian Securities Commission may, at its sole discretion, by justified resolution of its decision-making body, upon request from any shareholder and following manifestation of the corporation: *(Text added by Law n. 10.303, of October 31, 2001)*

I – increase the term to publish the first notice for the call of the general meeting of a publicly-held company by up to thirty (30) days, counted from the date in which the documents related to the matters to be resolved are made available to the shareholders if the meeting relates to complex transactions and, accordingly, shareholders need more time to be familiarized with and analyze such transactions; *(Text added by Law n. 10.303, of October 31, 2001)*

II – suspend, by up to fifteen (15) days, the course of the advance notice term for the call of the special general meeting of a publicly-held corporation in order to be familiarized with and to analyze the proposals to be submitted at the meeting and, if applicable, inform the corporation, up to the end of the suspension, the reasons by which it understands that the resolution proposed at the meeting violates legal or regulatory provisions. *(Text added by Law n. 10.303, of October 31, 2001)*

§ 6. On the date of publication of the call of the meeting, publicly-held corporations admitted for trading in Stock Exchanges must provide to the stock exchange in which their shares are most actively traded the documents made available to shareholders for deliberation at the general meeting. *(Text added by Law n. 10.303, of October 31, 2001)*

Quorum

Article 125. Apart from the exceptions provided by law, a general meeting shall be opened on first call with the presence of shareholders representing at least one-quarter of the voting capital; on the second call, it shall be opened with any number.

Sole Paragraph. A shareholder without a right to vote may attend a general meeting and take part in the discussion of matters submitted for.

consideration.

Proof of Identity

Article 126. The people attending a general meeting shall produce proof of their shareholder status, in accordance with the following rules:

I - upon request, an owner of a registered share shall exhibit a document proving his identity;

II - if the required by the bylaws, an owner of a book entry share or of a share in custody, according to the provisions of article 41, shall exhibit or deposit at the corporation, in addition to a document proving his identity, the corresponding proof produced by the financial institution; (*Text as determined by Law no. 9.457 of May 5, 1997)*

III - an owner of a bearer share shall exhibit the corresponding certificate, or a receipt of deposit as provided in item II, above;

IV - an owner of a book share or a share held in custody under article 41; shall exhibit, in addition to the identification document, or deposit with the corporation if required by the bylaws, a voucher issued by the depositary financial institution.

Paragraph 1. A shareholder may be represented at a general meeting by a proxy appointed less than one year before, who shall be a shareholder, a corporation officer or a lawyer; in a publicly held corporation, the proxy may also be a financial institution. A condominium shall be represented by its investment fund officer.

Paragraph 2. A request for the appointment of a proxy, made by post or by public notice, shall be subject to the regulations which may be issued by the *Comissão de Valores Mobiliários* and shall satisfy the following requirements:

(a) contain all information necessary to exercise the requested vote;

(b) entitle the shareholder to vote against a resolution by appointing another proxy to exercise the said vote;

(c) be addressed to all shareholders whose addresses are kept by the corporation. (*Text as determined by Law no. 9.457 of May 5, 1997*)

Paragraph 3. Subject to the requirements of the previous paragraph, any shareholder whose shares with or without voting rights represent one-half per cent or more of the

capital shall be entitled to request a list of the addresses of the shareholders for the purpose of paragraph 1, above. (*Text as determined by Law no. 9.457 of May 5, 1997*)

Paragraph 4. The legal representative of a shareholder shall be authorized to attend general meetings.

Attendance Book

Article 127. Before a general meeting is opened, the shareholders shall sign the attendance book, indicating their name, nationality and residence, as well as the number, type and class of shares owned.

Sole paragraph. For purposes of this Law, shareholders entering a record of remote attendance, pursuant to Brazilian Securities Commission regulations, shall be deemed in attendance of the relevant general meeting. *(Text added by Law n. 12.431, of June 24, 2011)*

Board

Article 128. Except as otherwise established in the bylaws, general meetings shall be presided over by a board composed of a chairman and a secretary selected by the shareholders present.

Quorum for Resolutions

Article 129. Except as otherwise provided for by law, the resolutions of a general meeting shall be passed by a simple majority of votes, abstentions not being taken into account.

Paragraph 1. The bylaws of a closed corporation may increase the quorum required for certain resolutions, provided they specify the matters.

Paragraph 2. In the event of an equal number of votes being cast in favor of and against a resolution, if the bylaws do not provide for arbitration and do not contain any provision to the contrary, a general meeting shall be called after a period of at least two months to vote on the resolution; if the equality in votes persists and the shareholders do not agree to entrust the decision to a third party, it shall be incumbent upon the court to decide the issue in accordance with the interest of the corporation.

Minutes of General Meetings

Article 130. The proceedings and resolutions of the general meeting shall be recorded in the appropriate book in minutes signed by the presiding board and by the shareholders attending the meeting. For the minutes to be valid, it shall be sufficient for them to be signed by as many shareholders as constitute the majority necessary for the resolutions passed by the general meeting. Attested or certified copies shall be made of the minutes for legal purposes.

Paragraph 1. The minutes may be recorded as a summary of what occurred, including dissents and protests, and may contain only a record of the resolutions taken, provided that:

(a) the documents or proposals submitted to the meeting, as well as the vote or dissent statements to which the minutes make reference, are numbered in sequence, authenticated by the board and by any shareholder wishing to do so and are filed with the corporation;

(b) the board, upon the request of any interested shareholder, authenticates a copy of any proposal, vote or dissent statement or protest presented.

Paragraph 2. A general meeting of a publicly held corporation may authorize the publication of minutes without the signatures of the shareholders.

Paragraph 3. If the minutes are not recorded in the manner permitted by paragraph 1, above, only an extract thereof may be published, with a summary of what occurred and a record of the resolutions taken.

Types of General Meetings

Article 131. A general meeting called to discuss the matters referred to in article 132 shall be the annual general meeting; and any other general meeting shall be an extraordinary general meeting.

Sole Paragraph. An annual general meeting and an extraordinary general meeting may be called and held together in the same place, on the same date and at the same time, and may be recorded in a single set of minutes.

Section II

Annual General Meeting

Purpose

Article 132. An annual general meeting of shareholders shall be held every year during the first four months after the closing of the fiscal year in order:

I - to receive the accounts rendered by the corporation officers and to examine, discuss and vote on the financial statements;

II - to decide on the uses to which the net profits of the fiscal year should be put and on the distribution of dividends;

III - to elect the officers and the members of the statutory audit committee, if any;

IV - to approve the monetary adjustment to the capital (article 167).

Management Documents

Article 133. The officers shall announce, through notices published as provided for in article 124, at least one month before the date of the annual general meeting, that the following documents are available for the inspection of shareholders:

I - the management report on the corporation's affairs and major administrative events of the last fiscal year;

II - copies of the accounts and financial statements;

III - the opinion of the independent auditors, if any.

IV – the finance committee's opinion, including all dissident votes, if any; and (Text added by Law n. 10.303, of October 31, 2001)

V – the remaining documents relevant to matters included in the agenda. (Text added by Law n. 10.303, of October 31, 2001)

Paragraph 1. The notices shall indicate the place or places where the shareholders may obtain copies of such documents.

Paragraph 2. Subject to the conditions set out in paragraph 3 of article 124, the corporation shall forward copies of such documents to the shareholders who request them in writing.

Paragraph 3. The documents referred to in this Section, except for the ones included in items IV and V, shall be published at least up to five (5) days before the date the general meeting is scheduled to be held. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Paragraph 4. A general meeting which is attended by all shareholders may excuse failure to publish the notice or failure to comply with the time periods referred to in this article; however, the documents shall be published before the meeting is held.

Paragraph 5. Publication of the notice shall not be required when the documents referred to in this article are published at least one month before the date scheduled for holding the annual general meeting.

Procedures

Article 134. Once a general meeting has been opened and on the request of any shareholder, the documents mentioned in article 133 and the opinion of the statutory audit committee, if any, shall be read and submitted by the board for discussion and voting.

Paragraph 1. The corporation officers or at least one of them and the independent auditor, if any, shall be present at general meetings to deal with any request by shareholders for clarification. but the officers may not vote as shareholders or as proxies on the documents mentioned in this article.

Paragraph 2. Should the general meeting require further clarification, it may postpone the resolution and order an investigation; subject to a waiver by the shareholders present at the meeting, the resolution may also be deferred if an officer, a member of the statutory audit committee or the independent auditor fails to attend the meeting.

Paragraph 3. The approval, without reservations, of the financial statements and accounts shall exempt the officers and members of the statutory audit committee from liability except as regards error, bad faith, fraud or misrepresentations (article 286).

Paragraph 4. If in the course of approving the financial statements the general meeting changes the amount of the profit of the fiscal year or the amount of the corporation's indebtedness, the officers shall within thirty days republish the statements with the alterations approved at the meeting; if the use of profits as proposed by the administrative bodies is not approved (article 176, paragraph 3), the changes introduced shall be included in the minutes of the general meeting.

Paragraph 5. The minutes of an annual general meeting shall be registered at the Commercial Registry and published.

Paragraph 6. The provisions of paragraph 1, above, are not applicable to private corporations when the directors are the only shareholders.

Section III

Extraordinary General Meeting

Amendment of Bylaws

Article 135. An extraordinary general meeting convened to amend the bylaws shall only be opened on the first call in the presence of shareholders representing at least two-thirds of the voting capital but may be opened on the second call with any number.

Paragraph 1. Before they can be enforced against third parties, any amendments to the bylaws shall be registered and published; the corporation or its shareholders, may not, however, assert any failure to comply with such formalities against third parties acting in good faith.

Paragraph 2. The provisions of article 97 and paragraphs I and 2 thereof, and of article 98 and paragraph I thereof, shall apply to amendments to the bylaws.

Paragraph 3. The documents relevant to the matters to be discussed at the special general meeting shall be made available to the shareholders, at the corporation’s head office, upon the publication of the first notice for the call of the general meeting. *(Text added by Law n. 10.303, of October 31, 2001)*

Qualified Quorum

Article 136. Unless a larger quorum is required by the bylaws of a corporation when its shares are not admitted for trading in the stock exchange or in the over-the-counter market, the approval of shareholders representing at least one-half of the voting shares

shall be necessary for a resolution: *(Text as determined by Law no. 9.457 of May 5, 1997)*

I – creating preferred shares or increasing an existing class of preferred shares without maintaining the existing ratio with the remaining class of preferred shares, unless when already set forth in or authorized by the bylaws; *(Text as determined by Law n. 10.303, of October 31, 2001)*

II - altering a preference, a privilege or a condition of redemption or amortization conferred upon one or more classes of preferred shares, or creating a new, more favored, class;

III - reducing the compulsory dividend; *(Text as determined by Law no. 9.457 of May 5, 1997)*

IV - merging the corporation with another corporation or consolidating it; *(Text as determined by Law no. 9.457 of May 5, 1997)*

V - participating in a group of corporations (article 265).

VI - changing the corporate purpose; *(Text as determined by Law no. 9.457 of May 5, 1997)*

VII - terminating a state of liquidation of the corporation; *(Text as determined by Law no. 9.457 of May 5, 1997)*

VIII - creating founders' shares; *(Text as determined by Law no. 9.457 of May 5, 1997)*

IX - dividing the corporation; *(Text as determined by Law no. 9.457 of May 5, 1997)*

X - dissolving the corporation. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 1. Under items I and II, the resolution shall only take effect if the holders of more than one-half of the affected class of preferred shares prejudiced by such resolution, assembled at a special meeting called by the officers of the corporation and held according to the formalities provided for in this Law, shall have previously approved or ratified it within a not extendible period of one year. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 2. The *Comissão de Valores Mobiliários* may authorize a reduction of the quorum under this article in the case of a publicly held corporation whose shares are widely held and whose last three general meetings were attended by shareholders representing less than one-half of the voting shares. In such event, the authorization of the *Comissão de Valores Mobiliários* shall be mentioned in the call notices and the reduced quorum resolution may only be passed on the third call.

Paragraph 3. The provisions of paragraph 2 of this Article also apply to special meetings of preferred shareholders provided for in paragraph 1. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Paragraph 4. The minutes of the general meeting which passes a resolution concerning the matters mentioned in items I and II shall mention that such resolution shall take effect only after its ratification by the special meeting referred to in paragraph 1, above. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Right to Withdraw

Article 137. The approval of the matters set forth in items I to VI and IX of Article 136 grants the dissenting shareholder the right to withdraw from the corporation, by refund of his/her shares (Article 45) , according to the following rules: *(Text as determined by Law n. 10.303, of October 31, 2001)*

I - in the cases under items I and II of article 136, only the shareholder of the prejudiced types and classes of shares shall have the right to withdraw from the corporation; *(Text added by Law no. 9.457 of May 5, 1997)*

II – in the cases of items IV and V of Section 136, the holder of shares of a class or type that has market liquidity and dispersion shall not have the right to withdraw, provided that: *(Text as determined by Law n. 10.303, of October 31, 2001)*

a) liquidity is evidenced when the type or class of share, or the certificate that represents it, is part of a general index representing a portfolio of securities in Brazil or abroad, defined by the Brazilian Securities Commission; and *(Text as determined by Law n. 10.303, of October 31, 2001)*

b) dispersion is evidenced when the majority shareholder, the controlling corporation or other corporations under their control hold less than half of issued shares of the applicable type or class; *(Text as determined by Law n. 10.303, of October 31, 2001)*

III – in the case of item IX of Section 136, there shall only be a right to withdraw if the spin-off results in: *(Text as determined by Law n. 10.303, of October 31, 2001)*

a) a change in the corporate purposes, except when the spun-off company is transferred to a corporation with a main line of business that coincides with the line of business of the spun-off company; *(Text added by Law n. 10.303, of October 31, 2001)*

b) a reduction in the mandatory dividend; or *(Text added by Law n. 10.303, of October 31, 2001)*

c) participation in a group of corporations; *(Text added by Law n. 10.303, of October 31, 2001)*

IV – the reimbursement of the share must be claimed to the corporation in a term up to thirty (30) days counted from the publication of the minutes of the general meeting; *(Former item III turned into item IV by Law n. 10.303, of October 31, 2001)*

V – the term for the dissident of a resolution of a special meeting (Section 136, §1) shall be counted from the publication of the respective minutes; *(Former item IV turned into item V by Law n. 10.303, of October 31, 2001)*

VI – the payment of the refund shall only be requested after compliance with the provisions of § 3 and, if applicable, the ratification of the resolution of the general meeting. *(Former item V turned into item VI by Law n. 10.303, of October 31, 2001)*

Paragraph 1. A shareholder dissenting from a resolution of a general meeting, including an owner of nonvoting preferred shares, may request the reimbursement of the shares of which he can *prove ownership* on the date of the first publication of the call for the meeting, or in the date of communication of the relevant fact about which a resolution was passed, whatever occured first. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 2. The right for reimbursement may be exercised in the term set forth in items IV or V of this Section, as the case may be, even if the shareholder failed to vote against the resolution or did not attend the meeting. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Paragraph 3. The administrative bodies are allowed to call a general meeting to ratify or reconsider the resolution during the ten (10) days after the end of the term provided for in items IV and V of this Section, if it is understood that the payment of the reimbursement price for the shares to the dissenting shareholders who exercised the right of withdraw may jeopardize the corporation's financial stability. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Paragraph 4. A shareholder who fails to exercise his right to withdraw within the prescribed period shall lose such right. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Chapter XII

Administrative Council and Board of Directors

Management of the Corporation

Article 138. According to its bylaws, the management of a corporation shall be entrusted either to its administrative council and its board of directors, or only to its board of directors.

Paragraph 1. The administrative council is a deliberative body, corporation representation being vested exclusively in the directors.

Paragraph 2. A publicly held corporation and a corporation with authorized capital shall be required to have an administrative council.

Delegation

Article 139. The responsibilities and powers conferred by law upon the administrative bodies may not be delegated to another body created by law or bylaws.

Section I

Administrative Council

Composition

Article 140. The administrative council shall consist of at least three members, who shall be elected at a general meeting and subject to removal by a general meeting at any time; the bylaws shall establish:

I – the number of board members, or the maximum and minimum allowed, and the process of choosing and substituting the chairman of the board of directors by the meeting or by the board member himself; *(Text as determined by Law n. 10.303, of October 31, 2001)*

II - the procedure for replacing council members;

III - the term of office, which shall not exceed three years, re-selection being permitted;

IV – the rules for the call, installation and functioning of the board, which shall resolve by a majority of votes, provided that the bylaws may establish a qualified quorum for certain resolutions. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Sole Sub-section. The bylaws may establish the participation of an employees' representative in the board, chosen by their votes in a free election, organized by the corporation jointly with the unions that represent them. *(Text added by Law n. 10.303, of October 31, 2001)*

Multiple Vote

Article 141. Whether or not provided for in the bylaws, when electing the members of the administrative council, shareholders representing at least one-tenth of the voting capital may request that a multiple voting procedure be adopted to entitle each share to as many votes as there are council members and to give each shareholder the right to vote cumulatively for only one candidate or to distribute his votes among several candidates

Paragraph 1. The right provided by this article shall be exercised by the shareholders not later than forty-eight hours before the general meeting; after consulting the attendance book, the board conducting the meeting shall inform the shareholders in advance of the number of votes required to elect each member of the council

Paragraph 2. Offices which are not filled as a result of an equal number of votes shall be the subject of a new election, to be held in the manner set out in paragraph 1, above

Paragraph 3. Following an election held under this procedure, the removal of any member of the administrative council by a general meeting shall result in the removal of all the other members, after which new elections shall be held; in all other cases of vacancy in which there is no replacement, the next general meeting shall hold a new election for the entire council.

Paragraph 4. Shareholders representing the majority of the following shares shall have the right to elect and remove from office a member and his substitute from the board of directors, in a separate election at the general meeting, being excluded from such election the majority shareholder:*(Text as determined by Law n. 10.303, of October 31, 2001)*

I – shares issued by a publicly-held corporation which represent at least fifteen percent (15%) of shares with voting rights; and *:(Text added by Law n. 10.303, of October 31, 2001)*

II –preferred shares without voting rights or with restricted voting rights, issued by a publicly-held corporation, which represent at least ten percent (10%) of the share capital, provided that they have not exercised the right set forth in the bylaws under the terms of Article 18. *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 5. If neither the holders of shares with voting rights nor the holders of preferred shares without voting rights or with restricted voting rights are sufficient to achieve the quorum required under items I and II of paragraph 4, they shall be allowed to aggregate their shares in order to jointly elect a member and his substitute for the board of directors, in this case considering the quorum required by item II of paragraph 4. *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 6. The right afforded by paragraph 4 can only be exercised by shareholders that have continuously held their shares for at least three months prior to the general meeting. *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 7. Whenever the election of the board of directors is conducted through multiple voting and the holders of common shares or preferred shares exercise the right to appoint a member of the board, the shareholder or shareholders bound by voting agreements representing more than fifty percent of voting shares shall have the right to appoint the same number of members appointed by the remaining shareholders plus one, regardless of the number of board members specified in the bylaws. *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 8. The company shall maintain a record identifying those shareholders that have exercised the rights afforded by § 4.

Paragraph 9. VETOED. *(Text added by Law n. 10.303, of October 31, 2001)*

Authority

Section 142. The board of directors shall be responsible for: *(Text as determined by LAw n. 10.303, of October 31, 2001)*

I - establish the general strategy for the corporation's business:

II - elect and discharge corporation directors and prescribe their duties in accordance with the relevant provisions in the bylaws;

III - supervise the performance of the directors, examine the books and records of the corporation at any time, request information on contracts signed or about to be signed, and take all other necessary action;

IV - call a general meeting whenever deemed advisable or as provided in article 132;

V - give its opinion on the reports of the management and on the accounts of the board of directors;

VI - give its opinion in advance on actions or contracts whenever required by the bylaws;

VII - when so authorized by the bylaws, decide whether to issue shares or subscription bonuses;

VIII – unless otherwise stated in the bylaws, to authorize the company to dispose of non-current assets, to establish guarantees in rem and to guarantee third-party obligations; *(Text added by Law n. 11.941, of May 27, 2009)*

IX - select and discharge independent auditors, if any.

Paragraph 1. The minutes of the board of directors meetings that contain resolutions designed to affect third parties shall be filed with the Commercial Registry and published. *(Primary sole paragraph turned into paragraph 1 by Law n. 10.303, of October 31, 2001)*

Paragraph 2. The selection and dismissal of independent auditors may be vetoed by the directors elected pursuant to Section 141, § 4, as applicable. (Text added by Law n. 10.303, of October 31, 2001)

Section II

Board of Directors

Composition

Article 143. The board of directors shall be composed of two or more directors, who shall be elected by and may at any time be removed by the administrative council, or, if none, by a general meeting; the bylaws shall set out:

I - the number of directors or the maximum and minimum number permitted;

II - the procedure for their replacement;

III - the term of office, which shall not exceed three years, re-election being permitted;

IV - the duties and powers of each

Paragraph 1. Up to a maximum of one-third of the members of the administrative council may be elected to positions on the board of directors.

Paragraph 2. The bylaws may require that certain decisions within the competence of the directors be made at a meeting of the board of directors.

Representation

Article 144. In the absence of a provision in the bylaws or a resolution of the administrative council (article 142, item II and sole paragraph), each director shall represent the corporation and take such actions as are necessary for its normal operation.

Sole Paragraph. Within the limits of their duties and powers, the directors may appoint corporation attorneys and shall specify in the instrument of appointment the scope of their authority, and the period of their appointment which, in the case of a power of attorney to appear in court, may be for an indefinite period of time.

Section III

Officers

Common Rules

Article 145. The rules relating to the qualification, disqualification, appointment, remuneration, duties and responsibilities of officers shall apply to members of the administrative council and to directors.

Requirements

Article 146. Natural persons will eligible for election as members of the board of directors or board of executive officers, provided an officer must also be a resident of Brazil. *(Text added by Law n. 12.431, of June 24, 2011)*

§ 1. The minutes of the general meeting or of the board of directors meeting which elects officers shall contain the identification and the term of office of each person elected and shall be filed with the Commercial Registry and published. *(Text as determined by Law n. 10.303, of October 31, 2001)*

§ 2. Officers residing or domiciled abroad may only take post by appointing a representative residing in Brazil, having powers to receive service of process in actions brought against him as per corporate legislation, by means of a power of attorney with a validity extending over a period of at least three (3) years after the end of the officer's term in office. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Disqualification

Article 147. Where the law requires certain qualifications for appointment to an administrative position in the corporation, the general meeting may only elect a person who has produced the evidence of the appropriate qualifications, copies of which shall be filed at the head office of the corporation.

Paragraph 1. The following are disqualified for election to an administrative office in the corporation: persons disqualified by special law, or sentenced for a bankruptcy offense, fraud, bribery or corruption, misappropriation of public funds or embezzlement, crimes against the national economy or decency or public property, or to any criminal sanction which precludes, even temporarily, access to public office.

Paragraph 2. A person who has been declared by the *Comissão de Valores Mobiliários* to be incapacitated is also ineligible for election to an administrative office in a publicly held corporation.

Paragraph 3. Officers shall have unblemished reputations and are ineligible for election, unless an applicable waiver is granted by the general meeting, in the following cases: *(Text added by Law n. 10.303, of October 31, 2001)*

I – holding of a position in a competing company, specially in management board or advisory or finance committees; and *(Text added by Law n. 10.303, of October 31, 2001)*

II – conflicting interests with the company. *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 4. The evidence of compliance with the provisions set out in § 3 shall have be effective with a statement signed by the elected officer pursuant to the terms defined by the Brazilian Securities Commission (CVM), as mentioned in Sections 145 and 159, under the penalties of law. *(Text added by Law n. 10.303, of October 31, 2001)*

Administration Guarantee

Article 148. The bylaws may require that the exercise of an administrative office shall be assured by the pledge of corporation shares or other guarantee given by the officer or by a third party.

Sole Paragraph. The pledge shall only be released after approval of the last accounts rendered by the officer who has left office.

Appointment

Article 149. Council members and directors shall take up their appointments by signing an instrument of appointment in the book of minutes of administrative council meetings or of board of directors' meetings, as the case may be.

Paragraph 1. Any such appointment shall be void unless the instrument is signed within thirty (30) days following the appointment, unless the delay is excused by the managing body to which the person was elected. *(Primary sole paragraph turned into paragraph 1 by Law n. 10.303, of October 31, 2001)*

Paragraph 2. Under the penalty of nullity, the instrument of appointment shall inform at least one domicile where the person can receive writs of notice in administrative or juridical actions regarding acts during the term of office, to be considered as delivered

at the indicated address, and to be altered by a written notice to the company. (Text added by Law n. 10.303, of October 31, 2001)

Replacement and Termination of Office

Article 150. Except when otherwise provided in the bylaws, in the event of a vacancy in a position on the administrative council a replacement shall be appointed by the remaining council members and shall serve until the next general meeting. Should vacancies occur in the majority of positions, a general meeting shall be called to hold a new election.

Paragraph 1. In the event of vacancies in all the positions of the administrative council, the board of directors shall call the general meeting.

Paragraph 2. In the event of vacancies in all the positions on the board of directors, if the corporation has no administrative council, the statutory audit committee, if in operation, or any shareholder shall call a general meeting, and the representative of the greatest number of shares shall be responsible for taking any urgent action on behalf of the corporation until the general meeting is held.

Paragraph 3. A replacement elected to fill a vacant position shall serve for the remainder of the term of office of the original officer.

Paragraph 4. The term of office of the administrative council or the board of directors shall extend until the formal appointment of the newly-elected officers.

Resignation

Article 151. The resignation of an officer shall take effect *vis-à-vis* the corporation as soon as it receives written notice from the resigning officer and, *vis-à-vis* a third party acting in good faith, after registration at the Commercial Registry and publication, which may be effected by the resigning officer.

Remuneration

Article 152. The general meeting shall prescribe the total or individual of the remuneration of officers, including whatever benefits and allowances, taking into account their responsibilities, time they dedicate to their tasks, their competence, professional reputation and the amount at which their services would be valued at market prices. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 1. The bylaws of a corporation which provide for a compulsory dividend of twenty-five per cent or more of the net profits may attribute to the officers a share in the corporation profits, provided the total amount thereof does not exceed the annual remuneration of the officers nor one-tenth of the profits (article 190), whichever is the less.

Paragraph 2. The officers shall only be entitled to a share in the profits in a fiscal year for which the compulsory dividend provided in article 202 is paid to the shareholders.

Section IV

Duties and Responsibilities

Duty of Diligence

Article 153. In the exercise of his duties, a corporation officer shall employ the care and diligence which an industrious and honest man customarily employs in the administration of his own affairs.

Duties and the Misuse of Power

Article 154. An officer shall use the powers conferred upon him by law and by the bylaws to achieve the corporation corporate purposes and to support its best interests, including the requirements of the public at large and of the social role of the corporation.

Paragraph 1. An officer elected by a group or class of shareholders shall have the same duties toward the corporation as the other officers and shall not fail to fulfill such duties, even at the expense of the interests of those who elected him.

Paragraph 2. An officer is prohibited from:

(a) performing any act of generosity to the detriment of the corporation;

(b) borrowing money or property from the corporation or using its property, services or taking advantage of its standing for his own benefit or for the benefit of a corporation in which he has an interest or of a third party, without the prior approval of a general meeting or the administrative council;

(c) by virtue of his position, receiving any type of direct, or indirect, personal advantage from third parties, without authorization in the bylaws or from a general meeting.

Paragraph 3. Any sum received contrary to the provisions of paragraph 2 (c), above, shall belong to the corporation.

Paragraph 4. In view of the corporation's social responsibilities, the administrative council or the board of directors may authorize the performance of reasonable gratuitous acts to benefit the employees or the community to which the corporation belongs.

Duty of Loyalty

Article 155. An officer shall serve the corporation with loyalty, shall treat its affairs with confidence and shall not:

I - use any commercial opportunity which may come to his knowledge, by virtue of his position, for his own benefit or that of a third party, whether or not harmful to the corporation;

II - fail to exercise or protect corporation rights or, in seeking to obtain advantages for himself or for a third party, fail to make use of a commercial opportunity which he knows to be of interest to the corporation;

III - acquire for resale at a profit property or rights which he knows the corporation needs or which the corporation intends to acquire.

Paragraph 1. An officer of a publicly held corporation shall also treat in confidence any information not yet revealed to the public, which he obtained by virtue of his position and which may significantly affect the quotation of securities, and shall not make use of such information to obtain any advantages for himself or for third parties by purchasing or selling securities.

Paragraph 2. An officer shall ensure that the provisions of paragraph 1, above, are not infringed by a subordinate or third party enjoying his confidence.

Paragraph 3. Any person detrimentally affected in a purchase or sale of securities contracted contrary to the provisions of paragraphs I and 2, above, may demand indemnity from the person responsible for the infringement for losses and damages, unless the person was aware of the information at the time the contract was made.

Paragraph 4 Any officer who may receive any confidential information not yet revealed to the public shall not make use of such information to obtain any advantages for himself or for third parties by purchasing or selling securities

Conflict of Interests

Article 156. An officer shall not take part in any corporate transaction in which he has an interest which conflicts with an interest of the corporation, nor in the decisions made by the other officers on the matter. He shall disclose his disqualification to the other officers and shall cause the nature and extent of his interest to be recorded in the minutes of the administrative council, or board of directors' meeting.

Paragraph 1. Notwithstanding compliance with the provisions of this article, an officer may only contract with the corporation under reasonable and fair conditions, identical to those which prevail in the market or under which the corporation would contract with third parties.

Paragraph 2. Any business contracted otherwise than in accordance with the provisions of paragraph 1, above, is voidable and the officer concerned shall be obliged to transfer to the corporation all benefits which he may have obtained in such business.

Duty to Inform

Article 157. Upon signing the instrument of appointment, an officer of a publicly held corporation shall declare the number of shares, subscription bonuses, options to purchase shares and convertible debentures issued by the corporation, by a controlled corporation or by a corporation belonging to the same group, which he owns.

Paragraph 1. At the request of shareholders representing five per cent or more of the capital, an officer of a publicly held corporation shall disclose to the annual general meeting:

(a) the number of securities issued by the corporation or by a controlled corporation or a corporation belonging to the same group which he has acquired or disposed of, either directly or through other persons, during the previous fiscal year;

(b) the options to purchase shares which he has acquired or exercised during the previous fiscal year;

(c) the direct or incidental fringe benefits or advantages which he has received or is receiving from the corporation and from associated or controlled corporations or corporations belonging to the same group;

(d) the conditions of the contracts of employment which the corporation entered into with its directors and senior employees;

(e) any other matter which is relevant to the corporation's activities.

Paragraph 2. Any clarification offered by an officer may, at the request of any shareholder, be put into writing, authenticated by the board of the general meeting, and copies thereof furnished upon request.

Paragraph 3. The disclosure of the matters covered by this article may only be utilized in the legitimate interests of the corporation or a shareholder, and anyone requesting the same shall be liable for any wrongful use to which the information is put.

Paragraph 4. The officers of a publicly held corporation shall immediately inform the stock exchange and publish in the press any resolution of a general meeting or of the corporation's administrative bodies or any relevant fact which occurs in its business affairs, which may substantially influence the decision of market investors to sell or buy securities issued by the corporation.

Paragraph 5. The officers may refuse to give such information (paragraph I (e) above), or refrain from publishing it (paragraph 4), should they feel that its disclosure would subject a legitimate interest of the corporation to risk, and the *Comissão de Valores Mobiliários*, at the request of the officers, any shareholder or on its own initiative, shall then decide whether the information should be provided and the officers held liable, as the case may be.

Paragraph 6. Officers of a publicly-held corporation shall immediately inform, as specified by the Brazilian Securities Commission, to such Commission and the Stock Exchanges or any organized over-the-counter market entities where the securities issued by the corporation are traded, of any changes to their ownership positions in the company

Officers' Liability

Article 158. An officer shall not be personally liable for the commitments he undertakes on behalf of the corporation and by virtue of action taken in the ordinary course of business; he shall, however, be liable for any loss caused when he acts:

I - within the scope of his authority, with fault or fraud;

II - contrary to the provisions of the law or of the bylaws.

Paragraph 1. An officer shall not be liable for unlawful acts of the other officers, except when acting in connivance with them, when neglecting to investigate such acts or when, despite knowledge of them, he fails to take action to prevent such acts. A dissenting officer shall be exempt from liability when he makes his dissent to be recorded in the minutes of a meeting of the administrative body, or, if this is not possible, when he immediately informs the administrative body, the statutory audit committee, if in operation, or a general meeting about his dissent in writing.

Paragraph 2. The officers shall be jointly and servally liable for the losses caused by failure to comply with the duties imposed by law to ensure the normal operation of the corporation, even when in accordance with the bylaws such duties do not devolve upon all officers.

Paragraph 3. Subject to paragraph 4, below, in a publicly held corporation, liability under paragraph 2, above, shall be restricted to those officers who under the bylaws have the specific responsibilities for the performance of such duties.

Paragraph 4. An officer who knows of any failure to comply with such duties by his predecessor or by an officer responsible under paragraph 3, above, and who fails to bring such fact to the knowledge of a general meeting shall become jointly and servally liable for such non-compliance.

Paragraph 5. Anyone who concurs in the performance of any act contrary to the law or bylaws with the intention of obtaining advantages for himself or for a third party shall be jointly and servally liable with the officer.

Liability Action

Article 159. By a resolution passed in a general meeting, the corporation may bring an action for civil liability against any officer for the losses caused to the corporation's property.

Paragraph 1. The resolution may be passed at an annual general meeting and, if included in the agenda or arising directly out of any matter included therein, at an extraordinary general meeting.

Paragraph 2. The officer or officers against whom the legal action is to be filed shall be disqualified and replaced at the same general meeting.

Paragraph 3. Any shareholder may bring the action if proceedings are not instituted within three months from the date of the resolution of the general meeting.

Paragraph 4. Should the general meeting decide not to institute proceedings, they may be instituted by shareholders representing at least five per cent of the capital.

Paragraph 5. Any damages recovered by proceedings instituted by a shareholder shall be transferred to the corporation, but the corporation shall reimburse him for all expenses incurred, including monetary adjustment and interest on his expenditure, up to the limit of such damages.

Paragraph 6. A judge may excuse the officer from liability, when convinced that he acted in good faith and in the interests of the corporation.

Paragraph 7. The action permitted under this article shall not preclude any action available to any shareholder or third party directly harmed by the acts of the officer.

Technical and Consultative Bodies

Article 160. The provisions of this Section shall apply to the members of any body created by the bylaws with specialist functions or appointed as consultants to the corporation's officers

Chapter XIII

Audit committee

Composition and Operation

Article 161. A corporation shall have an statutory audit committee and the bylaws shall make provision for its operation; the council may be either permanent or appointed for a specific fiscal year, at the request of the shareholders.

Paragraph 1. The statutory audit committee shall be composed of at least three and not more than five members and an equal number of alternates, who shall be elected at a general meeting and who may or may not be shareholders.

Paragraph 2. When not operating on a permanent basis, the statutory audit committee shall be appointed by a general shareholders' meeting at the request of shareholders representing at least one-tenth of the voting shares or five per cent of the nonvoting shares, and each period of operation shall terminate at the first annual general meeting held after its appointment.

Paragraph 3. The request for the statutory audit committee to operate, even if the subject *is* not included in the call notice, may be made at any general meeting, which shall elect the members of the council.

Paragraph 4. The following rules shall be observed in appointing the statutory audit committee:

(a) the holders of preferred shares without voting rights or with restricted voting rights shall be entitled to elect one member and his alternate in a separate election; the minority shareholders shall have the same right, provided they jointly represent ten per cent or more of the voting shares;

(b) notwithstanding the provisions of the previous item, the other shareholders with the right to vote may elect the effective members and the alternates, who, in any event. shall be equal in number to those elected under sub-paragraph (a), above, plus one.

Paragraph 5. The members of the statutory audit committee and their alternates shall hold office until the next annual general meeting held after their election, and may be re-elected.

Paragraph 6. The members of the finance committee and their alternates shall exercise their positions until the first general meeting which takes place after election, reelection being permitted. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Paragraph 7. The duties of a member of the finance committee may not be delegated. *(Primary sole paragraph turned into paragraph 7 by Law n. 10.303, of October 31, 2001)*

Qualification, Disqualification and Remuneration

Article 162. Only a person who resides in Brazil and is a university graduate or has held a position of corporation officer or statutory audit committee member for at least three years may be elected to the statutory audit committee.

Paragraph 1. In a place where there are not enough persons qualified to hold such a position, a judge may excuse the corporation from meeting the requirements of this article.

Paragraph 2. In addition to the persons listed in the paragraphs of article 147, a member of an administrative body and an employee of the corporation or of a controlled corporation or a corporation in the same group, and the spouse or any relative up to the third degree of a corporation officer, may not be elected to the statutory audit committee.

Paragraph 3. The remuneration of the members of the statutory audit committee, besides the mandatory reimbursement for traveling expenses, board and lodgings incurred by their duties, will be fixed by the general meeting which elects them. The remuneration of each member shall not be less than ten per cent of the average remuneration paid to each director. Benefits, allowances and shares in profits will not be included in that figure. *(Text added by Law no. 9.457 of May 5, 1997)*

Authority

Article 163. The finance committee shall:

I - supervise the acts of any officer, the acts of any director, and ensure that they comply with their legal and statutory duties; *(Text as determined by Law n. 10.303, of October 31, 2001)*

II - give an opinion on the annual report of the management, including the supplementary information deemed necessary or useful for deliberation at a general meeting;

III - give an opinion on any proposals of the administrative bodies to be submitted to a general meeting, regarding an alteration in the capital, the issue of debentures or subscription bonuses, investment plans or capital budgets, dividend distribution, transformation, merger, consolidation or division;

IV – report any error, fraud, and criminal act which may be discovered to any officer or to members of the administrative bodies, and if these fail to take any necessary steps to protect the corporation interest, report to the general meeting. *(Text as determined by Law n. 10.303, of October 31, 2001)*

V - call the annual general meeting should the administrative bodies delay doing so for more than one month, and an extraordinary general meeting whenever serious or urgent matters occur, including in the agenda of the meeting such matters as it may deem necessary;

VI - at least every three months examine the trial balance sheet and other financial statements periodically prepared by the corporation;

VII - examine the accounts and financial statements for the fiscal year and give an opinion on them;

VIII - exercise such responsibilities during a liquidation, bearing in mind the special provisions which regulate liquidations.

Paragraph 1. The administrative bodies shall by written notice within ten days provide the members of the statutory audit committee with copies of the minutes of their meetings and, within fifteen days of receipt with copies of trial balance sheets and other financial statements which are prepared from time to time, and of budget performance reports, when available.

Paragraph 2. Upon request of any of its members, the finance committee shall request clarification or information from the administrative bodies, as well as the preparation of special financial or accounting statements

Paragraph 3. The members of statutory audit committee shall attend the administrative council, if any, or the board of directors' meetings in which decisions are made on matters about which the statutory audit committee should express its opinion (items II, III and VII, above).

Paragraph 4. If the corporation has independent auditors, the statutory audit committee, by request of any of its members, may demand that they provide any clarifications or

information considered necessary, and that they investigate specific facts. *(Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 5. In order to perform its task more effectively, the statutory audit committee may, if the corporation has no independent auditors, select an accountant or an auditing firm, fixing reasonable remuneration in accordance with current market standards and compatible with the economic resources of the corporation, and its remuneration shall be paid by the corporation.

Paragraph 6. Upon request, the statutory audit committee shall supply information on matters within its competence to any shareholder or group of shareholders representing at least five per cent of the capital.

Paragraph 7. The responsibilities and powers conferred by law on the statutory audit committee may not be delegated to any other body of the corporation.

Paragraph 8. If the statutory audit committee wishes to ascertain a fact where clarification is needed to carry out its functions, it may justifiably pose questions to be answered by an expert. It may request the board of directors to recommend within at the most 30 days three experts, who may be either natural persons or legal entities, with a recognized specialized knowledge in the area. From these the committee will select one, whose fees shall be paid by the corporation. *(Text added by Law no. 9.457 of May 5, 1997)*

Opinions and Representations

Article 164. The members of the statutory audit committee, or at least one of them, shall attend general meetings and shall answer requests for information from any shareholders.

Sole paragraph. The opinions and statements of the finance committee, or of any of its members, may be presented and read at a general meeting, irrespective of publication, even if the matter has not been included in the agenda. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Duties and Responsibilities

Article 165. The members of the finance committee shall have the same duties as the officers, as described in Articles 153 to 156, and shall be liable for any damages resulting from any failure to comply with their duties, from negligence or misconduct or from any violations of the law or the bylaws. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Paragraph 1. The members of the finance committee shall perform their duties in accordance with the company's interests; any action that causes damage to the company or its shareholders or officers shall be deemed abusive, as shall be deemed abusive the exercise of duties so as to obtain any advantages for himself or for third parties to which they have no right and which cause damages to the company, its shareholders or officers. *(Text as dtermined by Law n. 10.303, of October 31, 2001)*

Paragraph 2. A member of the finance committee shall not be liable for the illegal acts performed by other members, unless he acted in connivance with them or concurs in the practice of the act. *(Primary sole paragraph turned into paragraph 2 by Law n. 10.303, of October 31, 2001)*

Paragraph 3. The members of the finance committee shall be jointly and severally liable for omissions in performing their duties, but any dissenting member shall be exempt from such liability if he causes his dissent to be recorded in the minutes of a finance committee meeting and informs the managing bodies and the general meeting about it. *(Primary paragraph 2 turned into paragraph 3 by Law n. 10.303, of October 31, 2001)*

Article 165-A. The members of the finance committee shall immediately inform any changes in their ownership position to the Brazilian Securities Commission, to the Stock Exchange or to entities of the organized over-the-counter market where the securities issued by the corporation are traded, , with observance of the terms and conditions determined by the Brazilian Securities Commission. *(Text added by Law n. 10.303, of October 31, 2001)*

Chapter XIV

Alteration of Capital

Section I

Increases

Authority

Article 166. The capital may be increased:

I - by resolution of an annual general meeting, to adjust the monetary expression of its amount (article 167);

II - by resolution of a general meeting or of the administrative council, subject to the relevant provisions in the bylaws, in the case of any issue of shares within the limit authorized in the bylaws (article 168);

III - by conversion of debentures or founders' shares into shares and by the exercise of rights conferred by subscription bonuses or of an option to purchase shares;

IV - if there is no authorization to increase the capital or if such authorization has been exhausted, by resolution of an extraordinary general meeting convened to pass an appropriate amendment to the bylaws.

Paragraph 1. Within thirty days of any increase, the corporation shall request the Commercial Registry to register the increase in the cases listed in items I to III, above, or to file the minutes of the general meeting which amended the bylaws, in the case of item IV, above.

Paragraph 2. If in operation, the statutory audit committee shall be heard without fail before a vote is taken on any resolution to increase the capital, except in the case of item III, above.

Annual Monetary Adjustment

Article 167. The capital reserve created at the time of closing the balance sheet for a particular fiscal year and resulting from the monetary adjustment of the paid-up capital (article 182, paragraph 2) shall be capitalized by a resolution of the annual general meeting which approves the balance sheet.

Paragraph 1. In a publicly held corporation, the capitalization provided for in this article shall be made without changing the number of shares issued but by increasing the par value of the shares, if any.

Paragraph 2. A corporation may refrain from capitalizing a reserve balance consisting of fractions of *centavos* on the par value of shares or, if they have no par value, of a fraction of less than one per cent of the capital.

Paragraph 3. If the corporation has both shares with a par value and shares of no par value, the adjustment of the capital represented by par value shares shall be made separately, and the resulting reserve shall be capitalized for the benefit of such shares.

Authorized Capital

Article 168. The bylaws may authorize capital increases without amendment to the bylaws.

Paragraph 1. The authorization shall specify:

(a) the limit of increase by amount of capital or number of shares, and the types and classes of shares which may be issued;

(b) the body competent to resolve to issue, which may be either the general meeting or the administrative council;

(c) the conditions to which the issues will be subject;

(d) the instances and conditions under which the shareholders shall be entitled to first refusal in subscription, or the absence of such a right (article 172).

Paragraph 2. When the authorized limit is stated in terms of amount of capital, it shall be adjusted annually by the annual general meeting according to the indices adopted for the adjustment of the capital.

Paragraph 3. The bylaws may provide that the corporation may grant a share purchase option to its officers or employees, or to individuals rendering services to the corporation or to a corporation under its control, within the limits of its authorized capital and in accordance with a plan approved by a general meeting

Capitalization of Profits and Reserves

Article 169. An increase made by capitalizing profits or reserves shall cause a change in the par value of the shares or the distribution among the shareholders of new shares corresponding to the increase, in proportion to the number of shares they own.

Paragraph 1. A corporation whose shares have no par value may capitalize profits or reserves without changing the number of shares.

Paragraph 2. The shares distributed in accordance with this article shall be subject to any usufruct, trust, non-alienation or non-transfer clause which may encumber the shares from which they derive, unless the instruments creating such encumbrances provide otherwise.

Paragraph 3. The shares which cannot be distributed to each shareholder without subdivision shall be sold on a stock exchange and the proceeds from such a sale shall be proportionately divided among the holders of the fractions; before any such sale, the corporation shall declare a period during which the shareholders may transfer their share fractions, which period shall not be less than thirty days.

Increase through Subscription of Shares

Article 170. After at least three-quarters of its capital has been paid up, a corporation may increase its capital through a public or private subscription of shares.

Paragraph 1. The issue price shall be established without any unjustified dilution of the interests of previous shareholders, even if they have a right of first refusal to subscribe to the shares, taking into account, eigther alternatively or jointly: *(Text as determined by Law no. 9.457 of May 5, 1997)*

I - the profit expectations of the corporation; *(Text added by Law no. 9.457 of May 5, 1997)*

II - the net worth of the shares; *(Text added by Law no. 9.457 of May 5, 1997)*

III - the quotation on the stock exchange or organized over-the-counter market, taking into account the premium or discount value due resulting from market conditions. *(Text added by Law no. 9.457 of May 5, 1997)*

Paragraph 2. Should a general meeting have authority to resolve to increase the capital, it may delegate to the administrative council the establishment of the issue price of the shares to be distributed in the market.

Paragraph 3. The subscription of shares to be paid in property shall always be effected in accordance with the provisions of article 8 and subject to paragraphs 2 and 3 of article 98.

Paragraph 4. The initial payments and installments in payment of the shares may be received by the corporation without deposit in a bank.

Paragraph 5. A capital increase by public subscription shall be subject to the provisions of article 82; and an increase by private subscription shall be subject to the conditions established by a general meeting or by the administrative council; as provided for in the bylaws.

Paragraph 6. So far as appropriate the provisions regulating corporation incorporation, other than the last part of paragraph 2 of article 82, shall apply to capital increases.

Paragraph 7. The proposal to increase the capital shall state the criterion adopted according to the provisions of paragraph 1 of this article. A detailed justification should be given of the economic principles supporting the choice. (*Text added by Law no. 9.457 of May 5, 1997)*

Right of First Refusal

Article 171. The shareholders shall have a right of first refusal in the subscription of an increase in capital in proportion to the number of shares they own.

Paragraph 1. The following rules shall apply where the capital is divided into different types or classes of shares and the increase is made by the issue of more than one type or class:

(a) in the case of an increase of the number of shares of all existing types and classes in the same proportion, each shareholder shall have a right of first refusal to shares of the same type or class as those he owns;

(b) if the shares issued are of existing types or classes but the respective proportions in the capital are altered, the right of first refusal shall be offered in respect of the shares to the holders of the same types or classes, and the offer may only be extended to the holders of another type or class if the former shares are insufficient to assure the shareholders the same proportion in the increase as they had in the capital before the increase;

(c) should shares of a new type or class be issued, each shareholder shall have a right of first refusal to all types and classes of shares created by the increase, in proportion to the number of shares he owns.

Paragraph 2. If an increase is made by the capitalization of credits or a subscription in property, the shareholders are assured to have the right of first refusal and, as the case may be, any sum paid by them shall be delivered to the owner of the credit to be capitalized or of the property to be incorporated.

Paragraph 3. The shareholders shall have a right of first refusal to subscribe to issues of convertible debentures, subscription bonuses and convertible founders' shares which are to be sold by the corporation; but the conversion of such securities into shares or the granting or exercising of an option to purchase shares, shall not give rise to any right of first refusal.

Paragraph 4. The bylaws or a general meeting shall establish a period of not less than thirty days within which a right of first refusal may be exercised.

Paragraph 5. Where shares are held on usufruct or trust, if the right of first refusal has not been exercised by the shareholder ten days prior to the end of the period, it may be exercised by the usufruct beneficiary or trustee.

Paragraph 6. A shareholder may assign his right of first refusal.

Paragraph 7. In a publicly held corporation, whichever body which is responsible for the decision to issue securities by private subscription shall also decide what course of action should be followed if any of the securities are not underwritten, and may:

(a) direct their sale on a stock exchange, for the benefit of the corporation; or

(b) if the bulletin or subscription list so indicates, allot them, in proportion to the amounts underwritten among the shareholders who have requested a reservation of any remainder in the subscription offer or list; any balance shall be sold on a stock exchange, as provided for in the preceding item.

Paragraph 8. In a private corporation, the allotment shall be as provided in paragraph 7 (b) and any balance, may be underwritten by third parties in accordance with the criteria established by the general meeting or by the administrative bodies.

Exclusion from the Right of First Refusal

Article 172. The bylaws of a publicly-held corporation with authorized capital may provide for the issue of shares, convertible debentures, or subscription bonuses, without any right of first refusal for existing shareholders or with a reduction of the term provided by § 4 of article 171, provided that the placement of the applicable securities occurs: *(Text as determined by Law n. 10.303, of October 31, 2001)*

I - by sale on a stock exchange or by public subscription; or

II – pursuant to an exchange for shares in a public offer for the acquisition of control, in accordance with Sections 257 and 263. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Sole Paragraph. The bylaws of the corporation, including those of a private corporation, may exclude the right of first refusal to subscribe to shares in accordance with the special law for tax incentives.

Section II

Reduction

Resolution to Reduce Capital

Article 173. A general meeting may resolve to reduce the capital in the case of a loss, up to the amount of the accrued losses, or if it deems the capital to be excessive.

Paragraph 1. When a proposal to reduce the capital is made by the officers of the corporation, it may not be submitted to a general meeting without the opinion of the statutory audit committee, if in operation.

Paragraph 2. After a decision has been passed to reduce the capital, the rights relating to shares for which certificates have been issued shall be suspended until they have been presented to the corporation for substitution.

Opposition from Creditors

Article 174. Subject to the provisions of articles 45 and 107, a capital reduction effected by refunding to the shareholders part of the value of their shares or, if the shares are not fully paid up, by decreasing their value to the extent to which they have been paid up, shall only become effective sixty days after publication of the minutes of the general meeting at which such a decision was passed.

Paragraph 1. During the period allowed by this article, the unsecured creditors of securities issued before the date of publication of the minutes may oppose the reduction by filing a notice to this effect at the Commercial Registry of the head office of the corporation; any creditors who fail to exercise this right within this period shall lose their right.

Paragraph 2. Once the period has lapsed, the minutes of the general meeting which decided to reduce the capital may be registered if no creditor has presented opposition, or if any creditor has opposed the reduction, provided there is proof of payment of his claim or of the payment of the due amount into court.

Paragraph 3. If debentures issued by the corporation are in circulation, no reduction in capital shall be effected, in the cases described in this article, without the prior approval of a majority of the debenture holders in a special meeting.

CHAPTER XV

Fiscal Year and Financial Statements

SECTION I. - Fiscal Year

Fiscal Year

Article 175 - The date of the end of the fiscal year must be specified in the by-laws.

Sole Paragraph. - The period of time to account for, and report on, the corporation’s business operations may be different from one year in the event it is the first period of time after the corporation’s incorporation or if the by-laws have been altered.

SECTION II. - Financial Statements

General Provisions

Article 176. - At the end of each fiscal year, the corporation, based on its entry files, shall prepare the following financial statements, which shall clearly indicate its assets and liabilities as well as the changes which occurred during the fiscal year:

I - balance sheet;

II - statement of retained earnings;

III - statement of income;

IV - statement of changes in financial position.

Paragraph 1. - The statements for each fiscal year shall be published showing the corresponding amounts of the preceding fiscal year.

Paragraph 2. - Similar accounts may be combined forming groups; small amounts may be aggregated, provided their nature is indicated and they do not exceed one-tenth of the amount of their respective group; however, non-specific headings such as "other accounts" or "miscellaneous accounts" may not be used.

Paragraph 3. - The financial statements shall register the destination of profits, as proposed by the corporation's board, on the assumption that such destination will be approved by the general meeting.

Paragraph 4. - Financial statements shall be supplemented by explanatory notes and other analytical charts or statements necessary to clarify the status of assets, liabilities, and income.

Paragraph 5. - The explanatory notes must:

I – present information on the basis of preparation of financial statements and on selected critical accounting practices, as applied relative to significant transactions and events;

II – disclose information required under generally accepted accounting principles in Brazil, which is not presented elsewhere in the financial statements;

III – provide additional information which is material for adequate presentation of, and is not otherwise included in, the financial statements; and

IV – disclose:

a) the principal criteria adopted in valuating assets and liabilities, particularly inventory, as well as in calculating depreciation, amortization and depletion, in establishing provisions for charges or risks, and in determining book value adjustments to recognize probable loss on realization of asset elements[TN2];

b) material investments in other companies (article 247, sole paragraph);

[TN2] Refers to recognition of impairment charges

c) increases in value of asset elements resulting from value measurements[TN3] (article 182, paragraph 3);

d) guarantees in rem established on asset elements, guarantees on behalf of third parties and other occasional or contingent liabilities;

e) interest rates accruing on long-term obligations, maturity dates and related guarantees;

f) number of shares representing the capital stock, and the types and classes of shares;

g) stock options granted and exercised over the fiscal year;

h) prior year adjustments (article 186, paragraph 1); and

i) events occurring after the balance sheet date, which actually or potentially and materially affect the financial condition and future results of operations. *(Text added by Law n. 11.941, of May 27, 2009)*

Paragraph 6. - Private corporations whose net worth on the date of its balance sheet does not exceed R$ 1,000,000.00 (one million Brazilian reais) shall not be obliged to prepare and publish statements of changes in financial position.

Paragraph 7. The Brazilian Securities Commission may in its discretion regulate differently the report requirement set forth under paragraph 3 of this article. *(Text added by Law n. 11.941, of May 27, 2009)*

Bookkeeping

Article 177. - The books of the corporation shall be kept in a permanent form, in accordance with commercial legislation, with this Law, and with generally accepted accounting principles. The corporation shall utilize the accrual accounting method and observe uniformity principles.

Paragraph 1. - The financial statements of a fiscal year in which any relevant changes in accounting methods or criteria occurred shall indicate them in an explanatory note, stressing their effects.

Paragraph 2. For compliance with the provisions of tax law or of special legislation applicable to the core business which prescribe, encourage or result in adoption of differing accounting methods or standards, or require other records, accounting entries or adjustments or financial statements to be made or prepared, a corporation shall use ancillary books and records only, while following without any change the principles of commercial accounting and financial reporting regulated by this Law. *(Text added by Law n. 11.941, of May 27, 2009)*

Paragraph 3. The financial statements of publicly traded companies shall further follow the rules issued by the Brazilian Securities Commission, and be submitted to mandatory

[TN3] Refers to equity valuation adjustments

audit performed by independent auditors registered with that regulatory agency. *(Text added by Law n. 11.941, of May 27, 2009)*.

Paragraph 4. - The financial statements shall be signed by the officers of the corporation and by legally qualified accountants.

SECTION III. - The Balance Sheet

Groupings

Article 178. - In the balance sheet, the accounts shall be classified according to the assets and liabilities they represent and shall be grouped in order to facilitate the understanding and analysis of the financial standing of the corporation.

Paragraph 1. - The asset accounts, which shall be arranged in decreasing order of the liquidity, shall be classified in the following groupings:

I – current assets; and

II – non-current assets, as comprising long-term receivables, investments, fixed assets (property, plant and equipment) and intangible assets. *(Text added by Law n. 11.941, of May 27, 2009)*

Paragraph 2. - Liabilities and Shareholder's Equity accounts shall be classified into the following groupings:

I – current liabilities;

II – non-current liabilities; and

III – shareholders' equity, as comprising capital stock, capital reserves, equity valuation adjustments, profit reserves, treasury shares and accumulated losses. *(Text added by Law n. 11.941, of May 27, 2009)*

Paragraph 3. - Debit and credit balances which the corporation may not offset shall be classified separately.

Assets

Article 179. - The accounts shall be classified as follows:

I - under Current Assets: cash, rights receivable up to the subsequent fiscal year, and allocation of resources to pay expenses of the following fiscal year;

II - under Long-Term Assets: rights receivable after the end of the following fiscal year, as well as rights derived from sales, advances, or loans which do not constitute the corporation's normal business, made to associated or controlled companies (article 243), to directors, to shareholders, or to others who otherwise participate in the corporation's profits;

III - under Investments: permanent investments in other companies and rights of any nature not classified under Current Assets and that are not destined to maintain the activity of the corporation;

IV - under Fixed Assets: assets destined to maintain the activities of the corporation, including industrial or commercial property rights;

V – Revoked *by Law n. 11.941, of May 27, 2009*

Sole Paragraph. - In a corporation which has a business operation cycle longer than one fiscal year, classification under Current Assets or Long-Term Assets shall be based on the period of such cycle.

Liabilities

Article 180. - The company obligations, including under financing for purchase of non-current assets, shall be classified under current liabilities if maturing in the next year, or under non-current liabilities if maturing in the longer term, due regard given to sole paragraph of article 179 of this Law. *(Text added by Law n. 11.941, of May 27, 2009)*

Deferred Revenues

Article 181. - Revoked *by Law n. 11.941, of May 27, 2009*

Shareholder's Equity

Article 182. - The account referring to capital stock shall disclose the total amount subscribed, from which the unpaid portion shall be deducted, as a contra account.

Paragraph 1. - The following accounts shall be classed as capital reserves:

(a) Amount received by shareholders in excess of the par value of shares issued (premium on capital stock), as well as the part of the price of the shares with no par value that exceeds the amount intended to form the capital stock, including the proceeds stemming from the conversion of debentures or founder shares;

(b) proceeds from the sale of founder shares and subscription warrants;

(c) premiums received from the issue of debentures;

(d) donations and investment subsidies.

Paragraph 2. - The amount corresponding to the adjustment to inflation of the paid-up capital stock, while it is not yet into capital stock, shall also be recorded as a capital reserve.

Paragraph 3. For as long as not recognized through profit or loss in accordance with the accrual basis accounting principle, contra-entries for increase or decrease in the carrying value of asset or liability elements, as resulting from fair value measurements required under this Law, or the rules issued by the Brazilian Securities Commission based on

authority delegated under paragraph 3 of article 177 of this Law, shall be recognized under equity valuation adjustments. *(Text added by Law n. 11.941, of May 27, 2009)* Paragraph 4. - The appropriation of retained earnings shall be classified as profit reserves.

Paragraph 5. - Treasury stock shall be shown, in the balance sheet, as a contra account to the shareholder's equity account that records the source of the funds used for its acquisition.

Asset Evaluation Criteria

Article 183. - The assets shall be valued in the balance sheet according to the following criteria:

I - rights and any securities not classified as investments: by their acquisition cost or market price, whichever is less; those which have lapsed shall be excluded and an adequate provision made to adjust them to their probable realization value -- the acquisition cost may be increased up to the limit of the market price to record adjustment to inflation, foreign exchange variations, or accrued interest;

II - rights to merchandise and products traded by the corporation, as well as raw materials, work-in-process, and finished goods: by their acquisition or production cost, deducted by a provision or allowance for adjustment to market price, should the latter be lower;

III - investments in other companies, with the exception of the dispositions of articles 248 to 250: by their acquisition cost, deducted by a provision/allowance for probable losses in the realization of their value, should such losses have been proven to be irreversible -- the acquisition cost shall not be modified by reason of receivement, by the corporation, of stock dividends;

IV - all other investments: by their acquisition cost, deducted by a provision/allowance for probable losses in the realization of their value or for adjusting to market price, should it be lower;

V - fixed assets: by their acquisition cost, deducted by the balance of the respective depreciation, amortization, or depletion accounts;

VI – Revoked *by Law n. 11.941, of May 27, 2009*.

Paragraph 1. - For purposes of this article, fair value is defined as: *(Text added by Law n. 11.941, of May 27, 2009)*

(a) for raw materials and inventories: the price through which they may be replaced by purchasing them in the market;

(b) for goods or rights intended for sale: the net price realized through sale in the market, after deduction of taxes and other expenses necessary for the sale, as well as the profit margin;

(c) for investments: the net price at which they may be sold to third parties.

Paragraph 2. - Decreases in the carrying value of fixed asset elements and intangible assets shall be recognized periodically in the line items:

(a) depreciation, when corresponding to a loss in the value of tangible assets due to wear and tear or loss of utility due to use, nature deterioration, or obsolescence;

(b) amortization, when corresponding to a loss in the value of resources allocated to the acquisition of industrial or commercial property rights and any other rights whose existence or enjoyment is limited, or which cover property to be utilized during a legally or contractually limited period of time;

(c) depletion, when corresponding to a loss in value resulting from the exploitation of rights to mineral or forestry resources, or assets applied in such exploitation.

Paragraph 3. - The resources applied to deferred assets shall be amortized from time to time for a period which shall not exceed 10 (ten) years from the beginning of normal operations or from the fiscal year in which the corporation begins to enjoy the benefits which result therefrom -- the loss of all applied resources shall be registered when the business or activity for which they were intended is abandoned or when it is proved that such activity cannot produce sufficient income to amortize them.

Paragraph 4. - Inventory of fungible merchandise intended for sale may be valued at market price, should this be an accepted accounting practice.

Evaluation Criteria of Liabilities

Article 184. - The liabilities shall be evaluated in the balance sheet according to the following criteria:

I - known or estimated liabilities, including income tax, shall be computed at the amount adjusted to the date of the balance sheet;

II - liabilities in foreign currency with a foreign exchange parity clause shall be converted into national currency at the exchange rate prevailing on the date of the balance sheet;

III – the obligations, charges and risks recognized under non-current liabilities shall be adjusted to present value whereas the others shall be adjusted where entailing a relevant effect. *(Text added by Law n. 11.941, of May 27, 2009)*Measurement Criteria in Corporate Transactions

Article 184-A. The Brazilian Securities Commission, acting on authority delegated pursuant to paragraph 3 of article 177 of this Law, shall establish special valuation and accounting rules applicable to acquisitions of control, ownership interest or business. *(Text added by Law n. 11.941, of May 27, 2009)*

Adjustment to Inflation

Article 185. -

- Revoked by Law No. 7730/89 (Article 29);
- Adjustments to inflation were reestablished by Law 7799/89 (article 4) and then altered by Laws 8200, 8383, 8541, 8981, and 9069;
- Adjustments to inflation were finally revoked by Law 9249/95 (articles 4 and 36).

SECTION IV. - Statement of Retained Earnings

Article 186. - The statement of retained earnings shall detail the following:

I - the balance at the beginning of the fiscal year, adjustments of previous fiscal years, and the adjustment for inflation of the initial balance;

II - writing-off of any reserves and the net income;

III - appropriations to reserves, payment of dividends, transfer of portions of income to capital stock, and the balance at the end of the period.

Paragraph 1. - Only the following adjustments of previous fiscal years shall be considered: those resulting from a change in accounting criteria or those resulting from a correction of an error chargeable to a specific previous fiscal year, which may not be attributable to a subsequent event.

Paragraph 2. - The retained earnings statement shall indicate the amount of dividends per share and it may be included in the statement of shareholder's equity, if prepared and published by the corporation.

SECTION V. - Statement of Income

Article 187. - The statement of income shall present the following items:

I - gross revenue, sales deductions, discounts, and taxes;

II - net revenue, cost of goods and services sold, and gross profit;

III - selling expenses, financial expenses, deducted by financial earnings, general and administrative expenses, and other operating expenses;

IV – the operating income or loss, other revenues and other expenses; *(Text added by Law n. 11.941, of May 27, 2009)* V - income before taxation and the provision for income tax;

VI - interest attributable the debenture holders, employees, directors and officers, and participation certificates, even in the form of financial instruments, and employee assistance or pension funds, so long as not characterized as expense; *(Text added by Law n. 11.941, of May 27, 2009)*

VII - net income or loss and its amount per share.

Paragraph 1. - For the determination of the income of a particular fiscal year, the following elements will be computed:

(a) earnings and income obtained during that fiscal year, whether or not realized in cash; and

(b) costs, expenses, charges, and losses, either paid or incurred, corresponding to the earnings and income above.

Paragraph 2. - For purposes of distributing dividends or for the profit-sharing assignments mentioned in article 187-VI, any increase in the value of assets registered as a Revaluation Reserve (article 182, paragraph 3) may only be computed as a profit after its realization.

SECTION VI. - Statement of the Sources and Use of Funds

Statement of Changes in Financial Position

Article 188. - The statement of changes in financial position shall itemize:

I - the sources of funds, which shall be grouped into:

(a) income, with the addition of depreciation, amortization, or depletion, and adjusted according to the variations of deferred revenues;

b. paying-up of capital and contributions to capital reserves;
c. liabilities stemming from the increase of long-term liabilities, from the reduction of long-term assets, and from the transfer of the property of investments and fixed assets;

II - the application of funds, which shall be grouped into:

(a) dividends distributed;

(b) acquisitions of fixed asset rights;

(c) increases in long-term assets, investments, and deferred assets;

(d) reductions in long-term liabilities;

Revoked by Law n. 11.941, of May 27, 2009). Revoked by Law n. 11.941, of May 27, 2009)

CHAPTER XVI. - Income, Reserves, and Dividends

SECTION I. - Income

Deduction of Losses and Income Tax

Article 189. - The income will be deducted, before any profit-sharing assignment, by accrued losses and by the provision for income tax.

Sole Paragraph. - Losses of a particular fiscal year shall be absorbed by retained earnings, by profit reserves, and by the legal reserve, in that order.

Profit-Sharing

Article 190. - Profit-sharing assignments to employees, officers, and founder shares owners, all cited in the by-laws, shall be calculated, successively and in the mentioned order, based on the profits remaining after the deduction of the previously calculated assignment.

Sole Paragraph. - The provisions of the paragraphs of Article 201 shall be applicable to assignments paid to officers and to founder share owners.

Net Profit

Article 191. - Net profit is defined as the balance that remains after the deduction of the profit-sharing assignments described in article 190.

Proposal on the Destination of Profits

Article 192. - Subject to the provisions of Articles 193 to 203 and to the corporation's by-laws, the corporation shall present to the general meeting, together with the financial statements of the fiscal year, a proposal on the intended use of the net profit.

SECTION II. - Profit Reserves and Retention

Legal Reserve

Article 193. - Before any other use, five per cent of the net profit shall be allocated to form the Legal Reserve, which may not exceed twenty per cent of the capital.

Paragraph 1. - The corporation may refrain from allocating resources to the legal reserve during any fiscal year in which the balance of such reserve, taken together with the amount of the capital reserves mentioned in paragraph 1 of article 182, exceeds thirty per cent of the capital.

Paragraph 2. - The legal reserve is intended to guarantee the capital and may only be utilized to offset losses or to increase the capital.

By-Laws Reserves

Article 194. - The by-laws may create reserves, provided that, in respect of each one:

I. - its purpose is fully and precisely indicated;

II. - criteria are fixed for determining the annual portion of net profit to be attributed to it; and

III. - a maximum limit is prescribed.

Reserves for Contingencies

Article 195. - Upon a proposal made by the administrative bodies, the general meeting may apply a portion of the net profit to form a reserve for the purpose of compensating, in a future fiscal year, a profit reduction resulting from a loss which is judged probable and the value of which may be estimated.

Paragraph 1. - The proposal by the administrative bodies shall indicate the cause of the anticipated loss and justify the formation of the reserve by giving the reasons for its formation.

Paragraph 2. - The reserve shall be written off in the fiscal year in which the reasons justifying its formation cease to exist or in which the loss takes place.

Retention of Profits

Article 196. - Upon a proposal by the administrative bodies, a general meeting may decide to withhold a portion of the net profit, according to capital budget previously approved by such general meeting.

Paragraph 1. - The budget submitted by the administrative bodies with the justification for the proposed retention of profits shall include all the sources and application of either fixed or working capital, and may cover up to five fiscal years, except in the event of an investment program executed over a longer period of time.

Paragraph 2. The budget may be approved by the general meeting which approves the balance sheet for the fiscal year and revised annually when applicable for more than one fiscal year. (Text as determined by Law n. 10.303, of October 31, 2001)

Reserve for Realizable Profits

Article 197. In fiscal years where the amount of compulsory dividends, calculated in the terms of the bylaws or of Article 202, exceeds the amount of realized net profits, the general meeting may, accepting a proposal from the managing bodies, apply that excess in the formation of a reserve for realizable profits. (Text as determined by Law n. 10.303, of October 31, 2001)

Paragraph 1. For the purposes of this article, the amount of realized net profits in the fiscal year is the amount exceeding the sum of the following: *(Primary sole paragraph turned into paragraph 1 by Law n. 10.303, of October 31, 2001)*

a) *(Revoked by Law n. 10.303, of October 31, 2001)*

b) *(Revoked by Law n. 10.303, of October 31, 2001)*

c) *(Revoked by Law n. 10.303, of October 31, 2001)*

I – the net positive value of the equity pick-up (Article 248); and *(Text added by Law n. 10.303, of October 31, 2001)*

II – the profit, earning or revenue to be realized after the end of the subsequent fiscal year. *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 2. The reserve of realizable profits may be used for paying compulsory dividends and, for the purposes of item III of Section 202, there shall be considered part of the reserve for realizable profits the first profits to be realized in cash in each fiscal year. *(Text added by Law n. 10.303, of October 31, 2001)*

Restrictions on Formation of Reserves and Profit Retention

Article 198. - The allocation of profits to constitute reserves as provided for in article 194 and the retention as provided for in article 196 may not be approved in each fiscal year with prejudice to the distribution of compulsory dividends (article 202).

Restriction on the Balance of Profit Reserves

Article 199. - The balance of all profit reserves, except those for contingencies and for realizable profits, may not exceed the capital; should this limit be reached, a general meeting shall decide whether the excess shall be applied to pay up or to increase the capital, or to distribute dividends.

Capital Reserves

Article 200. - Capital reserves may only be used for:

I. - the absorption of losses which exceed retained earnings and profit reserves (article 189, sole paragraph);

II. - the redemption, refund, or purchase of shares;

III. - the redemption of founder shares;

IV. - increasing the capital;

V. - the payment of dividends in respect of preferred shares, should they be entitled to this privilege (article 17, paragraph 5).

Sole Paragraph. - The reserve constituted with the proceeds from the sale of founder shares may be utilized to redeem such securities.

SECTION III. - Dividends

Source

Article 201. - The corporation may only pay dividends by debiting net profit, retained earnings, or profit reserves; or capital reserves, in the case of the preferred shares mentioned in paragraph 5 of Article 17.

Paragraph 1. - Notwithstanding any appropriate criminal sanctions, the officers and audit committee members shall be jointly liable to reimburse the corporation for the amount distributed in the event of any dividend distribution which fails to comply with the provisions of this article.

Paragraph 2. - The shareholders shall be under no obligation to repay the dividend they received in good faith. Bad faith shall be presumed when the dividend is distributed without the preparation of the balance sheet or without observing it.

Compulsory Dividend

Article 202. In every fiscal year, the shareholders shall be entitled to receive as a compulsory dividend the portion of the profits as may be stated in the bylaws or, in the event the latter is silent in this regard, the amount to be determined as follows: *(Text as determined by Law n. 10.303, of October 31, 2001)*

I – half of the net profit as increased or reduced by: *(Text as determined by Law n. 10.303, of October 31, 2001)*

a) the amount intended to form the legal reserve (Article 193); and *(Text added by Law n. 10.303, of October 31, 2001)*

b) the amount intended to form the reserves for contingencies (Article 195) and any written-off amounts of the same reserves formed in previous fiscal years; *(Text as determined by Law n. 10.303, of October 31, 2001)*

II – the payment of dividends provided for in item I may be limited to the amount of net profits realized during the fiscal year, provided that the difference is recorded as a reserve for realizable profits (Article 197); *(Text as determined by Law n. 10.303, of October 31, 2001)*

III – profits registered in the reserve of realizable profits, when realized and not absorbed by losses in subsequent fiscal years, shall be added to the first dividend declared after their realization. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Paragraph 1. The bylaws may prescribe the dividend as a percentage of the profits or of the capital, or establish other criteria for its determination, provided they are prescribed adequately and in detail and do not subject the minority shareholders to the discretion of the administrative bodies or of the majority.

Paragraph 2. Whenever the bylaws are silent and the general meeting resolves to amend the bylaws in order to regulate compulsory dividends, the compulsory dividend may not be less than twenty-five per cent (25%) of the net profit as adjusted in accordance with item I of this Article. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Paragraph 3. As long as no present shareholder opposes to it, a general meeting may resolve to distribute a dividend which is less than the compulsory dividend prescribed by this Section or to retain the entire net profit, in the following corporations: *(Text as determined by Law n. 10.303, of October 31, 2001)*

I – publicly-held corporations which have gone public exclusively to raise capital by issuing non-convertible debentures; *(Text added by Law n. 1.303, of October 31, 2001)*

II – closely-held corporations, except those controlled by publicly-held corporations not in compliance with the provisions of item I. *(Text added by Law n. 1.303, of October 31, 2001)*

Paragraph 4. - The dividend prescribed by this article shall not be compulsory in a fiscal year in which the administrative bodies notify the general meeting that its payment would be incompatible with the financial standing of the corporation. The audit committee, if in operation, shall deliver an opinion on any such notice and, in a public corporation, the officers shall forward to the Comissão de Valores Mobiliários, within five days of holding the general meeting, an explanation justifying the notice.

Paragraph 5. - The profits which are not distributed by virtue of paragraph 4 shall be attributed to a special reserve and, if not absorbed by losses in subsequent fiscal years, shall be paid as dividends as soon as the financial situation of the corporation permits such payment.

Paragraph 6. The profits which are not allocated pursuant to Sections 193 to 197 shall be distributed as dividends *(Text added by Law n. 10.303, of October 31, 2001)*

Article 203. The provisions of articles 194 to 197 and of article 202 shall not impinge on the right of the preferred shareholders to receive the fixed or minimum dividend for which they have priority, including overdue dividends, if cumulative.

Interim Dividends

Article 204. A corporation which prepares a balance sheet every half year by virtue of any legal or statutory provision, may by resolution of the administrative bodies, if so authorized in its bylaws, declare a dividend from the profit ascertained in such balance sheet.

Paragraph 1. Where in accordance with statutory provision a corporation may prepare a balance sheet and distribute a dividend at shorter intervals; the total dividend paid in

each half year of any fiscal year may not exceed the amount of the capital reserves described in paragraph 1 of article 182.

Paragraph 2. The bylaws may authorize the administrative bodies to declare an interim dividend from the accrued profits or profit reserves existing in the last annual or semi-annual balance sheet.

Payment of Dividends

Article 205. The corporation shall pay a dividend to the person who is registered as the owner or usufructuary of the share on the date on which the dividend is declared.

Paragraph 1. The dividend may be paid by a check sent by post to the address provided to the corporation by the shareholder, or by a credit to a bank account opened in the name of the shareholder.

Paragraph 2. The dividend paid in respect of shares held in the custody of, or on deposit at, a bank according to articles 41 and 43, shall be paid by the corporation to the financial depositary, which shall be responsible for its transmission to the holders of the deposited shares.

Paragraph 3. Except as otherwise resolved by a general meeting, the dividend shall be paid within sixty days from the date on which it is declared and, in any event, during the fiscal year.

Chapter XVII

Dissolution, Liquidation and Extinction

Section I

Dissolution

Dissolution

Article 206. A corporation shall be dissolved:

I - by force of law:

(a) when its period of duration terminates;

(b) in the cases provided for in the bylaws;

(c) by resolution of a general meeting (article 136, item X); (*Text as determined by Law no. 9.457 of May 5, 1997)*

(d) subject to article 251, by the existence of only a single shareholder, verified at an annual general meeting, if the minimum of two shareholders is not reconstituted by the annual general meeting of the following year.

(e) by the cancellation, according to law, of its authorization to operate;

II - by court order:

(a) when its incorporation is annulled in proceedings commenced by any shareholder;

(b) when it has been proved, in proceedings commenced by shareholders representing five per cent or more of the capital, that the corporation cannot achieve its corporate purposes;

(c) in the event of bankruptcy, in the manner provided for by the relevant law;

III - by the decision of a competent administrative authority, in the cases and in the manner provided for by any special law.

Effect

Article 207. For purposes of processing its liquidation, a dissolved corporation shall retain its legal identity until its extinction.

Section II

Liquidation

Voluntary, Liquidation

Article 208. If the bylaws are silent, a general meeting shall, in the cases provided for in item I of article 206, establish the method of liquidation and appoint the liquidator and the statutory audit committee to serve during the period of liquidation.

Paragraph 1. A corporation which has an administrative council shall be entitled to keep it and the said council shall appoint the liquidator; the statutory audit committee shall serve permanently or at the request of shareholders, in accordance with the relevant provisions in the bylaws.

Paragraph 2. The liquidator may be removed at any time by the body that appointed him.

Liquidation by the Court

Article 209. In addition to the cases provided for in item 11 of article 206, a liquidation shall be controlled by the court:

I - in the cases mentioned in item I of article 206 and at the request of any shareholder, if the officers or the majority of the shareholders fail to take steps necessary for the liquidation or are opposed to it;

II - in the case provided for in item I (e) of article 206 on communication from the competent authority at the request of the office of the Attorney-General, if the corporation fails to initiate its liquidation within the thirty days following its dissolution or if, after initiating it, interrupts it for more than fifteen days;

Sole Paragraph. The provisions of the procedure law shall govern a liquidation by the court, the liquidator being appointed by the judge.

Duties of Liquidator

Article 210. The liquidator shall have the following duties:

I - to file and publish the minutes of the general meeting or a certified copy of the court order which approved or ordered the liquidation;

II - to take into custody the property, books and documents of the corporation, wherever they may be;

III - to cause a balance sheet to be prepared within a period not exceeding that required by the general meeting or by the court;

IV - to perfect any corporation transactions, realize its assets, pay any liabilities and apportion the residue among the shareholders;

V - to require the shareholders to pay up their shares when the assets are not sufficient to cover the liabilities;

VI - to call a general meeting in the cases provided for by-law or when deemed necessary;

VII - to declare the corporation bankrupt and to request *concordata* in the cases provided for by-law;

VIII - after completing the liquidation, to submit a report on events in the liquidation and his final accounts to a general meeting;

IX - to file and publish the minutes of the general meeting which closed the liquidation.

Powers of Liquidator

Article 211. The liquidator shall represent the corporation and perform any acts required for the liquidation, including the transfer of real and personal property, the effecting of compromises and the giving and receipt of releases.

Sole Paragraph. The liquidator may not encumber property or make loans, except when essential to pay debts which cannot be postponed, nor continue the corporation's business, even for the purpose of facilitating the liquidation, without express authorization from a general meeting.

Corporate Name

Article 212. In all activities, the liquidator shall use the corporate name followed by the words "in liquidation".

General Meetings

Article 213. The liquidator shall call a general meeting every six months to render accounts on the actions taken during the half year and to present a report and a balance sheet on the state of the liquidation; the general meeting may determine shorter or longer periods which, in any case, shall not be less than three nor more than twelve months, for such rendering of accounts.

Paragraph 1. At the general meetings of a corporation under liquidation, all the shares shall have equal voting rights and all restrictions which may exist in relation to common or preferred shares shall be of no account; on termination of the state of liquidation, the effectiveness of restrictions on voting rights shall be revived.

Paragraph 2. In the course of a liquidation under the control of the court, the general meetings required to decide on the interests of the liquidation shall be called by order of the court, and a judge shall preside over the same and resolve summarily any disputes which may arise. An authenticated copy of the minutes of the general meetings shall be appended to the court record.

Payment of Debts

Article 214. After satisfying the rights of the preferred creditors, the liquidator shall pay the corporation debts proportionately and without distinction between matured and maturing debts, except that the latter shall be paid after deducting bank charges.

Sole Paragraph. If the assets exceed the liabilities, the liquidator may on his personal responsibility pay the matured debts in full.

Apportionment of Assets

Article 215. A general meeting may decide that, prior to completing the liquidation and after all creditors have been paid, the corporation assets be apportioned among the shareholders as such assets are ascertained.

Paragraph 1. After all creditors have been paid or guaranteed, a general meeting may approve, by the vote of shareholders representing at least ninety per cent of the shares, special conditions for the apportionment of remaining assets by attributing assets to the partners at book value or any other value it may establish.

Paragraph 2. Should a dissenting shareholder (article 216, paragraph 2) prove that the special apportionment conditions favor the majority to the detriment of the portion which would have been attributed to him if such conditions did not exist, the apportionment shall be suspended, if not perfected, or, if perfected, the majority shareholders shall indemnify the minority shareholders for any proved loss.

Rendering of Account

Article 216. After the debts have been paid and the remaining assets apportioned, the liquidator shall call a general meeting for the final rendering of accounts.

Paragraph 1. If the accounts are approved, the liquidation shall be closed and the corporation shall be extinguished.

Paragraph 2. A dissenting shareholder shall have a period of thirty days from the publication of the minutes to bring any proceedings.

Liability in Liquidation

Article 217. The liquidator shall have the same liabilities as an officer of the corporation and the duties and liabilities of the officers, statutory audit committee members and shareholders shall continue until the extinction of the corporation.

Rights of Unpaid Creditor

Article 218. Once the liquidation has been closed, an unpaid creditor shall only be entitled to demand payment of his claim from the shareholders individually, up to the limit of the amounts received by them and, where applicable, to sue the liquidator for damages. Any shareholder ordered by a court to make payment may collect from the other shareholders the amount attributable to them in the claim which he has paid.

Section III

Extinction

Article 219. A corporation shall be extinguished:

I - upon closing of its liquidation;

II - by merger or consolidation or by division with the transfer of all its assets and liabilities to other corporations.

Chapter XVIII

Transformation, Merger, Consolidation and Division

Section I

Transformation

Concept and Form

Article 220. Transformation is an operation whereby a corporation is changed from one type into another, without dissolution or liquidation.

Sole Paragraph. Transformation shall be governed by the provisions relating to the incorporation and registration of the type to be adopted by the corporation.

Resolution

Article 221. Transformation requires the unanimous consent of the partners or shareholders, except where otherwise provided by bylaws or bylaws; in the latter event, a dissenting partner may withdraw from the corporation.

Sole Paragraph. In the bylaws, the partners may waive their right to withdraw in the event of transformation into a corporation.

Creditors' Rights

Article 222. Under no circumstances shall a transformation affect creditors' rights; these shall continue to enjoy the same guarantees made by the previous type of corporation until the payment of their debts in full.

Sole Paragraph. The bankruptcy of a transformed corporation shall only affect the partners of the original corporation who would have been so affected, if so requested by the creditors prior to the transformation and who shall be the only ones to benefit from the bankruptcy.

Section II

Merger, Consolidation and Division

Competence and Procedure

Article 223. A merger, consolidation or division may occur between corporations of the same or different types and shall be decided in the manner prescribed for the amendment of their respective statutes or bylaws.

Paragraph 1. Any operation which creates a corporation shall be governed by the provisions relating to the incorporation of such type of corporation.

Paragraph 2. The partners or shareholders of the merged, consolidated or divided corporations shall receive the shares to which they are entitled direct from the issuing corporation.

Paragraph 3. If there is a consolidation, merger or split involving a publicly held corporation, the corporations succeeding to it shall also be publicly held and shall be registered as such, and, as the case may be, shall ensure that new shares are admitted for trading on the secondary market within the maximum period of 120 days from the date of the general meeting where the operation was approved, subject to the relevant rules enacted by the *Comissão de Valores Mobiliários*. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 4. If the conditions of the paragraph 3, above, are not fulfilled, shareholders shall have the right to withdraw from the corporation and the value of their shares shall be reimbursed (article 45) within 30 days from the expiration of the period mentioned thereat, subject to the provisions of paragraphs 1 and 4 of article 137. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Protocol

Article 224. The conditions of the merger, consolidation or division with merger into an existing corporation shall be set forth in a protocol, which shall be signed by the administrative bodies or partners of the interested corporations and which shall indicate:

I - the number, type and class of shares which shall be attributed in substitution for extinguished rights of partners and the criteria used to determine the relations between such substituted shares;

II - in the event of a division, the assets and liabilities which shall form the assets and liabilities of each part;

III - the criteria for valuing the net value, the date at which the evaluation shall be made and the affect of subsequent variations in the assets and liabilities;

IV - how shares or quotas of one corporation owned by another will be dealt with;

V - the amount of the capital of any corporation being created or of the increase or decrease in the capital of the corporations participating in the operation;

VI - a draft of the bylaws or amendments which shall be approved in order to effect the operation;

VII - all further conditions to which the operation may be subject.

Sole Paragraph. An estimate shall be included of the amounts subject to determination.

Reasons

Article 225. Merger, consolidation and division operations shall be submitted to a general meeting of the interested corporations, with a statement of reasons which shall include:

I - the reasons for or the objectives of the operation, and the interest of the corporation in effecting it;

II - the shares which the preferred shareholders shall receive and, if any changes in their rights are provided, the reasons therefor;

III - the composition after the operation, according to types and classes of shares, of the capital of the corporations issuing shares in substitution for those to be extinguished;

IV - the refund value of the shares to which dissenting shareholders shall be entitled.

Formation of Capital

Article 226. Merger, consolidation and division operations may only be carried out under the approved conditions if appointed expert valuers determine that the total net

value to be transferred to form capital is at least equal to the amount of capital to be paid up.

Paragraph 1. In accordance with the provisions set forth in the merger protocol, the capital shares or quotas of the corporation to be merged which are owned by the corporation instituting the merger may be extinguished or substituted by treasury shares of the said corporation up to the limit of the accrued profits and reserves, other than the Legal Reserve.

Paragraph 2. The provisions of paragraph 1, above, shall apply in the case of consolidation whenever one of the consolidated corporations owns shares or quotas of another and, in cases of division with merger, whenever the corporation absorbing a portion of the assets and liabilities of the divided corporation owns shares or quotas in the latter.

Paragraph 3. The Brazilian Securities Commission shall establish special valuation and accounting rules applicable to merger, consolidation and spin-off transactions that involve publicly traded companies. *(Text added by Law n. 11.941, of May 27, 2009)*

Merger

Article 227. Merger is an operation whereby one or more corporations are absorbed by another, which succeeds to all their rights and obligations.

Paragraph 1. If the general meeting of the corporation instituting the merger approves the protocol of the operation, it shall authorize the increase in capital, which shall be subscribed and paid up by the corporation to be merged by the transfer of its net value, and shall appoint experts to evaluate the net value.

Paragraph 2. If the corporation to be absorbed approves the protocol of the operation, it shall authorize its officers to perform all acts necessary for the merger, including the subscription to the increase in capital of the corporation taking control.

Paragraph 3. Once the evaluation report and the merger have been approved by the general meeting of the corporation instituting the merger, the corporation to be merged shall be extinguished and the former shall provide for the registration and publication of the merger instruments.

Consolidation

Article 228. Consolidation is an operation whereby two or more corporations unite to form a new corporation, which shall succeed them in all their rights and obligations.

Paragraph 1. The general meeting of each corporation, if it approves the consolidation protocol, shall appoint experts to evaluate the net value of the other corporations.

Paragraph 2. After the evaluation reports have been presented, the officers shall summon the partners or shareholders of the corporations to a general meeting to receive

such reports and to decide on the incorporation of the new corporation. The partners and shareholders shall not be allowed to vote on the report evaluating the net value of the corporation in which they participate.

Paragraph 3. Once the new corporation has been formed, the first officers shall provide for the registration and publication of the consolidation instruments.

Division

Article 229. Division is an operation whereby a corporation transfers part of its asserts and liabilities to one or more corporations already in existence or formed for this purpose, the divided corporation being extinguished if all its assets and liabilities are transferred, or its capital being divided if the transfer is only in part.

Paragraph 1. Without prejudice to the provisions of article *223,* the corporation absorbing part of the assets and liabilities of the divided corporation shall succeed to all the rights and obligation of the latter listed in the instrument of division; in the event of a division resulting in extinction, the corporations absorbing part of the assets and liabilities of the divided corporation shall succeed to all unlisted assets and liabilities of the latter in proportion to the net value transferred.

Paragraph 2. In the event of a division with the transfer of part of the assets and liabilities to a new corporation, the operation shall be decided by a general meeting of the corporation upon justification including the information prescribed in the items of article 224; if the general meeting approves the division, it shall appoint experts to value the portion of assets and liabilities to be transferred, and shall function as the incorporation meeting of the new corporation.

Paragraph 3. A division with the transfer of part of the assets and liabilities to an already existing corporation shall be governed by the provisions relating to mergers (article 227).

Paragraph 4. Once a division resulting in the extinction of the divided corporation is completed, the officers of the corporations which absorbed part of its assets and liabilities shall be responsible for registering and publishing the documents of the operation; in a division with a partial transfer of assets and liabilities, this duty shall be incumbent upon the officers of both the divided corporation and the corporation absorbing a portion of its assets and liabilities.

Paragraph 5. The shares paid up with part of the assets and liabilities of the divided corporation shall be attributed to its shareholders in substitution for the extinguished shares, in proportion to the shares owned; the attribution in different proportions may requires an agreement between all the shareholders, including those who own nonvoting shares. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Right to Withdraw

Article 230. In the case of a consolidation or merger, the period for the exercice of the right to withdraw mentioned in item II of article 137 shall run from from the date of publication of the minutes of the general meeting which approved the protocol or

justification, but payment of the refund price shall only become due if the operation is effected. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Debentureholders' Rights

Article 231. The merger, consolidation or division of a corporation which issued debentures in circulation shall depend on the previous approval of the debentureholders at a meeting specially called for such purpose.

Paragraph 1. Approval by the meeting shall be dispensed with if debentureholders who so wish are assured that their debentures may be redeemed during a minimum period of six months from the date of publication of the minutes of the general meetings held in relation to the operation.

Paragraph 2. In the event of circumstances described in paragraph 1, the divided corporation and the corporations absorbing portions of its assets and liabilities shall be jointly liable for the redemption of the debentures.

Creditors' Rights in Merger or Consolidation

Article 232. Within sixty days after the publication of the instruments relating to the merger or consolidation, any existing creditor aggrieved by it may bring proceedings to annul the operation; a creditor who fails to exercise this right during such a period shall forfeit such right.

Paragraph 1. If a suitable sum is paid into court the proceeding for annulment shall be stayed.

Paragraph 2. If the sum is not a liquidated amount, the corporation may guarantee its payment and the annulment proceedings shall be stayed.

Paragraph 3. If the corporation instituting the merger or the new corporation is declared bankrupt within the period referred to in this article, any existing creditor may request the division of the respective assets and liabilities so that the debts may be paid from the assets of the respective parts.

Creditors' Rights in Division

Article 233. In a division resulting in the extinction of the divided corporation, the corporations absorbing portions of its assets and liabilities shall be jointly liable for the debts of the extinct corporation. The subsisting divided corporation and any corporation absorbing a portion of its assets and liabilities shall be jointly liable for the former's debts prior to the division.

Sole Paragraph. The instrument of partial division may provide that the corporations absorbing portions of the assets and liabilities of the divided corporation shall be liable only for those debts which are transferred to them, without joint liability subsisting between themselves or with the divided corporation; in the latter case, however, any existing creditor may oppose the provision with regard to his debt, provided he notifies

the corporation within ninety days from the date of publication of the instruments of division.

Registration of Succession

Article 234. The certificate of the merger, consolidation or division issued by the Commercial Registry shall be the appropriate document for purposes of registration, at the competent public registries, of the succession to property, rights and obligations which results from the operation.

Chapter XIX

Mixed-economyCORPORATIONS

Applicable Legislation

Article 235. Mixed-economy corporations shall be subject to this Law, without prejudice to the special provision of Federal legislation.

Paragraph 1. Open mixed-economy corporations shall also be subject to the regulations issued by the *Comissão de Valores Mobiliários*.

Paragraph 2. The corporations in which mixed-economy corporations participate, whether as a majority or as a minority, shall be subject to the provisions of this Law, without the exceptions provided in this Chapter.

Incorporation and Acquisition of Control

Article 236. The incorporation of a mixed-economy corporation requires prior legislative authorization.

Sole Paragraph. Whenever a publicly held corporation acquires through expropriation the control of an operating corporation, within sixty days from publication of the first minutes of the general meeting held after the acquisition of control, the shareholders shall be entitled to request the refund of their shares, except when the corporation is already under the direct or indirect control of another public legal entity, or in the case of a public-service corporation.

Objects

Article 237. A mixed-economy corporation may only exploit the undertakings or carry out the business permitted by the law of incorporation.

Paragraph 1. A mixed-economy corporation may only participate in other corporations when authorized by law, or when exercising a legal option to invest income tax in regional or sectorial development.

Paragraph 2. Mixed-economy financial institutions may participate in other corporations, subject to the regulations of the Central Bank of Brazil.

Controlling Shareholder

Article 238. A legal entity controlling a mixed-economy corporation has the duties and responsibilities of a controlling shareholder (article 116 and 117), but it may direct the activities of the corporation so as to satisfy the public interest in relation to its own functions.

Management

Article 239. Mixed-economy corporations are obliged to have an administrative council and to guarantee the minority the right to elect one council member, if a larger number is not attributed to them by the multiple vote procedure.

Sole Paragraph. The officers of mixed-economy corporations shall have the same duties and responsibilities as the officers of publicly held corporations.

Statutory Audit Committee

Article 240. The statutory audit committee shall operate permanently in mixed-economy corporations; one of its members and his respective alternate shall be elected by the holders of the minority of common shares and another by the holders of the preferred shares, if any.

Article 241. Revoked by Decree-law No. 2.285 of 24/07/86.

Bankruptcy

Article 242. *(Revoked by Law n. 10.303 of October 31, 2001)*

Chapter XX

Associated, Controlling and Controlled Corporations

Section 1

Information in Management Report

Management Report

Article 243. The annual management report shall list the investments of the corporation in associated and controlled corporations and shall mention any changes occurring during the fiscal year.

Paragraph 1. Companies over which the investing company has the ability to exert significant influence are affiliates. *(Text added by Law n. 11.941, of May 27, 2009).*

Paragraph 2. A corporation is controlled when a controlling corporation has rights of a partner, either directly or through other controlled corporations, which permanently assure it prevalence in voting and the power to elect the majority of the officers.

Paragraph 3. A publicly held corporation shall reveal any information on associated and controlled corporations which may be required by the *Comissão de Valores Mobiliários.*

Paragraph 4. Significant influence is deemed to be present where the investing company has or exercises power to participate in the financial and operating policy decision-making process of the investee, but without having control over these policies or the investee. *(Text added by Law n. 11.941, of May 27, 2009)*

Paragraph 5. Significant influence is assumed where the investing company holds ownership interest in twenty percent (20%) or more of the shares representing the capital stock of the investee, but without having control. *(Text added by Law n. 11.941, of May 27, 2009)*

Section II

Mutual Participation

Mutual Participation

Article 244. Mutual participation is not permitted between a corporation and its associated or controlled corporations.

Paragraph 1. The provision of this article shall not apply to cases in which at least one of the corporations participates in another in accordance with the conditions under which the law authorizes the acquisition of its own shares (article 30, paragraph I (b)).

Paragraph 2. The capital shares of the controlling corporation which are owned by the controlled corporation shall have their voting rights suspended.

Paragraph 3. The provision of article 30, paragraph 2, shall apply to the acquisition of shares in a publicly held corporation by its associated and controlled corporations.

Paragraph 4. Where paragraph 1, above, applies, within six months the corporation shall dispose of the shares or quotas exceeding the amount of profits or reserves, whenever these are reduced.

Paragraph 5. Mutual participation, when occurring by virtue of merger, consolidation or division, or by virtue of acquisition by the corporation of control of another corporation, shall be mentioned in the reports and financial statements of both corporations and shall be eliminated within one year; in the case of associated corporations, except as otherwise agreed, the shares or quotas acquired most recently or, when acquired on the same date, those which represent a lesser percentage of the capital, shall be disposed of.

Paragraph 6. The officers of corporations shall be jointly liable, as for an unlawful purchase of shares in their corporations, for any acquisition of shares or quotas which results in mutual participation contrary to the provisions of this article.

Section III.

Liability of Officers and of Controlling Corporations

Officers

Article 245. The officers of a corporation may not favor an associated, controlling or controlled corporation to the detriment of their own corporation and shall ensure that the transaction between the corporations, if any, shall be equitable or be compensated by adequate payment; they shall be liable to the corporation for any loss resulting from an infringement of the provisions of this article.

Controlling Corporations

Article 246. A controlling corporation shall be obliged to compensate any damage it may cause to a controlled corporation by any acts infringing the provisions of articles 116 and 117.

Paragraph 1. Proceedings for compensation may be brought by:

(a) shareholders representing five per cent or more of the capital;

(b) any shareholder, provided he guarantees payment of the legal costs in the event of the action being dismissed.

Paragraph 2. If the controlling corporation is held responsible, in addition to paying compensation and costs, it shall pay an indemnity in respect of lawyers' fees of twenty per cent of the compensation awarded and a further premium of five per cent to the plaintiff.

Section IV

Financial Statements

Explanatory Notes

Article 247.- The explanatory notes for the relevant investments under article 248 of this Law must include accurate information about the affiliates and subsidiaries and their relations with the company, including the following: *(Text added by Law n. 11.941, of May 27, 2009)*

I - the name of the associated or controlled company, its capital and net worth;

II - the number, types, and classes of the shares or quotas held by the corporation and the market price of the shares, if available;

III - the net profit;

IV - the debts and liabilities which exist between the corporation and the associated and controlled companies;

V - the total revenues and expenses related to operations between the corporation and the associated and controlled companies.

Sole Paragraph. - An investment shall be considered relevant:

(a) in each associated or controlled company, if its book value is equal to or greater than ten per cent of the net worth of the corporation;

(b) in the group of associated and controlled companies, if their book value is equal to or greater than fifteen per cent of the net worth of the corporation.

Valuation of Investments in Associated and Controlled Companies

Article 248.- In the balance sheet corporation, the investments in associates and subsidiaries, and in other companies belonging to the same group or companies under common control, shall be value and accounted for using the equity method of accounting, in accordance with the following rules: *(Text added by Law n. 11.941, of May 27, 2009)*

I - the net value of the associated or controlled company shall be determined on the basis of the balance sheet or trial balance sheet, subject to the rules set out in this Law, on the same date or no earlier than sixty days before the date of the balance sheet of the corporation; the net worth of the associated or controlled companies shall not include unrealized profits arising from transactions with the corporation or with other companies associated with, or controlled by, the corporation;

II - the amount of the investment shall be determined by applying, to the net worth mentioned in the previous item, the percentage of stock ownership in the capital of the associated or controlled company;

III - the difference between the amount of the investment according to item II and the acquisition cost adjusted to inflation may only be recorded as a revenue or an expense of the relevant fiscal year:

(a) if arising from a profit or loss calculated in the associated or controlled company;

(b) if it has been proven to correspond to an actual gain or loss;

(c) in the case of a publicly-held corporations, with due observance to the rules issued by the Comissão de Valores Mobiliários.

Paragraph 1. - For purposes of determining the relevance of the investment in the cases provided for in this article, credits which a corporation has against associated and controlled companies shall be computed as part of the acquisition cost.

Paragraph 2. - Whenever requested by the corporation, an associated company shall prepare and supply the balance sheet or trial balance sheet prescribed in item 1.

Consolidation of Financial Statements

Article 249. - A publicly-held corporation which has more than thirty per cent of its net worth represented by investments in controlled companies shall prepare and publish, together with its own financial statements, consolidated financial statements in accordance with article 250.

Sole Paragraph. - The Comissão de Valores Mobiliários may issue rules for corporations whose statements are to be covered by such consolidation, and may:

(a) require the inclusion of companies which, although not controlled, are financially and administratively dependent on the corporation;

(b) in special instances, authorize the exclusion of one or more controlled companies.

Consolidation Rules

Article 250. - The consolidated financial statements shall exclude:

I - ownership, by the companies, of each other's stock;

II - the balance of any accounts between the companies;

III – the portion of profit or loss for the year, of retaining earnings or accumulated losses, and of inventory costs or of non-current asset costs which are attributable to unrealized gain or loss from intercompany transactions. *(Text added by Law n. 11.941, of May 27, 2009)* Paragraph 1. - The participation of the non-controlling shareholders in the net worth and net profit shall be shown on the balance sheet and on the statement of income, respectively.

Paragraph 2. The portion of the acquisition cost of investment in subsidiary which is not eliminated through consolidation,[TN4] shall be carried under non-current assets net of the appropriate provision for incurred losses, and the item shall be discussed in the explanatory notes. *(Text added by Law n. 11.941, of May 27, 2009)* Paragraph 3. - The participation amount which exceeds the acquisition cost shall constitute a separate portion of deferred revenues until an effective gain is proven to exist.

Paragraph 4. - For the purposes of this article, the controlled companies whose financial years end earlier than sixty days prior to the date of the closing of the fiscal year of the

[TN4] Refers to the treatment of goodwill

corporation, shall prepare special financial statements, with the observance of the provisions of this Law, as of a date within the mentioned period of time.

Section V

Wholly-owned Subsidiary

Incorporation

Article 251. A corporation may be incorporated by a public deed with a Brazilian corporation as its sole shareholder.

Paragraph 1. A corporation subscribing the capital of a wholly-owned subsidiary with assets shall approve the evaluation report required by article 8 and shall be liable in accordance with paragraph 6 of article 8 and with article 10 and its sole paragraph.

Paragraph 2. A corporation may be converted into a wholly-owned subsidiary through the acquisition of all its shares by a Brazilian corporation, or as provided for in article 252.

Merger of Shares

Article 252. The merger of all the shares of a corporation into the assets and liabilities of another Brazilian corporation to convert the former into a wholly-owned subsidiary shall be submitted for the approval of general meetings of both corporations by means of protocol and a statement of reasons, as provided by articles 224 and 225.

Paragraph 1. If the general meeting of the merger corporation approves the operation, it shall authorize the capital increase to be effected with the merged shares and appoint experts to value such shares; shareholders shall not have a right of first refusal to subscribe to the increase in capital, but dissenting shareholders may withdraw from the corporation, subject to the provisions of item II of article 137, and obtain a refund of the value of their shares, according to the provisions of article 230. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 2. The general meeting of the corporation whose shares are to be merged may only approve the operation by a vote of at least one-half of its voting shares; should the operation be approved, the meeting shall authorize the board of directors to subscribe to the increase in the capital of the corporation which instituted the merger on behalf of its shareholders; shareholders dissenting from the decision shall be entitled to withdraw from the corporation, subject to the provisions of item II of article 137, and obtain a refund of the value of their shares, according to the provisions of article 230. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 3. Once the evaluation report is approved by the general meeting of the corporation taking control, the merger shall be completed and the holders of the merged shares shall receive, directly from the corporation which instituted the merger, the shares to which they are entitled.

Paragraph 4. The Brazilian Securities Commission shall establish special valuation and accounting rules applicable to share merger transactions that involve publicly traded companies. *(Text added by Law n. 11.941, of May 27, 2009)*

Admission of Shareholders in Wholly-Owned Subsidiary

Article 253. The shareholders shall enjoy a right of first refusal proportionately to the shares they hold in the capital of the corporation:

I - to acquire shares in the wholly-owned subsidiary, should the corporation decide to dispose of them in whole or in part; and

II - to underwrite to an increase in capital of the wholly-owned subsidiary, should the corporation decide to admit other shareholders.

Sole Paragraph. The shares or the increase in capital of the wholly-owned subsidiary shall be offered to the shareholders of the corporation at a general meeting convened for this purpose, the provisions of article 171 being applicable, so far as appropriate.

Section VI

Transfer of Control

Authorization

Article 254. Revoked by Law no. 9.457 of May 5, 1997.

Article 254-A. The direct or indirect transfer of control of a publicly-held corporation can only be effected under the condition that the purchaser agrees to conduct a public offer to acquire the voting shares owned by the remaining shareholders. The offer price for such shares shall be at least eighty per cent (80%) of the amount paid for the voting shares comprising the controlling block. *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 1. Transfer of control shall be understood as the transfer, whether direct or indirect, of shares comprising the controlling block, of shares bound by shareholders' agreements and of securities convertible into voting shares, assignment of share subscription rights and other rights related to securities convertible into shares which may result in the transfer of corporate control. *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 2. The transfer of control provided for in this Section 254-A (first part) shall be approved by the Brazilian Securities Commission as long as the conditions of the public offer comply with the applicable legal requirements. *(Text added by Law n. 10.303, of October 31, 2001)*

Paragraph 3. The Brazilian Securities Commission shall be responsible for establishing the rules to be observed in the public offer indicated in this Section 254-A (first part).

Paragraph 4. The purchaser of control of a publicly-held corporation may offer the minority shareholders the option to keep their holdings in the company in exchange for payment of a premium equivalent to the difference between the market value of the shares and the amount paid for shares comprising the controlling block.

Paragraph 5. *(Revoked by Law n. 10.303, of October 31, 2001)*

Publicly held corporation Subject to Authorization

Article 255. The transfer of the control of a publicly held corporation which depends on government authorization to operate shall be subject to the prior authorization of the entity competent to approve an amendment to its bylaws. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 1. Revoked by Law no. 9.457 of May 5, 1997.

Paragraph 2. Revoked by Law no. 9.457 of May 5, 1997.

Approval of Purchaser

Article 256. The purchase by a publicly held corporation of the control of any commercial firm shall be subject to the approval of a general meeting of the purchaser, which shall be specially convened, whenever:

I - the purchase price constitutes a relevant investment (article 247, sole paragraph) for the purchaser; or

II - the average price of each share or quota exceeds one and a half times the greatest of the following three values:

(a) the average quotation of the shares on the stock exchange or on the organized over-the-counter market during the ninety days prior to the contracting date (article 254, sole paragraph); (*Text as determined by Law no. 9.457 of May 5, 1997)*

(b) the net value (article 248) of each share or quota, the assets and liabilities having been valued at market prices (article 183, paragraph 1);

(c) the net profit of each share or quota, which may not exceed fifteen times the annual net profit per share (article 187, item VII) during the last two fiscal years, monetarily adjusted.

Paragraph 1. The purchase proposal or contract, together with an evaluation report, in accordance with the provisions of paragraphs 1 and 6 of article 8, shall be submitted in advance to the general meeting for its authorization or ratification, accompanied by all the information necessary to support the decision; the officers of the corporation shall be liable for any failure to submit the proposal or contract. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Paragraph 2. Should the purchase price exceed one-and-a-half times the greatest of the three values indicated under item II, above, any shareholder dissenting from the

resolution of the general meeting approving the purchase shall be entitled to withdraw from the corporation and to the refund of the value of his shares, as provided in article 137, subject to the provisions of its item II. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Section VII

Acquisition of Control by Public Offer

Requisites

Article 257. A public offer to acquire the control of a publicly held corporation may only be made with the participation of a financial institution which guarantees the fulfillment of the liabilities undertaken by the bidder.

Paragraph 1. If the offer provides for a total or partial exchange of securities, it may only be made after it has been registered with the *Comissão de Valores Mobiliários*.

Paragraph 2. The offer shall include sufficient voting shares to assure the control of the corporation and shall be irrevocable.

Paragraph 3. If the bidder already holds voting shares in the corporation, the offer may relate only to the number of shares required to effect the control, but the bidder shall provide evidence of the shares he owns to the *Comissão de Valores Mobiliários*.

Paragraph 4. The *Comissão de Valores Mobiliários* may issue rules for public offers to acquire control.

Instrument of Offer to Purchase

Article 258. The instrument of offer to purchase, signed by the bidder and by the financial institution guaranteeing the payment, shall be published in the press and shall state:

I - the minimum number of shares which the bidder intends to acquire and, as the case may be, the maximum number;

II - the price and the conditions of payment;

III - the condition relating to a minimum number of acceptors and the method of apportionment among the acceptors, if their number exceeds the stated maximum;

IV - the procedure to be adopted by the accepting shareholders to express their acceptance and to effect the transfer of the shares;

V - the period of validity of the offer, which shall not be less than twenty days;

VI - information about the bidder.

Sole Paragraph. The offer shall be communicated to the *Comissão de Valores Mobiliários* within twenty-four hours after the first publication.

Instrument of Offer to Exchange

Article 259. The draft of an instrument of offer to exchange shall be submitted to the *Comissão de Valores Mobiliários* together with a request for prior registration of the offer, and shall contain, in addition to the information required by article 258, information on the securities offered in exchange and on the corporations issuing such securities.

Sole Paragraph. The *Comissão de Valores Mobiliários* may issue regulations relating to the instrument of offer to exchange and for its registration.

Confidentiality

Article 260. Until publication of the offer, the bidder, the intermediary financial institution and the *Comissão de Valores Mobiliários* shall keep the proposed offer in confidence; proceedings for damages may be brought against any person who infringes this provision.

Offer

Article 261. The offer shall be accepted at the financial institutions or securities market institutions indicated in the instrument of offer, and the acceptors shall sign irrevocable sale or exchange orders under the conditions offered, observing the provisions of paragraph 1 of article 262.

Paragraph 1. The bidder may improve the price and payment conditions once, by a percentage equal to or greater than five per cent and not later than ten days prior to end of the offer period; such new conditions shall be extended to the shareholders who have already accepted the offer.

Paragraph 2. As soon as the offer period has closed, the intermediary financial institution shall communicate the results to the *Comissão de Valores Mobiliários* and, through publication in the press, to the acceptors.

Paragraph 3. If the number of acceptors exceeds the maximum, an apportionment as provided for in the instrument of offer shall be made.

Competitive Offer

Article 262. The existence of a public offer shall not preclude a competitive offer, subject to the rules of this Section.

Paragraph 1. The publication of a competitive offer shall nullify the sale orders already signed in acceptance of a previous offer.

Paragraph 2. The first bidder may extend the period of his offer to make it coincide with that of the competitive offer.

Negotiation During Offer

Article 263. The *Comissão de Valores Mobiliários* may issue rules to govern the negotiation of the shares offered during the offer period.

Section VIII

Merger of Controlled Corporation

Merger of Controlled Corporation

Article 264. In the merger of a controlled corporation into its controlling corporation, the justification presented to the general meeting of the controlled corporation shall contain, in addition to the information required by Articles 224 and 225, a calculation relating to the share exchange ratio of shares owned by the non-controlling shareholders of the controlled corporation, based on the net value of the shares of both the controlling and controlled corporations, the assets and liabilities of both corporations being valued according to the same criteria and on the same date, at market prices, or according to another criteria indicated by the Brazilian Securities Commission (CVM) for publicly-held corporations. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Paragraph 1. The appraisal of the assets and liabilities of the two corporations shall be carried out by three (3) experts or by a specialist firm or, for publicly-held corporation, necessarily by a specialist firm. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Paragraph 2. For purposes of the comparison mentioned in this Section, the shares in the controlled corporation owned by the controlling corporation shall be valued according to the provisions of this Article 264 (first part). *(Text as determined by Law n. 10.303, of October 31, 2001)*

Paragraph 3. If the conditions for the exchange of shares of the non-controlling shareholders provided for in the protocol of the merger are less advantageous than that resulting from the comparison provided for in this Article, the shareholders dissenting from the resolution of the general meeting of the controlled corporation which approved the transaction shall be entitled to choose, subject to the provisions of Article 230, between the refund value determined in accordance with Section 45 and the value adjusted in accordance with this Article 264 (first part), as determined by Article 137, item II. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Paragraph 4. The same provisions of this Article are applied to the merger of a controlling corporation into its controlled corporation, the merger of the controlling corporation with its controlled corporation, as well as the merger and consolidation of companies under common control. *(Text as determined by Law n. 10.303, of October 31, 2001)*

Paragraph 5. The provisions of this article shall not apply where the shares of the controlled corporation were acquired through a stock exchange or through a public offer in accordance with articles 257 to 263.

Chapter XXI

Group of Corporations

Section I

Characteristics and Nature

Characteristics

Article 265. According to the provisions of this Chapter, a controlling corporation and its controlled corporations may constitute a group of corporations by an agreement to combine resources or efforts to achieve their respective corporate purposes or to participate in common activities or undertakings.

Paragraph 1. The controlling corporation or leader shall be Brazilian and shall directly or indirectly exercise permanent control over the affiliated corporations, by virtue of being the controlling shareholder, or by agreement.

Paragraph 2. Mutual shares ownership of the corporations in the group shall be subject to the provisions of article 244.

Nature

Article 266. The relationship between the corporations, the administrative structure of the group and the coordination or subordination of the officers of the affiliated corporations shall be agreed within the group, but each corporation shall maintain a separate legal identity and separate assets and liabilities.

Group Name

Article 267. The group of corporations shall have a group name which shall contain the words *"grupo de sociedades"* or *"grupo"*

Sole Paragraph. Only those groups organized in accordance with the provisions of this Chapter shall be permitted to use a group name with the words *"grupo"* or *"grupo de sociedades"*.

Corporations Subject to Authorization to Operate

Article 268. A corporation which, because of its corporate purposes, depends upon authorization to operate, may only participate in a group of corporations after the group agreement has been approved by the authority competent to approve its statutory amendments.

Section II

Organization, Registration and Publicity

Organization

Article 269. A group of corporations shall be organized by means of an agreement approved by the corporations forming the group, which agreement shall contain

I - the name of the group;

II - and indication of which is the leading corporation and which the affiliated corporations;

III - the conditions of share ownership of the various corporations;

IV - the period of its duration, if any, and the conditions for its extinction;

V - the conditions for acceptance of other corporations and for the withdrawal of the corporations forming the group;

VI - the administrative bodies and offices of the group, their responsibilities and the relationship between the administrative structure of the group and those of the corporations which comprise it;

VII - a statement of the nationality of the control of the group;

VIII - the conditions for amendment of the agreement.

Sole Paragraph. For the purposes of item VII, a group of corporations shall be considered to be under Brazilian control if its controlling corporation is under the control of:

(a) individuals residing or domiciled in Brazil;

(b) Brazilian public legal entities; or

(c) a Brazilian corporation or Brazilian corporations which are directly or indirectly under the control of the individuals or corporations referred to in sub-paragraphs *(a)* and *(b)*, above.

Approval of Group Agreement

Article 270. The group agreement shall be approved according to the rules for amendments to bylaws or articles of association (article 136, item V). (*Text as determined by Law no. 9.457 of May 5, 1997)*

Sole Paragraph. Partners or shareholders dissenting from the resolution to join a group shall be entitled to the refund of their shares or quotas as provided for in article 137.

Registration and Publicity

Article 271. The group shall be deemed to exist from the date of filing the following documents at the Commercial Registry of the head office of the controlling corporation:

I - the agreement establishing the group;

II - minutes of the general meetings or formal documents of amendment of all the corporations which approved the establishment of the group;

III - an authenticated statement of the number of shares or quotas which the controlling corporation and the other corporations in the group own in each affiliated corporation or a copy of a shareholder's agreement which assures the control of an affiliated corporation.

Paragraph 1. If the affiliated corporations have their head offices in different localities, the minutes of the general meetings or the amendments approving the agreement shall be registered at the Commercial Registries of the respective head offices, notwithstanding registration at the head offices of the leading corporation.

Paragraph 2. The certificates of registration at the Commercial Registry shall be published.

Paragraph 3. From the date of registration the leading corporation and the affiliates shall use their respective corporate names with the addition of the name of the group.

Paragraph 4. Amendments to the group agreement shall be registered and published as provided in this article, subject to the provisions of paragraph 1 of article 135.

Section III

Management

Group Officers

Article 272. The group agreement shall define the administrative structure of the group and may create group committees and group management posts.

Sole Paragraph. Unless otherwise expressly provided in the group agreement registered at the Commercial Registry and published, each corporation shall continue to conduct its own affairs *vis-à-vis* third parties through its own officers and in accordance with its own bye-laws or bylaws.

Officers of Affiliated Corporations

Article 273. Without prejudice to their authority, powers and responsibilities under the respective bye-laws or bylaws, the officers of the affiliated corporations shall be responsible for compliance with the general guidelines and instructions issued by the group officers, which are not contrary to the law or to the group agreement.

Remuneration

Article 274. The group officers and the officers holding positions in more than one corporation may have their remuneration apportioned among the various corporations, and any bonus to which they are entitled, may, subject to the limits provided by

paragraph 1 of article 152, be based on the results shown in the consolidated accounts of the group.

Section IV

Group Accounts

Group Accounts

Article 275. In addition to the accounts and financial statements relating to each of the corporations in the group, the group shall publish consolidated accounts covering all the corporations in the group, prepared in accordance with the provisions of article 250.

Paragraph 1. The consolidated accounts of the group shall be published together with those of the leading corporation.

Paragraph 2. Even if the leading corporation does not have the form of a corporation, it shall publish accounts and financial statements as provided for in this Law.

Paragraph 3. In a footnote to their accounts, the affiliated corporations shall indicate where the last consolidated accounts of the group were published.

Paragraph 4. The consolidated accounts of a group which includes a publicly held corporation shall be audited by independent auditors registered with the *Comissão de Valores Mobiliários* and shall be subject to the regulations issued by the said Commission.

Section V

Losses Arising from Acts Contrary to the Group Agreement

Article 276. The combining of resources and efforts, the subordination of the interests of one corporation to those of another or of the group, and the sharing of costs, revenue or results of activities or undertakings may only be claimed against the minority partners of affiliated corporations in accordance with the terms of the group agreement.

Paragraph 1. With the exception of the leading corporation and other affiliates of the group, all the partners in an affiliated corporation shall be considered to be minority partners for the purposes of this article.

Paragraph 2. The distribution of costs, revenues and results and the compensation within the group provided by the group agreement shall be recorded in the balance sheet of the interested corporations in each fiscal year.

Paragraph 3. Subject to the paragraphs of article 246, the minority partners of an affiliated corporation may sue the leading corporation of the group and its officers to recover damages resulting from any action which has been taken and which is contrary to the provisions of this article.

Audit committee of Affiliated Corporation

Article 277. The operation of the statutory audit committee of a corporation affiliated to a group, when not permanent, may be requested by non-controlling shareholders representing at least five per cent of the common shares or of the non-voting preferred shares.

Paragraph 1. The appointment of the statutory audit committee of an affiliated corporation shall be subject to the following rules:

(a) non-controlling shareholders shall vote separately, voting shares being entitled to elect one member and his alternate, and non-voting shares or shares subject to limited voting rights being entitled to elect another member;

(b) the leading corporation and the affiliated corporations may elect a number of members and alternates equal to that elected under sub-paragraph *(a)*, above, plus one.

Paragraph 2. The statutory audit committee of an affiliated corporation may request the administrative bodies of the leading corporation or of other affiliated corporations to provide any clarification or information which it deems necessary in order to verify compliance with the group agreement.

Chapter XXII

Consortium

Formation of a Consortium

Article 278. Subject to the provisions of this Chapter, corporations and any other commercial entities, whether or not under the same control, may organize a consortium to carry out a particular undertaking.

Paragraph 1. The consortium shall have no legal identity and its participants shall only be bound to the extent provided in contract, each participant being responsible for its own liabilities without any presumption of joint responsibility.

Paragraph 2. The bankruptcy of any participant shall not affect the others, and the consortium shall continue with the remaining parties; any claims of the bankrupt party shall be determined according to the contract.

Consortium Agreement

Article 279. A consortium shall be organized pursuant to an agreement approved by the body of the corporation with authority to decide on disposition of non-current assets. The consortium formation agreement shall include provisions governing: *(Text added by Law n. 11.941, of May 27, 2009)*

I - the name of the consortium, if any;

II- the undertaking which is the objective of the consortium;

III- its period of duration, address and principal place of business;

IV - a statement of the responsibilities and liabilities of each participant in the consortium and their specific duties;

V - the rules for the receipt of revenue and apportionment of profits and losses;

VI - the rules for running the consortium, accounting, representation of the participants and the management fee, if any;

VII - the means by which decisions shall be taken, and the number of votes to which each participant shall be entitled;

VIII - the contribution of each participant to the expenses, if any, of the consortium.

Sole Paragraph. The consortium contract and the amendments thereto shall be registered at the Commercial Registry of the place of its head office, and the certificate of registration shall be published.

Chapter XXIII

Limited Partnership with Share Capital

General Provisions

Article 280. Without prejudice to the modifications contained in this Chapter, a limited partnership with share capital shall have its capital divided into shares and shall be governed by the rules applicable to corporations or corporations.

Corporate Name

Article 281. The partnership may do business under a corporate name or firm name, in which only the names of the directing or managing partners may appear. Those whose names appear in the firm or corporate name shall be jointly liable under this Law for all the partnership's debts to an unlimited extent.

Sole Paragraph. The corporate name or firm name shall be followed by the words "*Comandita por Acões"*, either in full or abbreviated.

Directors and Managers

Article 282. Only a partner or shareholder may administer or manage the partnership and, in his capacity as director or manager, he shall, secondarily, to the partnership, be jointly and severally liable for the debts of the partnership to an unlimited extent.

Paragraph 1. The directors or managers shall be appointed in the partnership's bylaws, without any limitation on the term of office, and may only be removed by a resolution of shareholders representing at least two-thirds of the capital.

Paragraph 2. A director or manager who is removed or who resigns shall remain liable for any partnership commitments undertaken under his management.

Restriction on Powers of General Meeting

Article 283. Except with the consent of the directors or managers, a general meeting cannot change the essential purposes of the corporation, extend its period of duration, increase or reduce its capital, issue debentures or create founders' shares, nor approve participation in a group of corporations. (*Text as determined by Law no. 9.457 of May 5, 1997)*

Administrative Council, Increase in Capital and

Issue of Subscription Bonuses

Article 284. The provisions of this Law regarding the administrative council, authorization for an increase in capital and the issue of subscription bonuses shall not apply to a limited partnership with share capital.

Chapter XXIV

Periods of Limitation

Actions to Annul Incorporation

Article 285. Proceedings to annul the incorporation of a corporation on the grounds of an irregularity or defect shall not be commenced after a period of one year has elapsed from the date of publication of its incorporation documents.

Sole Paragraph. The corporation may take steps to rectify any such irregularity or defect, even though proceedings have been commenced, by resolution of a general meeting of shareholders.

Actions to Annul Resolutions

Article 286. Proceedings to annul resolutions made at a general or special meeting of shareholders which has been called or opened otherwise than in accordance with the law or bylaws, or which has been the subject of error, bad faith, fraud or misrepresentation, shall not be commenced after a period of two years has elapsed from the date of the resolution.

Other Civil Actions

Article 287. The period of limitation within which proceedings must be commenced shall lapse:

I - after one year, in the case of:

(a) proceedings against experts or subscribers of capital for redress relating to the evaluation of property, the period running from the publication of the minutes of the general meeting at which the evaluation report was approved;

(b) proceedings by unpaid creditors against the shareholders and liquidators, the period running from the publication of the minutes which closed the liquidation of the corporation;

II - after three years, in the case of:

(a) proceedings for the recovery of dividends, the period running from the date on which they were made available for distribution;

(b) proceedings against the founders, shareholders, officers, liquidators, statutory audit committee members or a leading corporation for redress with respect to actions taken otherwise than in accordance with the provisions of the law, bylaws or a group agreement; the period running:

(1) as regards founders, from the date of publication of the articles of incorporation documents of the corporation;

(2) as regards shareholders, officers, statutory audit committee members or the leading corporations, from the date of publication of the minutes which approved the balance sheet for the fiscal year in which the violation occurred; and

(3) as regards liquidators, from the date of publication of the minutes of the first general meeting held after the action was taken;

(c) proceedings against shareholders for the refund of dividends received in bad faith, the period running from the date of publication of the minutes of the annual general meeting of the fiscal year during which the dividends were declared;

(d) proceedings against the officers or holders of founders' shares for the refund of shares in profits received in bad faith, the period running from the date of the publication of the minutes of the annual general meeting of the fiscal year during which such shares were paid;

(e) proceedings against the trustee of debentureholders or holders of founders' shares for redress with respect to actions taken by him otherwise than in accordance with the provisions of the law or of the deed of issue, the period running from the publication of the minutes of the general meeting which became aware of the violation;

(f) proceedings for redress with respect to breach of the duty of confidentiality imposed by article 260, the period running from the date of publication of the offer referred to in the said article.

g) judicial actions by a shareholder against the corporation, for any reason. *(Text added by Law n. 10.303, of October 31, 2001)*

Civil Actions when Criminal Proceedings Pending

Article 288. When both civil and criminal liability may arise from the same matter, the period in which civil proceedings must be commenced shall not begin to run until the criminal matter has been finally decided or the period of limitation in which criminal proceedings must be brought has elapsed.

Chapter XXV

General Provisions

Publications

Article 289. (*VETOED by Law n. 12.431, of June 24, 2011)*

Indemnities

Article 290. Any sums awarded as indemnity for loss and damages under this Law shall be monetarily adjusted up to the quarter in which they are finally settled.

Publicly held corporations

Article 291. The Brazilian Securities Commission (CVM) may reduce, by reference of a scale relating to the amount of the capital, the minimum percentage applicable to publicly-held corporations specified by Article 105, letter "c" of the sole paragraph of Article 123; the first part of Article 141; paragraph 1 of Section 157; paragraph 4 of Article 159; paragraph 2 of Article 161; paragraph 6 of Article 163; letter "a" of paragraph 1 of Article 246; and Article 277 *(Text as determined by Law n. 10.303, of October 31, 2001).*

Sole Paragraph. - The *Comissão de Valores Mobiliários* may reduce the percentage prescribed by article 249.

Bearer Shares

Article 292. The corporations referred to in article 62 of Law no. 4.728, of July 14, 1965, may have bearer shares.

Stock Exchanges

Article 293. The *Comissão de Valores Mobiliários* shall authorize the stock exchanges to render the services referred to in article 27; paragraph 2 of article 34; paragraph 1 of article 39; articles 40 to 44, article 72, article 102 and article 103.

Sole Paragraph. Financial institutions may not be shareholders in corporations to which they render the services referred to in article 27; paragraph 2 of article 34; articles 41 to 43 and article 72.

Closely Held Corporations

Article 294. A closely held corporation with less than twenty (20) shareholders and net worth of less than one million reais (R$ 1,000,000.00), may: *(Text as determined by Law n. 10.303, of October 31, 2001)*

I - provided a receipt for each notice is received, call general meetings through notices previously delivered to all shareholders within the period provided in article 124; and

II - provided authenticated copies are registered at the Commercial Registry together with the minutes of the general meetings which approved them, refrain from publishing the documents to which article 133 refers.

Paragraph 1. The corporation shall keep the receipts for notices which have been delivered and shall register authenticated copies of the same, together with the minutes of the general meeting, at the Commercial Registry.

Paragraph 2. Provided that the shareholders so resolve unanimously, payment of shares of the profits may be made to officers by corporations to which this article applies, notwithstanding the provisions of paragraph 2 of article 152.

Paragraph 3. The provisions of this article shall not apply to a corporation controlling a group of corporations, nor to the corporations affiliated with it.

Chapter XXVI

Commencement, Transitional Provisions and Revocations

Commencement

Article 295. This Law shall come into effect sixty days after its publication; it will take effect, however, from the date of publication in respect of all corporations which are to be incorporated.

Paragraph 1. The provisions of this article shall not apply to the rules affecting:

(a) the preparation of accounts and financial statements, which shall apply to existing corporations as from the fiscal year which begins after 1 January 1978;

(b) the indication in the accounts and financial statements of the amounts relating to the previous fiscal year (article 176, paragraph 1), which shall become obligatory from the balance sheet relating to the fiscal year subsequent to that referred to in sub-paragraph (a), above;

(c) the preparation and publication of consolidated accounts and financial statements, which shall only become obligatory for fiscal years after 1 January 1978.

Paragraph 2. The participation of officers in the corporate profits shall continue to be controlled by the legal and statutory provisions in force; the provisions of paragraphs 1 and 2 of article 152 being applicable from the fiscal year commencing in 1977.

Paragraph 3. The restrictions on the voting rights of bearer shares (article 112) shall take effect one year after the date on which this Law comes into force.

Bylaws

Article 296. Existing corporations shall adapt their bylaws to the provisions of this Law within one year from the date on which it comes into effect, a general meeting being called for this purpose.

Paragraph 1. The officers and statutory audit committee members shall be liable for any loss caused by them as a result of any failure to comply with the provisions of this article.

Paragraph 2. The provisions of this article shall not impair any rights to payment conferred by founders' shares and debentures in circulation on the date of publication of this Law; these rights may only be changed pursuant to the provisions of article 51 and paragraph 5 of article 71.

Paragraph 3. Existing corporations shall eliminate the mutual participations prohibited by article 244 and its paragraphs within a period of five years from the date on which this Law comes into force.

Paragraph 4. Where the bylaws of existing corporations do not prescribe a dividend or prescribe it under conditions which fall short of the requirements of paragraph 1 of article 202, the corporations may, within the period provided for in this article, prescribe the dividend at a percentage lower than that provided in paragraph 2 of article 202, but any shareholders dissenting from such decision shall be entitled to withdraw from the corporation on the refund of the value of their shares, subject to the provisions of article 45 and article 137.

Paragraph 5. The provisions of article 199 shall not apply to reserves created and to

profits accrued in balance sheets prepared before 1 January 1977.

Paragraph 6. The provisions of paragraphs 1 and 2 of article 237 shall not apply to participations existing on the date of publication of this Law.

Preferred Shares

Article 297. Existing corporations which have preferred shares with priority in the distribution of a fixed or minimum dividend shall not be subject to the provisions of article 167 and paragraph 1 thereof, provided that, within the period established under article 296, they amend their bylaws so as to regulate the participation of the preferred shares in the annual adjustment of the capital, subject to the following rules:

I - an increase in capital may depend upon a resolution by a general meeting, but shall be obligatory whenever the balance of the account referred to in paragraph 3 of article 182 exceeds fifty per cent of the capital;

II - the reserves may be capitalized by increasing the par value of the shares or by issuing new bonus shares, the general meeting being responsible for selecting the manner to be adopted on each increase;

III - in any event, the provisions of paragraph 4 of article 17 shall apply;

IV - statutory participation conditions shall be printed on the corporation's share certificates.

Limited Liability Corporations

Article 298. Within the period prescribed in article 296, existing corporations with a capital of less than 5,000,000 cruzeiros may resolve, by the vote of shareholders representing two-thirds of the capital, to transform themselves into limited liability corporations, subject to the following rules:

I - in the vote on the resolution at the general meeting, each share shall have one vote, notwithstanding its type or class;

II - the limited liability quota corporation resulting from the transformation shall have its capital fully paid up and its bylaws shall ensure to its quota holders the free transfer of quotas among themselves or to third parties;

III - subject to the provisions of article 45 and article 137, a shareholder dissenting from such a resolution may request the refund of his shares according to their net market price;

IV - the period to request the refund shall be ninety days from the date of publication of the minutes of the general meeting; but in the case of the holders of registered shares, the period shall be counted from the date of receipt of written notice from the corporation.

Tax Incentives

Article 299. The provisions covering share corporations, contained in special legislation for the investment of tax incentives in the SUDENE, SUDAM, SUDEPE, EMBRATUR and REFORESTRY areas, as well as all the provisions of Law no. 4.131 of September 3, 1962, and Law no. 4.390 of August 29, 1964, shall remain in effect.

Article 299-A. Where for its nature, the balance of deferred assets at December 31, 2008 cannot be redesignated to a different group of accounts, it may be carried in assets under the same designation until fully amortized, subject to impairment tests being made as foreseen in paragraph 3 of article 183 of this Law. *(Text added by Law n. 11.941, of May 27, 2009)*

Article 299-B. The balance of deferred income at December 31, 2008, shall be redesignated to non-current liabilities under a deferred revenue line item.

Sole paragraph. The recognition of the line item balance referred to in this article shall recognize both the deferred revenue and the related deferred expense. *(Text added by Law n. 11.941, of May 27, 2009)*

Revocations

Article 300. Decree-Law no. 2.627, of September 26, 1940, with the exception of articles 59 to 73 thereof, and all other provisions to the contrary, are hereby revoked.

Note: Articles 59 to 73 of Decree-Law no. 2.627, of 26 September 1940 (being the articles *not* revoked by the new Corporation Law, art. 300, above), are set out below. The number in parentheses following any reference to a specific article of Decree-Law no. 2.627 of 1940 refers to the number of the corresponding article in the new Corporation Law. The numbers which are not followed by a number in parentheses refer to articles of Decree-Law no. 2.627 which remain in effect.