

B2W – COMPANHIA DIGITAL
CNPJ/MF Nº 00.776.574/0006-60

CHAPTER I
NAME, HEADQUARTERS, PURPOSE AND DURATION

Article 1 - B2W – COMPANHIA DIGITAL is a corporation governed by these By-laws and other applicable legal provisions (the "Company").

Sole Paragraph - With the admission of the Company to the special listing segment called New Market of BM&FBOVESPA SA - Securities, Commodities and Futures Exchange (respectively, the "New Market" and "BM&FBovespa") the Company, its shareholders, administrators and members of the Fiscal Committee, when installed, are subject to the provisions of the Listing Rules of the New Market of BM&FBovespa ("New Market Rules").

Article 2 - The Company is headquartered in the city of Rio de Janeiro, State of Rio de Janeiro, at Rua Sacadura Cabral, 102, Parte, Saúde, CEP: 20081-902 and may, by resolution of the Board of Directors, open, maintain and close branches, offices, warehouses or representation agencies anywhere in the country or abroad.

Article 3 - The Company is engaged in:

(i) retail and wholesale trade in general in Brazil and/or abroad, of any goods or products, and, is able, therefore, to import or export to and from any country, and may also use electronic means for the offer and/or sale of its products, in particular the Internet, without limiting the use of other media (*telemarketing*, telesales, TV, common sales channels, catalogs, etc.).

(ii) providing logistical operations services, including storage, inventory management in the Company's own warehouses or in warehouses owned by others;

(iii) providing technical, market, financial, administrative, advertising, marketing and merchandising, and marketing promotion services related to firms operating in related areas or not;

(iv) participating in other companies, commercial and civil, as a partner or shareholder in Brazil or abroad;

(v) promoting, intermediation and distribution of passenger fares and tickets for public events, theme parks, theaters, concerts and other events for the public, of a cultural nature or not, transportation and other similar services or not, not including gambling or lottery tickets either national or not;

(vi) promote and intermediate distribution of the products of the national or international film industry as well as marketing music by national and international artists via electronic means,;

(vii) representing companies that own software for viewing images, sounds and others via paid downloads (copies); and

(viii) acting as a sales representative for various companies, using the technology channel (e-commerce) developed for the purpose or others.

(ix) programming of mass electronic communication by subscription, telesales or infomercial channel.

Article 4 - The duration will be indefinite.

CHAPTER II SHARE CAPITAL AND SHARES

Article 5- The subscribed capital is R\$ 3,605,325,650.56 (three billion, six hundred and five million, three hundred twenty-five thousand, six hundred and fifty reais and fifty-six cents), divided into 255,484,410 common shares, all registered, without par value.

§1 Each common share is entitled to one vote in the Ordinary Shareholders Meeting.

§2 The Company is authorized to increase its capital up to a limit of 200,000,000 common shares without amending the By-laws, by resolution of the Board of Directors, describing in detail the conditions of issue, establishing whether the increase will come from public or private subscription, the price and terms of payment.

§3 The Board of Directors may grant, in accordance with a plan approved by the Ordinary Shareholders Meeting, options or subscriptions of shares to its directors and employees, as well as officers and employees of other companies directly or indirectly controlled by the Company, without preemptive rights to shareholders.

§4 Within the limits of authorized capital, the Board may issue shares, by sale on the stock exchange or public subscription, or by exchanging shares in a public offering for the acquisition of control, and may do so without the exclusion of the right of preference for shareholders, or reduction of the exercise period.

§5 The Company's shares will be registered and held in a deposit account in the name of their holders with a financial institution authorized by the Brazilian Securities Commission - CVM and appointed by the Board of Directors, and the shareholders may be charged the remuneration referred to in paragraph 3 of Article 35 of Law 6.404/76.

§6 The failure by the subscriber to pay the amount subscribed, as provided in the bulletin or the call will cause the same to be in default for purposes of Articles 106 and 107 of Law 6.404/76, and subject to the payment of the amount in arrears corrected for inflation according to the variations in the General Market Price Index - IGP-M, published by Fundação Getúlio Vargas - FGV, or a substitute, in the shortest period legally permitted, plus interest at 12% per annum, *pro rata* and a fine of 10% of the amount in arrears, duly updated.

Article 6 - The Company may not issue preferred shares or founders' shares.

CHAPTER III COMPANY ADMINISTRATION AND MANAGEMENT SECTION I - ORDINARY SHAREHOLDERS MEETING

Article 7 - The Ordinary Shareholders Meeting has the power to decide all matters relating to the Company's objectives and make the decisions it deems necessary for its protection and development, subject to the provisions hereof.

§1 The Ordinary Shareholders Meeting will meet in general session once a year and in extraordinary session whenever convened under the Act or these By-laws and will decide by vote of the majority of those present, an exception being made in the case of an authorized quorum as defined by law.

§2 The Ordinary Shareholders Meeting will be convened on first call, with at least 15 (fifteen) days in advance, counting the term from the first publication of the notice under the law. If the Meeting is not held, a second call will be published with a minimum of eight (8) days in advance.

§3 At the Ordinary Shareholders Meeting, shareholders must submit up to two days in advance, in addition to the required identification documents together with the mandate that proves the representation with the signature of the grantor, the receipt issued by the depositary institution.

§4 The Ordinary Shareholders Meeting will be convened and chaired by the Chairman of the Board of Directors of the Company, which will appoint a secretary to assist him or, in the absence of Chairman of the Board of Directors by the shareholders then chosen, except when electing members of the Board of Directors or the determination of any of the matters listed in Article 18 hereof are listed on the agenda, in the hypothesis that when deciding such matters, the Ordinary Shareholders Meeting should necessarily be chaired by one of the Independent Members, as defined in New Market Listing Rules.

§5 The Ordinary Shareholders Meeting will act only on matters specifically provided for on the agenda, in the respective call notices, with the adoption of materials under generic entry being prohibited.

Article 8 - Subject to the provisions hereof, without prejudice to other matters provided by law, and subject to the approval of the Ordinary Shareholders Meeting to carry out the following corporate acts:

(i) to resolve regarding the delisting of the company as a publicly-traded company or delisting the company from the São Paulo Stock Exchange - BOVESPA ("New Market"), which will be communicated in writing to the BOVESPA, with prior notice of thirty (30) days;

(ii) to choose among qualified institutions as foreseen in item (vi) of §2 of Article 41 of these By-laws, indicated in a triple list by the Board of Directors, the entity that will be responsible for preparing the appraisal report of the Economic Value of the shares of the Company, in the event of cancellation of registration as a publicly-traded company, delisting or completion of the public share acquisition offer ("PSO"), under the assumption referred to in §3 of Article 41 hereof;

(iii) amend the By-laws and approve the Company's participation in a "group of companies" under Art. 265 and pursuant to Law 6.404/76, or withdrawal from the aforementioned group, subject to the provisions of Article 18 hereof; and

(iv) suspend the exercising of the rights of shareholders, pursuant to the provisions of Article 49 of these By-laws, with the interested party unable to vote in the case of this resolution.

§1 The Ordinary Shareholders Meeting that approves the delisting or cancellation of the registration as a publicly-traded company must be called at least 35 (thirty-five) days in advance.

§2 Furthermore, in cases of delisting and deregistration of company as a publicly-traded company, the resolution referred to in item (ii) of this Article will be taken by majority vote of the holders of Shares in Free Float shareholders present at the Meeting, not counting blank votes, which, if convened on the first call, will contain the presence of shareholders representing at least 20% (twenty percent) of the total Shares on the Free Float, or if convened on second call, on any number of free float shareholders.

§3 The costs of preparing the valuation report referred to in item (ii) of this Article will be fully borne by the offeror.

§4 A shareholder is forbidden to intervene in any resolution in which he/she has or represents a conflict of interest with the Company. A vote cast by a shareholder for a resolution in which it has conflicting interests with the Company will be considered an abuse for the purposes of Article 115 of Law No. 6.404/76.

SECTION II - MANAGEMENT BODIES

SUBSECTION I

GENERAL PROVISIONS

Article 9 - A Board of Directors and an Executive Board will exercise the Company's management.

§1 The Ordinary Shareholders Meeting will fix the global or individual amounts of the compensation of the Executive Officers. If set globally, it will be up to the Board of Directors to individually distribute the funds.

§2 The swearing-in of the executive officers will be subject to the signature of the respective terms of agreement, transcribed in the Company Book and the prior subscription of the Term of Consent of the Managers referred to in the New Market Listing Rules.

§3 The Company's executive officers must accept the Manual for Disclosure and Use of Information and Trading Policy for Securities Issued by the Company, upon the signing of the respective Term of Consent.

SUBSECTION II THE BOARD OF DIRECTORS

Article 10 - The Board of Directors will be composed of seven (7) members, as indicated by the Ordinary Shareholders Meeting, with unified terms of two (2) years, reelection being permitted.

§1 It will be up to President of the Ordinary Shareholders Meeting, to conduct the work related to the election of members of the Board of Directors, determining the mechanics of the voting process for the election of members in accordance with articles 11 and 12 below.

§2 In the election of the members of the Board of Directors, independent of the election process that may be adopted (Articles 11 and 12), any shareholder who wishes to nominate a candidate must notify the Company in this respect, in writing, up to 10 days before the holding of the Ordinary Shareholders Meeting, indicating the name, qualifications and professional background of each one and attaching the notification agreement signed by the candidate stating his/her acceptance to compete for the position. The Company will publish, within eight days before the date of the Ordinary Shareholders Meeting, a notice informing the shareholders of the location where they can obtain the list of all the candidates proposed under this sub-paragraph and the copy of their qualifications and professional backgrounds.

Article 11 - Except for the provisions in Article 12 below, the election of the members of the Board of Directors will be through the slate of candidates system, with voting for individual candidates forbidden.

§1 The Board of Directors will always indicate a slate of candidates to be submitted to the Ordinary Shareholders Meeting.

§2 The Company's management must, at least fifteen (15) days in advance of the date of the Ordinary Shareholders Meeting that decides on the election of members of the Board of Directors, send to the Stock Exchange, insert on the Company's Internet home page and make available for consultation by the shareholders at the Company's headquarters, a document with the names, qualifications and professional backgrounds of the candidates on the slate indicated by the Board of Directors, in accordance with §1 above.

§3 Any shareholder, or group of shareholders, will be allowed to propose another slate of candidates to the Board of Directors, observing the following rules: (a) the proposal should be communicated in writing to the Company at least ten (10) days in advance of the date for which the Ordinary Shareholders Meeting is convened, being prohibited the presentation of more than one slate by the same shareholder or group of shareholders; and (b) the aforementioned communication will contain the information and documents specified in Article 10, §2 above; (c) the Company, with at least eight (8) days in advance of the date for which the Meeting is convened, will publish a notice, with disclosure in its home page, stating the location where the shareholders may obtain a copy of the proposals of slates presented.

§4 The same person may be listed on two or more different slates, including that dealt with in §1 of this Article.

§5 Each shareholder may only vote for a single slate and the candidates of the slate that receives the greatest number of votes at the Ordinary Shareholders Meeting will be declared the winners.

Article 12 - The election of the members to the Board of Directors is available to shareholders representing at least 5% (five percent) of capital stock, requiring the adoption of the multiple vote process up to forty-eight (48) hours prior to the date on which the General Assembly is convened.

§1 The Company, immediately after the receipt of the request, will publish a notice to shareholders announcing the election will take place through the multiple vote process.

§2 - Once the Ordinary Shareholders Meeting is installed, the president of the respective meeting will calculate, on the basis of the Book of Attendance and the number of shares held by the shareholders present, the number of votes each shareholder will have right to.

§3 - In the case of election of the members of the Board of Directors through the multiple vote process, candidates to membership on the Board of Directors will be: (a) the members of the slates that dealt with in §1 and §3 of Article 11 above; and (b) the candidate who has been nominated by any shareholder, observing the provisions in Article 10, §2 above.

§4 Each shareholder will have the right to accumulate his/her attributed votes in accordance with §2 above for a single candidate or distribute them among several. The members who receive the most votes will be declared elected.

§5 - The positions that, by virtue of a tie, are not filled, will be the subject of a new vote, by the same process, adjusting the number of votes that each shareholder has a right to in function of the number of positions remaining to be filled.

§6 - Whenever the election has been held through this process, the removal of any member of the Board of Directors by the Ordinary Shareholders Meeting will lead to the dismissal of all the other members, requiring the holding of a new election.

Article 13 - The Board of Directors will meet quarterly or whenever necessary, when convened by its President, or by any two (2) of its members, by letter, telegram, facsimile, electronic mail, or other means of communication with proof of receipt, with a minimum advance notice of five (5) days, and said convocation may be waived if all members are present.

§1 The notice of convocation must be accompanied by the list of the subjects to be discussed and evaluated in the meeting, as well as all supporting documents that may be required.

§2 In the event of a vacancy of a full member of the Board of Directors, the remaining members of the Board of Directors will appoint a substitute, who will remain in office until the first Ordinary Shareholders Meeting to be held after that date, on which occasion a new member will be elected to complete the mandate. Only another Independent Member, as defined in the New Market Listing Rules, may fill the vacancy of an Independent Member.

§3 For the purposes of these By-laws, a vacancy will be deemed to have occurred in the event of death, permanent disability, resignation, dismissal or unjustified absence for more than three consecutive meetings.

§4 In the event of an absence, the member of the Board of Directors will be replaced by another member as indicated by the absent member, duly holding a power of attorney containing specific powers. In this case, the member replacing the absent board member, in addition to his own vote, will cast the vote of the absent board member. Only another Independent Member, as defined in the New Market Listing Rules, may fill the absence of an Independent Member.

§5 The board members may participate in the meetings of the Board of Directors by means of telephone conference, video conference or by any other means of electronic communication, being considered present at the meeting and must confirm their votes through a declaration in writing addressed to the chairman of the Board by letter, facsimile or e-mail immediately after the conclusion of the meeting. Once the statement is received, the chairman of the Board will be vested with full powers to sign the minutes of the meeting in the name of the member.

§6 The member must have an unblemished reputation, and may not be elected, unless through a waiver of the Ordinary Shareholders Meeting, those that (i) occupy key positions in companies that could be considered competitors of the Company; or (ii) have or represent conflicting interests with the Company.

If, after the election of a member of the Board of Directors, facts occur that configure, incidentally, the same hindrance of factors as provided above, the member who is subject to impediment must immediately submit his/her resignation to the chairman of the Board of Directors. Furthermore, it is prohibited that any member of the Board of Directors intervene in any deliberations in which he/she has or represents interests conflicting with those of the Company, and he/she must immediately inform the other members of the impediment and report, in the minutes of the meeting of the Board of Directors, the nature and extent of the impediment.

§7 It will be deemed to be abusive, for purposes of the provisions in article 115 of Law no. 6.404/76, the vote cast by a shareholder seeking the election of member of the Board of Directors who does not satisfy the requirements of this Article.

§8 The members of the Board of Directors must remain in their positions and in the exercise of their functions until their substitutes are elected, except if otherwise decided by the Ordinary Shareholders Meeting.

§9 Of the members of the Board of Directors, at least three (3) or 20% (twenty percent) of the members, whichever is greater, must be Independent Members, as defined in the New Market Listing Rules, and expressly declared as such in the minutes of the Ordinary Shareholders Meeting that elects them, being also considered as independent members those members elected pursuant to the conditions expressed in article 141, §§ 4 and 5 of Law 6.404/76.

Article 14 - The Board of Directors may determine the creation of advisory committees to assist the respective members of the Board of Directors, particularly the Audit Committee and the Nomination Committee as provided for below, as well as to define their composition and specific assignments.

Sole Paragraph - Members of the Board of Directors or Executive Officers of the Company may be indicated to sit on the advisory committees.

Article 15 - The Board of Directors will have a Chairman, elected by majority vote of its members at the first meeting after the swearing in of the members, or whenever in vacancy in the position occurs.

Article 16 - The Board of Directors will be installed upon the presence of a majority of its members and, except for the provisions in Article 18 below, will make valid decisions through a favorable vote of the majority of its elected members, and the Chairman, in addition to his/her personal vote, will cast the deciding vote in the case of a tie.

Sole Paragraph: The decisions of the Board of Directors will be recorded in minutes, which will be drawn up in its own book and signed by all those present. A full transcription must be recorded in the minutes of a meeting of the Board of Directors of the manifestation of a vote by any member of the Board of Directors who desires to do so.

Article 17 - The Board of Directors will be responsible for:

- (i) establishing the general orientation of the Company's businesses, approving the basic guidelines, policies and objectives, for all of the Company's main areas of activity;
- (ii) approving the work plans and annual budgets, investment plans not provided for in the budget, and the new expansion programs of the Company, as well as the monitoring of their implementation;
- (iii) electing and dismissing the Executive Officers of the Company and to establish their responsibilities and powers;
- (iv) supervising the management of the Executive Officers, examine, at any time, the Company's books and papers, and request information on contracts concluded or being concluded, as well as any other acts;
- (v) allocating the global amount of the compensation established by the Ordinary Shareholders Meeting, the monthly fees, for each one of the members of the Company's management;
- (vi) assigning to members of the management their portion of profit sharing based on the balance sheets prepared by the Company, including intermediary payments;
- (vii) expressing opinions on the management report and the accounts of the Executive Board, authorize the distribution of interim dividends and, if distributed based on the results on the intermediate balance sheet, to establish the proper percentage of profit sharing due the managers;
- (viii) choosing and dismissing the independent auditors, convening them to provide clarifications whenever deemed necessary;
- (ix) authorizing any change in accounting policies or of submission of reports by the Company, except if required by generally accepted accounting principles in the jurisdictions in which the Company operates;
- (x) convening the Ordinary Shareholders Meeting when deemed necessary or based on legal or statutory requirements;
- (xi) deciding, within the limits of the authorized capital, on the issuance of Company shares and subscription bonds, setting the issuance conditions, including price and payment deadlines, and also excluding the right of preference or reduction of the issue exercising period, whose placement is through sale on the stock exchange or by public subscription, or through a public offer for acquisition of control, pursuant to the terms established by law;
- (xii) granting, in accordance with a plan approved by the Ordinary Shareholders Meeting, of a purchase option for executive officers and employees, as well as the managements and employees of other companies that are directly or indirectly controlled by the Company, without the right of preference for shareholders, in the form of the conditions contained in Paragraph 3 of Article 5 of these By-laws;
- (xiii) approving the provision of a guarantee, bond or other aval in favor of third parties or of a company in which the Company has an investment, directly or indirectly;
- (xiv) the establishing of general criteria for a compensation and fringe benefits policy (indirect benefits, profit sharing or percentage of sales) for the Company's management and higher level employees (understood to be superintendents or those occupying equivalent supervising positions);
- (xv) approving the creation and extinction of subsidiaries and the Company's ownership interest in the capital stock of other companies, in the Country or abroad;
- (xvi) deciding about the acquisition or sale for any purpose, including transfer to the capital of another company, transfer or sale for any purpose or, even, encumbrance of a substantial part of the Company's permanent assets, in an isolated operation or through a set of operations during a period of twelve (12) months, being understood as (i) goods and/or rights in an amount greater than R\$ 1,000,000.00 (one million reais) or two per cent of the permanent assets of the Company, whichever is greater; (ii) the rights, licenses, authorizations, permissions or governmental concessions belonging to the Company; and (iii) the Company's assets that correspond to a bloc intended for the operation of a business or activity of the Company; being that in cases (ii) and (iii) above, independent of their respective values;

(xvii) approving any long-term contracts between the Company and its customers, suppliers, service providers and other entities with which it maintains a business relationship, or their extensions, understood as such contracts with a term of duration greater than 36 (thirty-six) months, except with concessionaires of public services or others who obey uniform conditions;

(xviii) making decisions regarding the Company's capital structure;

(xix) approving contracts that represent responsibilities or waivers of rights to and by the Company and that involve values, individually or in aggregate form in the period of 12 (twelve) months, higher than R\$ 12,000,000.00 (twelve million reais) or 1% (one percent) of the Company's net worth, whichever is greater, as well as to approve the issuance of any instruments of credit for the acquisition of resources, whether "bonds," "commercial papers" or other of common use in the market, and moreover discussing their conditions of issue, amortization and redemption, dispensing, however, from such an obligation, contracts related to early receipt or sale of receivables;

(xx) approving the issuance of simple debentures, not convertible into Company shares and without real guarantees;

(xxi) analyzing the Company's quarterly results regarding operations and expressing opinions, previously, regarding any subject to be submitted to the Ordinary Shareholders Meeting;

(xxii) deciding about the acquisition by the Company of its own shares, to remain in treasury and/or for subsequent cancellation or sale;

(xxiii) defining the triple list of institutions pursuant to item (vi) of §2 of Article 41, of these By-laws, to be submitted to the Ordinary Shareholders Meeting for the choice of the institution responsible for the preparation of Economic Value opinion of the Company's shares in the event of cancellation of the registration as a publicly-traded company, withdrawal from the New Market or a Public Share Offer (PSO), in the hypothesis referred to in §3 of Article 41 of these By-laws;

(xxiv) approving the hiring of a depository institution for providing book entry share services;

(xxv) discussing the issues foreseen in Article 18 of these By-laws;

(xxvi) previously expressing itself and issuing its position on any proposal to be submitted to the Ordinary Shareholders Meeting;

(xxvii) expressing itself and issuing its position on any proposed acquisition of securities issued by the Company or public offering related to same;

(xxviii) establishing the vote to be cast by the representative of the Company in General Shareholder Meetings and meetings of the other companies in which it is a partner or shareholder, previously approving the changes to the documents of incorporation or the By-laws of the companies in which the Company owns ownership interests, including approving the selection of directors of subsidiaries or affiliates to be elected with the votes of the Company; and

(xxix) approving the business and legal resolutions referred to in this Article by the Company's subsidiaries or affiliates.

Sole Paragraph - The values referred to in this Article will be adjusted annually as of February 2005, by the IGP-M index of the Getúlio Vargas Foundation or another equivalent base index that may come to replace it.

Article 18 - The approval of the subjects listed below will depend on the favorable vote of at least a majority of the members of the Board of Directors, necessarily including the votes of a majority of Independent Members:

(i) a proposal to be submitted to the Ordinary Shareholders Meeting to decide on the liquidation, dissolution or extinction of the Company or cessation of the Company's liquidation status;

(ii) a proposal to be submitted to the Ordinary Shareholders Meeting for deliberating on amendment of these By-laws, with the exception of the change of address of the registered office of the Company, when it does not coincide with the address of the headquarters of the controlling shareholder;

(iii) a proposal to be submitted to the Ordinary Shareholders Meeting to decide about the redemption, amortization or reimbursement of shares issued by the Company;

(iv) a proposal to be submitted to the Ordinary Shareholders Meeting to decide about the creation or emission, above the limit of the authorized capital stock, of securities convertible into shares issued by the Company;

(v) a proposal to be submitted to the Ordinary Shareholders Meeting to resolve about mergers, incorporations, transfers of shares, transfers of assets, demergers or any other form of corporate reorganization involving the Company, the Company's shares or those of its affiliates or entities that may perchance be controlled by the Company;

(vi) a proposal to be submitted to the Ordinary Shareholders Meeting to decide about the Company's withdrawal from the New Market or cancellation of its registration as a publicly-traded company;

(vii) the signing of any business deals or contracts between the Company and (i) any of its shareholders, officers and employees (whatever the denomination of the position), as well as their respective spouses and relatives up to the third degree; (ii) any subsidiaries, parent companies, or affiliated companies under common control of any of the persons listed in item (i) above; and (iii) suppliers, customers or financing agents with which any of the persons listed in item (i) above hold a relationship of economic and/or financial dependence ("Related Party"), apart from the purchase of products and services in uniform conditions, on the home page of the Company; and (viii) proposal to be submitted to the Ordinary Shareholders Meeting to decide about the Company's participation in a "group of companies" in accordance with art. 265 and pursuant to Law 6.404/76, or its withdrawal from said group.

SUBSECTION III COMMITTEES

Article 19 - The Company will have an Audit Committee, which will consist of three (3) members, serving for a term to coincide with the term of office of the members of the Board of Directors, with reelection permitted. The Board of Directors, exclusively from the Independent Members, will appoint the members of the Audit Committee.

§1 In the event of absence or temporary impediment of a member of the Audit Committee, the absent member should indicate, from among the other Independent Members, one to replace him/her. In the event of a vacancy, the chairman of the Board of Directors will convene a meeting of the Board of Directors for the election of a new member of the Audit Committee, until the end of its term of office.

§2 The members of the Audit Committee will meet whenever convened by any of its members.

§3 It is incumbent upon the Audit Committee:

- (i) to review the Company's annual and quarterly financial statements, reporting its findings periodically, each quarter, to the Board of Directors;
- (ii) to review the Company's internal control systems, as well as the procedures for auditing, accounting and administration, reporting its findings periodically, each quarter, to the Board of Directors;
- (iii) review and comment on the terms and conditions, as well as monitor the compliance of any contracts signed between the Company and/or any of its subsidiaries and/or related parties, on the one hand, and any of its stockholders, their respective related parties, on the other hand, reporting its findings immediately, to the Board of Directors.

Article 20 - In addition to the Audit Committee, the Company will have a Nomination Committee, which will consist of four (4) members of the Board of Directors, of which at least two (2) will be Independent Directors, for a term that will coincide with the term of office of the members of the Board of Directors, reelection being permitted.

Article 21 - It is incumbent upon the Nomination Committee to indicate to the Board of Directors the candidates whose names will be submitted to the Company's Ordinary Shareholders Meeting for the election of the members of its Board of Directors.

Sole Paragraph It will be exclusively up to the Independent Members who make up the Nomination Committee to indicate to the Board of Directors the Independent Members whose names will be submitted to the Company's Ordinary Shareholders Meeting for the election of independent members to its Board of Directors.

Article 22 - In the event of absence or temporary impediment of an Independent Member of the Audit Committee, the absent member should indicate, from among the other Independent Members, one to replace him/her. Similarly, in the event of absence or temporary impediment of a member of the Nomination Committee, the absent member should indicate, from among the other Independent Members, one to replace him/her. In the event of a vacancy, the chairman of the Board of Directors will convene a meeting of the Board of Directors for the election of a new member of the Nomination Committee, until the end of its term of office.

**SUBSECTION IV
EXECUTIVE BOARD**

Article 23 - The Executive Board will be composed of two (2) to 12 (twelve) Executive Directors, one of them being appointed President and Chief Executive Officer, the other Investor Relations Officer, and the others designated to any one of the following positions: Financial Officer, Operations or Sales Director, all with a mandate of three (3) years, reelection being permitted. The Investor Relations Officer may exercise cumulatively other executive assignments.

§1 It is incumbent on the Executive Board to exercise powers granted by law, the Company's By-laws and the Board of Directors to practice the acts required for the proper functioning of the Company.

§2 If a vacancy occurs in one of the executive officer positions, the Board of Directors will be responsible for electing a new officer or designating a substitute, establishing, in either of the cases, the term of office of the manager and the respective compensation.

§3 The Board may, in addition, appoint one of its members to represent the Company in acts and operations in the Country or abroad, or constitute an attorney only for the practice of a specific act, with the act that contains the resolution of Executive Officers filed with the Board of Trade, if necessary.

§4 The Executive Board will meet whenever necessary and any officer may convene a meeting.

§5 The meeting will be called to order with the presence of a number of Officers representing the majority of the members of the Executive Board.

§6 The minutes of the meetings and the resolutions taken by the Executive Board will be recorded in the Company book.

§7 The attributions of the President and CEO will be, notably, the following: (a) the supervision of all of the Company's activities; (b) coordination and supervision of the activities of the Executive Board, convening and presiding over its meetings; (c) the making urgent decisions that are within the competence of the Executive Board, "ad referendum"; (d) the proposing to the Board of Directors and the Ordinary Shareholders Meeting, as is the case, areas of action of each Officer or the transfer of functions between them; and (e) the exercising the activities foreseen in Article 24.

§8 The attributions of the Chief Financial Officer(s), notably, are the following:

(a) to maintain the Company's relations with banks, insurance companies, existing and potential investors; (b) to maintain the Company's assets duly insured; (c) to manage the treasury, accounting and financial advisory services areas; (d) to direct and lead the administration and management of the financial activities of Company and its subsidiaries; (e) to plan and manage financial and tax controls; (f) to plan and draw up the Company's budget; (g) to coordinate the actions of his/her area with the other Executive Departments; and (h) to perform the activities foreseen in Article 24.

§9 The attributions of the Director(s) of Sales, notably, are the following:

(a) to manage the stocks of the Company's products; (b) to manage the Company's marketing area, in the country and abroad, including imports and exports; (c) to manage the sales and marketing areas, as well as the marketing promotions related to the companies operating in related areas and the means of dissemination and marketing of products; (d) to manage the Company's customer relations area; (e) to coordinate the activities of his/her area with the other Executive Departments; and (f) perform the activities foreseen in Article 24.

§10 The attributions of the Operations Officer(s), notably, are the following: (a) to manage the Company's logistics area, including the storage, stock management in own or third party warehouses; (b) to manage the Company's information technology area; (c) to manage Company's human resources area; (d) to manage the Company's administrative area; (e) to coordinate the activities of his/her area with the other Executive Departments; and (f) perform the activities foreseen in Article 24.

§11 The attributions of the Investor Relations Officer are the following: (a) to disclose and communicate to the CVM, and, if the case, the São Paulo Stock Exchange, any material act or fact occurring in or related to the business, as well as to ensure their broad and immediate dissemination, simultaneously in all the markets in which such securities are allowed to be traded, in addition to other attributions as defined by the Board of Directors;

(b) to provide information to investors; and (c) to keep the registration of the Company updated and fully compliant with the applicable rules of the Securities Exchange Commission.

Article 24 - The Executive Board is imbued with full powers to perform all acts necessary to the achievement of the corporate purpose, regardless how special, including selling and encumbering permanent assets, except in the cases foreseen in Article 17, or waiving rights, except with respect to matters whose resolution lies with the Board of Directors,

as well as to compromise and agree, always complying with the relevant legal or statutory provisions and the resolutions adopted by the Ordinary Shareholders Meetings and the Board of Directors. It is incumbent on the Executive Board to administer and manage the Company's affairs, especially:

- (i) to prepare and submit to the Board of Directors, annually, the work plan, investment plan, the Company's new expansion programs, and those of its invested companies, if any;
- (ii) to prepare and submit to the Board of Directors, annually, the Company's annual and multi-annual budgets and its revisions;
- (iii) submit, annually, for evaluation by the Board of Directors, the Management Report and the accounts of the Executive Board, accompanied by the report of the independent auditors, as well as the proposal for allocation of profits from the previous year;
- (iv) to present, on a quarterly basis, to the Board of Directors, the Company's economic-financial and detailed equity balance sheets;
- (v) to take cognizance of and execute the resolutions of the Board of Directors, the Ordinary Shareholders Meetings and these By-laws; and
- (vi) to decide on any matter that is not of the specific competence of the Ordinary Shareholders Meeting or the Board of Directors.

Article 25 - With the exception of the cases contained in the subsequent paragraphs, the acts that create responsibilities for the Company, or waive its obligations with third parties, will only be valid if they contain:

- (i) the joint signature of two (2) members of the Executive Board; or (ii) the joint signature of a member of the Executive Board and a Company agent with a power of attorney proxy instrument.

§1 Proxies will always be signed by two (2) Executive Officers and granted for specific purposes and for a specific deadline, never to exceed one year, except for those that include *ad judicium* clause powers, which may be granted by an officer and be valid for an indefinite period.

§2 The Company may also be represented by only one Officer or a Proxy in the following cases:

- (i) when the act to be performed requires singular representation, the Company will be represented by any officer or proxy with special powers;
- (ii) the hiring of service providers or employees;
- (iii) to receive and/or settle values that are owed to the Company, issue and negotiate, including endorsing and redeeming duplicate invoices related to its sales;
- (iv) routine matters with public federal, state and municipal government agencies and mixed-economy companies;
- (v) the signing of correspondence on routine matters;
- (vi) an endorsement of instruments for collection or deposit in the name of the Company;
- (vii) the representation of the Company in general meetings of its subsidiaries and other companies in which it has equity participation, pursuant to the provisions of these By-laws; and (viii) representation of the Company in court.

CHAPTER IV THE FISCAL COMMITTEE

Article 26 - The Company will have a Fiscal Committee made up of three (3) to five (5) full members and an equal number of alternate members, operating on a non-permanent basis, whose installation and attributions will comply with Law 6.404/76.

Sole Paragraph - The swearing in of the members of the Fiscal Committee will be conditioned to the prior signing of the Term of Consent by the Members of the Fiscal Committee, referred to in the New Market Listing Rules.

Article 27 - In the event of there being a controlling shareholder or Group of Shareholders, the provisions in §4 of article 161 of Law 6.404/76 will prevail, and if there is Diffuse Control, the rules of sub-paragraphs 1, 2 and 3 of this article must be observed.

§1 The shareholder or Group of Shareholders who, alone or together, are holders of shares representing 10% (ten percent) or more of the capital stock will be entitled to elect, in a separate vote, one (1) member and his/her respective alternate.

§2 The same right will apply to the shareholder or Group of Shareholders other than the one that was elected a member in accordance with paragraph 1 of this Article, observing the same rules and conditions for election.

§3 The other shareholders, excluding those who voted in the election of members to the Fiscal Committee under the conditions of paragraphs 1 or 2 of this Article, may elect the full members and alternates who, in any case, will be equal in number to those elected pursuant to the terms of paragraphs 1 and 2 of this Article, plus one (1).

§4 The members of the Fiscal Committee will have a unified term of office of one (1) year, and may be reelected.

§5 The members of the Fiscal Committee, in their first meeting, will elect its Chairman.

§6 The swearing in will occur through an instrument drawn up in its own book, signed by the sworn-in member of the Fiscal Committee, and by prior signing of the Term of Consent referred to in the New Market Listing Rules.

CHAPTER V THE FISCAL YEAR AND DISTRIBUTION OF PROFITS

Article 28 - The fiscal year will begin on January 1 and end on December 31 of each year.

Article 29 - At the end of each fiscal year, and on the last day of each calendar quarter, the financial statements will be prepared as foreseen in the legal provisions in force.

§1 The Board of Directors may declare dividends based on profits or profit reserves calculated in annual, half-yearly or quarterly financial statements, which will be considered as an anticipation of the minimum mandatory dividend referred to in Article 32 below.

§2 The Executive Board may also determine the preparation of monthly balance sheets and declare dividends on the basis of profits therein calculated, in compliance with the legal limitations.

Article 30 - Eventual accrued losses and a provision for Income Taxes will be deducted from the income of each fiscal year before any profit sharing is calculated.

Article 31 - The net profit of the fiscal year will be allocated as follows:

- (i) 5% for the constitution of the legal reserve, until reaching 20% (twenty percent) of capital stock;
- (ii) the amount necessary, when it is the case, for the constitution of the reserve for contingencies, in accordance with Article 195 of Law 6.404 of December 15, 1976 ; and
- (iii) the amount necessary for the payment of the minimum mandatory dividend foreseen in Article 32 of these By-laws.

Sole Paragraph - The share of the officers in the profits of the Company, when assigned, may not exceed the total value of the annual compensation of the officers, nor 10% (ten percent) of the adjusted profit for the fiscal period.

Article 32 - The Company will distribute as a minimum mandatory dividend from all the shares, in each fiscal year, 25% of the net profit for the year, adjusted in accordance with Article 202 of Law 6.404/76.

Sole Paragraph - The remaining profits will be allocated as approved by the Ordinary Shareholders Meeting, in accordance with the proposal submitted by the Board of Directors.

Article 33 - The Board of Directors may pay or credit interest on shareholders' equity, *ad referendum* of the Ordinary Shareholders Meeting that considers the financial statements for the fiscal year in which such interest is paid or credited, always as an anticipation of the minimum mandatory dividend.

Article 34 - The Company may credit the payment of interest on shareholders' equity to annual or interim dividends.

CHAPTER VI SALE OF CONTROL, DIFFUSE CONTROL, CANCELLATION OF PUBLICLY-TRADED COMPANY REGISTRATION AND WITHDRAWAL FROM THE NEW MARKET

Article 35 - The sale of Control of the Company (as defined in Article 44 of these By-laws), directly or indirectly, either by means of a single operation, or through successive operations, will be contracted under the condition, either suspensive or

resolatory, that the acquirer of Control undertakes a public offer for the acquisition of the shares from the Company's other shareholders ("PSO"), observing the conditions and the time limits in effect under current legislation and in the New Market Listing Rules, to ensure them treatment equal to that of the acquirer of Control.

Article 36 - The public offer referred to in the preceding Article will also be carried out:

- (i) when there is onerous assignment of rights of subscription of shares and other securities or rights relating to securities convertible into shares or which give right to their subscription, which is expected to result in the sale of the Company's control; and
- (ii) in the case of sale of control of the Company's controlling shareholder, being that, in this case, the same controlling shareholder will be required to declare to BOVESPA the value assigned to the Company in such sale and attach corroboratory documentation.

Article 37 - Anyone who already holds shares in the Company and to acquire the Power of Control of the Company, by reason of a contract for the purchase of shares with the Controlling Shareholder, involving any amount of shares, will be obliged to:

- (i) carry out the public offer referred to in Article 35; and
- (ii) reimburse the shareholders from whom he/she has purchased shares in the stock exchange within six (6) months prior to the date of the transfer of Control of the Company, paying any difference between the price paid to the controlling selling shareholder and the amount paid on the stock exchange for the Company's shares during this period, duly updated until the moment of payment by the IGP-M index; (iii) if it is the case, take proper measures to restore the minimum percentage of 25% (twenty-five per cent) of the total capital stock of the Company, within the six (6) months following the acquisition of Control.

Article 38 - The Company will not register any transfer of shares for the purchasers of Power of Control, or to those who come to hold the Power of Control, while they have not signed the Instrument of Consent of the Controllers, referred to in the Regulation of the New Market.

Sole Paragraph - No Shareholders Agreement providing for the exercise of the Power of Control may be registered in the Company's headquarters without the signatories having signed the Term of Consent mentioned in the caput of this Article.

Article 39 - If the shareholders gathered in an Extraordinary Ordinary Shareholders Meeting resolve for the Company's withdrawal from the New Market, the Controlling Shareholder of the Company will conduct a public offer for the acquisition of shares, whether because the withdrawal occurs (i) to enable trading of shares outside the New Market, or (ii) due to a corporate reorganization in which the company's shares resulting from such reorganization are not admitted for trading in the New Market. The minimum price to be offered must correspond to the Economic Value ascertained in an appraisal report, pursuant to item (vi), second paragraph of Article 41 of these By-laws.

Article 40 - In the public offer for the acquisition of shares to be held by the Controlling Shareholder or by the Company for the cancellation of the registration of the Company as a publicly-traded company, the minimum price to be offered will correspond to the Economic Value ascertained in an appraisal report, pursuant to item (vi), second paragraph of Article 41 of these By-laws.

Article 41 - In the event of the Diffusion of Control, any Acquiring Shareholder (as defined below) who acquires or becomes the owner of shares issued by the Company, in an amount equal to or greater than 20% (twenty percent) of the total shares issued by the Company, excluded for the purposes of this calculation the shares held in treasury, must, within a period of 60 (sixty) days from the date of acquisition or the event that resulted in the ownership of shares in such quantity, hold or request the registration of a PSO for the acquisition of all the shares issued by the Company, by observing the provisions of the applicable regulations of the CVM, the BOVESPA regulations and the terms this Chapter.

§1 The price to be offered for the Company's shares that are the object of the PSO ("PSO Price") must be the fair price, understood as being at least equal to the value of Company's evaluation, established on the basis of the criteria, adopted in an isolated manner or combined, of accounting net equity, net assets valued at market prices, discounted cash flow,

comparison by multiples, quotation of the shares on the securities market or based on another criterion accepted by the CVM, assuring the revision of the value of the offer foreseen in §3 of this Article.

§2 It is mandatory that the PSO will observe the following principles and procedures, as well as, where applicable, others expressly foreseen in article 4 of CVM Instruction no. 361 of March 5, 2002:

(i) be addressed indistinguishably to all of the Company's shareholders;

(ii) be held in an auction at the BOVESPA;

(iii) be carried out in such a way as to ensure equal treatment of all addressees, offering them proper information about the Company and the offerer, and endowing them with elements necessary to take an independent decision as to whether or not accept the PSO;

(iv) be immutable and irrevocable after the publication in the offer notice, in accordance with CVM Instruction no. 361/02, except for the provisions in §4 below;

(v) be issued for the price determined in accordance with the provisions of this Article and paid in cash, in domestic currency, against the acquisition through the PSO of shares issued by the Company; and

(vi) be instructed through a valuation opinion about the Company, prepared by an institution of international repute, independent of the power of decision of the Company, its managers and/or controlling shareholder and with proven experience in financial-economic valuation of publicly-traded companies, drawn up using recognized methodology or based on another criterion to be defined by the CVM ("Economic Value").

§3 The shareholders owning, at least, 10% (ten percent) of the Shares on the market free float may request of the Company's management the convening of a special meeting of shareholders owners of Shares in free float to decide on the implementation of a new assessment of the Company for purposes of revising the PSO Price, with the report prepared in the same manner as the valuation report referred to in item (vi) of §2 of this Article, in accordance with the procedures laid down in Article 4-A of Law 6.404/76, and in compliance with the provisions of the applicable regulations of the CVM, the BOVESPA's regulations and in accordance with this Chapter.

§4 If the special meeting referred to in §3 above resolves to conduct a new assessment and the valuation report ascertains a value higher than the initial value of the takeover bid, the Acquiring Shareholder may withdraw, being obliged in this case, where applicable, to observe, the procedure laid down in articles 23 and 24 of CVM Instruction 361/02, and to dispose of the excess of participation within a period of three months from the date of the same special meeting.

§5 If the CVM regulations applicable to the PSO foreseen in this Article decide upon the adoption of a specific criterion for calculating the purchase price of each Company share in the PSO subject to Article 4-A of Law 6.404/76, resulting in a purchase price higher than that determined in accordance with this Article, the acquisition price calculated in accordance with the regulations of the CVM must prevail for the PSO.

§6 The holding of the PSO mentioned in the caput of this Article will not exclude the possibility of another shareholder of the Company, or, were it the case, the Company itself, formulating a competing PSO, in accordance with applicable regulations.

§7 The Acquiring Shareholder will be required to satisfy eventual CVM requests or requirements related to the PSO, within the time limits prescribed in the applicable legislation.

§8 In the case the Acquiring Shareholder fails to comply with the obligations imposed by this Article, including as regards meeting the deadlines (i) for the holding or registering the PSO; or (ii) for satisfying any requests or requirements of the CVM, the Board of Directors of the Company will convene an Extraordinary Shareholders Meeting at which the Acquiring Shareholder may not vote, to decide on the suspension of the exercising of the rights of the Acquiring Shareholder, as foreseen in Article 120 of Law 6.404/76.

§9 Any Acquiring Shareholder who acquires or becomes the owner of other partners' rights, including by virtue of usufruct or trust, of the Company's shares, in an amount equal to or greater than 20% (twenty per cent) of the total shares issued by the Company, is obliged, within the period of 60 (sixty) days from the date of such acquisition or the event that resulted in the ownership of such partner rights over the shares in a quantity equal to or greater than 20% (twenty per cent) of the total shares issued by the Company, to hold or request the registry, as will be the case, of a PSO, under the terms described in this Article.

§10 The obligations contained in Article 254-A of Law 6.404/76, and articles 35 to 37 of these By-laws do not exclude the Acquiring Shareholder from complying with the obligations contained in this Article.

§11 The provisions of this Article do not apply in the event of a person becoming the owner of shares issued by the Company in a quantity exceeding 20% (twenty per cent) of the total of its shares, as a result of subscription of the

Company's shares held in a single primary issue, which has been approved by the Ordinary Shareholders Meeting, convened by its Board of Directors, and whose capital increase proposal has determined the setting of the issue price of the shares on the basis of the Economic Value obtained from a valuation of the Company conducted by a specialized institution that meets the requirements of item (vi) of §2 of Article 41 of these By-laws.

§12 For the purpose of calculating the percentage of 20% (twenty per cent) of the total shares issued by the Company described in the caput of this Article, involuntary increases of shareholdings resulting from cancellation of treasury shares, redemption of shares or of a reduction of the capital stock of the Company through the cancellation of shares will not be computed.

§13 The provisions of the New Market Regulation will prevail over the provisions of the By-laws, in the case of prejudice to the rights of the recipients of public offerings foreseen in these By-laws.

§14 Furthermore, in the event of there being Diffusion of Control:

(i) whenever cancellation of the registration of a publicly-traded company is approved at an Ordinary Shareholders Meeting, the public offer for the acquisition of shares will be made by the Company itself, and in this case, the Company may only purchase the shares owned by shareholders who have voted in favor of the cancellation of the registration through the resolution of the Ordinary Shareholders Meeting after having acquired the shares of other shareholders who have not voted in favor of this determination and have accepted the aforementioned public offering; and (ii) when the Company's withdrawal from the New Market is approved at an Ordinary Shareholders Meeting, whether for registration of the trading of its shares outside of the New Market or due to corporate reorganization through which the company's shares resulting from the reorganization are not admitted for trading on the New Market, the public offer for the acquisition of shares must be held by the shareholders who have voted in favor of the resolution in the Ordinary Shareholders Meeting.

Article 42 - In the case of Diffusion of Control and BOVESPA decides that the price quotations of securities issued by the Company be disclosed separately or that the trading of the securities issued by the Company be suspended on the New Market due to compliance with the obligations contained in the Listing Regulations of the New Market, the Chairman of the Board of Directors will convene, within two (2) days of the decision, counting only the days in which the newspapers usually employed by the Company circulate, an Extraordinary Shareholders Meeting shall be convened for replacement of the entire Board of Directors.

§1 If the Extraordinary Shareholders Meeting referred to in the caput of this Article is not convened by the Chairman of the Board of Directors within the prescribed time limit, it may be convened by any Company shareholder.

§2 The new Board of Directors elected at the Extraordinary Shareholders Meeting referred to in the caput and the previous paragraph of this Article must remedy the non-compliance with the obligations contained in the Listing Regulations of the New Market in the shortest possible period of time or in a new period granted by BOVESPA for this purpose, whichever represents the least amount of time.

Article 43 - In the event there is Diffusion of Control and the Company's withdrawal from the New Market occurs due to non-compliance with the obligations contained in the Listing Regulations of the New Market resulting from:

(i) a resolution by the Ordinary Shareholders Meeting, the public offer for the acquisition of shares will be made by the shareholders who have voted in favor of the resolution which leads to the non-compliance; and

(ii) an act or fact of management, the Company must hold a public offer for the acquisition of shares for cancellation of registration of its registration as a publicly-traded company, addressed to all of the Company's shareholders. If maintenance of the registration of the Company as a publicly-traded corporation is approved in a general meeting, the public offer for the acquisition of shares must be held by the shareholders who have voted in favor of this resolution.

Article 44 - For purposes of these By-laws, the following terms with initial capital letters will have the following meanings:

"Acquiring Shareholder" means any person (including, notably, any natural person or legal entity, investment fund, condominium, securities portfolio, universality of rights, or any other form of organization, resident, domiciled or headquartered in Brazil or abroad), or a group of people bound by voting agreement with the Acquiring Shareholder and/or who acts representing the same interests of the Acquiring Shareholder, that is expected to endorse and/or acquire shares of the Company. Included, among the examples of a person who acts representing the same interests of the Acquiring Shareholder, any person (i) who is, directly or indirectly, controlled or administered by the Acquiring Shareholder; (ii) who

controls or administers, in any form, the Acquiring Shareholder; (iii) that is, directly or indirectly, controlled or administered by any person who controls or administers, directly or indirectly, the Acquiring Shareholder; (iv) in which the controller of the Acquiring Shareholder has, directly or indirectly, an equity interest equal to or greater than 30% (thirty percent) of the capital stock; (v) in which the Acquiring Shareholder has, directly or indirectly, an equity interest equal to or greater than 30% (thirty percent) of the capital stock; or (vi) who has direct or indirectly, an equity interest equal to or greater than 30% (thirty percent) of the capital stock of the Acquiring Shareholder.

"Controlling Shareholder" and "Selling Controlling Shareholder" will have the meanings assigned to them pursuant to the New Market Listing Rules.

"Shares in Free Float" means all shares issued by the Company except those (i) owned by the Controlling Shareholder and/or persons bound to him/her; (ii) held in the Company's treasury; and (iii) owned by the Company's management.

"Diffusion of Control" means the Power of Control exercised by a shareholder holding at least 50% (fifty percent) of the Company's capital stock. It also signifies the Power of Control when exercised by shareholders owning a percentage of more than 50% (fifty percent) of the capital stock in which each shareholder holds less than 50% (fifty percent) of the capital stock, provided that these shareholders are not signatories of a voting agreement, are not under common control, nor act representing a common interest.

"Group of Shareholders" means the group of two or more persons (a) bound by contracts or agreements of any nature, including shareholder agreements, oral or written, whether directly or by means of companies that are Controlled, Parent, or under common Control; or (b) between which there is a Control relationship, whether directly or indirectly; or (c) under common Control; or (d) act representing a common interest. Included in examples of people representing a common interest are (i) a person who owns directly or indirectly, an equity interest equal to or greater than 15% of the capital stock of another person; and (ii) two persons who have a third investor in common that holds, directly or indirectly, an equity interest equal to or greater than 15% of the capital of each of the two persons.

Any joint ventures, funds or investment clubs, foundations, associations, trusts, condominiums, cooperatives, securities portfolios, universalities of rights, or any other forms of organization or undertaking, constituted in Brazil or abroad, will be considered to be part of the same Group of Shareholders, where two or more such entities are (a) administered or managed by the same legal entity or by parties related to one and the same legal entity; or (b) have in common the majority of its management; and, "The Power of Control" (as well as its related terms "Controller," "Controlled," "under common Control" or "Control") means the power actually used to manage the company's activities and guide the operation of the organs of the Company, directly or indirectly, of fact or of law. There is a relative presumption of ownership of control in relation to the person or group of persons who is the holder of shares that have assured the absolute majority of the votes of the shareholders present at the last three Ordinary Shareholders Meetings of the Company, even though not the owner of the shares that would assure the absolute majority of the voting stock.

Article 45 - Those cases not covered by these By-laws will be resolved by the Ordinary Shareholders Meeting and regulated in accordance with the provisions of Law 6.404/76.

CHAPTER VII LIQUIDATION

Article 46 - The Company will enter into liquidation in the cases provided for by law, or by decision of the Ordinary Shareholders Meeting, which will establish the form of liquidation, elect the liquidator and, if applicable, install the Fiscal Committee for the period of the liquidation, electing its members and setting their respective fees.

CHAPTER VII ARBITRATION

Article 47 - The Company, its shareholders, administrators and the members of the Fiscal Council will be obliged to resolve, through arbitration, any dispute or controversy that may arise between them, related to or deriving from, in particular, the application, validity, effectiveness, interpretation, breach and its effects, of the provisions contained in these By-laws, the provisions of Law 6.404/76, the rules issued by the National Monetary Committee, by the Central Bank of Brazil and by the Securities Exchange Commission, in the other standards applicable to the operation of the securities

market in general, in addition to those contained in the Listing Rules of the New Market, the New Market Participation Contract, the Arbitration Rules of the Market Chamber of Arbitration and, especially, the Voting Agreement and Assumption of Obligations (Voting Agreement") signed on December 13, 2006 and filed at the Company's headquarters, which should be conducted by the Market Chamber of Arbitration established by BOVESPA, in accordance with the Regulation of the aforementioned Chamber, and the parties, in accordance with the provisions of Chapter 12 of the same Regulation, in common agreement, may choose another chamber or center of arbitration to resolve their disputes.

CHAPTER IX GENERAL PROVISIONS

Article 48 - Any shareholder or Group of Shareholders is required to disclose, upon notice to the Company and the stock exchanges on which the securities issued by the Company are traded, the acquisition of shares which, added to those already possessed, exceed 5% (five per cent) of the Company's capital stock or multiples of this percentage.

§1 The same will hold for the holders of debentures convertible into shares and subscription bonds that ensure their holders the right to acquire shares in the quantities foreseen in this Article.

§2 The violation of the provisions of this Article will lead to the application of the penalties described in Article 49 below.

Article 49 - The Ordinary Shareholders Meeting may suspend the exercise of rights, including voting rights, of a shareholder who fails to comply with an obligation imposed by law, its regulation or these By-laws.

§1 - The suspension of the exercise of rights may be decided upon by the Ordinary Shareholders Meeting at any ordinary or extraordinary meeting, in which the topic is on the agenda.

§2 - The shareholders representing 5% (five percent), minimum, of the capital stock, may convene a General Meeting when the Board of Directors does not, within 8 days, answer a request for the convening of the same, with the indication of the non-compliance of an obligation and the identity of the non-compliant shareholder.

§3 - It will be up to the Ordinary Shareholders Meeting that approves the suspension of the political rights of the shareholder to also establish, in addition to other aspects, the scope and term of the suspension, being forbidden the suspension of rights of inspection and request for information assured under law.

§4 - The suspension of rights will cease as soon as the obligation is fulfilled.

Article 50 - The Company and its executive managers will observe the shareholders agreements or terms of votes recorded in the form of Article 118 of Law no. 6.404/76, being prohibited (i) that the members of the head tables of the shareholder or Board of Directors meetings accept statements of votes by any shareholder, signatory of the shareholders' agreement or voting agreement duly filed at the company's headquarters, or from a member of the Board of Directors, which is handed in but is in disagreement with the aforementioned agreement or term, and

(ii) that the company accept and carry out the transfer of shares and/or the assignment of rights inherent to the shares in disagreement with the provisions of shareholders' agreements or voting agreements filed with the Company. The Voting Agreement will be registered with the appropriate Registry of Titles and Documents of the City of São Paulo. The terms and conditions of Voting Agreement must benefit any and all minority shareholders of the Company and compliance with its provisions may be required by the Company or any of its minority shareholders.

Article 51 - The Company will ensure that the members of the Board of Directors, the Executive Board and the Fiscal Committee or the members of any of the company's technical bodies intended to advise the management, will be defended in judicial and administrative procedures instituted by third parties, during or after their respective mandates, for acts performed in the exercise of their duties, including by means of a permanent insurance contract, in order to protect them from liability for acts arising out of the exercise of the office or function, with the payment of procedural costs, attorneys' fees and indemnities arising from such processes.

§1 - The guarantee provided for in the caput of this article extends to employees who regularly act in compliance with a mandate granted by the Company or companies controlled by it.

§2 - If any of the persons mentioned in the main clause or §1 is condemned, by court judgment, in virtue of guilt or culpability, he/she must reimburse the Company for all costs and expenses incurred for the legal assistance rendered, pursuant to law.