

**THE REGISTRATION WITH CVM DOES NOT IMPLY ANY APPRECIATION ON THE COMPANY, WITH THE ADMINISTRATORS THEREOF TO ANSWER FOR THE ACCURACY OF INFORMATION PROVIDED.**

**01.01 - IDENTIFICATION**

1 - CVM CODE 01047-2	2 - CORPORATE NAME SARAIVA SA LIVREIROS EDITORES	3 - Brazilian National Directory of Legal Entities ("CNPJ") 60.500.139/0001-26
4 - TRADE NAME EDITORA SARAIVA		
5 - FORMER CORPORATE NAME		
6 - Corporate Register Identification Number ("NIRE") 35300025300		7 - WEBSITE <a href="http://www.saraivari.com.br">http://www.saraivari.com.br</a>
8 - DATE WHEN COMPANY WAS ORGANIZED 12/13/1914	9 - DATE OF COMPANY'S REGISTRATION WITH CVM 07/20/1977	

**01.02 - HEADQUARTERS**

1 - COMPLETE ADDRESS Rua [Street] Henrique Schaumann, 270 10º Andar [10 <sup>th</sup> Floor]		2 - NEIGHBORHOOD OR DISTRICT Cerqueira Cesar		
3 - CEP [Zip Code]: 05413-909		4 - MUNICIPALITY São Paulo	5 - FEDERATION UNIT ("UF") SP	
6 - AREA CODE 011	7 - TELEPHONE 3613-3000	8 - TELEPHONE -	9 - TELEPHONE -	10 - TELEX
11 - AREA CODE 011	12 - FAX 3611-3308	13 - FAX -	14 - FAX -	
15 - EMAIL <a href="http://www.saraivri.com.br">http://www.saraivri.com.br</a>				

**01.03 - STOCKHOLDERS' DEPARTMENT  
 SERVICE AT COMPANY**

1 - NAME João Luis Ramos Hopp				
2 - OFFICE Chief Financial Officer and Officer for Investors' Affairs				
3 - COMPLETE ADDRESS Rua [Street] Henrique Schaumann, 270 5º Andar [5 <sup>th</sup> Floor]			4 - NEIGHBORHOOD OR DISTRICT Cerqueira Cesar	
5 - CEP [Zip Code]: 05413-909		6 - MUNICIPALITY São Paulo	7 - FEDERATION UNIT ("UF") SP	
8 - AREA CODE 11	9 - TELEPHONE 3613-3263	10 - TELEPHONE -	11 - TELEPHONE -	12 - TELEX
13 - AREA CODE 011	14 - FAX 3613-3062	15 - FAX -	16 - FAX -	
17 - EMAIL <a href="mailto:jhopp@saraiva.com.br">jhopp@saraiva.com.br</a>				

**ISSUER / DEPOSITARY FINANCIAL INSTITUTION**

18 - NAME Banco Itaú S/A	
19 - CONTACT Rosana Pereira de Souza	
20 - COMPLETE ADDRESS	21 - NEIGHBORHOOD OR DISTRICT

Av. [Avenue] Eng. Luiz Armando de Arruda Pereira, 707 - 9 <sup>o</sup> andar [9 <sup>th</sup> floor]   Centro				
22 - CEP [Zip Code]: 04344-902		23 - MUNICIPALITY São Paulo	24 - FEDERATION UNIT ("UF") SP	
25 - AREA CODE 11	26 - TELEPHONE 5029-1919	27 - TELEPHONE -	26 - TELEPHONE -	29 - TELEX
30 - AREA CODE	31 - FAX -	32 - FAX -	33 - FAX -	
34 - EMAIL				

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## OTHER PLACES FOR STOCKHOLDERS' SERVICING

35 - ITEM	36 - MUNICIPALITY	37 - FEDERATION UNIT ("UF")	38 - AREA CODE	39 - TELEPHONE	40 - TELEPHONE
01	Belo Horizonte	MG	31	3249-3534	-
02	Brasília	DF	61	322-2075	-
03	Curitiba	PR	41	320-4128	-
04	Porto Alegre	RS	51	3210-9150	-

## 01.04 - OFFICER FOR INVESTORS' AFFAIRS (Address for Correspondence with the Company)

1 - NAME João Luis Ramos Hopp					
2 - COMPLETE ADDRESS Rua [Street] Henrique Schaumann, 270 5º Andar [5 <sup>th</sup> Floor]			3 - NEIGHBORHOOD OR DISTRICT Cerqueira Cesar		
4 - CEP [Zip Code]: 05413-909		5 - MUNICIPALITY São Paulo	6 - FEDERATION UNIT ("UF") SP		
7 - AREA CODE 11	8 - TELEPHONE 3613-3263	9 - TELEPHONE -	10 - TELEPHONE -	11 - TELEX	
12 - AREA CODE 011	13 - FAX 3613-3062	14 - FAX -	15 - FAX -		
16 - EMAIL jhopp@saraiva.com.br					
17 - BRAZILIAN OFFICER YES		18 - INDIVIDUAL TAXPAYER REGISTRATION ("CPF") 082.070.288-90		18 - PASSPORT CY706286	

## 01.05 - REFERENCE / AUDITOR

1 - DATE WHEN THE LATEST FISCAL YEAR COMMENCED 01/01/2008		2 - DATE WHEN THE LATEST FISCAL YEAR ENDED 12/31/2008		
3 - DATE WHEN THE CURRENT FISCAL YEAR COMMENCED 01/01/2009		4 - DATE WHEN THE CURRENT FISCAL YEAR ENDED 12/31/2009		
5 - AUDITOR'S CORPORATE NAME DELOITTE TOUCHE TOHMATSU AUDITORES INDEPENDENTES			6 - CVM CODE 00385-9	
7 - NAME OF THE TECHNICIAN IN CHARGE Maurício Pires de Andrade Rezende		8 - CPF OF THE TECHNICIAN IN CHARGE 603.835.426-34		

## 01.06 - COMPANY FEATURES

1 - STOCK EXCHANGE IT IS REGISTERED WITH

	BVBAAL		BVMESB		BVPR		BVRJ		BVST
	BVES		BVPP		BVRG	X	BOVESPA		

2 - OPERATION MARKET Stock exchange
3 - STATUS Operative

4 - BUSINESS CODE 1100 - Printing and Publishing Services	
5 - MAIN ACTIVITY PUBLISHING	6 - PREFERRED STOCK WITH CLASSES NO

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**01.07 - STOCK / SECURITIES CONTROL**

1 - NATURE OF THE STOCK CONTROL	
National Private	
2 - SECURITIES ISSUED BY THE COMPANY	
X	Stock
	Certificate of Real Estate Receivables ("CRI")
	Debentures Convertible into Stock
	Promissory Note ("NP")
	Redeemable Stock
	Brazilian Depositary Receipt ("BDR")
	Founder's Capital Stock
	Others
	Simple Debentures
	Subscription Warrants
	Certificate of Collective Investment ("CIC")
	Description

**01.08 - DOCUMENT PUBLICATION**

1 - NOTICE TO STOCKHOLDERS ON AVAILABILITY OF FINANCIAL STATEMENTS ("DFs")	2 - MINUTES OF THE ORDINARY STOCKHOLDERS' GENERAL MEETING ("AGO") THAT APPROVED THE FINANCIAL STATEMENTS ("DFs")
	04/23/2009
3 - AGO CALL FOR DFs' APPROVAL	4 - PUBLICATION OF FINANCIAL STATEMENTS
04/06/2009	03/20/2009

**01.09 - NEWSPAPERS WHERE THE COMPANY DISCLOSES INFORMATION**

1 - ITEM	2 - NEWSPAPER	3 - UF
01	Official Gazette of the State of São Paulo	SP
02	Gazeta Mercantil - São Paulo Region	SP

**01.10 - OFFICER FOR INVENTORS' AFFAIRS**

1 - DATE	2 - SIGNATURE
05/21/2009	

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## 02.01.01 - CURRENT COMPOSITION OF THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

1 - ITEM	2 - NAME OF THE ADMINISTRATOR	3 - CPF	4 - DATE OF ELECTION	5 - TERM OF OFFICE	6 - CODE OF ADMINISTRATOR TYPE	7 - ELECTED BY CONTROLLING STOCKHOLDER	8 - OFFICE / FUNCTION	9 - FUNCTION
01	JORGE EDUARDO SARAIVA	516.543.778-72	04/23/2009	AGO/2010	2	YES	20	Chairman of the Board of Directors
02	RUY MENDES GONÇALVES	069.082.418-15	04/23/2009	AGO/2010	2	YES	21	Vice-Chairman of the Board of Directors
03	RICARDO REISEN DE PINHO	855.027.907-20	04/23/2009	AGO/2010	2	NO	27	Independent Member of the Board of Directors (Incumbent)
04	JOÃO LUIS RAMOS HOPP	082.070.288-90	04/23/2009	AGO/2010	1		19	Chief Financial Officer and Officer for Investors' Affairs
05	JOSÉ LUIZ MACHADO ALVIM DE PRÓSPERO	758.712.398-34	04/23/2009	AGO/2010	1		10	Chief Executive Officer / Superintendent
06	NILSON LEPERA	537.346.708-10	04/23/2009	AGO/2010	1		19	Chief Sales Officer
07	ANTONIO LUIZ DE TOLEDO PINTO	272.712.008-78	04/23/2009	AGO/2010	1		19	Chief Legal Editorial Officer
08	SÔNIA REGINA ALVES DOS SANTOS	013.934.748-88	04/23/2009	AGO/2010	1		19	Chief Officer for Human Resources
09	JORGE SARAIVA NETO	330.515.258-39	04/23/2009	AGO/2010	2	YES	22	Member of the Board of Directors (Incumbent)
10	MARIA CECÍLIA SARAIVA MENDES GONÇALVES	173.319.848-29	04/23/2009	AGO/2010	2	YES	22	Member of the Board of Directors (Incumbent)
11	JOSÉ ARNALDO FAVARETTO	032.582.578-50	04/23/2009	AGO/2010	1		19	Chief Officer for Educational Systems
12	MARCÍLIO D'AMICO POUSADA	032.582.578-50	04/23/2009	AGO/2010	1		19	Officer with no special designation

- \* CODE: 1 - BELONGS ONLY TO THE EXECUTIVE BOARD;  
2 - BELONGS ONLY TO THE BOARD OF DIRECTORS;  
3 - BELONGS TO THE EXECUTIVE BOARD AND TO THE BOARD OF DIRECTORS.

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02.02 - PROFESSIONAL EXPERIENCE AND EDUCATION OF EACH MEMBER OF THE BOARD OF DIRECTORS AND THE STATUTORY AUDIT COMMITTEE, AND OFFICER

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We summarize below the main occupations and résumés of our members of the board and the statutory audit committee, and officers:

**Board of Directors**

<b>Name</b>	<b>Age</b>	<b>Office</b>
Jorge Eduardo Saraiva .....	69	Chairman
Ruy Mendes Gonçalves .....	72	Vice-Chairman
Ricardo Reisen de Pinho .....	48	Member of the Board
Jorge Saraiva Neto .....	27	Member of the Board
Maria Cecília Saraiva Mendes Gonçalves .....	40	Member of the Board

*Jorge Eduardo Saraiva.* Chairman of the Board of Directors of the Company. Bachelor in Economic Sciences graduated by Faculdade de Ciências Econômicas de São Paulo, of Fundação Escola de Comércio Álvares Penteado. Since 1963 he holds offices at the Company’s top management, and, in 1965, was also Director of Câmara Brasileira do Livro [The Brazilian Book Chamber].

*Ruy Mendes Gonçalves.* Vice-Chairman of the Board of Directors of the Company. Member of the family of the Controlling Stockholder, since his deceased wife was cousin, in first degree, of Mr. Jorge Eduardo Saraiva. Economist, Master of Business Administration by Fundação Getúlio Vargas. Employee of Banco do Brasil from 1960 to 1969, he was financial advisor for the Company from 1969 to 1970, managing officer from 1970 to 1973, chief financial officer from 1973 to 1977, and chief executive officer from 1978 to 1999.

*Ricardo Reisen de Pinho.* Senior researcher of Harvard Business School, he is or was member of the Board of Directors of Metalfrio Solutions SA, Saraiva SA Livreiros Editores, Itacaré Capital Investments Limited, Banco Nossa Caixa SA, AACD - Associação de Assistência à Criança Deficiente [The Association for Aid to the Handicapped Child], member of the Statutory Audit Committee and of the Audit Committee of Embratel Participações SA, and member of the advisory board of LAB SSJ SA. He started his career in 1984, and discharged duties as executive in strategic planning, fund management, and international corporate finance at ABNAMRO Bank between 1989 and 1994, in investment banking at Banco Garantia, between 1994 and 1996, and as statutory officer in corporate banking at Banco Itaú, and at its subsidiary Banco Francês e Brasileiro between 1996 and 2001. He is currently member of the Social Enterprise Knowledge Network and of the Venture Corp of Endeavor Brasil.

Graduated in mechanical engineer (1983) with master degree in production engineer / finance (1989), both degrees by Pontifícia Universidade Católica do Rio de Janeiro, and doctor degree in business strategy by FGV-EASP (2008). In addition to that, he attended the Program for Management Development at Harvard Business School (1999) and the Advanced Management Program at Wharton Business School (2001).

*Jorge Saraiva Neto.* Member of the Board of Directors of the Company. Graduated in Business Administration by Pontifícia Universidade Católica de São Paulo. He was admitted to the Company in 2005, as trainee, at the University editorial department.

*Maria Cecília Saraiva Mendes Gonçalves.* Member of the Board of Directors of the Company, Business administrator graduated in 1991 by Fundação Armando Álvares Penteado and with Specialization in Finances by the American Graduate School of International Management (USA). She was managing partner at the Building Associates from 1991 to 1996, and at Designers Artes Ltda., from 1996 to 1998. She worked at the IFC between 1999 and 2001.

## **Executive Board**

The officers are in charge of the management, representation, and administration of the Company, and they shall answer, among other issues, for resolving on the opening, maintenance, transfer, and closing of branches, and for resolving on administrative issues, provided, if any, that the determinations of the Stockholders' General Meeting and the Board of Directors of the Company. The Executive Board is currently formed by six officers elected by the Board of Directors for a one-year term of office, reelection allowed, stockholders or not. As provided for in our Bylaws, one of the officers shall, as assigned by the Board of Directors, cumulatively hold the office of Officer for Investors' Affairs. The current members of the Executive Board were elected in April, 2009, for a term of office to expire in April, 2010.

The chart below informs the current officers of the Company, accompanied by a brief description of the professional experience of each of them:

<b>Name</b>	<b>Age</b>	<b>Office</b>
Jose Luiz Machado Alvim de Próspero	55	Chief Executive Officer of Saraiva S.A.
João Luis Ramos Hopp	45	Chief Financial Officer and Officer For Investors' Affairs
Nilson Lepera	58	Chief Sales Officer of Saraiva S.A.
Antonio Luiz de Toledo Pinto	72	Chief Legal Editorial Officer of Saraiva S.A.
Sônia Regina Alves dos Santos	48	Chief Officer for Human Resources
José Arnaldo Favaretto	50	Chief Officer for Ético Educational Systems
Marcílio D'Amico Pousada	45	Officer with no special designation

*José Luiz Machado Alvim de Próspero.* Chief Executive Officer of the Company. Business administrator graduated in 1976 by Fundação Getúlio Vargas, with master

degree by Fundação Getúlio Vargas (“CEAG”) in São Paulo. He is with the Company since 1976, and started his career as planning assistance.

*João Luís Ramos Hopp.* Chief Financial Officer and Officer for Investors’ Affairs of the Company. Civil engineer graduated by Instituto Mackenzie in 1986, with master degree by Fundação Getúlio Vargas (“CEAG”) in São Paulo, and Master in Business Administration (“MBA”) by Fundação Getúlio Vargas. He was admitted to the Company in 1990 as production manager.

*Nilson Lepera.* Chief Sales Officer of the Company. Economist graduated by Fundação Santo André in 1973, with master degree in Marketing by ESPM. He was admitted to the Company in 1973, as advertiser, remaining at the Commercial Area.

*Antonio Luiz de Toledo Pinto.* Chief Legal Editorial Officer of the Company. Lawyer, graduated by Faculdades Metropolitanas Unidas (“FMU”). He was admitted to the Company in December, 1979, as direct sales officer.

*Sônia Regina Alves dos Santos.* Chief Officer for Human Resources of the Company. Psychologist graduated by Faculdades Metropolitanas Unidas (“FMU”), with master degree in Human Resources and specialization courses Fundação Getúlio Vargas. She was admitted to the Company in 1982, always actuating in the human resource area.

*Jose Arnaldo Favaretto.* Chief Officer for Educational Systems. Author of didactic works, physician graduated in 1981 by Faculdade de Medicina de Ribeirão Preto of Universidade de São Paulo, and master degree by the same college. He was admitted to the Company in 2008 as Chief Officer for Educational Systems.

*Marcílio D’Amico Pousada.* Specialist in the retail segment, he started his career at C&A. Afterwards, the executive worked as commercial director for Wall Mart, and was one of those responsible for the implementation of the entire commercial area of Submarino. He was also founder and president of Officenet, actively participant in the sale of the company to Staples, the largest stationery and computing material sales company in the world.

Currently, Marcílio is ahead of Livraria Saraiva’s businesses as managing director. Market leader, the bookstore network is one of the largest in the country, and only for the last year, its income was R\$ 827.3 million.

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### 03.01 - EVENTS CONNECTED WITH CAPITAL DISTRIBUTION

1 - BASE EVENT AGO	2 - DATE OF EVENT 04/23/2009	3 - NATURAL PERSONS AND LEGAL ENTITIES 927	4 - INSTITUTIONAL INVESTORS 90	5 - STOCKHOLDERS' AGREEMENT NO	6 - PREFERRED STOCK WITH VOTING RIGHTS NO
7 - PREFERRED STOCK WITH VOTING RIGHTS				8 - DATE OF THE LAST STOCKHOLDERS' AGREEMENT	

OUTSTANDING STOCK						
9 - IS THERE OUTSTANDING STOCK?	COMMON		PREFERRED		TOTAL	
YES	10 - NUMBER (Unit)	11 - PERCENTAGE	12 - NUMBER (Unit)	13 - PERCENTAGE	14 - NUMBER (Unit)	15 - PERCENTAGE
	4,452,083	46.27	18,294,635	96.95	22,846,718	79.69

16 - OUTSTANDING PREFERRED STOCK		
1 - CLASS	2 - NUMBER (Unit)	3 - PERCENTAGE

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## 03.02 - STOCKHOLDING OF CONTROLLING STOCKHOLDERS AND STOCKHOLDERS HOLDING 5% OR MORE SHARES

1 - ITEM	2 - NAME / CORPORATE NAME							3 - CPF / CNPJ	4 - NATIONALITY	5 - UF
6 - COMMON STOCK (Thousands)	7 - %	8 - PREFERRED STOCK (Thousands)	9 - %	10 - TOTAL STOCK (Thousands)	11 - %	12 - COMP. CAPITAL STOCK	13 - PARTICIPATION IN THE STOCKHOLDERS' AGREEMENT	14 - CONTROLLING STOCKHOLDER		
15/1 - CLASS	15/2 - NUMBER OF SHARES OF THE PREFERRED STOCK (Thousands)			15/3 - % PREFERRED STOCK						
001	JORGE EDUARDO SARAIVA							516.543.778-72	BRAZILIAN	SP
	4,520,574	46.98	30,026	0.16	4,550,600	15.91			YES	
002	OLGA MARIA BARBOSA SARAIVA							531.003.108-10	BRAZILIAN	SP
	1.131.364	11.76	0	0.00	1,131,364	3.96			NO	
003	MARIA EUGÊNIA SARAIVA M. GONÇALVES							151.632.208-88	BRAZILIAN	SP
	493,620	5.13	6	0.00	493,626	1.73			NO	
004	MARIA HENRIQUETA SARAIVA M. GONÇALVES							272.538.888-04	BRAZILIAN	SP
	493,620	5.13	6	0.00	493,626	1.73			NO	
005	MARIA CECÍLIA SARAIVA M. GONÇALVES							173.319.848-29	BRAZILIAN	SP
	493,619	5.13	13,506	0.07	507,125	1.77			NO	
006	MARIA SYLVIA SARAIVA M. GONÇALVES							261.264.658-22	BRAZILIAN	SP
	493,619	5.13	6	0.00	493,625	1.72			NO	
009	HSBC (i)									
	0	0.00	5,205,459	27.43	5,205,459	18.20				
011	PROFESSIONAL INVESTOR (i)									
	4,635	0.05	3,411,854	17.98	3,416,489	11.95				
997	TREASURY STOCK									
	0	0.00	365,750	1.93	365,750	1.28				

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**03.02 - STOCKHOLDING OF CONTROLLING STOCKHOLDERS AND STOCKHOLDERS HOLDING 5% OR MORE SHARES**

1 - ITEM	2 - NAME / CORPORATE NAME						3 - CPF / CNPJ	4 - NATIONALITY	5 - UF
6 - COMMON STOCK (Thousands)	7 - %	8 - PREFERRED STOCK (Thousands)	9 - %	10 - TOTAL STOCK (Thousands)	11 - %	12 - COMP. CAPITAL STOCK	13 - PARTICIPATION IN THE STOCKHOLDERS' AGREEMENT	14 - CONTROLLING STOCKHOLDER	
15/1 - CLASS	15/2 - NUMBER OF SHARES OF THE PREFERRED STOCK (Thousands)			15/3 - % PREFERRED STOCK					
998	OTHERS								
	1,991,262	20.69	9,947,197	52.43	11,938,459	41.75			
999	TOTAL								
	9,622,313	100.00	18,973,810	100.00	28,596,123	100.00			

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## 04.01 - COMPOSITION OF THE CAPITAL STOCK

1 - Date of the Last Alteration: 04/23/2009

2 - ITEM	3 - KIND OF STOCK	4 - REGISTERED OR BOOK ENTRY STOCK	5 - PAR VALUE (Brazilian Reais)	6 - NUMBER OF SHARES (Thousands)	7 - SUBSCRIBED (Brazilian Reais Thousands)	8 - PAID-UP (Brazilian Reais Thousands)
01	COMMON	BOOK ENTRY		9,622,313	64,262	64,262
02	PREFERRED	BOOK ENTRY		18,973,810	126,716	126,716
03	PREFERRED CLASS A			0	0	0
04	PREFERRED CLASS B			0	0	0
05	PREFERRED CLASS C			0	0	0
06	PREFERRED CLASS D			0	0	0
07	PREFERRED CLASS E			0	0	0
08	PREFERRED CLASS F			0	0	0
09	PREFERRED CLASS G			0	0	0
10	PREFERRED CLASS H			0	0	0
11	PREFERRED OTHER CLASSES			0	0	0
99	TOTAL			28,596,123	190,978	190,978

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### 04.02 - CAPITAL STOCK SUBSCRIBED AND ALTERATIONS IN THE THREE LATEST YEARS

1 - ITEM	2 - DATE OF ALTERATION	3 - CAPITAL STOCK VALUE (Brazilian Reais, Thousands)	4 - ALTERATION VALUE (Brazilian Reais, Thousands)	5 - ALTERATION ORIGIN	7 - NUMBER OF ISSUED SHARES (Thousands)	8 - PRICE OF SHARE UPON ISSUE (Brazilian Reais)
01	04/26/2005	46,405	4,428	Profit Reserve	0	0.0000000000
02	01/06/2006	81,774	21,422	Profit Reserve	1,409,334	15.2000000000
03	01/06/2006	81,774	13,947	Capital Reserve	917,586	15.2000000000
04	04/11/2006	147,774	66,000	Public Subscription	3,000,000	22.0000000000
05	04/23/2009	190,978	43,204	Profit Reserve	0	0.0000000000

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### 04.03 - BONUS / SPLIT OR GROUP OF SHARES IN THE THREE LATEST YEARS

1 - ITEM	2 - DATE OF APPROVAL	3 - PAR VALUE PER SHARE BEFORE APPROVAL (Brazilian <i>Reais</i> )	4 - PAR VALUE PER SHARE UPON APPROVAL (Brazilian <i>Reais</i> )	5 - NUMBER OF SHARES BEFORE APPROVAL (Thousands)	6 - NUMBER OF SHARES UPON APPROVAL (Thousands)
01	01/06/2006			23,269,203	25,596,123

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**04.04 - AUTHORIZED CAPITAL STOCK**

1 - NUMBER (Thousands)	2 - VALUE (Brazilian <i>Reais</i> , Thousands)	3 - DATE OF AUTHORIZATION
4,000,000	0	04/23/2009

**04.05 - AUTHORIZED CAPITAL COMPOSITION**

1 - ITEM	2 - KIND	3 - CLASS	4 - NUMBER OF SHARES AUTHORIZED TO ISSUANCE
01	PREFERRED		4,000,000

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**05.01 - TREASURY STOCK**

1 - ITEM	2 - KIND OF STOCK	3 - CLASS	4 - MEETING	5 - TERM FOR ACQUISITION	6 - NUMBER TO BE ACQUIRED (Thousands)	7 - AMOUNT TO BE DISBURSED (Brazilian Reais, Thousands)	8 - NUMBER ALREADY ACQUIRED (Thousands)	9 - AMOUNT ALREADY DISBURSED (Brazilian Reais, Thousands)
01	PREFERRED		01/09/2003	3 Months	500,000	0	365,750	2,869
02	PREFERRED		09/22/2005	1 Year	500,000	0	0	0

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## 06.01 - PROCEEDS DISTRIBUTED IN THE THREE LATEST YEARS

1 - ITEM	2 - FISCAL YEAR END	3 - NET PROFIT OR LOSS IN THE PERIOD (Brazilian Reais, Thousands)	4 - PROCEEDS	5 - DISTRIBUTION APPROVAL, EVENT	6 - DATE OF DISTRIBUTION APPROVAL	7 - KIND OF STOCK	8 - STOCK CLASS	9 - AMOUNT OF PROCEEDS APPROVED (Brazilian Reais, Thousands)	10 - PROCEED VALUE APPROVED PER SHARE	11 - NUMBER OF PAYMENT INSTALLMENTS
12.1 - DISTRIBUTED AMOUNT	12.2 - RESTATEMENT / INTERESTS	13 - DATE WHEN PAYMENTS COMMENCE	14 - RESTATING FACTOR	15 - DATE OF STOCK POSITION FOR CREDIT OF PROCEEDS	16 - REMARKS					
001	12/31/2006	46,469	INTERESTS ON OWN CAPITAL	AGO	02/28/2007	COMMON		4,768	0.4954928100	0
	0.0000000000	0.0000000000			05/31/2007		0.0000000000			
002	12/31/2006	46,469	INTERESTS ON OWN CAPITAL	AGO	02/28/2007	PREFERRED		9,220	0.4954928100	0
	0.0000000000	0.0000000000			05/31/2007		0.0000000000			
003	12/31/2007	69,836	INTERESTS ON OWN CAPITAL	AGO	04/23/2008	COMMON		5,029	0.5226391100	0
	0.0000000000	0.0000000000			05/30/2008		0.0000000000			
004	12/31/2007	69,836	INTERESTS ON OWN CAPITAL	AGO	04/23/2008	PREFERRED		9,725	0.5226391100	0
	0.0000000000	0.0000000000			05/30/2008		0.0000000000			
005	12/31/2007	69,836	DIVIDEND	AGO	04/23/2008	COMMON		1,409	0.1464043000	0
	0.0000000000	0.0000000000			05/30/2008		0.0000000000			
006	12/31/2007	69,836	DIVIDEND	AGO	04/23/2008	PREFERRED		2,724	0.1464043000	0
	0.0000000000	0.0000000000			05/30/2008		0.0000000000			
007	12/31/2008	72,033	INTERESTS ON OWN CAPITAL	AGO	04/23/2009	COMMON		6,062	0.6300084100	0
	0.0000000000	0.0000000000			04/30/2009		0.0000000000			
008	12/31/2008	72,033	INTERESTS ON OWN CAPITAL	AGO	04/23/2009	PREFERRED		11,723	0.6300084100	0

			CAPITAL							
	0.0000000000		0.0000000000	04/30/2009		0.0000000000				
009	12/31/2008	72,033	DIVIDEND	AGO	04/23/2009	COMMON		678	0.0705020000	0
	0.0000000000		0.0000000000	04/30/2009		0.0000000000				
010	12/31/2008	72,033	DIVIDEND	AGO	04/23/2009	PREFERRED		1,312	0.0705020000	0
	0.0000000000		0.0000000000	04/30/2009		0.0000000000				

### 01.01 - IDENTIFICATION

1 - CVM CODE 010471-2	2 - CORPORATE NAME SARAIVA SA LIVREIROS EDITORES	3 - Brazilian National Directory of Legal Entities ("CNPJ") 60.500.139/0001-26
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### 06.03 - STATUTORY DISPOSALS OF THE CAPITAL STOCK

1 - ITEM	2 - KIND OF STOCK	3 - STOCK CLASS	4 - % OF THE CAPITAL STOCK	5 - CONVERTIBLE	6 - CONVERTIBLE INTO	7 - VOTING RIGHTS	8 - TAG-ALONG %	9 - PREFERENCE IN CAPITAL RETURN	17 - REMARKS
10 - PREMIUM	11 - TYPE OF DIVIDEND	12 - DIVIDEND %	13 - R\$/ SHARE	14 - CUMULATIVE	15 - PREFERENCE	16 - CALCULATED ON			
01	PREFERRED		66.35	NO		NO	90.00	NO	
	NO	MINIMUM	25.00	0.00000	NO	NO	ADJUSTED NET PROFIT		
02	COMMON		33.65	NO		FULL	0.00		
			0.00	0.00000					

### 06.04 - STATUTORY CHANGES / OBLIGATORY DIVIDEND

1 - DATE OF THE LATEST CHANGE IN BYLAWS 04/23/2009	2 - OBLIGATORY DIVIDEND (PROFIT %) 25.00
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**01.01 - IDENTIFICATION**

1 - CVM CODE 010471-2	2 - CORPORATE NAME SARAIVA SA LIVREIROS EDITORES	3 - Brazilian National Directory of Legal Entities ("CNPJ") 60.500.139/0001-26
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**07.01 - ADMINISTRATORS' COMPENSATION AND PROFIT SHARING**

1 - ADMINISTRATORS' PROFIT SHARING	2 - OVERALL ADMINISTRATORS' COMPENSATION AMOUNT (Brazilian <i>Reais</i> , Thousands)	3 - PERIODICITY
YES	650	MONTHLY

**07.02 - INTERESTS AND CONTRIBUTIONS IN THE THREE LATEST YEARS**

1 - FINAL DATE OF THE LAST FISCAL YEAR: 12/31/2008  
2 - FINAL DATE OF THE LAST BUT ONE FISCAL YEAR: 12/31/2007  
3 - FINAL DATE OF THE LAST BUT TWO FISCAL YEAR: 12/31/2006

4 - ITEM	5 - DESCRIPTION OF INTERESTS AND CONTRIBUTIONS	6 - AMOUNT OF THE LAST YEAR (Brazilian <i>Reais</i> , Thousands)	7 - AMOUNT OF THE LAST BUT ONE YEAR (Brazilian <i>Reais</i> , Thousands)	8 - AMOUNT OF THE LAST BUT TWO YEAR (Brazilian <i>Reais</i> , Thousands)
01	INTERESTS - DEBENTUREHOLDERS	0	0	0
02	INTERESTS - EMPLOYEES	0	0	0
03	INTERESTS - ADMINISTRATORS	3,956	3,517	3,599
04	INTERESTS - FOUNDERS' STOCK	0	0	0
05	CONTRIBUTIONS FROM AID FUND	0	0	0
06	CONTRIBUTIONS FROM PENSION PLAN	0	0	0
07	OTHER CONTRIBUTIONS	0	0	0
08	NET PROFIT FOR THE YEAR	72,033	69,836	46,469
09	NET LOSS FOR THE YEAR	0	0	0

### 01.01 - IDENTIFICATION

1 - CVM CODE 010471-2	2 - CORPORATE NAME SARAIVA SA LIVREIROS EDITORES	3 - Brazilian National Directory of Legal Entities ("CNPJ") 60.500.139/0001-26
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### 07.03 - INTERESTS IN SUBSIDIARIES AND/OR AFFILIATES

1 - ITEM	2 - SUBSIDIARY / AFFILIATE CORPORATE NAME	3 - CNPJ	4 - CLASSIFICATION	5 - INTEREST % IN THE CAPITAL OF THE INVESTED COMPANY	6 - % OF INVESTOR'S NET WORTH
7 - COMPANY TYPE			8 - START OF THE LAST FISCAL YEAR	9 - END OF THE LAST FISCAL YEAR	10 - NUMBER OF SHARES IN THE LAST FISCAL YEAR (Thousands)
11 - START OF THE LAST BUT ONE FISCAL YEAR	12 - END OF THE LAST BUT ONE FISCAL YEAR	13 - NUMBER OF SHARES IN THE LAST BUT ONE FISCAL YEAR (Thousands)	14 - START OF THE LAST BUT TWO FISCAL YEAR	15 - END OF THE LAST BUT TWO FISCAL YEAR	16 - NUMBER OF SHARES IN THE LAST BUT TWO FISCAL YEAR (Thousands)
01	SARAIVA E SICILIANO S/A	61.365.284/0001-04	CLOSED SUBSIDIARY	99.97	68.76
BUSINESS, INDUSTRIAL, AND OTHER CORPORATION			01/01/2008	12/31/2008	145,775,138
01/01/2007	12/31/2007	57,539,843	01/01/2006	12/31/2006	57,539,843

09.01 - BRIEF HISTORY OF THE COMPANY

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We are engaged in the business of book publication and contents trading through the Publishing House, and in the retailing of books and other items through the Bookstore, which counts on a network of 89 Owned Physical Stores and 10 Franchise Stores, and Saraiva.com website. We have synergic and supplementary businesses. In the fiscal year ended on December 31, 2008, 30% of the net income had its origin in the Publishing House’s businesses, and 70% in the Bookstore’s businesses. With respect to the Adjusted EBITDA [Earnings Before Interest, Taxes, Depreciation, and Amortization], 61% had its origin in the Publishing House’s businesses, with a 24.6% margin, and 39% had its origin in the Bookstore’s businesses, with a margin of 6.3%.

*Publishing House.* The Publishing House is one of the major book publishers in Brazil in the income aspect, being leader in the Legal Book segment (23% of our net income in year 2008), with an outstanding share in the textbook segment for administration, economy, and accounting (4% of our net income in year 2008), and being among the leaders in the Didactic (68% of our net income in year 2008) and Quasi-didactic (3% of our net income in year 2008) Books. The Publishing House also trades computing legal contents in CD-ROM, and offers the computing legal content products on Internet, through Portal SaraivaJur website, which also offers other related services to visitors, such as agenda of events of the legal community, information on contests and updating of law codes. Recently, the Publishing House started activities in the distance education market through ViaSaraiva brand.

The Publishing House has a 12 branch network located in important cities of the States of the country, and 17 authorized resellers.

*Bookstore.* The Bookstore is the largest bookstore network in the country in the income aspect. Reference in the book trade, the Bookstore introduced in Brazil the Mega Store concept, and was one of the pioneers in electronic commerce in Brazil. With a network counting on 89 owned stores and 10 franchise stores spread in 15 important Brazilian cities, being 23 Mega Stores and 66 Traditional Stores, the Bookstore counts on a total sale area of 41.3 thousand m<sup>2</sup>. In 2008, annual sales were approximately R\$ 13.3 thousand per m<sup>2</sup>, with a 13% grow in relation to 2007. The Average Shop Voucher in 2008 was R\$ 82.44, with a 13% growth in relation to 2007.

Bookstore sales are made through (a) Mega Stores, which have sales areas between 460m<sup>2</sup> and 1,800m<sup>2</sup> and offer up to 190 thousand registered items in the book, CD, DVD, periodical, multimedia software, stationery, electronic items, and educational toy classes, (b) Traditional Stores, which have sales areas between 110m<sup>2</sup> and 630m<sup>3</sup>, and offer up to 73 thousand registered items, among which books and stationery items, and (c) electronic commerce, through Saraiva.com website, which has more than 800 thousand registered products in 10 different classes: books, CDs, DVDs, stationery,

computing items, electro-electronic items, electronic games, software, toys, and magazines.

## **History and Development**

Our history shows our tradition, pioneering, and flexibility in actuating in the book publishing and retail markets in Brazil.

Our history commenced in 1914, when Mr. Joaquim Ignácio da Fonseca Saraiva, a Portuguese immigrant, founded, in Largo do Ouvidor, in São Paulo, a small bookstore intended to the trade of used books. Because of the bookstore location, very close to the Law School of Largo São Francisco, the personal interest and knowledge of the legal literature held by Mr. Joaquim Saraiva, the then so-called “Academic Bookstore” became known by law professors and students frequenting the region, and became specialized in the trade of legal books, which represents, until these days, an important segment of our businesses.

With the elapsing of the years, Mr. Joaquim Saraiva started to trade new books, stationery items, and from 1917 on, to publish Legal Books.

In, 1947, the Publishing House became a corporation. From 1970, we started to publish Didactic and Quasi-Didactic Books, and in 1972, the Publishing House became an open capital company.

In the 80’s, the process for expansion of the network of Bookstore’s establishments was started with the opening of a number of stores in other Brazilian states and shopping centers.

In 1993, the activities of Saraiva Data Ltda. were started, a company organized by the Publishing House, intended to trade computing editorial products for the legal area.

In 1996, our first Mega Store for the Bookshop was inaugurated, and in that very year, the Publishing House organized Saraiva Data Ltda., with the purpose of gains in the rationalization and optimization of resources.

In 1998, Saraiva.com website was created, and the Publishing House purchased Editora Atual [Atual Publishing House], specialized in the Didactic Book segment, which was merged into the Publishing House in 1999.

In 2000, the Publishing House was the first Brazilian open capital company to assure the tag-along right to the stockholders holding preferred stock, in anticipation to the provisions of the corporation law established in 2001. In that very year, the Publishing House launched its Level 1 ADR [American Depositary Receipt] program in the United States counter market. Also in 2000, the Publishing House built, in Guarulhos [City], a new center for book distribution, and acquired the editorial equity of Editora Renascer [Renascer Publishing House]; and the Bookstore inaugurated, in São Paulo [City], a distribution center exclusive for products acquired via Internet.

In 2001, there was the launching of Portal SaraivaJur.

In 2003, the Publishing House acquired Editora Formato [Formato Publishing House], specialized in the Didactic and Quasi-didactic Books, which was merged into the company in 2004.

In 2006:

- Pursuant to decision of the Extraordinary Stockholders' general Meeting ("AGE") held on January 6, 2006, a bonus was approved with the contribution of 2,326,920 shares of the preferred stock to the holders of shares of the common and/or the preferred stock in a 0.10 preferred share ratio for each preferred or common share held;
- Adherence, in March, 2006, to the Level 2 Differentiated Corporate Governing Practices of the São Paulo Stock Exchange ("Bovespa");\*
- Successful accomplishment, in April, 2006, of a primary distribution of three million preferred shares, strengthening the Company's financial position for the development of studies and implementation of investment projects;
- Secondary distribution of shares, likewise in April, 2006, carried out by some stockholders holding preferred stock, which benefited the dilution of the investors' base;

In 2007:

**Ético Educational System.** On 12/07/2007, Saraiva acquired Pigmento Editorial S/A, which answers for the trading of Ético Educational Systems, formed by a line of materials published with absolute conceptual rigor and by a line of pedagogical support services with acknowledged quality. Saraiva maintained the management of such business unit under the responsibility of the very founder of Pigmento, José Arnaldo Favaretto, professional with large experience in the Educational Area, having actuated as teacher, author of didactic books and director of recognized publishers in the didactic book and educational solution area. With that acquisition, Saraiva entered the Educational Systems market, which, pursuant to company estimates, operate about R\$ 500 millions yearly in Brazil.

In 2008:

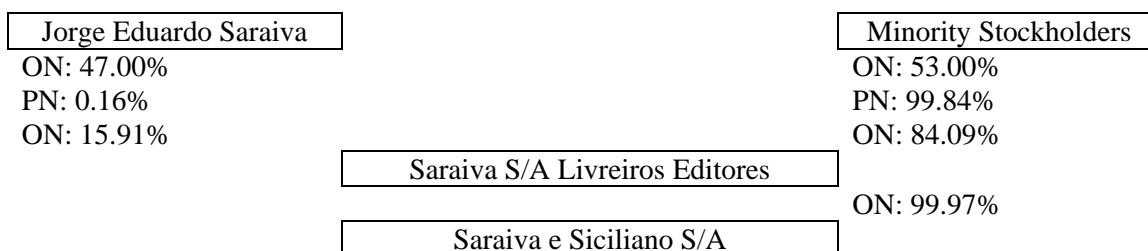
- In the **Publishing House:** On February, 2008, there was the merger of Pigmento Editorial, responsible for the development of Ético Educational Systems.

In the **Bookstore:**

- Inauguration of Juiz de Fora Mega Shopping, in the City of Juiz de Fora (MG [State of Minas Gerais]), with a 426m<sup>2</sup> sales area, in April;
- Inauguration of Plaza Sul Mega Shopping, in São Paulo, with a 629m<sup>2</sup> sales area, in July. That store substituted a small Siciliano store that operated in the same shopping center.

- Reform of Siciliano stores: at Jardim Sul Shopping Center, in São Paulo, with a 370m<sup>2</sup> sales area, and at Moinhos and Iguatemi Shopping Centers, both in Porto Alegre [City] (RS [State of Rio Grande do Sul]), in September;
- Reform of Saraiva Store at Ibirapuera Shopping Center, in São Paulo [City] (SP [State of São Paulo]), re-inaugurated in August. Such store sales from September to December registered a 15.6% growth on those of the same period in the precedent year.
- Inauguration of Saraiva traditional store at the Law School of Largo de São Francisco, in São Paulo (SP), with a 90m<sup>2</sup> sales area;
- Inauguration of Barra Sul Mega Shopping in the City of Porto Alegre (RS), with a 793m<sup>2</sup> sales area, in November;
- Inauguration of São José do Rio Preto [City] Mega Shopping (SP [State of São Paulo]), with a 587m<sup>2</sup> sales area, in November. That store substituted a small Saraiva store operative at the same shopping center.

### Corporate Structure



### Brazilian Market

Brazil is the fifth largest country in population of the world, and the largest in Latin America, having more than 184 million inhabitants. Brazilian GDP was R\$ 2.9 trillions in 2008. In 2008, Brazilian actual GDP had an 11.2% growth. Despite of Brazilian economy to be historically characterized by volatility, in the recent past, the economic performance has been generally a positive one:

- the Comprehensive Consumer Price Index (“IPCA”) increased from 4.5%, in 2007, to 5.9%, in 2008;
- the trade balance had a positive result of US\$ 24.7 billions, in 2008; and
- the Brazilian *Real* devaluated 35.2% in relation to the United States Dollar in 2008.
- **The Publishing Market**

Brazil has the largest publishing market among the countries of South America. Despite of such comprehensiveness, the book consumption *per capita* in Brazil is still extremely low in comparison to the consumption *per capita* in developed countries, such as United

States and some European countries. The average consumption *per capita* in Brazil was, in 2004, only 1.8 books per year, compared to 9 books *per capita* per year in the United States, and 11 *per capita* in Japan. The graph below shows such inequality relation:

### **Book consumption *per capita***

[Graph]

#### **Japan - United States - France - Spain - United Kingdom - Italy - Brazil**

Source: Sectorial Studies, Brazilian National Bank for Economic and Social Development (“BNDES”)

Such consumption level may be attributed, among other factors, to the low scholarliness of Brazilian population, the low income *per capita*, the little developed reading habit, and the shy actuation of libraries. However, the Brazilian Government has consistently invested in education. In year 2007, about 97% of children between 7 and 14 years age were enrolled with the elementary school. The school attendance rate of teenagers between 15 and 17 years old was 33% in 2000, and reached 82.1% in 2007, according to data of Instituto Brasileiro de Geografia e Estatística [The Brazilian Institute for Geography and Statistics] (“IBGE”).

The improvement in the Brazilian educational standard can also be observed by the average school life years of the Brazilian individual. In 1996, the Brazilian individual had an average school life of 5.3 years, with men having an average school life of 5.2 years against 5.5 for women. With higher investments in education by the Brazilian Federal Government, and in programs such as the PNLD [The Brazilian National Program for Didactic Book], after eleven years, the school life was raised to an average of 6.9 years, representing a 30% increase in the period.

<b>Average of Years of study of people having 10 years old or more</b>			
<b>Year</b>	<b>Total</b>	<b>Men</b>	<b>Women</b>
		<b>Total</b>	
1996	5.3	5.2	5.5
2001	6.1	6.0	6.3
2007	6.9	6.7	7.1
		<b>20 to 24 years</b>	
1996	6.9	6.5	7.3
2001	8.0	7.6	8.4
2007	9.3	8.9	9.6
		<b>25 years or more</b>	
1996	5.4	5.4	5.4
2001	6.0	6.0	6.1
2007	6.8	6.7	7.0

Source: PNAD [Brazilian National Survey through Home Visit] - IBGE

Further to the increase of years of study per student, enrollments in Brazilian schools have also demonstrated an improvement in the educational level. The chart below

shows the growth of the number of enrollments from 1996 to 2007, for the elementary, high school, and university educational levels:

### Enrolled Students (Public and Private Networks)

[Graph]

#### Elementary School - High School - University

Source: Brazilian Federal Education Department (“MEC”); Brazilian National Institute for Educational Studies and Researches (“INEP”)

As per illiteracy rates, Brazil has had significant reduction in its indicators. Eleven years ago, the illiteracy rate in Brazil was 13.7%, and the percentage of illiterates between 10 and 14 years was 8.3% and 14.6% among Brazilian individuals over 15 years old. For Brazilians between 10 and 14 years old, age when a teenager is expected to be literate, there was an important reduction in the illiteracy rate, with the attainment of the index of 3.1% in 2007.

Year	Analphabetism rate for people of 10 years old or more (%)					
	Brazil	Large Regions				
		Urban North	Northeast	Southeast	South	Center-West
						<b>Total</b>
1996	13.7	10.6	27.3	7.9	7.9	10.3
2001	11.4	9.7	22.2	6.8	6.4	9.2
2007	9.2	9.9	18.3	5.3	5.0	7.3
						<b>10 to 14 years old</b>
1996	8.3	5.9	20.2	2.0	1.7	2.8
2001	4.2	4.4	9.5	1.2	1.2	1.9
2007	3.1	4.2	6.8	1.0	1.0	1.5
						<b>15 years old or more</b>
1996	14.6	11.6	28.7	8.7	8.9	11.6
2001	12.3	10.6	24.2	7.5	7.1	10.2
2007	10.0	10.8	19.9	5.7	5.4	8.1

Source: PNAD - IBGE

The Brazilian Federal Government, through the Law nº 11.033, of December 21, 2004, reduced to zero the rates for the Employees’ Profit Participation Program (“PIS”) and Social Contribution on Billings (“COFINS”) on the sale of books in Brazil, from December 2004. Such reduction of the tax burden is intended to stimulate the book production and trade chain in Brazil, also contributing to an improvement in the aforementioned indicators.

#### Segments of the Publishing Market in Brazil

The Brazilian national publishing market has had a history for the average growth of its invoicing about 7.4% per year, since 1990. Such factor is due to the economic

stabilization existing from the Real Plan, and the investments of Brazilian Federal Government led to education in the latest years. Such market evolution as per titles and copies produced, further to the income and number of copies sold, can be observed in the table below:

<b>PUBLISHING MARKET</b>				
<b>Year</b>	<b>Production (1<sup>st</sup> edition and re-edition)</b>		<b>Sales</b>	
	<b>Titles</b>	<b>Copies</b>	<b>Titles</b>	<b>Income (R\$)</b>
1990	22,479	239,392,000	212,206,449	901,503,687
1991	28,450	303,492,000	289,957,634	871,640,216
1992	27,561	189,892,128	159,678,277	803,271,282
1993	33,509	222,522,318	277,619,986	930,959,670
1994	38,253	245,986,312	267,004,691	1,261,373,858
1995	40,503	330,835,320	374,626,262	1,857,377,029
1996	43,315	376,747,137	389,151,085	1,896,211,487
1997	51,460	381,870,374	348,152,034	1,845,467,967
1998	49,746	369,186,474	410,334,641	2,083,338,907
1999	43,697	295,442,356	289,679,546	1,817,826,339
2000	45,111	329,519,650	334,235,160	2,060,386,759
2001	40,900	331,100,000	299,400,000	2,267,000,000
2002	39,800	338,700,000	320,600,000	2,181,000,000
2003	35,590	299,400,000	255,830,000	2,363,580,000
2004	34,858	320,094,027	288,675,136	2,477,031,850
2005	41,528	306,463,687	270,386,729	2,572,534,074
2006	46,026	320,636,824	310,374,033	2,880,450,427
2007	45,092	351,396,288	329,197,305	3,013,413,692

Source: The Brazilian Book Chamber ("CBL")

The publishing market, in Brazil, may be divided into 4 big segments: that of didactic and quasi-didactic books, intended for the education of children in the pre-school phase, elementary and high school; that of the general interest books; that of religious books; and that of scientific, technical, and professional books. The table below describes the production performance of each of those segments in 2006 and 2007.

<b>Production Sub-segment</b>	<b>Titles</b>			<b>Copies</b>		
	<b>2006</b>	<b>2007</b>	<b>Variance</b>	<b>2006</b>	<b>2007</b>	<b>Variance</b>
Didactic	17,911	16,831	-6.0%	192,104,676	216,063,980	12.5%
General Works	11,650	12,911	10.8%	69,025,384	76,111,823	10.3%
Religious	4,383	5,570	27.1%	37,491,751	38,938,697	3.9%
Scientific, Technical, and Professional	12,081	9,780	-19.0%	22,015,013	20,281,789	-7.9%
<b>Total</b>	<b>46,026</b>	<b>45,092</b>	<b>-2.0%</b>	<b>320,636,824</b>	<b>351,396,289</b>	<b>9.6%</b>

Source: CBL

The publishing market sales volume and income in 2007 had a 6.1% and 4.6% growth rate, respectively, in relation to 2006. A big portion of such growth is explained by the increase of Government purchases during 2007, as we can observe in the table below:

<b>(R\$ million) Sub-segment</b>	<b>Private Market Income</b>			<b>Copies Sold (thousand units)</b>		
	<b>2006</b>	<b>2007</b>	<b>Variance</b>	<b>2006</b>	<b>2007</b>	<b>Variance</b>
Didactic	872.1	971.6	11.4%	66,754	75,318	12.8%

General Works	615.9	626.2	1.7%	59,899	59,312	-1.0%
Religious	242.1	273.1	12.8%	36,905	43,421	17.7%
Scientific, Technical, and Professional	418.6	415.7	-0.7%	21,504	22,206	3.3%
<b>Total Private Market</b>	<b>2,148.7</b>	<b>2,286.6</b>	<b>6.4%</b>	<b>185,062</b>	<b>200,257</b>	<b>8.2%</b>
Sales to the Government	731.7	726.8	-0.7%	125,312	128,939	2.9%
<b>Grand Total</b>	<b>2,880.4</b>	<b>3,013.4</b>	<b>4.6%</b>	<b>310,374</b>	<b>329,196</b>	<b>6.1%</b>

- **Main Competitors**

Editora Saraiva [Saraiva Publishing House] offers complete catalogs in the didactic and quasi-didactic, legal, and administration, economy, business, and accounting book markets. Therefore, Editora Saraiva has competitors for each of such special comprehensive areas.

In the didactic and quasi-didactic book market, Saraiva's main competitors are Editora Ática, Editora FDT, and Editora Moderna. Such companies' income in the didactic and quasi-didactic book market is distributed as follows:

### **Didactic and Quasi-Didactic Books, 2008**

[Graph]

**Ática Scipione - F.T.D. - Moderna <sup>(2)</sup> - Saraiva - IBEP Nacional <sup>(1)</sup> - Editora do Brasil**

Source: CBL / Companies' Balance Sheet, and Serasa

(1) 2007

(2) Saraiva estimate source - Valor Econômico [Journal]

The most significant segment of the publishing market in Brazil with respect to income and number of copies sold is that of didactic books. In 2007, according to data provided by CBL and SNEL [The Brazilian National Association for Book Publishers], the sales of didactic books achieved R\$ 1.698 billion (or 56.4% of the total income of the publishing market), corresponding to the sale of 204.3 million copies.

In the segment of didactic book publishing, we must consider the important participation of PNL D [The Brazilian National Program for Didactic Book] and PNLEM [The Brazilian National Program for the High School Didactic Book], through which the Brazilian Federal Education Department, coordinated by Fundo Nacional de Desenvolvimento da Educação [The Brazilian National Fund for Education Development] ("FNDE"), acquires didactic books intended to students of the elementary and high schools for about 165 thousand public schools throughout the country. Through such programs, the Brazilian Federal Government acquired, in 2008, a total 103.7 million copies. The government programs represented an income of R\$ 719.5 million Brazilian *Reais* in 2008.

The segment of scientific, technical, and professional book publishing is the third largest in the Brazilian publishing market. In 2007, such book sales achieved R\$ 415.7 millions (or 13.8% of the total income of the publishing market), corresponding to the

sale of 22.2 million copies. It is in such segment that the legal, administration, economy, and accounting books are included.

The sales of the general interest book segment, in 2007, achieved R\$ 626.2 millions (or 20.8% of the total income of the publishing market), corresponding to the sale of 59.3 million copies. Finally, the religious works answer for 9.1% of the Brazilian publishing market.

### **History and Operation of Governmental Purchase Programs**

Since 1929, when the Brazilian Government created a special body for making laws on the Didactic Book policy, Instituto Nacional do Livro [The Brazilian National Institute for the Book] (“INL”), the federal engagement in such area has been perfected, with the purpose of providing schools of the federal, state, municipal and Federal District areas with didactic and quasi-didactic works and quality dictionaries. Currently, such policy is mainly consubstantiated on the PNLD and PNLEM.

#### *PNLD*

The PNLD freely distributes didactic works to all students from the 1<sup>st</sup> to the 8<sup>th</sup> grades of the public elementary school. From 2003, the public special education schools and private institutions defined by the school census as communitarian and philanthropic ones were included in the program.

Through the PNLD, the Brazilian Federal Government acquires books for students from the 1<sup>st</sup> to 8<sup>th</sup> grades of the elementary school, of approximately 143 thousand public schools participating in the program. The PNLD has a three-year cycle, in which in the first year, new books are acquired for students from the 1<sup>st</sup> to the 4<sup>th</sup> grades of the elementary school, in the second year, new books are acquired for students from the 5<sup>th</sup> to the 8<sup>th</sup> grades, and for students of the 1<sup>st</sup> grade (the only allowed to write on books, making them useless for future reuse), and in the third year, only books for replacing copies purchased in the precedent years, and which became useless, are acquired. Because of the PNLD cyclic nature, the income of Brazilian publishing houses working with Didactic Books follows such seasonality. In the year of book replacement, sales within the scope of the PNLD are lower.

PNLD is maintained by FNDE with financial funds of the Federal Government General Budget and the education salary collection. In PNLD whole history, there had never been events of default by the Federal Government.

Promptly following, the main actions taken by PNLD.

The public notice setting forth the rule for the Didactic Book registration is published in the Federal Official Gazette and made available on FNDE website on Internet ([www.fnde.gov.br](http://www.fnde.gov.br)). The public notice also determines the term for works' submission by the companies holding the copyrights. For analyzing whether the works submitted fit in the technical and physical requirements of the public notice, a sorting is conducted by Instituto de Pesquisas Tecnológicas do Estado de São Paulo [Institute of Technological

Researches for the State of São Paulo] (“IPT”). The selected books are forwarded to SEB [The Elementary Education Service], which is in charge of the pedagogical evaluation.

SEB chooses the specialists for analyzing the works, pursuant to the criteria disclosed in the public notice. The specialists define which books are in accordance with the public notice, and then they prepare summaries for the books approved, which are included in the didactic book guide. The FNDE makes such guide available on its Internet website, and send the same printed material to the schools registered in the school census. The didactic books pass by a democratic process of choice, based on the didactic book guide. Directors and teachers of each school analyze and choose the works that shall be used at their classrooms.

FNDE, then, starts the negotiation process with publishing houses upon informing them the books chosen by the teachers and the respective quantities. The acquisition is made with no obligation to bid, as provided for in Law nº 8.666, of June 21, 1993, since book choices are made by teachers. Provided that negotiation is completed, FNDE enters into agreements with the publishing houses, which start the production of books, with the supervision of technicians of the FNDE.

#### *PNLEM*

The PNLEM is an original initiative of the Federal Government, which has as start point a pilot project in year 2004, when Portuguese and Mathematic books were acquired for use at public high schools in the North and Northeast regions in the school year 2005. The Government of the State of Minas Gerais, in that very year, also acquired Portuguese and Mathematic books for high school students of their public schools to be used during the school year 2005. Within the scope of the pilot project, the Federal Government and the Government of the State of Minas Gerais acquired a total 4.4 million books from all publishing houses registered with the program.

In the PNLD and PNLEM, the definition of number of copies to be acquired is made by the very schools, in partnership with the state and municipal education services. The data made available by the school census conducted by INEP serve as parameter for all actions of the FNDE, including for Didactic Books.

The results of the choice process are published in the Federal Official Gazette for knowledge by States and Municipalities. In the event of noncompliance, States and Municipalities can ask for alterations, provided that the occurrence of error is duly confirmed.

#### *Other Programs*

Further to acquire books for the Elementary School on a regularly basis, and for the High School in a pioneer manner since 2004, the Federal Government conducts other non-recurrent programs for purchasing of books to public schools and libraries. The most important are the PNLD Dictionaries, through which the Federal Government acquires dictionaries to be used at public elementary and high schools, and the PNBE

[The Brazilian National School Library Program], through which Federal Government acquires literature collection works for students of the elementary school and literature and information for students of young and adult education.

### *FUNDEB*

The House of Representatives approved, on January 24, 2006, a Motion to Amendment to the Brazilian Constitution that creates the Fund for Maintenance and Development of Elementary Education and Valorization of Education Professionals (“FUNDEB”), intended to fund the elementary education (day nurseries, pre-school, elementary, and high school). The fund shall be effective for 14 years, and shall have a gradual implementation.

According to the text, the Brazilian Federal Government shall relay to FUNDEB R\$ 2 billions in the first year, R\$ 2.9 billions in the second year, R\$ 3.7 billions in the third year, and R\$ 4.5 billions from the four year of effectiveness of the fund.

FUNDEB is a substitute for FUNDEF [Fund for Maintenance and Development of the Elementary Education and Education Valorization], and serves students of the primary, elementary, and high schools, and of the young and adult education. FUNDEF binds the application of funds only to the elementary school, and ended in September, 2006, when it completed ten years of its creation.

FUNDEB is formed by 20% of the funds of state and federal taxes distributed among each State and the Municipalities thereof, proportionally to the number of students in the different steps and modalities of the elementary education, enrolled at the respective public education networks. The minimum expenditure, per student, in the FUNDEB, cannot be lower than that already established by FUNDEF.

FUNDEB represents a great advance in relation to FUNDEF, since it significantly enhances the funds for education, and the supply of vacancies at the public network for students of all education levels.

### **The Book Retail Market**

The book retail market in Brazil is quite a fragmented one, being featured by the coexistence of small bookshops and large store networks. Nowadays, there are approximately 1,500 bookstores throughout Brazil, and over 70% are located in the South and Southeast regions of the country. The States of São Paulo and Rio de Janeiro represent around 65% of the book retail sales in Brazil. While the average consumption *per capita* in the country is only 1.8 book per year (including didactic books), the United States has a consumption of 9 books per year, and Japan 11 books per year.

The distribution of bookstores through the Brazilian national territory is an extremely unequal one, and from the 5,700 Brazilian municipalities, 10.5%, that is, 600 among them have regularly established bookstores, Further to having an extremely unequal distribution throughout the Brazilian national territory, the number of bookstores in

Brazil is a quite lower one in comparison to other countries, even the underdeveloped ones.

Further to the use of bookstores, the book retail market is developed through other distribution and sale vehicles, such as stationer's shops, bazaars, and schools, which more and more become sales points at school periods. News-stands have also shown to be a sale and disclosure vehicle of low cost books. However, one of the sale vehicles mostly drawing the attention of professionals of the book retail market is Internet. The electronic commerce has been developed on a worldwide basis in all economy segments because of comfortableness, agility, and facility of buying goods without needing to go to stores. Such trend is also observed in the Brazilian market, among large bookstores. An important feature involving the businesses of the Publishing House is the seasonality of the publishing market it is engaged in.

In 2008, about 82% of the Publishing House's sales are concentrated in the first and last quarter each year, respectively, in the "back to school" period, and in the period of sale of didactic books within the scope of the PNLD and PNLEM. However, the chronology for the didactic book sale within the scope of the PNLD can suffer small variances, becoming more concentrated in the end of the year or beginning of the next following year.

In the PNLD/2009 (program contracted in the end of 2008, in which books were acquired for the school year 2009), for instance, 100% of the Publishing House's sales for such program occurred in the 4<sup>th</sup> quarter of 2008. Such market seasonality in which the Publishing House operates impedes the conduction of a comparative analysis of one quarter in relation to other within the same fiscal year. The sales revenues within the scope of the programs are recognized as the Publishing House delivers the books contracted.

The Publishing House's sales in the rest of the year are distributed almost on a uniformly basis, notwithstanding the 3<sup>rd</sup> quarter can have greater values by virtue of the beginning of the classes at law schools, administration, economy, and accounting colleges, the school period of which is mostly divided into six month terms.

**01.01 - IDENTIFICATION**

1 - CVM CODE 010471-2	2 - CORPORATE NAME SARAIVA SA LIVREIROS EDITORES	3 - Brazilian National Directory of Legal Entities ("CNPJ") 60.500.139/0001-26
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**10.01 - PRODUCTS AND SERVICES OFFERED**

1 - ITEM	2 - MAIN PRODUCTS AND/OR SERVICES	3 - % NET INCOME
01	Didactic and Quasi-didactic Books	71.52
02	Scientific, Technical, and Professional	27.05
03	Computing Legal Products	0.24
04	General Interest Books	1.19

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### 10.02 - RAW MATERIALS AND SUPPLIERS

1 - ITEM	2 - RAW MATERIAL	3 - IMPORTED	4 - IMPORT VALUE (Brazilian <i>Reais</i> , Thousands)	5 - LOCAL MARKET, AVAILABLE	6 - FOREIGN MARKET, AVAILABLE
7 - SUPPLIER NAME		8 - SUPPLIER TYPE		9 - SUPPLY % ON THE TOTAL OF COMPANY PURCHASES	
01	PAPER	NO	0	YES	YES
VCP - VOTORANTIN CELULOSE E PAPEL		NOT AFFILIATE		45.68	
02	PAPER	NO	0	YES	YES
RIPASA S/A CELULOSE E PAPEL		NOT AFFILIATE		1.24	
03	PAPER	NO	0	YES	YES
SUZANO BAHIA SUL PAPEL E CELULOSE S/A		NOT AFFILIATE		17.73	
04	PAPER	NO	0	YES	YES
INTERNATIONAL PAPER		NOT AFFILIATE		35.35	

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**10.03 - MAIN CUSTOMERS FOR PRODUCTS AND/OR SERVICES**

1 - ITEM	2 - ITEM	3 - NAME OF PRODUCT / NAME OF CUSTOMER	4 - % OF CUSTOMER'S SHARE IN NET WORTH
001		DIDACTIC BOOKS	
001	001	FNDE (FUNDO NACIONAL DE DESENVOLVIMENTO DA EDUCAÇÃO)	40.21
002		DIDACTIC, UNIVERSITY, ECONOMY / ADMINISTRATION BOOKS, CD-ROM, GENERAL INTEREST	
002	002	OTHER (NONE CORRESPONDING TO MORE THAN 10%)	59.79

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010471-2	SARAIVA SA LIVREIROS EDITORES	60.500.139/0001-26
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#### 11.01 - PRODUCTION PROCESS

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The publishing business mainly consists of the organization and formatting of proprietary contents for publication.

Authors of books intended for the elementary school, high school, and university levels regularly forward their originals to our relevant publishing departments in order to publishing them.

Concurrently, we constantly search for new talents that may fill eventual gaps in our catalog, further to authors of works the contents of which can be used in the publication of books of segments related to those of economy, administration, and accounting, such as tourism and hotel services, international affairs, social communication and business. Such process has guaranteed, in the latest years, our catalog permanent updating.

After a first contact with the authors, the publishing effort is commenced with the definition of contents and a proposal of work. Publishing projects are first analyzed from the point of view of their methodologies and teaching proposals, as well as with respect to their marketing potentialities. There is a great publishing effort intended to making such projects feasible, in a process demanding constant interaction between editors and authors.

Upon its contents evaluation, the text approved for publication still need to receive a special treatment from the production and art departments. The formatting of a publishing work involves also the work of specialized personnel in activities as copy desk, composition, diagramming, proof revisions, illustration, and photolithographs. Once the electronic editing phase is ended, photolithographs are prepared or digital files for the works are made available, which are the base for the printing of the book copies.

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#### 11.02 - TRADING, DISTRIBUTION, MARKET, AND EXPORT PROCESSES

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##### **Business Areas**

##### ***Publishing House Businesses***

##### **Products**

The Publishing House is currently engaged in the following publishing lines: Didactic Books, Quasi-didactic Books, Leal Books, Economy, Administration and Accounting Books, and General Interest Books. The Publishing House also trades electronic legal publications in CD-ROM and through Portal SaraivaJur. Throughout 2008, we invested in the catalog of Ético Educational Systems (“Ético”), which started to count on complete educational solutions for the school year 2009, from the primary education to

the high school, including also preparatory courses for university admission exams. Our objective is to position the mark as one of the best alternatives for schools willing to use an education system. Our strategies for such segment are based on a well structured business plan, further to an excellent human capital for its execution. Ético operation should start the phase of investment return within the next three years.

Simultaneously to the investment in Ético educational solutions, the Publishing House is investing in multimedia solutions for elementary and high school level schools. Our purpose is to offer quality digital pedagogical contents that can be used with the printed matter, adding value to the traditional learning processes.

The publication of Didactic Books and Quasi-didactic Books for students of the elementary and high school levels is one of the Publishing House's most important businesses. The publishing line of Didactic Books and Quasi-didactic Books answered for 21.8% of the total consolidated income of Saraiva Group in 2008.

The projects having a didactic - and quasi-didactic - nature of Saraiva, Atual, and Formato seals include the launching of comprehensive contents works aligned with various pedagogic directions, including the guidelines of the Brazilian Federal Education Department ("MEC"). Almost all subjects of the school curriculum are served by the Publishing House's catalog: Biology, Physics, Chemistry, Mathematics, Geography, History, Portuguese, Philosophy, Arts, English, Spanish, further to reference works, such as geographic atlases and dictionaries.

The Publishing House has good presence also in the segment of scientific, technical, and professional books, mainly in the lines of legal, economy, administration, accounting, and business books.

The Publishing House's legal book publishing line can be subdivided into 3 different segments: the segment turned to the university public (law students), the segment for law professionals (acting lawyers, attorneys at law, magistrates, and others), and laws and legal codes. Among the three, the university market is that with higher growth.

The Publishing House also seeks for publishing books of administration, economy, and accounting related areas. As related areas we understand supplementary and/or ancillary subjects in administration, economy, and accounting courses, such as tourism and hotel services.

Further to the sale of books, the Publishing House also publishes and trades legal information in electronic media at retail networks or through subscription. That publishing line, which takes the Saraiva Data brand, is formed by different products in CD-ROM format: the LIS (Saraiva Computed Legislation), JUIS (Saraiva Computed Case Law), the Contest Line, and the so-called Legal Forms.

The LIS contains the whole federal high level current legislation and low level rules, and is traded in separate editions or through half-yearly or yearly subscriptions, updated on a bimonthly basis. The JUIS consists of the compilation of case law amendments obtained based on covenants entered into with a number of courts in the country.

Trading is similar to that of the LIS, and updating occurs on a quarterly basis. The Contest line is intended to the preparation to the public careers, and the Legal Forms are forms of petitions intended to aid the law professional in the labor, criminal, and civil areas.

The Publishing House is also pioneer in the trading of legal contents through electronic media on Internet. Portal SaraivaJur offers to its customers, further to computed legal products traded in CD-ROM - LIS and JUIS, with the advantage of daily updating -, works from authors of the Publishing House, labor case law, and a series of services to law operators, such as an agenda of events of the legal community, contest information, doctrine articles, commercial announcements, code updating, clipping, amendments of selected publications of the Federal Official Gazette, and information on the Publishing House's legal book catalog.

### Suppliers

The main raw material used by the Publishing House is the paper. The paper industry has a cyclic nature, being sensible to supply and demand changes, which are affected by the world and Brazilian economic conditions. The price for the paper manufactured by the Publishing House's suppliers accompanies the paper prices practiced in the rest of the world. For such reasons, the Publishing House does not enter into medium to long term agreements with its paper suppliers. During year 2008, the paper answered for approximately 41% of the Publishing House's costs.

The main national paper suppliers of the Publishing House supply chain are: Votorantim Celulose e Papel S.A. (VCP), Ripasa S.A. Celulose e Papel (Ripasa), Suzano Bahia Sul Papel e Celulose S.A. (Suzano) and International Paper do Brasil LTDA.

Further to paper, the Publishing House contracts graphic services in the market. Because of the reasonable offer of graphic services in the market, the Publishing House does not significantly depend on any graphic service supplier. In 2008, the following were the Publishing House's main graphic service suppliers: Editora Parma Ltda., Prol Editora Gráfica Ltda., Artes Gráficas e Editora SESIL Ltda., Oceano Indústria Gráfica e Editora Ltda., and Yangraf Gráfica e Editora Ltda.

### Publishing Process

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Concurrently, we constantly search for new talents that may fill eventual gaps in our catalog, further to authors of works the contents of which can be used in the publication of books of segments related to those of economy, administration, and accounting, such as tourism and hotel services, international affairs, social communication and business. Such process has guaranteed, in the latest years, our catalog permanent updating.

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Upon its contents evaluation, the text approved for publication still need to receive a special treatment from the production and art departments. The formatting of a publishing work involves also the work of specialized personnel in activities as copy desk, composition, diagramming, proof revisions, illustration, and photolithographs. Once the electronic editing phase is ended, photolithographs are prepared or digital files for the works are made available, which are the base for the printing of the book copies.

Our relationship with authors is formalized upon the execution of copyright agreements.

#### Distribution of Printed Books and Logistics

- Governmental Purchases

The Publishing House takes actively part in official programs for the purchase of books. The most important are the PNLD [The Brazilian National Program for Didactic Book], PNLEM [The Brazilian National Program for the High School Didactic Book], and PNBE [The Brazilian National School Library Program]. In book supply agreements within the scope of such programs, terms are fixed for Mail dispatch, which requires an anticipated logistic planning, the processes for which are fully dominated by the Publishing House. For producing and delivering the books related to such purchases, the Publishing House hires temporary workers who aid in the tasks of mixing and dispatch of books.

The mixing process consists of the preparation of book packages in the standards required by the Mail, in a manner that each school receives, duly packed, the exact number of books prior requested. Those books are directly dispatched from the Publishing House's facilities to schools through the Mail, which eventually installs special service stations at the Publishing House's distribution center at times of higher demand.

- Private Market

For sales to the private market, the traditional book distribution channel to retailers is the Publishing House's branch network and its authorized representatives. The latter working only with Didactic Books and Quasi-didactic Books, mainly because of the seasonal characteristics of such publishing segment.

The Publishing House was one of the first publishing houses of the country to opt for its book distribution availing of branches instead of traditional commercial representatives or distributors. The strategy of substituting representatives for branches, which count on trained and capacitated professional in customer servicing throughout the country,

allowed the Publishing House to obtain a greater market share, particularly in relation to books of the legal book publishing line.

The Publishing House's branches are provided with facilities proper to operations of sales to retailers and local distributors, and to promote the titles with teachers of the elementary, high school, and university levels. Each branch has a showroom for the products of the Publishing House's publishing lines, professionals specialized in sales and divulgation of the company's catalog, and facilities for receiving teachers of university areas and high school and elementary levels. The divulgators, which are sales professionals actuating with teachers and schools, work with cars provided by the Publishing House at their visits to schools and universities of almost the whole national territory.

The Publishing House's distribution policy is directed to quickly supply and resupply its customers spread throughout Brazil.

For such purpose, the Publishing House counts on a distribution center located in Guarulhos [City], which answers for the reception, storage, handling, and dispatch of all titles in its catalog for its 12 branches.

The Publishing House's branches are strategically located throughout the country and have warehouses with capacity to store and serve the sales of their respective regions. Some among such branches count also on the support of 17 authorized resellers. Such resellers trade only Didactic Books and Quasi-didactic Books, which is the most seasonable segment, and the demand of which is concentrated in a certain time of the year.

The Publishing House system for product delivery is quite simple, functional, and economic. Books are transferred to branches through outsourced transporters selected within the requirement standards uniting price, delivery terms, quality, and security. Thus, the Publishing House has total flexibility in relation to the volumes transported without capital immobilization.

Normally, orders are prepared and dispatched within a 4 to 24-hour time period. At the "back to school" period, such term is extended to 24 to 48 hours, valid for any product available.

For distribution of Legal Books and Economy, Administration, and Accounting Books, the Publishing House counts, at each branch, on a team of specialized professionals who aid the divulging of contents to education establishments and teachers. The branches allow a differentiated servicing at each country region, in accordance with the peculiarities and needs of each of them.

- Distribution of Contents in Electronic Media

Contents in CD-ROM (LIS, JUIS, Legal Forms, and Contest Line) and the updates therefor are made available to subscribers upon Mail dispatch, and also sold at the retail

market. The contents made available on Internet (LIS and JUIS) are traded upon de sale of subscriptions.

### Sales

In 2008, the Publishing House answered for 31% of the gross income of Saraiva Group.

In 2008, about 82% of the Publishing House's sales were concentrated between the last quarter and first quarter of the subsequent year, as a consequence of the seasonality that characterizes the publishing market the Publishing House is engaged in. Such concentration, recurrent in the Publishing House's operations, has two main factors: (i) the "back to school" period in the 1<sup>st</sup> quarter each year, and (ii) the sale of Didactic Books within the scope of the PNLD and PNLEM, which generally occurs within the 4<sup>th</sup> quarters of one year and the 1<sup>st</sup> quarter of the subsequent year.

The Publishing House's sales in the rest of the year are distributed almost on a uniformly basis, notwithstanding the 3<sup>rd</sup> quarter can have greater values by virtue of the beginning of the classes at law schools, administration, economy, and accounting colleges, the school period of which is mostly divided into six month terms.

### Customers

The Publishing House's main customer in the segments of Didactic Books and Quasi-didactic Books is the Brazilian Federal Government, which contributed, in 2008, with 40% of the Publishing House total gross income, and with 60% of the gross income arising from sales of Didactic Books and Quasi-didactic Books. Another important customer of the Publishing House in such segment is the very Bookstore, which, in 2008, answered for 7.4% of the Publishing House's sales, and from such total, 1.3% corresponded to products of the Didactic Books and Quasi-didactic Books publishing line. We also made sales of Didactic Books and Quasi-didactic Books to our authorized resellers.

The Legal Books, Administration, Economy, and Accounting Books, and General Interest Books are basically sold to bookstores through our branches.

On the other hand, the target publics for electronic media contents are the law firms, companies, lawyers, judges, attorneys at law, among others.

### Marketing

Our marketing policy in relation to our publishing lines is mainly based on the divulging of our publications with elementary and high school teachers, both from public and private schools, and with university professors interested in our publishing lines. In Brazil, the adoption of books at the elementary and high school levels is decided by teachers, which is the reason why the presence of a branch network and well-dimensioned representations having a national comprehensiveness is important.

Therefore, we count on a reference file of almost 677 thousand names of teachers of the elementary and high school education levels, who receive mailings with information on our launches and Publishing House's news. The marketing policy includes also actions in specialized printed matter, telemarketing, and promotional materials at our sales points. In addition to that, we offer free copies of Didactic Books and Quasi-didactic Books for teachers to be aware of the contents of each work.

Actions in the university market are guided to professors of such level of education. Our reference file counts on approximately 33.9 thousand professors at the administration, economy, and accounting areas, and 24.5 thousand names of law professors. Such professors freely receive some of our publications in their respective areas. Moreover, we have a reference file with 52.3 law operators and professionals, who receive, from time to time, the BIS - Saraiva Information Bulletin. Such bulletin provides information on our book catalog. Further to the work of divulging the titles of our publishing lines to professors, we offer assistance thereto making available periodical updates of books and structured presentations on outstanding academic themes, which may be accessed on SaraivaJur and SaraivaUni websites.

The target public of SaraivaUni Portal is university teachers of the administration, economy, and accounting areas. Such electronic address counts on 22.3 thousand registered professors and offers support material to the contents of our published books and high value-added services, such as the "Test Bank", an automated personalized system with a big number of extra questions for formatting tests to be applied at classroom, among others.

For divulging our publishing lines with customers throughout the country, we count on a team of approximately 86 divulgers, distributors, and our network having 12 branches spread throughout the country.

### Credit Policy

Our financial area sets forth a credit limit for our customers through objective criteria, such as economic-financial capacity, capitalization, indebtedness, income, liquidity index, margins and net worth. It also adopts a credit policy involving the evaluation of the order history, former performance, and customer risk rating.

As a rule, our sales are term sales, and we extend credit of approximately 35 days to publishing lines of Didactic Books and Quasi-didactic Books, and 45 to 60 days for other publishing lines.

In an event of default, we first block the customer's sales limit, and promptly upon, we send a collection letter or request a position by the customer by phone. After 60 days we forward the process to specialized collection offices. As an ultimate resource, cases are evaluated from a legal point of view for forwarding a claim for execution or petition of bankruptcy.

- Didactic Books and Quasi-didactic Books

The Publishing House's publishing line for Didactic Books and Quasi-didactic Books is the fourth largest of the country in income, being behind only to the publishing groups Ática-Scipione, FTD, and Moderna. At 2<sup>nd</sup> place in income we have Editora Moderna, and at the 5<sup>th</sup> Editora Ibeb Nacional.

- Legal Books

The Publishing House has tradition in the publication of legal works turned to the university and professional publics. The publishing house also publishes public domain contents, particularly laws and codes, organized and/or commented by its authors or a specialized team of editors.

The Publishing House's main competitors in this segment are Editora Revista dos Tribunais (RT), Editora Atlas, Editora Forense, Editora Malheiros, and Editora LTR.

- Administration, Economy, and Accounting Books

In the Economy, Administration, and Accounting segment, the Publishing House's main competitors are Editora Atlas, Editora Campus (Reed Elsevier), Editora Pearson, among others.

- SaraivaJur

SaraivaJur Portal's competitors are grouped into 3 distinct groups: (a) traditional publishing houses having legal contents (such as Revista dos Tribunais and Forense), (b) public websites (such as the websites [www.planalto.gov.br](http://www.planalto.gov.br), [www.stf.gov.br](http://www.stf.gov.br), and [www.stj.gov.br](http://www.stj.gov.br)), and (c) websites for service provision and office automation (such as [www.jusnavigandi.com.br](http://www.jusnavigandi.com.br) and [www.direito.com.br](http://www.direito.com.br)), which can be direct or indirect competitors.

## ***Bookstore Business***

### Products

We trade, at the Bookstore through our Traditional Stores, Mega Stores, and Saraiva.com website: books, CDs, DVDs, periodicals, multimedia software, stationery items, toys, computing items, electro-electronic items, electronic games, software and magazines.

### Suppliers

The main suppliers of books, stationery items, and audio and video products for resale are the Publishing House, Editora Ática S.A., Editora FTD S.A., Editora Moderna S.A., Editora Scipione Ltda., Cia. das Letras, Sony Music do Brasil Ltda., BMG do Brasil Ltda., Polygram do Brasil Ltda., Disal S.A., Editora Atlas S.A., Editora Record S.A., Rocco and Warner. None among the suppliers answer for more than 10% of our total purchases. About 4.8% of the Bookstore purchase volume is made with the Publishing House.

## Our Stores

- Traditional Stores

Our Traditional Stores have sales areas oscillating between 110m<sup>2</sup> and 630m<sup>3</sup>, and operate with an average of 13 employees. The number of items offered in a Traditional Store is lower than that of a Mega Store, and is basically focused in stationery items and books. In average, a Traditional Store has 73 thousand items registered.

- Mega Stores

In 1996, we introduced the Mega Stores in the country, which bring a new concept of bookstore. Among our 23 Mega Stores, 22 are located in shopping centers and occupy areas varying from 370m<sup>2</sup> to 1,800m<sup>2</sup>. Those stores operate, in average, with 50 employees. All stores are computed-aided, having optical reading terminals spread throughout the ambient, which enables the consumer to locate products and consult prices. The Mega Stores offer to our consumers a more complete mix of products than that of the Traditional Stores. Further to books and stationery items, the Mega Stores offer CDs, DVDs, periodicals, software, multimedia items, toys, and electronic items. The number of registered items offered in one of our Mega Stores reaches 190 thousand.

The Mega Store concept tries to make the customer faithful through a pleasant and well-dimensioned physical room. Therefore, our Mega Stores offer areas with pleasant lightening, proper signaling, differentiated servicing, and Cyber Cafes where our customers can also access Internet. The Cyber Cafes are operated by specialized companies that rent rooms in stores. The Mega Stores' intention is to enhance our customers' purchase experience maintaining them for more time at the stores, and incentivizing the purchase by impulse.

- Saraiva.com

We were one of the first Brazilian companies to enter the electronic commerce of books, CDs, and DVDs through our Saraiva.com website. Currently, our website offers to internauts over 800 thousand products in 10 different classes: books, CDs, DVDs, stationery, computing, electro-electronics, electronic games, software, toys, telephony, and magazines.

The sales of our business unit on Internet represented 32.9% of the Bookstore sales in 2008, or R\$ 272.5 millions.

## Distribution of Products and Logistics

There is a big synergy between our Physical Stores' operations and our online operations. Over a 90-year history, we are a reputed mark among Brazilian consumers, which facilitates the finding of customers without needing big investments in marketing. Besides, the operation scale in our Physical Stores allows privileged negotiations with

suppliers, not only with respect to prices, but also in relation to service easiness because of the relationship we built with the publishing market.

The publishing market is quite pulverized in Brazil, and there is not a large book wholesaler, which demands from retailers an additional relationship effort with more than 1,000 Brazilian publishing houses. Such process is fully dominated by the Bookstore, which recognizes it as one of its competitive advantages.

On the other hand, investments in stores at Saraiva.com are minimized for the use of the stock available at the Physical Stores. Goods not available at Saraiva.com warehouses are automatically requested to the stores, which separate and forward them to the online operation warehouse, where they are prepared for sending to customers. For that reason, Saraiva.com minimizes the capital invested in stocks. Products that for some reason are not available at the store stocks are directly ordered from our suppliers.

The Physical Stores, on the other hand, are benefited from Saraiva.com website geographic comprehensiveness, which may be accessed everywhere in the world. The electronic commerce is also an important instrument for attracting sales at Physical Stores. If a product is not available at a store, the customer may order it through Saraiva.com at the very store and receive it at the comfort of his home or at the most convenient address. We believe that such process exceeds our customers' expectations, which have their purchase experience valorized at the most.

We basically operate with two warehouses: the cross-docking, responsible for the supply of the Physical Stores, which does not store outstanding stocks (only separating purchase orders for distribution among the network stores), and Saraiva.com central warehouse, which stores only the most sold and quickest turnover items. Saraiva.com orders not available at its warehouse are automatically requested to stores by the Bookstore systems.

The store resupply requests are all automatically made by the Bookstore systems and managed by the central administration. The centralization of store supply enables scale purchase, reducing costs and making the management of items available a more rational one.

The transportation from the Bookstore distribution center to each of its stores is made through outsourced freight services.

Saraiva.com distribution system includes an exclusive distribution center and avails of the structure of other Bookstore business units. Whenever an order is processed, the system searches the requested item in the distribution centers and network stores, dispatching the order to the customer by mail within the shortest time possible.

### Customers

Our customer base is formed by a wide and diversified public, which seeks, at our stores and website, for leisure, culture, and entertainment.

We receive approximately 35 million visits per year at our 89 Physical Stores, which give rise to about 8.7 million business transactions.

### Marketing

The strategic purpose of our marketing efforts is to fix our mark with our customers. With such purpose, our advertising campaigns seek for differentiation of attributes, such as price, product variety, and purchase experience. Because of the segment we are engaged in, we make every year, between the months January and March, a special “back to school” campaign, in which period our stores have a significant sale increase. Our intention is to continue investing in a consistent manner in marketing campaigns.

Internet is also an important marketing and business intelligence tool, to the extent that our managers can, in an organized manner, access the profile of the Saraiva customer, anticipating its needs by crossing consumption information.

One of our important initiatives was the introduction of a customer fidelity card designated SaraivaPlus. The logic of such card consists in accumulating scores that can be converted into discounts in future purchases. However, more than a simple discount and fidelization program, SaraivaPlus can become, in due time, an important relationship tool with our customers of Physical Stores and Internet. We have conditions to identify purchase habits and preference of each of SaraivaPlus users, maximizing the investment in marketing and thus adding more value to our customers’ purchase experience.

We obtain our customer’s data through a registration with the SaraivaPlus, and at the time of purchase at Physical Stores and Internet. We use such data for sending mailings containing information on news and promotions, upon customers’ prior consent therefor.

### Credit Policy

In 2008, 34% of our sales were cash sales, 64% through credit card, with average terms that can reach up to 180 days, and 2% through other payment terms (term checks etc.). In connection with the sales of Saraiva.com, 84% were made through credit card.

### Saraiva Card

Partnership entered into with Banco do Brasil for launching Saraiva credit card. Offering a wide range of attractions, that international credit card reinforces the institutional valorization of Saraiva brand, further to bring saving with the administration fee and allowing making relationship with customers even a closer one. Launched as pilot project in October 2007, until the end of March 2009 over 53.6 thousand cards have already been issued.

### Competitors

We believe that is the largest bookstore network in the country, both in area as income. Our main competitors for the Physical Stores are the following: Livraria Cultura, Livraria Sodiler, Livraria Nobel, Livraria Laselva, FNAC, among others.

Through our Saraiva.com business unit, we are one of the electronic book commerce market leaders. In cyber operations, our main competitors are FNAC, Livraria Cultura, Submarino, and Lojas Americanas.

The cyber market is an extremely competitive one; notwithstanding it has had important growth rates in the latest years. We intend to diversify our current line of products on Internet, which currently has the book as mainspring, using the potentialities the Brazilian online market still offers as regards growth in the next years.

## Export

Not applicable to the Company.

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## 11.03 - RANK IN THE COMPETITIVE PROCESS

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### Overview

We are engaged in the business of book publication and contents trading through the Publishing House, and retailing of books and other items through the Bookstore, which counts on a network having 89 Physical Stores and 10 franchise stores, and Saraiva.com website. Our businesses are synergic and supplementary ones. In the fiscal year ended on December 31, 2008, 30% of the net income had its origin in the Publishing House's activities, and 70% in the Bookstore activities. With respect to the Adjusted EBITDA [Earnings Before Interest, Taxes, Depreciation, and Amortization], 61% had their origin in activities of the Publishing House, having a 24.6% margin, and 39% were originated from activities of the Bookstore, having a 6.3% margin.

(in R\$ thousands, except for the EBITDA margin)	Year ended on December 31					Variance	
	2006 <sup>(3)</sup>		2007 <sup>(3)</sup>		2008 <sup>(3)</sup>	2007/2006	2008/2007
Total Net Income <sup>(1)(2)</sup>	550,941		733,492		1,093,478	33.1%	49.1%
Publishing House .....	247,507	42.6%	309,081	39.8%	352,202	29.8%	14.0%
Bookstore .....	316,116	57.4%	441,677	60.2%	767,205	70.2%	73.7%
Total EBITDA	73,806		113,398		134,839	53.6%	18.9%
Publishing House .....	54,819	74.0%	72,862	64.0%	86,485	61.0%	18.7%
Bookstore .....	18,986	26.0%	40,536	36.0%	48,354	39.0%	19.3%
Total EBITDA Margin	13.4%		15.5%		12.3%	2.1 p.p.	-3.1 p.p.
Publishing House .....	22.1%		23.6%		24.6%	1.4 p.p.	1.0 p.p.
Bookstore .....	6.0%		9.2%		6.3%	3.2 p.p.	-2.9 p.p.

<sup>(1)</sup> The Publishing House sales to the Bookstore are excluded from the total consolidated sales.

<sup>(2)</sup> The amounts expressed in Brazilian *Reais* are nominal value, not contemplating therefore the inflation for the period.

<sup>(3)</sup> Percentages are calculated taking into account the total net income, including the Publishing House sales to the Bookstore.

**Publishing House.** The Publishing House is one of the main book publishers in Brazil in income, with an outstanding participation in the legal segment, and administration, economy, and accounting textbooks. The Publishing House trades computed legal contents in CD-ROMs, and offers the contents of computed legal products on Internet, through Portal SaraivaJur website, which also offers other related services to visitors, such as agenda of events of the legal community, information on contests, and updating

of law codes. The Publishing House is highlighted also in the Didactic and Quasi-didactic book area.

The table below shows the Publishing House's results for years 2006 to 2008.

(in R\$ thousands, except for the gross margin and EBITDA margin)	Year ended on December 31,			Variance	
	2006	2007	2008	2007/2006	2008/2007
Net Income <sup>(1)</sup>	247,507	309,081	352,202	24.9%	14.0%
Gross Profit	167,688	202,332	237,277	20.7%	17.3%
Gross Margin	67.8%	65.5%	67.4%	-2.3 p.p.	1.9 p.p.
EBITDA	54,819	72,862	86,485	32.9%	18.7%
EBITDA Margin	22.1%	23.6%	24.6%	1.4 p.p.	1.0 p.p.

<sup>(1)</sup> Amounts expressed in Brazilian *Reais* are nominal values, not contemplating therefore the inflation for the period.

The Publishing House has a 12 branch network located in important cities of the States of the country, and 17 authorized resellers. The map below shows the distribution of branches and resellers in Brazil.

[Map]

Branches

São Paulo: Distribution Center

Authorized Resellers

**Bookstore.** The Bookstore is the largest bookstore network in the country in the income aspect. Reference in the book trade, the Bookstore introduced in Brazil the Mega Store concept, and was one of the pioneers in electronic commerce in Brazil. With a network counting on 89 owned stores and 10 franchise stores distributed in 33 important Brazilian cities, being 23 Mega Stores and 66 Traditional Stores, the Bookstore counts on a total sale area of 41.3 thousand m<sup>2</sup>. In 2008, annual sales were approximately R\$ 13.3 thousand per m<sup>2</sup>. The Average Shop Voucher in relation to the gross income in 2007 was R\$ 72.98, with a 15% growth in relation to 2007.

Bookstore sales are made through (a) Mega Stores, which have sales areas between 450m<sup>2</sup> and 1,800m<sup>2</sup> and offer up to 190 thousand registered items in the book, CD, DVD, periodical, multimedia software, stationery, electronic items, and educational toy classes, (b) Traditional Stores, which have sales areas between 110m<sup>2</sup> and 630m<sup>3</sup>, and offer up to 73 thousand registered items, among which books and stationery items, and (c) electronic commerce, through Saraiva.com website, which has more than 800 thousand registered products in 10 different classes: books, CDs, DVDs, stationery, computing items, electro-electronic items, electronic games, software, toys, telephony, and magazines.

(in R\$ thousands, except for Same Store Sales <sup>(1)</sup> and Average Shop Voucher <sup>(2)(3)</sup> )	Year ended on December 31			Variance	
	2006	2007	2008	2007/2006	2008/2007
<b>Net Income</b>					
Physical Stores .....	229,242	301,458	520,462	31.5%	72.6%
Saraiva.com.....	86,874	140,219	246,743	61.4%	76.0%
<b>EBITDA</b>	<b>18,986</b>	<b>40,543</b>	<b>48,354</b>	<b>113.5%</b>	<b>19.3%</b>
Physical Stores .....	8,341	22,916	22,661	174.7%	-1.1 %
Saraiva.com.....	10,645	17,627	25,693	65.6%	45.8%
<b>EBITDA Margin</b>					
Physical Stores .....	3.6%	7.6%	4.4%	4.0 p.p.	-3.2 p.p.

Saraiva.com.....	12.3%	12.6%	10.4%	0.3 p.p.	-2.2 p.p.
<b>Same Store Sales (Gross Income)</b>					
Physical Stores .....	11.8%	16.2%	13.9%	4.4 p.p.	-2.3 p.p.
<b>Average Shop Voucher (R\$) (Net Income)</b>					
Physical Stores .....	49.46	54.98	59.68	11.2%	8.5%
Saraiva.com.....	99.89	117.29	137.32	17.4%	17.1%
<b>Average Shop Voucher (R\$) (Gross Income)</b>					
Physical Stores .....	54.69	60.34	64.53	10.3%	6.9%
Saraiva.com.....	111.93	130.93	151.65	17.0%	15.8%

<sup>(1)</sup> The growth of Same Store Sales of a certain period is calculated by dividing the total sales of stores already opened in such period by the total sale of stores that were opened at the same date in the former period in analysis. Such number can differ from that arising out of the division of total sales of stores which are opened in such period by the total sales of stores that were opened at the same date in the former period in analysis.

<sup>(2)</sup> Income (gross or net) for the period, divided by the number of formal bills of sales issued in the same period.

<sup>(3)</sup> The amounts expressed in Brazilian *Reais* are nominal values, not contemplating, therefore, the inflation for the period.

The map below shows the distribution of the Physical Stores in Brazil:

[Map]

### **Saraiva**

40 owned stores

5 future Saraiva stores

### **Siciliano**

48 owned stores + 9 franchise stores

### **Our Strengths**

We believe that Saraiva Group's strengths are the following:

- *Leadership.* In 2008 we were leaders in the domestic market of retail sale of books in number of books sold and net income. We are reference in the publishing and trading of legal books in Brazil. Our books are present in the life of most of law operators since their admission to the university, accompanying them throughout their career. Our leadership arises from the credibility conquered through the offering of products having selected quality, added to the constant updating of our catalog. *Tradition associated to pioneering.* We are an active company for more than 90 years in Brazil, with strong presence in the publishing market and in the retail market of books. We constructed throughout such period a strong mark of acknowledged quality in the country. We believe that the strength and reputation of our brand, allied to our flexibility in answering to the market trends and our customers' demands, are a competitive advantage propelling our businesses, and responsible for the maintenance of a solid consumers' base. We are pioneers in many areas we are engaged in. In publishing activities we were the first to trade legal contents in CD-ROM, and one of the first through internet. In 2005, we entered the distance education business, and started to trade customized book editions in partnership with education institutions. Currently, we study the possibility of selling books per chapter in electronic media. In retailing activities, we introduced, in Brazil, the Mega Store concept, and in the electronic commerce, we learned how to avail of the demand for sale of products through Internet, expanding our product mix. With respect to the corporate governance, we were the first Brazilian open capital company to assure tag-along rights to stockholders holding shares of the

preferred stock, and one of the first to contemplate, in our Bylaws, a differentiated policy for the distribution of dividends.

- *National Presence.* We have a large service network present in a great part of Brazil. In publishing activities we count on 12 branches spread throughout Brazil, and we are supported by 17 authorized resellers. Such distribution and logistic structure allows having stocks enough for serving the local demand for books of our catalog, and support our divulging efforts with teachers. Our bookstores are strategically located. We have 89 stores and 10 franchise stores located in some of the main Brazilian Cities, such as São Paulo, Rio de Janeiro, Brasília, Recife, Porto Alegre, Florianópolis, Salvador, Curitiba, Goiânia, Belo Horizonte, Juiz de Fora, Fortaleza, Paraíba, and Espírito Santo. Among our 23 Mega Stores, 22 are located in important shopping centers of the country, and out 66 Traditional Stores are in some of the main business spots of such locations. Our Saraiva.com website allows access and delivery of our products to consumers of the whole world.
- *Exclusive and differentiated catalog.* We offer an exclusive legal book catalog, and have a digital legal library. Our catalog in the didactic and quasi-didactic publishing segment is a complete one and serves all grades of the elementary and high school education levels. Since 1998 we publish Economy, Administration, and Accounting Books, and our catalog already has a highlighting position in such market. The credibility of our publications is due to the search for publishing quality and the constant updating of published works. Brazilian authors, nationally and internationally reputed, seek us for publishing their works under Saraiva's seal.
- *Complementariness of our business model.* The Publishing House and the Bookstore operate together in the identification of trends and needs of the publishing segment, granting as a competitive advantage in relation to our competitors. Moreover, the services of our administrative areas (financial, human resources, and legal, among others) are shared ones, serving the whole Saraiva Group. The integration of the Bookstore operations with those of Saraiva.com website optimizes, on the one side, our investment in stocks, and enables, on the other, prompt servicing and comfort to our customers.
- *Valorization of the purchase experience.* We try to offer to our customers a unique purchase experience at the Physical Stores and on Saraiva.com. We work for ensuring their satisfaction, providing technical training courses to our collaborators, trying to keep them motivated on a full-time basis for developing a high level of empathy with our customers. With pleasant and well-dimensioned physical rooms, our stores are highly computed-aided, having optical reading terminals spread throughout the ambient, which enables consumer to locate products and consult prices in a quick and efficient manner. At Saraiva.com we make available a large variety of products, and propitiate an agile purchase process, with quick delivery to our customers.
- *Alignment of interests between administrators and stockholders.* We have an experienced and professionalized administration, concerned with the creation of

value. We have an objective people management and evaluation system (GVA), which tries to align the conduct of administrators to stockholders' interests.

## **Strategy**

### *Publishing House*

- *Growth and consolidation of our rank in the market.* We intend to augment our share in the Didactic Books' market (Saraiva acquired Pigmento Editorial S.A., which answers for the trading of Ético Educational System, formed by a line of didactic materials published with absolute conceptual rigor and by a line of pedagogical support services of acknowledged quality, and another important strategic action was Saraiva's initiative of creating products that meet and anticipate the demands of the educational market through digital contents. Fruit of an association with Houghton Mifflin Harcourt International Publishers, one of the world leaders in the educational software area, the two first products being launched are multimedia didactic materials for the Mathematics and English subjects. Fully aligned to the national curriculum parameters, such products count on digital pedagogical solutions that follow world trends of use of new technologies and make the way of teaching learning at schools a more dynamic one), Quasi-didactic Books, Legal Books, and Administration, Economy, and Accounting Books. Our growth shall be mainly based on the following initiatives:
  - Acquisition of other publishing houses and publishing catalogs, preferably in segments we already operate, to the extent opportunities shall arise, when we can use our integration experience accumulated with the acquisition of Editora Atual, in 1998, the publishing equity of Editora Renascer, in 2000, and Formato Editorial, in 2003. Such strategy shall allow us to augment the catalog offered to our customers and maximize the use of an already existing structure.
  - Exploration of our distribution network with investments in new launchings; identification of new authors, and the relationship strengthening with current authors.
  - Use of new media and creative solutions for exceeding our customers' expectations, such as the line of distance education business and the trading of customized book editions in partnership with education institutions. We understand that such initiatives shall help us to fight the unauthorized reproduction of book contents published by us, and increase the access to the Publishing House's catalog. We are developing technology for the sale of fractioned contents of our works, and we are currently studying the best manner to do so.
- *Strengthening of relationship with teachers.* Teachers are the main responsible for the choice of books to be adopted at schools and universities. Therefore, we planned to strengthen our relationship with teachers of all education levels in the markets we operate, investing in the qualification of our divulging force through training actions.

- *Increase of operational efficiency.* We intend to invest in information technology projects intended to rationalize administrative and trade processes, providing thereby greater productivity and agility in operations. We plan to unify our corporate activities - currently conducted at different facilities - to a single physical ambient, thus making feasible the reduction of costs, best communication among the areas, and more quickness in the decision-making process.

#### *Bookstore*

- *Growth and consolidation of our rank in the market.* Our growth strategy is made through the following initiatives:
  - *Expansion of Saraiva.com operations.* We plan to enhance our sales made through electronic commerce. The electronic retail market in Brazil has grown at rates higher than those of the traditional retail market. To such effect, we intend to consolidate our rank in classes of products we already trade, and diversify even more our product mix.
  - *Expansion of the Physical Store network.* We intend to inaugurate new stores in the Mega Store and Traditional Store patterns. We programmed the opening of new stores in the period comprised between years 2008 and 2010.
  - *Strategic purchases.* Livraria e Papelaria Saraiva S.A. successfully completed the negotiations for the acquisition of 100% of the shares in Siciliano S.A. on 03/06/2008.

Siciliano and Saraiva Bookstore operations are complementary ones, with low superposition and high level of operational synergy. Siciliano had excellent trade spots and has and is an interest penetration in States where Saraiva did not operate yet.

Saraiva Bookstore shall use efforts for Siciliano customers to have a purchase experience even more complete, with the increase of the sorting of products available at stores and investments in personnel qualification and improvement of services offered.

With that important acquisition, Saraiva significantly strengthens its rank in the Brazilian national retail market and shows its confidence in the future of the book market, and in the growth of the publishing market in Brazil.

There is also room for the consolidation of the book retail market in Brazil. We will continue to regularly study acquisition opportunities that can add value to our business.

- *New product classes and stores.* Concerned with the dynamic of the markets we operate, we visualize the opportunity of exploiting new product classes associated to the image of culture, leisure, and entertainment we have. To such effect, we intend to improve our sales of electro-electronic items and occupy a more active position in the market of imported books, which has attractive gross margins. We also have the

intention to continue with the introduction of new product classes in our Traditional Stores, such as CDs, DVDs, and selected multimedia items, availing of the complementariness of such products to the book area.

- *Efficiency in the administration of the working capital.* We intend to maintain our strategies for the development of partnerships with suppliers, excluding from the mix of products the items of less profitability, and increase the Average Shop Voucher by augmenting the variety of items offered, and through the adoption of more aggressive sale policies.
- *Strengthening of our brand.* We intend to conquer a differentiated position with our customers, associating Saraiva brand more and more to concepts of leisure, culture, and entertainment. With such purpose, our advertising campaigns shall seek for differentiation of attributes, such as price, product variety, purchase experience. Other of our initiatives is the fidelization customers' card designated SaraivaPlus. We understand that SaraivaPlus shall become an important relationship tool with the customers of our Physical Stores and Saraiva.com, which shall enable to identify the purchase habits and preferences of each of the program users, adding more value to our customers' purchase experience, anticipating the satisfaction of their needs, and leveraging our sales thereby.

### **Competitors of the Didactic Books and Quasi-didactic Books Publishing Line**

The Didactic Books and Quasi-didactic Books publishing line is the fourth largest of the country in income, being only behind the publishing groups Ática-Scipione, FTD, and Moderna. In 3<sup>rd</sup> place, in income, there is Editora Moderna, and in 5<sup>th</sup> place, Editora IBEP/National.

### **Competitors of the Scientific, Technical, and Professional Books Publishing Line**

The Publishing House has good presence also in the segment of scientific, technical, and professional books, mainly in the lines of legal, economy, administration, accounting, and business books.

The Publishing House's main competitors in such segment are Editora Revista dos Tribunais (RT), Editora Atlas, Editora Forense, Editora Malheiros, and Editora LTR.

In the segment of Economy, Administration, and Accounting, the Publishing House's main competitors are Editora Atlas, Editora Campus (Reed Elsevier), Editora Pearson, among others.

### **Competitors of SaraivaJur Portal**

SaraivaJur Portal's competitors are grouped into 3 distinct groups: (a) traditional publishing houses having legal contents (such as Revista dos Tribunais and Forense), (b) public websites (such as the websites [www.planalto.gov.br](http://www.planalto.gov.br), [www.stf.gov.br](http://www.stf.gov.br), and [www.stj.gov.br](http://www.stj.gov.br)), and (c) websites for service provision and office automation (such as [www.jusnavigandi.com.br](http://www.jusnavigandi.com.br) and [www.direito.com.br](http://www.direito.com.br)), which can be direct or indirect competitors.

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## 12.01 - MAIN PATENTS, TRADEMARKS, AND FRANCHISES

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The Publishing House and the Bookstore hold a number of trademarks and domain names, which are regularly registered with Instituto Nacional de Propriedade Industrial [The Brazilian National Institute of Industrial Property] (“INPI”) and Fundação de Amparo à Pesquisa do Estado de São Paulo [Foundation for Research Support of the State of São Paulo] (“FAPESP”), respectively. Some domain names of the Publishing House and the Bookstore are subject matter of registration abroad.

### *Trademarks*

<b>Description of Trademark or its Nominative Element</b>	<b>Type</b>	<b>Holder</b>
Editora Saraiva	Mixed	Publishing House
Atual	Mixed	Publishing House
Saraiva	Nominative	Bookstore
Saraiva	Figurative	Bookstore
Saraiva Virtual	Mixed	Publishing House
JUIS	Nominative	Publishing House
JUIS - Saraiva Computed Case Law	Nominative	Publishing House
LIS	Nominative	Publishing House
LIS - Saraiva Computed Legislation	Nominative	Publishing House
Saraiva Data	Mixed	Publishing House
Livraria Saraiva	Mixed	Bookstore
Saraiva Mega Store	Nominative	Bookstore
Saraiva Mega Site	Nominative	Bookstore

### *Domain Names*

<b>Domain Names</b>	<b>Registration Body</b>	<b>Holder</b>
juis-br.com.br	FAPESP	Bookstore
livrariasaraiva.com.br	FAPESP	Bookstore
megasite.com.br	FAPESP	Bookstore
musichall.com.br	FAPESP	Bookstore
saraivamegastore.com.br	FAPESP	Bookstore
atualeditora	FAPESP	Publishing House
editorasaraiva.com.br	FAPESP	Publishing House
formatoeditorial.com.br	FAPESP	Publishing House
lisonline.com.br	FAPESP	Publishing House
longlifelearning.com.br	FAPESP	Publishing House
nobrescolegas.com.br	FAPESP	Publishing House
paginadaeducaçao.com.br	FAPESP	Publishing House
saraiva.com.br	FAPESP	Publishing House
saraivadata.com.br	FAPESP	Publishing House
saraivaeduca.com.br	FAPESP	Publishing House
saraivajur.com.br	FAPESP	Publishing House
saraivari.com.br	FAPESP	Publishing House
sarivauni.com.br	FAPESP	Publishing House
vivereaprender.com.br	FAPESP	Publishing House
saraivajur.net	FAPESP	Publishing House
sarivauni.net	FAPESP	Publishing House
editorasaraiva.com	Network Solutions	Publishing House
formatoeditorial.com	Network Solutions	Publishing House

saraiadata.com  
saraivajur.com  
saraivauni.com  
viasaraiva.com  
saraiva.com

Network Solutions  
Network Solutions  
Network Solutions  
Network Solutions  
Network Solutions

Publishing House  
Publishing House  
Publishing House  
Publishing House  
Bookstore

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### 01.01 - IDENTIFICATION

1 - CVM CODE 010471-2	2 - CORPORATE NAME SARAIVA SA LIVREIROS EDITORES	3 - Brazilian National Directory of Legal Entities ("CNPJ") 60.500.139/0001-26
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### 13.01 - OUTSTANDING PROPERTIES

1 - ITEM	2 - TYPE OF PROPERTY				3 - ADDRESS				
4 - MUNICIPALITY	5 - UF	6 - TOTAL AREA (THOUSAND M²)	7 - CONSTRUCTED AREA (THOUSAND M²)	8 - AGE (YEARS)	9 - INSURANCE	10 - MORTGAGE	11 - LEASED FROM THIRD PARTIES	12 - DATE OF AGREEMENT	13 - END OF LEASING
14 - REMARKS									
01	BUILDING				AV. [Avenue] MARQUÊS DE SÃO VICENTE, 1697				
SÃO PAULO	SP	6,384.000	6,812.000	32	YES	NO	NO		
02	SHED				RUA [Street] AMÂNCIO GAIOLLI, 1146				
GUARULHOS	SP	28,621.000	17,529.000	16	YES	NO	NO		
03	LAND				ESTRADA [Road] MUNICIPAL S/N [w/o number]				
GUARULHOS	SP	37,000.000	0.000	0	NO	NO	NO		

01047-2 SARAIVA SA LIVREIROS EDITORES 60.500.139/0001-26

14.03 - OTHER INFORMATION DEEMED IMPORTANT FOR A COMPANY BETTER UNDERSTANDING

**Additional requisites provided for Level 2 of Corporate Governance Practices**

**Position of controlling stockholders, administrators, and outstanding stock**

CONSOLIDATED POSITION OF CONTROLLING STOCKHOLDERS AND ADMINISTRATORS, AND OUTSTANDING STOCK						
Position on (04/30/2009)						
Stockholder	Number of Common Shares (In units)	%	Number of Preferred Shares (In units)	%	Total number of shares (In units)	%
Controlling Stockholder	4,520,574	46.98	30,026	0.16	4,550,600	15.91
Administrators						
Board of Directors	649,656	6.75	21,507	0.11	671,163	2.35
Executive Board	-	0.00	161,892	0.85	161,892	0.57
Statutory Audit Committee (ii)	-	0.00	-	0.00	-	0.00
Treasury Stock	-	0.00	365,750	1.93	365,750	1.28
Other Stockholders	4,452,083	46.27	18,394,635	96.95	22,846,718	79.89
Total	9,622,313	100.00	18,973,810	100.00	28,596,123	100.00
Outstanding Stock	4,452,083	46.27	18,394,635	96.95	22,846,718	79.89

(ii) *The Company did not install the Statutory Audit Committee*

CONSOLIDATED POSITION OF CONTROLLING STOCKHOLDERS AND ADMINISTRATORS, AND OUTSTANDING STOCK						
Position on (04/30/2008) (12 months ago)						
Stockholder	Number of Common Shares (In units)	%	Number of Preferred Shares (In units)	%	Total number of shares (In units)	%
Controlling Stockholder	4,520,326	46.98	26	0.00	4,520,352	15.81
Administrators						
Board of Directors	649,593	6.75	13,507	0.07	663,100	2.32
Executive Board	-	0.00	109,329	0.58	109,329	0.38
Statutory Audit Committee (ii)	-	0.00	-	0.00	-	0.00
Treasury Stock	-	0.00	365,750	1.93	365,750	1.28
Other Stockholders	4,452,394	46.27	18,485,198	97.42	22,937,592	80.21
Total	9,622,313	100.00	18,973,810	100.00	28,596,123	100.00
Outstanding Stock	4,452,394	46.27	18,485,198	97.42	22,937,592	80.21

(ii) *The Company did not install the Statutory Audit Committee*

## Binding arbitration clause

The Company, its stockholders, administrators, and members of the Statutory Audit Committee are required to resolve, through arbitration, all conflicts under the Binding Clause contained in the Bylaws under the Regulation of the Arbitration Market Chamber of the São Paulo Stock Exchange (“BOVESPA”).

## Chart 02.01 - Composition of the Board of Directors

### *Independent Member of the Board:*

Ricardo Reisen de Pinho

Individual Taxpayer Registration (“CPF”): 855.027.907-20

Date of Election: 04/23/2009

Term of Office: AGO/2010

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## 14.05 - INVESTMENT PROJECTS

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### *Capital Investment Activities*

#### *Main Investments*

Our main investments are being basically conducted as follows, in the fiscal years informed:

Fixed Investments in R\$ thousands	<u>year ended on December 31,</u>				<u>variance</u>		
	2005	2006	2007	2008	06/05	07/06	08/07
Acquisitions	-	-	17,430	60,000	0.0%	0.0%	0.0%
Information Systems	2,617	2,260	3,970	6,395	-13.6%	75.7%	61.1%
Opening of stores	3,291	2,320	13,500	11,565	-29.5%	481.9%	-14.3%
Reposition of Sundry assets	2,460	2,020	4,125	20,240	-17.9%	104.2%	390.7%
Total .....	8,368	6,600	39,025	98,200	-21.1%	491.3%	151.6%

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**15.01 - ENVIRONMENTAL MATTERS**

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The Group activities do not have representative environmental impacts, once they are based on the publication of books and in the trade of books and other products.

**01.01 - IDENTIFICATION**

1 - CVM CODE	2 - CORPORATE NAME	3 - Brazilian National Directory of Legal Entities ("CNPJ")
010471-2	SARAIVA SA LIVREIROS EDITORES	60.500.139/0001-26

**16.01 - JUDICIAL ACTIONS WITH AMOUNT EXCEEDING 5% OF THE NET WORTH OR NET PROFIT**

1- ITEM	2- DESCRIPTION	3 - NET WORTH %	4- NET PROFIT %	5 - ACCRUAL	6 - ACCRUED AMOUNT (Brazilian Reais, Thousands)	7 - TOTAL VALUE OF SHARES (Brazilian Reais, Thousands)
8 - REMARKS						
01	LABOR	0.18	0.85	YES	612	612
02	FISCAL / TAX	6.81	31.75	YES	22,359	22,873
03	OTHER	0.00	0.00		0	0

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## 17.01 - OPERATIONS WITH AFFILIATES

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The Publishing House controls 99.97% of the Bookstore. Outstanding transactions between affiliates comprise purchase, sale and loan commercial transactions. The Publishing House sells books to the Bookstore, which, in 2008 answered for approximately 7.4% of the Publishing House's sales. There is not any supply agreement officially entered into by and between the Publishing House and the Bookstore, but they maintain as regards each other an arm's length transaction policy. The Publishing House and the Bookstore have a loan agreement effective with indefinite term, with interests charged at 101% of the variance of the CDI [Interbank Deposit Certificate].

**SARAIVA S.A. LIVREIROS EDITORES**

Open Capital Company  
Brazilian National Directory of Legal Entities of the Brazilian Federal Treasury  
Department (“CNPJ/MF”) n<sup>o</sup> 60.500.139/0001-26

*Number of Registration with the Board of Trade (“NIRC”) 35300025300*

**MINUTES OF THE ORDINARY AND EXTRAORDINARY STOCKHOLDERS’  
GENERAL MEETINGS HELD ON APRIL 23, 2009**

**1. DATE, TIME AND PLACE:** April 23, 2009, at 4:00 p.m., at the Company’s headquarters, located at Rua [Street] Henrique Schaumann, 270, 4<sup>o</sup> andar [4<sup>th</sup> floor], Cerqueira César [District], São Paulo [City] / SP [State of São Paulo] [Brazil].

**2. CALL, INSTALLATION QUORUM AND ATTENDANCE:** Calls published in the Official Gazette of the State of São Paulo (“DOESP”) and Gazeta Mercantil newspapers on April 7, 8, and 9, 2009. The administration report and the financial statements accompanied by the independent auditors’ opinion for the fiscal year ended on December 31, 2008 were published in the aforementioned newspapers on March 20, 2009. Stockholders representing more than two-thirds of the voting capital were present, accompanied by the directors Jorge Eduardo Saraiva, Ruy Mendes Gonçalves, Maria Cecília Saraiva Mendes Gonçalves, and Jorge Saraiva Neto, and by the following statutory executive officers: José Luiz Machado Alvim de Próspero, João Luís Ramos Hopp, Antônio Luiz de Toledo Pinto, Sônia Regina Alves dos Santos, and Nilson Lepera. Mr. Eduardo Franco Tenório, bearer of the Brazilian Identification Card (“RG”) n<sup>o</sup> 24.923.631-X, representing the contracted independent auditors, Deloitte Touche Tohmatsu Auditores Independentes, also attended.

**3. CONSTITUTION OF THE BOARD:** Chairman - Jorge Eduardo Saraiva  
Secretary - Ruy Mendes Gonçalves

**4. AGENDA:**

**4.1. EXTRAORDINARY STOCKHOLDERS’ GENERAL MEETING:** **4.1.1.** Increase of the Company’s capital stock by means of incorporation of reserves, without changing the number of shares; **4.1.2.** Amendment of the Company’s corporate purpose described in Article 3 of the Bylaws for including the education system business, including support education activities; **4.1.3.** Amendment of the Company’s Bylaws for causing the creation of the title of Officer with no special designation, with the consequent increase of the number of members of the Board of Directors (from 6 to 7), pursuant to § 1, Article 16; **4.1.4.** Consolidation of Bylaws. **ORDINARY STOCKHOLDERS’ GENERAL MEETING:** **4.2.1.** Analysis, discussion and voting

of the administration report and financial statements, accompanied by the independent auditors' opinion for the fiscal year ended on 12/31/2008; **4.2.2.** Approval of administrators' profit sharing on Company's profit, and fixation of date for the respective payment; **4.2.3.** Appropriation of result, including the payment of dividends; **4.2.4.** Fixation of date for payment of the compensation on own capital and dividends; **4.2.5.** Election of the members of the Board of Directors and fixation of limits for Administration's overall compensation.

## ***5. RESOLUTIONS AT THE EXTRAORDINARY STOCKHOLDERS' GENERAL MEETING:***

**5.1.** Upon approval of the increase of the capital stock to R\$ 190,978,115.71 (one hundred and ninety million, nine hundred and seventy-eight thousand, one hundred and fifteen Brazilian *Reais*, and seventy-one cents) through the contribution of R\$ 43,203,931.71 (forty-three million, two hundred and three thousand, nine hundred and thirty-one Brazilian *Reais*, and seventy-one cents) of reserves to future capital increase, with no change of the number of shares, and consequent alteration of the wording of the caption of Article 5, of the Bylaws, which shall be as set out in item 5.4 hereafter.

**5.2.** To approve the alteration of the Company's corporate purpose in order to include the educational system business, including education support services, with the consequent alteration of the wording of Article 3 of the Bylaws, which shall be as set out in item **5.4** hereafter.

**5.3.** The creation of the office of Officer with no special designation was approved, with the consequent amendment to § 1, of Article 16, of the Company's Bylaws, for reflecting the increase of the number of members of the Board of Directors (from 6 to 7), pursuant to the wording in item 5.4 hereafter.

**5.4.** The Consolidation of the Bylaws was approved for including all modifications approved at this Extraordinary Stockholders' General Meeting ("AGE"), at the Extraordinary Stockholders' General Meeting ("AGE") held on 02/01/2008, and at the Meeting of the Board of Directors held on 11/19/2008, which altered the place of the Company's headquarters, which alteration is hereby ratified, with the Bylaws, therefor, to be read as follows:

### **BYLAWS**

#### **SARAIVA S/A LIVREIROS EDITORES**

Brazilian National Directory of Legal Entities of the Brazilian Federal Treasury  
Department ("CNPJ/MF") nº 60.500.139/0001-26

#### **CHAPTER I – Corporate Name, Principal Place of Business, Corporate Purpose and Term.**

**Article 1)** Saraiva S.A. Livreiros Editores is an open capital company governed by these Bylaws and by the laws in force in the country.

**Sole §)** The Company, which originally adopted the corporate name “Saraiva & Cia.”, was organized through articles filed with the Board of Trade of the State of São Paulo under nº 41.411, at session held on 01/24/1933, was transformed into a joint stock company on 10/15/1947 through deed filed with the Board of Trade of the State of São Paulo under nº 34.497, at session held on 10/21/1947.

**Article 2)** The Company’s principal place of business and venue are at Rua Henrique Schaumann, nº 270, 10<sup>o</sup> andar [10<sup>th</sup> floor], Cerqueira César [District], CEP [Zip Code]: 05413-909, in the City of São Paulo - SP [State of São Paulo], Federative Republic of Brazil.

**Sole §)** At the discretion of the Board of Directors, the Company may open, maintain, transfer and extinguish branches anywhere within the Brazilian national territory and abroad.

**Article 3.** The purpose of the Company is:

- I)** the publication, industrialization, and trade of books and general publications;
- II)** the educational system business, including education support services;
- III)** the purchase and sale of stationary items, office fixtures and supplies, school-related items, toys and related products, CD-ROMs, audio and video recordings, electronic equipment, computers and software therefor, photography items and equipment, and photographic material processing services, further to cafeteria services;
- IV)** the organization, systematization, reception, transmission storage, and trading of data, information, and texts in the country and abroad, mainly by their transmission through electric, electronic, optical, and magnetic means, and the trade of equipment, accessories, and components required to their use, further to the creation of other related programs;
- V)** the import and export of products and services comprehended in the corporate purpose, with the corresponding registration, for such purpose, with relevant instrumentalities, Banco Central do Brasil [a Brazilian Government Federal Financial Institution corresponding to the Federal Reserve System in the United States], and other entities controlling the Foreign Trade;
- VI)** the holding of interests in other companies as partner, stockholder, or quotaholder.

**Article 4)** The Company was organized for indefinite term.

## **CHAPTER II - Capital Stock and Shares.**

**Article 5)** The Company’s capital stock is R\$ 190,978,115.71 (one hundred and ninety million, nine hundred and seventy-eight thousand, one hundred and fifteen Brazilian *Reais*, and seventy-one cents), fully paid-up and divided into twenty-eight million, five hundred and ninety-six thousand, one hundred and twenty-three (28,596,123) shares with no par value, of which nine million, six hundred and twenty-two thousand, three hundred and thirteen (9,622,313) are shares of the common stock, and eighteen million,

nine hundred and seventy-three thousand, eight hundred and ten (18,973,810) are shares of the preferred stock.

**§1)** The following are rights or advantages assured to stockholders holding shares of the Company's preferred stock:

- a) right to restricted vote, as set out in Article 6 hereafter;
- b) right to dispose of shares of the preferred stock in the event of a Disposal of the Company's Control under Chapter VI of these Bylaws;
- c) dividends equal to those assigned to the common stock;
- d) participation in the distribution of premium shares resulting from the capitalization of reserves, accumulated profits and any other funds, in conditions equal to those of stockholders holding shares of the common stock.

**§2)** The conversion of common stock into preferred stock and vice-versa is not allowed.

**Article 6)** The shares of the Company's preferred stock, the number of which may correspond, under Article 8, § 1, III, of the Law n<sup>o</sup> 10.303/01, to a number not to exceed two thirds (2/3) of the total issued shares, grant to the holders thereof voting rights in connection with the following matters:

- I) transformation, amalgamation, merger or split of the Company;
- II) approval of agreements entered into by and between the Company and the Controlling Stockholder (as defined in paragraph one, Article 22, of these Bylaws), directly or through third parties, and of other companies the Controlling Stockholder holds interests in, whenever, by operation of provisions under the law or these bylaws, it is so resolved at Stockholders' General Meetings;
- III) evaluation of assets destined to pay up increase of the Company's capital stock;
- IV) selection of specialized institution or firm to appraise the Company's Economic Value in the hypotheses set forth in Articles 28 and 29 of these Bylaws;
- V) alteration or amendment of statutory provisions which alter or modify any of the following provisions:
  - a) the satisfaction to the provision in the Chapter VI of these Bylaws;
  - b) the compliance, upon election of the Board of Directors, with the unified term of office not to exceed two (2) years, and with other provisions regarding the Board of Directors and the Statutory Audit Committee, contained in the Level 2 Differentiated Corporate Governing Practices;
  - c) the satisfaction to the provisions in the Chapter VIII of these Bylaws;
  - d) any of the rights set out in Article 5, § 1, and Article 6, I to IV, of these Bylaws.

**Sole §)** The voting right provided for in subsection V of this Article shall survive for the whole time the Agreement for Adherence of the Level 2 Differentiated Corporate Governing Practices remains effective.

**Article 7)** The increase of the Company's capital stock implying increase in the number of shares of the preferred stock in disproportion to the kinds and classes of shares then existing is hereby authorized.

**Article 8)** The Company is authorized to increase its capital stock by issuing new shares for subscription, upon resolution of the Board of Directors, and regardless of reform of these bylaws, up to four million (4,000,000) shares, even though the proportion existing among the different series or classes of shares is not observed, and from such total, up to five hundred thousand (500,000) shares may be destined to grant options to purchase under § 3 hereafter.

§1) The Board of Directors shall fix the conditions for issuance and subscription, including price and term for their pay-up, and term and form for exercising of stockholders' preemption right.

§ 2) The Company may, upon resolution of the Board of Directors, issue, within the limit of the authorized capital, shares to be placed for sell in stock exchange or public subscription, or exchange for shares in takeover bid under Articles 257 to 263 of the Law n<sup>o</sup> 6404/76, without assigning the preemption right to former stockholders or fixing term to the exercise of such right shorter than that set out in Article 171, § 4, of Law n<sup>o</sup> 6.404/76.

§ 3) The Company may, within the limit of the authorized capital, grant option to purchase shares to its administrators or employees, or natural persons providing services thereto or to a subsidiary thereto, according to plan approved by the Stockholders' General Meeting.

§4) The resolutions of the Board of Directors addressed in this Article shall observe the quorum provided for in the final part of § 3, Article 14 hereafter.

**Article 9)** The shares in the Company will be represented in a book-entry form, and shall be held in deposit accounts, on behalf of their holders, at a financial institution chosen by the Board of Directors.

§ 1) The financial institution depository of the shares may charge stockholders, under § 3, of Article 35, of Law n<sup>o</sup> 6.404/76, the cost of property transfer services for book-entry shares.

§ 2) The Company may, upon resolution of the Board of Directors, and upon notice to be given to the stock exchanges its shares are negotiated, suspend, for time periods not to exceed, individually, fifteen days, or ninety days, in the aggregate, during the year, the services of transfer of shares.

**Article 10)** Except for the hypotheses in the Article 8, §§ 2 and 3 of these Bylaws, the stockholders shall have preemption rights in the subscription of shares issued as a result of increase of the capital stock, proportionally to the number of shares then held thereby.

**Sole §)** The term for exercising the preemption right is always lapsing one, and it shall be thirty (30) days, unless: a) a longer term is fixed by the Stockholders' General Meeting or the Board of Directors, as the case may be; or b) in the hypothesis of Article 8, § 2, *in fine*, of these Bylaws.

**Article 11)** Each share of the common stock shall be entitled to one vote at resolutions of the Stockholders' General Meetings.

### **CHAPTER III - Administration.**

**Article 12)** The Company shall be administrated by the Board of Directors and the Executive Board.

§ 1) The compensation of the members of the Board of Directors and the Executive Board shall be fixed by the Stockholders' General Meeting, which may fix only the overall limit or individualize it as per one or more administrators.

§ 2) Provided that the provisions herein and the Article 152 of the Law n<sup>o</sup> 6.404/76 are complied with, administrators are hereby assigned up to ten percent (10%) profit sharing as per the profits of year.

§ 3) The overall profit sharing value for each year shall be that approved by the Stockholders' General Meeting at the voting for result destination, provided that, at the distribution among bodies of the administration and individualization per administrator, the provisions in Articles 15, VIII, and 18, I, of these Bylaws are complied with.

**Article 13)** The Board of Directors is a collective resolution body, and it shall be formed by no less than five (5) and no more than seven (7) members, designated Directors, all stockholders residing in the country, elected at Stockholders' General Meeting, with a one (1)-year term of office, with successive reelections allowed.

§ 1) As from the Ordinary Stockholders' General Meeting of 2006, no less than twenty percent (20%) of the Directors shall be independent, that is, each of them shall satisfy the following conditions: (i) not to have any relationship with the Company, except for holding interests in the capital; (ii) not to be a Controlling Stockholder (as defined in Article 22 below), spouse or relative thereof up to the second degree, or not to be or not to have been associated to a company or entity related to the Controlling Stockholder within the latest three (3) years (individuals associated to public education and/or research institutions are excluded from this restriction); (iii) not to have been, within the latest three (3) years, employee or officer of the Company, of the Controlling Stockholder, or company controlled by the Company; (iv) not to be a direct or indirect supplier or buyer of services and/or products of the Company in magnitude implying loss of independence; (v) not to be an employee or administrator of company or entity offering or requesting services and/or products to/from the Company; (vi) not to be a spouse or relative of any administrator of the Company up to the second degree; (vii) not to receive compensation from the Company other than that intended to a Director (cash proceeds arising from interests in the capital are excluded from this restriction).

§ 2) When, as a consequence of the compliance with the percentage referred to in the precedent paragraph, the result is a fractional number of members for the Board of Directors, such number shall be rounded to the next whole number: (i) up, when the

fraction is equal to or higher than zero point five (0.5); or (ii) down, when the fraction is lower than zero point five (0.5).

§ 3) The members of the Board of Directors shall be installed in their offices upon signature of sheet drawn on proper book. The members of the Board of Directors shall remain in their offices, discharging their duties until the substitutes therefor are elected, unless it is otherwise resolved by the Stockholders' General Meeting. The installation shall be conditioned to the signature of the Administrators' Consent Sheet as provided for in the Level 2 Differentiated Corporate Governing Practices.

**Article 14)** The Chairman and the Vice-Chairman of the Board of Directors shall be chosen by the Stockholders' General Meeting.

§ 1) The Chairman of the Board of Directors shall be responsible for convening and ruling the meetings of such body, and the Vice-Chairman shall be a substitute therefor in eventual hindrances or absences thereof.

§ 2) In the case of a vacancy or temporary hindrance of a Director, the substitute shall be appointed by the remaining Directors until the first Stockholders' General Meeting, which shall resolve upon the matter.

§ 3) The Board of Directors shall meet as many times as shall be required, with the presence of no less than three (3) among their members, and it shall resolve by a majority of votes, unless in the event of matters contemplated in Article 8 of these Bylaws, when the Board shall only resolve with the affirmative vote of no less than four (4) Directors, amongst them, the Chairman of the Board of Directors.

§ 4) In the event of equality in resolutions of the Board of Directors, the vote of the Chairman or the Vice-Chairman acting as Chairman shall prevail, except for the provision in the precedent paragraph.

§ 5) Respective minutes shall be drawn for the meetings held by one among the members of the Board appointed by the Chairman, which shall drawn on proper books and signed by those attending thereat, which shall be published in the cases required by law.

**Article 15)** The Board of Directors shall:

- I) determine the general guidelines for Company's businesses;
- II) elect and remove officers of the Company, being also allowed to determine their assignments, provided that the rules set forth in Article 17 of these Bylaws are complied with;
- III) supervise the management of the officers, by examining, from time to time, books and papers of the Company, requesting information on agreements and other acts related to the corporate businesses;
- IV) convene the Stockholders General Meetings in compliance with the legal and statutory rules;

**V)** authorize the Executive Board to dispose assets belonging to the fixed assets, create mortgages on corporate assets and provide guarantees to third parties' liabilities, with no need of such authorization in the hypotheses provided for in Article 17, § 1, "f", § 2, "b", and § 3, "e" and "f", of these Bylaws;

**VI)** authorize the acquisition, disposal, cancellation or permanence in treasury of shares issued by the Company;

**VII)** choose and remove independent auditors;

**VIII)** determine, when the Stockholders' General Meeting fixes administrators' overall compensation, the portion corresponding to the Executive Board and that corresponding to the Board of Directors, and individualize it as regards the members of the latter.

**Article 16)** The Executive Board shall have the widest powers of management, representation and administration of the Company, as required to the full performance of the corporate purpose, provided that the rules in Article 17 and the assignments granted by the Board of Directors under Article 15 of these Bylaws are complied with, in order.

**§1)** The Executive Board shall be formed by seven (7) members, stockholders or not, residing in the country, designated as follows: Chief Executive Officer, Chief Financial Officer, Chief Sales Officer, Chief Legal Editorial Officer, Chief Officer for Human Resources, Chief Officer for Education Systems, Officer with no special designation, all elected by the Board of Directors, for a one (1)-year term of office, with successive reelections allowed. The installation of Officers shall be conditioned to the signature of the Administrators' Consent Sheet, as provided for in the Level 2 Differentiated Corporate Governing Practices.

**§ 2)** In the event of officers' temporary absences or hindrances, the Board of Director may distribute the duties of the absent or hindered office among the other officers, provided however that the determinations in Article 17 are complied with.

**§ 3)** In the event of a vacancy or definitive hindrance of any officer, then the Board of Directors shall resolve thereupon by appointing a substitute to complete the term of office of the substituted officer, or maintaining the office vacant, with the distribution, in this case, of the duties of the hindered or removed officer among the other officers, provided that the determination in Article 17 are complied with.

**§ 4)** The Board of Directors shall appoint one among the officers to cumulatively discharge the duties as Officer for Investors' Affairs.

**Article 17)** The Executive Board shall always, in the discharging of its management, representation, and administration powers, be subject to the conditions set forth in the following paragraphs.

**§ 1)** Individually, any of the acting officers may: **a)** withdraw, endorse to bank collection and settle trade notes; **b)** endorse checks and drafts, provided that for deposit in bank accounts maintained by the Company; **c)** sign lists of securities to be discounted, pledged, and collected; **d)** execute letters, tax and contribution payment forms, applications and petitions addressed to Federal, State and Municipal

Instrumentalities and Government Agencies, banks and institutions, in actions taken for the payment of taxes, fees and social contributions or administrative proceedings of any nature whatsoever; **e)** hire and dismiss employees, sellers, representatives and commercial agents; **f)** acquire, dispose of or charge assets belonging to the fixed assets, including real estates, provided that its individual value not exceeds one percent (1%) of the Company net worth reflected in the latest published Financial Statements for fiscal year; **g)** receive services of processes or summons for judicial or administrative proceedings.

**§ 2)** Jointly, any two (2) acting officers may: **a)** issue checks, authorize debts in bank accounts, execute credit agreements with bank and leasing entities with companies organized for such purpose; **b)** issue, accept, charge or dispose promissory notes and bills of exchange, provided that for bank draft or for guaranteeing liabilities assumed in credit and leasing agreements, and appoint attorneys-in-fact specially for such purposes; **c)** endorse any credit bonds, among them trade notes, promissory notes, bills of exchange and certificates of custody, except for checks; **d)** keep and withdraw from custody securities and other chattel; **e)** appoint attorneys-in-fact, granting them powers under the *ad judicium et extra* clauses, and powers for receiving summons, confessing, compromising, waiving, receive and give releases; **f)** execute agreements, including those for publication, sale or partnership with governmental and private bodies, and those for the rental of chattel and lease of real estates, or services; **g)** give guarantees to direct or indirect subsidiaries and guarantee to bonds under the responsibility of said companies; **h)** acquire, subscribe, dispose of and redeem fixed and floating income securities, among them shares and debentures, provided that not issued by the Company or any other company directly or indirectly controlled thereby, in compliance also with the provisions in § 4, subsection “e”.

**§ 3)** Together with the Chief Executive Officer, any of the acting officers may: **a)** endorse checks; **b)** appoint attorney-in-fact, granting him/her the powers vested therein; **c)** represent the Company with subsidiaries; **d)** acquire, dispose of or charge assets of the fixed assets, including real estates, provided that its individual value does not exceed twenty percent (20%) of the Company net worth reflected in the latest published Financial Statements for the fiscal year; **e)** execute agreements importing the charging of corporate assets in amount not to exceed twenty percent (20%) of the Company net worth reflected in the latest published Financial Statements for the fiscal year; **f)** grant guarantees to natural persons in the event it is destined to assure the lease of residential real estate intended to make feasible the settlement of a manager of the Company or a subsidiary thereof in a Municipality different from the domicile thereof, where a establishment the management of which he/she has been assigned.

**§ 4)** Together with the Chief Executive Officer, and upon the Board of Directors’ prior and express consent therefor, any of the acting officers may: **a)** acquire, dispose of, or charge shares and quotas in direct or indirect subsidiaries; **b)** acquire, dispose of, or charge assets of the fixed assets, including real estates, when their individual value exceeds twenty percent (20%) of the Company net worth reflected in the latest published Financial Statements for the fiscal year; **c)** execute agreements importing the charging of corporate assets in amount exceeding twenty percent (20%) of the Company net worth reflected in the latest published Financial Statements for the fiscal year,

without prejudice to other provisions in this Article; d) grant guarantees to natural persons, except for the cases provided for in the subsection “g”, of § 3, of this article, or to legal entities other than direct or indirect subsidiaries, and guarantee to bonds such people are liable for, provided that the Company is interested in such acts; e) cause the holding of interests by the Company, with the intention of acquiring sole or shared control, in any other company, upon acquisition or subscription of quotas or shares, and to cause the Company withdrawal from such companies; f) appoint attorney-in-fact granting him/her the powers vested therein; g) issue and accept other credit bonds, among them promissory notes and bills of exchange, provided that the qualification contained in subitem “b” of the paragraph 2 above is complied with.

**Article 18)** The Executive Board shall:

- I)** individualize the Officers’ compensation whenever the Stockholders’ General Meeting fix administrators’ compensation on an overall basis, and upon the Board of Directors has exercised the competence mentioned in Article 15, VIII, of these Bylaws;
- II)** decide upon the opening, maintenance, transfer and extinction of branches;
- III)** decide upon administrative matters, provided, if any, that the determinations of the Stockholders’ General Meeting and the Board of Directors are complied with.

**Article 19)** The Executive Board shall always meet with the presence of no less than three (3) officers, and provided that the meeting is convened by the Chief Executive Officer, who shall be responsible for determining the agenda, ruling the works and appointing the Secretary.

§ 1) Minutes for the meeting shall be drawn on proper book.

§ 2) Resolutions shall be taken by majority of votes of the Officers present, and in the event of equality, the vote of the Chief Executive Officer shall prevail.

#### **CHAPTER IV – Statutory Audit Committee.**

**Article 20)** The Statutory Audit Committee of the Company, formed by no less than three (3) and no more than five(5) members, and respective substitutes, shall be operative for the years it shall be installed upon resolution of the Stockholders’ General Meeting in the cases provided for by law.

§1) The Stockholders’ General Meeting resolving on the installation of the Statutory Audit Committee shall fix the number of its members, electing them and fixing their compensation.

§2) The members of the Statutory Audit Committee shall be installed in their offices upon execution of sheet drawn on proper book. The installation shall be conditioned to the signature of Consent Sheet for members of the Statutory Audit Committee, as provided for in the Level 2 Differentiated Corporate Governing Practices.

§ 3) The Internal Regulation of the Statutory Audit Committee shall be approved by the Stockholders’ General Meeting.

## **CHAPTER V – Stockholders’ General Meeting.**

**Article 21)** The Stockholders General Meeting shall ordinarily meet in the first four-month period upon the end of the fiscal year, and, on an extraordinarily basis, whenever the corporate interests so require, upon call under the law.

§ 1) The Stockholders’ General Meeting shall be ruled by the Chairman of the Board of Directors, Vice-Chairman acting as Chairman of the Board of Directors, or in the absence thereof, by stockholder appointed thereby. The Chairman of the Stockholders’ General Meeting shall choose one among those present to serve as a secretary and constitute the Meeting.

§ 2) Those attending the Meeting shall give evidences of their status of stockholder, and the holders of book-entry shares or shares under custody shall, under Article 41, of the Law n<sup>o</sup> 6.404/76, deposit with the Company, for such purpose, certificate issued by the depositary financial institution, as set forth in the call notice, unless the Chairman of the Meeting shall consider enough another verification means.

## **CHAPTER VI – Disposal of Stockholding Control , Cancellation of Record as Open Capital Company, and Discontinuance of Level 2 Differentiated Corporate Governing Practices.**

**Article 22)** The Disposal of the Company’s Stockholding Control both by means of a single operation and successive operations shall be contracted under condition precedent or resolutive condition that one taking over control undertakes to enter into a takeover bid for acquiring the shares of the other stockholders, provided that the terms and conditions set forth in the current laws and in the Level 2 Differentiated Corporate Governing Practices, and the monetary restatement provided for in § 5 hereafter are complied with, so as to assure equal treatment to the Disposing Controlling Stockholder, provided that the provisions in Article 24 are complied with.

§ 1) For the purposes of these Bylaws, the following capitalized expressions shall have the following meanings:

“Controlling Stockholder” means: (i) the stockholder holding the Company’s Control; (ii) the stockholders not bound by stockholders’ agreement, holding the Company’s Control; or (iii) the group of stockholders bound by a stockholders’ agreement or under common control, holding the Company’s Control.

“Disposing Controlling Stockholder” means the Controlling Stockholder when he/she causes the Disposal of the Company Control.

“Control Stock” means the group of shares directly or indirectly assuring to its (their) holders the individual and/or joint exercising of the Company’s Control.

“Outstanding Stock” means all shares issued by the Company, except for shares held by the Controlling Stockholder, affiliates, administrators of the Company, and those kept in treasury.

“Disposal of Company’s Control” means the transfer, to a third party, upon payment, of the Control Stock.

“Control” means the power actually used for directly or indirectly rule the corporate activities and guide the operation of the bodies of the Company, whether in fact or under the law. There is relative assumption of holding the control regarding the person(s) or group of persons bound by stockholders agreement or under common control (group of control), holding the stock that assured thereto the absolute majority of votes of the stockholders present at the last three Stockholders’ General Meetings, even though not holding the stock assuring them the absolute majority of the voting capital.

“Economic Value” means the value of the Company and its shares to be determined by specialized company availing of recognized methodology or based on other criterion to be determined by Comissão de Valores Mobiliários [a Brazilian financial body comparable to Securities Commission in the United States] (“CVM”).

§ 2) The negotiation of Control Stock among the Controlling Stockholder identified in the Level 2 Differentiated Corporate Governing Practices Agreement and his/her necessary heirs, and among such heirs, provided that they exercise the Company’s Control, even in the event it implies the consolidation of Control in only one stockholder, does not constitute Disposal of Control; therefore, no to give rise, therefore, to the obligation to enter into a takeover bid under the caption of this Article and the caption of Article 24 hereafter.

§ 3) In the event of the disposal of shares belonging to one or more stockholders holding the Control to third party(ies), the public tender offer provided for in the caption of this Article and in the caption of Article 24 hereafter shall only be required as of the disposal of the number of shares required to hold the Control by such third party(ies).

§ 4) The following situations shall not feature a Disposal of Control: a) the pay-up, with shares in the Company, of capital stock of company which, because of said pay-up, becomes a parent company of the Company and is controlled by the Controlling Stockholder; and b) reduction of the capital stock of said parent company, with devolution of shares, dissolution of such company, or even the split of such company, provided that the resulting companies, which the holding of shares of the common stock in the Company has been assigned to, are solely formed by the Controlling Stockholder.

§ 5) For the purposes of this Chapter, the restatement shall be made according to the following rules: a) the index to be used shall be the Price General Index – Market (“IGP-M”), ascertained and disclosed by Fundação Getúlio Vargas (“FGV”), or other to be a substitute therefor; b) in the event that the IGP-M for the month in course is not known, then the latest index disclosed shall be used; c) the restatement index shall be applied on a *pro rata die* basis; d) the restatement shall have as initial date the date of the payment made to the Disposing Controlling Stockholder for the acquisition of Control Stock, and, its final date shall be that of the payment, or payments, made on behalf of the remaining stockholders holding shares of the common and/or preferred stock; e) whenever the restatement is due, interests paid under the rate provided for by

the Official Savings Account shall also be due, not including therein the Reference Rate (“TR”) or index to be a substitute therefor.

**Article 23)** The public tender offer referred to in the precedent Article shall also be made:

**I)** in cases where there is assignment against payment of subscription rights of share and other securities or rights for securities convertible in shares, which shall result in the Disposal of the Company’s Control; and

**II)** in case of disposal of the control held by the Company’s Controlling Stockholder, in this case, with the Disposing Controlling Stockholder to be required to inform the São Paulo Stock Exchange (“BOVESPA”) the value assigned to the Company in such disposal and to attach supporting documentation therefor.

**Article 24)** The public tender offer to holders of shares of the common stock shall be made for a value of one hundred percent (100%) of the price paid for the Control Stock and the public tender offer to holders of shares of the preferred stock shall be made for a no less than a ninety percent (90%) of the value paid for the Control Stock.

**Sole §)** The amendment to this statutory clause with respect to the public tender offer to be made to the holders of shares of the preferred stock may only be resolved by the Stockholders’ General Meeting, upon prior consent of stockholders holding more than a half of the preferred met at special meeting.

**Article 25)** On already holding shares in the Company and who shall acquire the Control because of a share purchase agreement entered into with the Controlling Stockholder, involving any number of shares, shall be required to:

**I)** carry out the public tender offer referred to in Article 22 of these Bylaws; and

**II)** repay the shareholders from whom it acquired shares at stock exchange within six (6) months before the date of the Disposal of the Company Control, paying thereto the eventual difference between the price paid to the Disposing Controlling Stockholder and the price paid at the stock exchange for shares of the Company within that very period, with both values to be restated in accordance with § 5, of Article 22 above.

**Article 26)** The Company shall not register any transfer of shares to the buyer of Control or to stockholder(s) that shall hold the Control while it(they) have not signed the Consent Sheet for Controlling Stockholder as provided for in the Level 2 Differentiated Corporate Governing Practices, which shall immediately be sent to BOVESPA.

**Article 27)** No stockholders’ agreement providing for the exercising of Control may be registered at the Company’s headquarters without the signatories thereof signing the Consent Sheet for Controlling Stockholders, which shall immediately be sent to BOVESPA.

**Article 28)** In the public tender offer for acquisition of shares to be carried out for cancelling the Company record as open capital company, the minimum price to be offered shall correspond to the Economic Value ascertained through appraisal report.

**Article 29)** Should stockholders met at Extraordinary Stockholders' General Meeting resolve: (i) for the discontinuity of the Level 2 Differentiated Corporate Governing Practices for the Company shares start to be listed for negotiation out of the Level 2 guidelines; or (ii) for a corporate reorganization upon which the resulting company can longer be classified to fit the Level 2 Differentiated Corporate Governing Practices' standard, then the stockholder or group of stockholders holding the Company Control shall carry out the public tender offer for acquisition of shares belonging to the other stockholders of the Company, the minimal price to be offered shall correspond to the Economic Value ascertained at the appraisal report, provided that the legal and supplementary rules applicable are complied with.

**Article 30)** The appraisal report provided for in Articles 28 and 29 of these Bylaws shall be prepared by specialized firm with confirmed experience, and independent from the Company, its administrators and controlling parties, and the report shall also satisfy the requisites of paragraph 1, Article 8, of the Law n<sup>o</sup> 6.404/76, and contain the liability set forth in paragraph 6 of the same Article of the law.

§1) The choice of a specialized company responsible for determining the Economic Value of the Company shall be a liability of the Stockholders' General Meeting, from the submission, by the Board of Directors, of a three-option list, and the respective resolution, not computing the blank votes, and with each share, regardless of kind or class, and in compliance with the provisions in Article 6, IV, being entitled to one vote, be taken by a majority of votes of stockholders representing the Outstanding Stock, present at the Stockholders' General Meeting, which, provided that installed at first call, shall count on the presence of stockholders representing no less than twenty percent (20%) of the total Outstanding Stock, or, provided that it is installed upon second call, with presence of any number of stockholders representing the Outstanding Stock.

§ 2) The costs for preparation of the appraisal report required shall be fully paid by the offeror.

## **CHAPTER VII – Fiscal Year, Profits, Reserves and Dividends.**

**Article 31)** The fiscal year shall be ended on December 31 each year, when financial statements required by law or regulation shall be prepared.

**Article 32)** Accumulated losses and provision for income tax and social contribution shall be deducted from the result, and from the resulting value, up to ten percent (10%) shall be destined to the administrators' profit sharing, provided that, in that year, stockholders are assigned at least the obligatory dividend referred to in Article 34, "a", of these Bylaws.

**Article 33)** From the net profit of the year, corresponding to the result after the deductions and profit sharing provided for in Article 32 of these Bylaws, five percent (5%) shall be destined to statutory reserve, while the legal limit is not reached.

**Article 34)** Except for the hypothesis provided for in Article 202, § 4, of the Law n<sup>o</sup> 6.404/76, stockholders shall be assured the obligatory dividend corresponding to:

- a) 25% of the net profit for the year, adjusted under Article 202, of Law n<sup>o</sup> 6.404/76, with wording given by the Law n<sup>o</sup> 10.303/01; plus
- b) the balance of the net profit for the year, if any, remaining upon the destinations mentioned in Articles 193 to 197, of the Law n<sup>o</sup> 6.404/76, with wording given by the Law n<sup>o</sup> 10.303/01, provided that the Articles 33 and 35 of these Bylaws are complied with.

**Article 35)** Provided that the obligatory dividend mentioned in Article 34, “a”, of these Bylaws, is assured, the balance of the net profit obtained for the year, if any, may be destined by the Stockholders’ General Meeting to the following reserves:

- a) reserve to future capital increase destined to ensure the capitalization of the Company, which shall not exceed, in any year whatsoever, the paid-in capital stock;
- b) contingency reserve, under Article 195, of the Law n<sup>o</sup> 6.404/76;
- c) reserve of retained earnings, according to the budget approved by the Stockholders’ General Meeting, which may not exceed, in any year whatsoever, the paid-in capital stock;
- d) reserve of payable profits, under Article 197, of the Law n<sup>o</sup> 6.404/76, with the wording given by the Law n<sup>o</sup> 10.303/01.

**Article 36)** At discretion of the Board of Directors, the Company may pay or credit to the stockholders, whether partially or as a whole, the amount corresponding to interests on own capital calculated according to the laws in force, up to the amount that would result from the application of the Long Term Interest Rate (“TJLP”) on a *pro rata die* basis for the corresponding period.

**Sole §)** Interests on own capital, provided that paid or credited to the stockholders, shall be imputed, by the net amount of the income tax, to obligatory dividends.

**Article 37)** Dividends and the interests on own capital shall be paid upon deposit in bank account on the stockholder’s name, and designated thereby, except in the case that he/she, upon a ten (10)-business day prior notice, has requested, in writing, that they are paid at the Company’s treasury, through nominative check.

**Article 38)** The Company may not, unless it is authorized by a majority of votes at a special Stockholders General Meeting of stockholders holding shares of the preferred stock, retain, for more than four successive quarters, cash equivalents in amount over twenty-five percent (25%) of its total assets, provided that its economical and financial condition so allows.

**§ 1)** For purposes of this provision application: a) values corresponding to the last day of each quarter shall be considered, according to the balance sheet surveyed on the respective dates; and b) the cash equivalents shall correspond to the sum of amounts registered under the rubrics “cash and banks” and “financial applications”, deducting the sum of the amounts entered under the rubrics “loans and financings” of the current liabilities and “loans and financings” of the long term liabilities.

§ 2) From amounts that, at each quarter, exceed retaining percentage for cash equivalents provided for in this Article, the value corresponding to the quarter having lowest retention surplus shall be distributed as dividend, or paid as interest on own capital, deducting from said surplus the dividends or interests on own capital already declared and not paid.

§ 3) Provided that the hypothesis provided for in the precedent paragraph is verified, then the statutory clause expressed in this article shall only be applied again as from the four quarters promptly following the last of the quarters involved in the ascertainment of retention surplus.

§ 4) The distribution of dividends, or the payment of interests on own capital shall be made within the fiscal year promptly upon the last of the quarters involved in the ascertainment of the retention surplus.

§ 5) The Company may not, unless it is authorized therefor for more than a half of stockholders holding preferred stock, to organize a subsidiary with the sole purpose of administrating its own funds.

§ 6) The amendment to this statutory clause may only be resolved by Stockholders General Meeting upon the prior approval of stockholders holding more than a half of the preferred stock, gathered in Special Stockholders' General Meeting.

#### **CHAPTER VIII – Arbitration.**

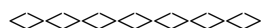
**Article 39)** The Company, its stockholders, administrators, and the members of the Statutory Audit Committee undertake to resolve through arbitration, under BOVESPA's Regulation of the Chamber for Market Arbitrations (hereinafter referred to as "Arbitration Regulation") any and all dispute or controversy that may arise among them, specially related to or resulting from the application, validity, effectiveness, construction, breach and its effects of the provisions contained in the Law n<sup>o</sup> 6.404/76, in the Company's Bylaws, in the rules published by the Brazilian National Monetary Council, Banco Central do Brasil, and CVM, in addition to further norms applicable to the operation of the capital market in general, and in the other rules applicable to the operation of general capital markets, further to those contained in the Level 2 Differentiated Corporate Governing Practices, the Agreement for Adherence to the Level 2 Differentiated Corporate Governing Practices, and the Arbitration Regulation.

**Sole §)** The Brazilian law shall be the only applicable to the merit of any and all dispute, as well as to the execution, construction and validity of this clause. The arbitration proceeding shall be held in the City of São Paulo, State of São Paulo, place where the award shall be issued. The arbitration shall be governed by the very Chamber for Market Arbitrations, to be conducted and judged according to the relevant provisions of the Arbitration Regulation.

## CHAPTER IX – General.

**Article 40)** The Company may be dissolved and liquidated in the cases and as provided for law.

**Article 41)** *Casus omissus* in these Bylaws shall be regulated by the legal provisions in force, applicable to the kind.



### **6. RESOLUTIONS OF THE ORDINARY STOCKHOLDERS' GENERAL MEETING:**

**6.1.** The administration report and the financial statements accompanied by the independent auditors' opinion for the fiscal year ended on December 31, 2008 were approved without qualifications.

**6.2.** The administrators' profit sharing on the profit of the year, amounting R\$ 3,955,942.31 (three million, nine hundred and fifty-five thousand, nine hundred and forty-two Brazilian *Reais*, and thirty-one cents) to be distributed among them on 04/30/2009 was approved, in accordance with the resolutions to be adopted at meetings of the Board of Directors and the Executive Board.

**6.3.** The destination of five percent (5%) of the net profit, that is, R\$ 3,601,653.42 (three million, six hundred and one thousand, six hundred and fifty-three Brazilian *Reais*, and forty-two cents) to the statutory reserve was approved. The compensation of own capital, the payment of which was imputed to the obligatory dividend, was approved according to the conditions approved by the Board of Directors at meeting held on 01/28/2009, in the amount of R\$ 17,785,372.41 (seventeen million, seven hundred and eighty-five thousand, three hundred and seventy-two Brazilian *Reais*, and forty-one cents), corresponding to the gross value of R\$ 0.63000841 per share, to be taxed according to the laws in force. In order to complete the minimum obligatory dividend, the destination of R\$ 1,990,297.76 (one million, nine hundred and ninety thousand, two hundred and ninety-seven Brazilian *Reais*, and seventy-six cents) as dividends was approved, corresponding to the value of R\$ 0.07050200 per share. Thus, the total gross value of the compensation to stockholders shall be of R\$ 19,775,670.17 (nineteen million, seven hundred and seventy-five thousand, six hundred and seventy Brazilian *Reais*, and seventeen cents), corresponding to the gross value of R\$ 0.70051041 per share. The transfer of the remaining net profit, that is, R\$ 48,655,744.79 (forty-eight million, six hundred and fifty-five thousand, seven hundred and forty-four Brazilian *Reais*, and seventy-nine cents) to the reserve to future capital increase was approved.

**6.4.** The date for the payment of compensation on own capital and dividends was fixed, under item 6.3 above, and it shall be made as of 04/30/2009.

**6.5.** Elected, for a one-year term of office, until the Ordinary Stockholders' General Meeting ("A.G.O.") to be held on 2010, to the Board of Directors, upon the unanimous vote of stockholders present, holding shares of the common stock, **Jorge Eduardo Saraiva**, a Brazilian citizen, judicially separated, businessman, bearer of the Brazilian

Identification Card (“RG”) nº 2.517.633, Public Security Department of the State of São Paulo (“SSP/SP”), registered with the Brazilian Treasury Department as an Individual Taxpayer (“CPF”) under number 516.543.778-72; **Ruy Mendes Gonçalves**, a Brazilian citizen, separated, economist, bearer of the Brazilian Identification Card (“RG”) nº 1.602.183, issued by the Public Security Department of the State of São Paulo (“SSP/SP”), registered with the Brazilian Treasury Department as an Individual Taxpayer (“CPF”) under number 069.082.418-15, **Jorge Saraiva Neto**, a Brazilian citizen, single, student, bearer of the Brazilian Identification Card (“RG”) nº 34.906.000-9, issued by the Public Security Department of the State of São Paulo (“SSP/SP”), registered with the Brazilian Treasury Department as an Individual Taxpayer (“CPF”) under number 330.515.258-39, and **Maria Cecília Saraiva Mendes Gonçalves**, a Brazilian citizen, married, businesswoman, bearer of the Brazilian Identification Card (“RG”) nº 12.208.813-X, issued by the Public Security Department of the State of São Paulo (“SSP/SP”), registered with the Brazilian Treasury Department as an Individual Taxpayer (“CPF”) under number 173.319.848-29, all domiciled in this Capital, at Rua [Street] Henrique Schaumann, nº 270, 5º andar [5<sup>th</sup> floor], Cerqueira César [District], City of São Paulo / SP [State of São Paulo] [Brazil]. Elected by a separate voting proceeding as provided for in Article 141, § 4, II, of the Law nº 6.404/76, for a one-year term of office, until the Ordinary Stockholders’ General Meeting (“A.G.O.”) to be held on 2010, to discharge functions as independent member of the Board of Directors, upon the unanimous vote of stockholders present holding preferred stock, **Ricardo Reisen de Pinho**, a Brazilian citizen, married, engineer, bearer of the Brazilian Identification Card (“RG”) nº 04.696.183-5, issued by the Instituto Félix Pacheco [Félix Pacheco Institute] / Rio de Janeiro (“IFP/RJ”), registered with the Brazilian Treasury Department as an Individual Taxpayer (“CPF”) under number 855.027.907-20, domiciled at Rua [Street] Mariana Correa, nº 522, Jardim Paulistano [District], São Paulo [City] / SP [State of São Paulo]. The amount of R\$ 250,000.00 (two hundred and fifty thousand Brazilian *Reais*) was determined as limit for the monthly overall compensation as of 05/01/2009, to be distributed among the directors, pursuant to the resolution to be adopted at meeting of said body. The amount of R\$ 400,000.00 (four hundred thousand Brazilian *Reais*) was also established as limit for the monthly global overall compensation of the Executive Board, as of 04/01/2009, to be distributed among the Officers according to decision to be taken at meeting of the Executive Board. Promptly following, the members of the Board of Directors were installed in their offices, and the relevant installation sheet was drawn on the book of minutes of meetings of said body. The Meeting proceeded with the election of the Chairman and the Vice-Chairman of the Board of Directors, with the election, upon the unanimous vote of those present, as **Chairman of the Board of Directors**, Mr. **Jorge Eduardo Saraiva**, qualified above, and as **Vice-Chairman**, Mr. **Ruy Mendes Gonçalves**, likewise qualified above. The members of the Board of Directors caused, in the sequence, the election of the officers for a one-year term of office, until the Ordinary Stockholders’ General Meeting (“A.G.O.”) to be held in 2010, informing the Meeting of the choice, with the election of: **Chief Executive Officer**, **José Luiz Machado Alvim de Próspero**, Brazilian citizen, married, business administrator, bearer of the Brazilian Identification Card (“RG”) nº 5.692.531, issued by the Public Security Department of the State of São Paulo (“SSP/SP”), registered with the Brazilian Treasury Department as an Individual Taxpayer (“CPF”) under number 756.712.398-34; **Chief Financial Officer**, **João Luís Ramos Hopp**, a Brazilian citizen, married, civil engineer, bearer of

the Brazilian Identification Card (“RG”) nº 8.570.559-7, issued by the Public Security Department of the State of São Paulo (“SSP/SP”), registered with the Brazilian Treasury Department as an Individual Taxpayer (“CPF”) under number 082.070.288–90, who is assigned the function of officer for investors’ affairs; **Chief Sales Officer, Nilson Lepera**, a Brazilian citizen, economist, judicially separated, bearer of the Brazilian Identification Card (“RG”) nº 4.381.720, issued by the Public Security Department of the State of São Paulo (“SSP/SP”), registered with the Brazilian Treasury Department as an Individual Taxpayer (“CPF”) under no. 537.346.708-10; **Chief Legal Editorial Officer, Antônio Luiz de Toledo Pinto**, a Brazilian citizen, married, lawyer, bearer of the Brazilian Identification Card (“RG”) nº 2.018.580, issued by the Public Security Department of the State of São Paulo (“SSP/SP”), registered with the Brazilian Treasury Department as an Individual Taxpayer (“CPF”) under no. 272.712.008-78; **Chief Officer for Human Resources, Sônia Regina Alves dos Santos**, a Brazilian citizen, single, psychologist, bearer of the Brazilian Identification Card (“RG”) nº 13.073.889, issued by the Public Security Department of the State of São Paulo (“SSP/SP”), registered with the Brazilian Treasury Department as an Individual Taxpayer (“CPF”) under number 013.934.748-88; **Chief Officer for Educational Systems, José Arnaldo Favaretto**, a Brazilian citizen, married, businessman, bearer of the Brazilian Identification Card (“RG”) nº 8.823.631, issued by the Public Security Department of the State of São Paulo (“SSP/SP”), registered with the Brazilian Treasury Department as an Individual Taxpayer (“CPF”) under number 032.582.578-50; **Officer with no special designation, Marcílio D’Amico Pousada**, a Brazilian citizen, married, business administrator, bearer of the Brazilian Identification Card (“RG”) nº 15.139.490, issued by the Public Security Department of the State of São Paulo (“SSP/SP”), registered with the Brazilian Treasury Department as an Individual Taxpayer (“CPF”) under number 066.548.318-02, all domiciled at Rua [Street] Henrique Schaumann, nº 270, Cerqueira César [District], São Paulo [City] / SP [State of São Paulo] [Brazil].

**6.6.** The installation of the Statutory Audit Committee was dispensed for the year.

**7. VOTING:** All resolutions were taken upon the unanimous vote of stockholders present, holding voting rights for the corresponding voting, and abstaining from voting in the relevant matters they were hindered by law.

**8. MOTIONS AND DOCUMENTS:** The Administration motions for resolutions taken at Meetings are included in the financial statements, the administration report, and the call notices published, and on the book of minutes of the Board of Directors. Motions submitted in writing to the Extraordinary and Ordinary Stockholders’ General Meetings (“A.G.E./O.”) by stockholders were validated by the meeting and filed with the Company. Preferential stockholders Royce Capital Fund Micro-cap Portfolio and Royce Micro-cap Fund voted against resolution 6.5 (election of member of the Board of Directors, appointed by the majority of the stockholders representing the preferred stock), according to dissenting vote validated by the meeting and filed together with the documents regarding this Meeting.

**9. APPROVAL OF THE MINUTES:** These minutes, written according to the form established by the article 130, § 1 of the Law nº 6.404/76, were read, approved and transcribed on proper book, being signed by the stockholders present, which authorized

its publication with the omission of their signatures. **São Paulo, April 23, 2009.** Ruy Mendes Gonçalves – Secretary.

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## 19.01 - RANK IN THE COMPETING PROCESS

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Subsidiary / Affiliate: SARAIVA E SICILIANO S/A

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The Bookstore is the largest bookstore network of the country in income. Reference in the trade of books, the Bookstore introduced in Brazil the concept of Mega Store, and was one of the pioneers in electronic commerce in Brazil. With a network of 89 owned stores and 10 franchise stores distributed in 15 important Brazilian cities, with 23 Mega Stores and 66 Traditional Stores, the Bookstore counts on a total sale area of 41.3 thousand m<sup>2</sup>. In 2008, annual sales were approximately R\$ 13.3 thousand per m<sup>2</sup>. The Average Shop Voucher in relation to the gross income in 2008 was R\$ 82.44, with 13% growth in relation to 2007.

Bookstore sales are made through (a) Mega Stores having sales areas from 370 m<sup>2</sup> to 1,800 m<sup>2</sup>, and offer 80 thousand registered items (Sku's) in the book, CD, DVD, periodical, multimedia software, stationery items, electronic items, and educational toys, (b) Traditional Stores, having sales areas from 110m<sup>2</sup> to 630m<sup>2</sup>, and offer up to 32 thousand registered items (Sku's), among which books and stationery items, and (c) electronic commerce, through Saraiva.com website, which has more than 159 thousand registered products (Sku's) in 10 different classes: books, CDs, DVDs, stationery, computing, electro-electronic items, electronic games, software, toys, and magazines.

Our main competitors for Physical Stores are the following: Livraria Cultura, Livraria Sodiler, Livraria Nobel, Livraria Laselva, FNAC, among others.

Through out Saraiva.com business unit, we are one of the leaders in the market of electronic commerce of books. In cyber operations our main competitors are: FNAC, Livraria Cultura, Submarino, and Lojas Americanas.

The cyber market is an extremely competitive one; notwithstanding it has had important growth rates in the latest years. We intend to diversify our current line of products on Internet, which currently has the book as mainspring, using the potentialities the Brazilian online market still offers as regards growth in the next years. By the end of 2004 and during year 2005, Saraiva.com tested the "portable electronic" class, and, punctually, the electrical appliances, the latter in partnership with suppliers. On December 31, 2008, the electronic and computing class answered for 19.7% of the annual income of the Bookstore.

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## 19.03 - RAW MATERIALS AND SUPPLIERS

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Subsidiary / Affiliate: SARAIVA E SICILIANO S/A

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### Products

We trade, at the Bookstore, through our Traditional Stores, Mega Stores, and Saraiva.com website: books, CDs, DVDs, periodicals, multimedia software, stationery items, toys, computing items, electro-electronic items, electronic games, software, telephony and magazines.

### Suppliers

The main suppliers for books, stationery items, and audio and video products for resale are Editora Saraiva, Elsevier, Atlas, Moderna, Rocco, Schwarcz, Ática, FTD, Nova Fronteira, Catavento, Revistas dos Tribunais, Objetiva, Microservice, Videolar, Warner Music, Eletronic Art, Inran, and Sony Music. None of the suppliers answer for more than 10% of our total purchase. About 4.8% of the volume of the Bookstore's purchases is made with the Publishing House.

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#### 19.04 - MAIN CUSTOMERS PER PRODUCTS AND/OR SERVICES

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Subsidiary / Affiliate: SARAIVA E SICILIANO S/A

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Our customers' base is formed by a wide and diversified public, which seeks at our stores and website, for leisure, culture, and entertainment.

We receive approximately 35 million visits per year at our 89 Physical Stores, which give rise to 8.7 million business transactions.

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## 19.05 - INTERCOMPANY TRANSACTIONS

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Subsidiary / Affiliate: SARAIVA E SICILIANO S/A

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The Bookstore acquires books from Editora Saraiva. About 4.8% of its purchase volume is made with the Publishing House. There is not any supply agreement formally entered into by and between the Publishing House and the Bookstore, but transactions are conducted at arm's length.