

BYLAWS

SARAIVA S/A LIVREIROS EDITORES

CNPJ/MF 60.500.139/0001-26

CHAPTER I - Name, Head Office, Company Purpose and Duration.

Art. 1) Saraiva S.A. Livreiros Editores is a publicly held corporation governed by these Bylaws and by the legislation in force in the country.

Sole paragraph) The Company, which originally adopted the name "Saraiva & Cia.", was constituted by articles of association filed in the Board of Trade of the State of Sao Paulo, under no. 41.411, during the session held on 01/24/1933, converted into a corporation, on 10/15/1947, through the deed filed in the Board of Trade of the State of Sao Paulo, under no. 34.497, during the session held on 10/21/1947.

Art. 2) The Company's head office and jurisdiction is located at Av. Marquês de São Vicente, no. 1697, Barra Funda, CEP [Zip Code] 01139-904, in the City of Sao Paulo - SP, Federative Republic of Brazil.

Sole paragraph) At the discretion of the Administration, the Company may open, maintain, transfer and close branches in any part of the national territory and abroad.

Art. 3) The purpose of the Company is:

I) the edition, manufacture and commercialization of books and publications in general;

II) the purchase and sale of stationery, offices utensils and materials, school products, toys and the like, CD-ROMs, audio and video recordings, electronic equipment, computers and their programs, products and equipment for photography, as well as the photographic material processing service, in addition to food services;

III) the organization, systemization, reception and transmission, as well as filing of data, information, and texts, and the commercialization thereof in the country and Abroad, especially through electric, electronic, optical and magnetic transmission, as well as the trade of the equipment, accessories, and components necessary to the use of said products, in addition to the creation of other related programs;

IV) the importation and exportation of the products and services that are part of its company purpose, registering the same, for this purpose, with the

competent agencies, the Brazilian Central Bank and other regulatory agencies of Foreign Trade;

V) holding interest in other companies as partner, shareholder or quotaholder.

Art. 4) The Company shall have an indefinite duration.

CHAPTER II - Capital and Shares.

Art. 5) The company capital is R\$ 81,774,184.00 (eighty-one million, seven hundred and seventy-four thousand, one hundred and eighty-four Brazilian Reais), fully paid in and divided into 25,596,123 (twenty-five million, five hundred and ninety-six thousand, one hundred and twenty-three) shares, with no par value, of which 9,622,313 (nine million, six hundred and twenty-two thousand, three hundred and thirteen) are common and 15,973,810 (fifteen million, nine hundred and seventy-three thousand, eight hundred and ten) are preferred.

Paragraph 1) The following are the rights and advantages ensured to the shareholders that hold the Company's preferred shares:

- a) limited voting right, as described in article 6 below;
- b) right to sell preferred shares in the hypothesis of Disposition of Control of the Company, pursuant to Chapter VI of these Bylaws;
- c) dividends equivalent to those assigned to the common shares;
- d) participation in the distribution of the bonus shares resulting from the capitalization of reserves, accumulated profits and any other funds, under the same conditions as the shareholders that hold common shares.

Paragraph 2) Converting common shares into preferred shares and vice versa is prohibited.

Art. 6) The Company's preferred shares, the number of which may correspond, pursuant to article 8, paragraph 1, III, of Law no. 10.303/01, to up to 2/3 (two-thirds) of the total shares issued, give their holders the right to vote on the following matters:

- I)** transformation, incorporation, merger or split of the Company;
- II)** approval of contracts between the Company and the Controlling Shareholder (as defined in paragraph one of article 22 of these Bylaws), directly or through third parties, as well as other companies in which the Controlling Shareholder holds interest, whenever, by force of a legal or statutory provision, deliberated in a General Meeting;
- III)** evaluation of assets intended to be used to pay in an increase in the Company's capital;

- IV) selection of a specialized institution or company to determine the Economic Value of the Company, in the hypotheses established in articles 28 and 29 of these Bylaws;
- V) alteration or modification of statutory provisions that alter or modify any of the following provisions:
 - a) the compliance with what is set forth in Chapter VI of these Bylaws;
 - b) the observance, in the election of the Board of Directors, of the unified term of no more than 2 (two) years, and of the other provisions concerning the Board of Directors and the Audit Committee contained in the Level 2 Differentiated Corporate Governance Practices Regulation;
 - c) the compliance with what is set forth in Chapter VIII of these Bylaws;
 - d) any of the rights established in article 5, paragraph 1, and in article 6, I through IV, of these Bylaws.

Sole paragraph) The right to vote set forth in subparagraph V of this article shall survive while the Agreement to Adopt the Level 2 Differentiated Corporate Governance Practices is in effect.

Art. 7) A capital increase which implies an increase in the number of preferred shares in disproportion with the types and classes of shares existing at that time is hereby authorized.

Art. 8) The Company is authorized to increase its capital, by issuing new shares for subscription, through a resolution of the Board of Directors and regardless of a reform in its by-laws, up to 4,000,000 (four million) shares, even if the ratio existing among the various types or classes of shares is not observed. Of this total, up to 500,000 (five hundred thousand) shares may be designated for purchase options, pursuant to paragraph 3 below.

Paragraph 1) The Board of Directors shall set the issuance and subscription conditions, including the price and pay-in deadline, as well as the period and manner in which the preemptive right of the shareholders should be exercised.

Paragraph 2) The Company may, upon resolution of the Board of Directors, issue, within the limit of the authorized capital, shares to be sold on the stock exchange or by public subscription, or by exchanging shares in a public offering for the acquisition of control, pursuant to articles 257 through 263 of Law No. 6404/76, without assigning the preemptive right to the former shareholders or establishing a deadline shorter than that referenced in article 171, paragraph 4, of Law no. 6.404/76, for said right to be exercised.

Paragraph 3) The Company may, within the limit of the authorized capital, give its administrators or employees, or the individuals that

render services thereto or a subsidiary, the option to purchase shares, in accordance with a plan approved by the General Assembly.

Paragraph 4) The resolutions of the Board of Directors mentioned in this article must observe the quorum defined at the end of paragraph 3 of article 14 below.

Art. 9) The Company shares are in book entry form and shall remain in deposit accounts in a financial institution chosen by the Board of Directors, in the name of their holders.

Paragraph 1) The financial institution that is the trustee of the shares may charge the shareholders for the costs of the services for transferring ownership of the book entry shares, pursuant to paragraph 3 of article 35 of Law 6404/76.

Paragraph 2) By resolution of the Board of Directors and by notifying the stock exchange on which its shares are traded, the Company may suspend the share transfer services for periods that do not exceed fifteen days each or a total of ninety days in one year.

Art. 10) With the exception of the hypotheses in article 8, paragraphs 2 and 3 of these Bylaws, the shareholders will have preference in subscribing shares issued as a result of a capital increase, proportional to the number of shares held thereby at that time.

Sole paragraph) The period in which to exercise the preemptive right always lapses and shall be thirty (30) days, unless **a)** a longer period is established by the General Assembly or by the Board of Directors, whichever the case may be; or **b)** in the hypothesis of article 8, paragraph 2, *in fine*, of these Bylaws.

Art. 11) Each common share corresponds to one vote in the resolutions adopted in the General Meetings.

CHAPTER III - Administration.

Art. 12) The Company will be administered by the Board of Directors and by the Administration.

Paragraph 1) The salaries of the members of the Board of Directors and the Administration shall be fixed in the General Meeting, which may fix only the overall limit or individualize them to one or more administrators.

Paragraph 2) The administrators are granted the right to share up to 10% (ten percent) of the fiscal year profits, pursuant to the provisions of the bylaws and article 152 of Law no. 6.404/76.

Paragraph 3) The overall value of the profit sharing in each fiscal year shall be approved in the Normal General Meeting in the vote on the profit distribution, observing, in the distribution between the administrative bodies and individualization by administrator, what is set forth in articles 15, VIII, and 18, I, of these Bylaws.

Art. 13) The Board of Directors is the collective deliberative body and shall be composed of at least 5 (five) and no more than 7 (seven) members, named Board Members, all shareholders, resident in the Country and elected in the General Meeting, with a term of 1 (one) year and the right to successive reelections.

Paragraph 1) As of the 2006 Normal General Meeting, at least 20% (twenty percent) of the Board Members must be independent, or rather, each of them must satisfy the following: (i) not have any ties with the Company, except for interest in the capital; (ii) not be Controlling Shareholder (as defined in article 22, below), spouse or second degree relative thereof or be or have been, in the last 3 (three) years, associated with the company or entity related to the Controlling Shareholder (people associated with public teaching and/or research institutions are excluded from the restriction); (iii) not have been, in the last 3 (three) years, employee or director of the Company, of the Controlling Shareholder or of a company controlled by the Company; (iv) not be a direct or indirect supplier or buyer of the Company's services and/or products, to the extent that it results in a loss of independence; (v) not be an employee or administrator of a company or entity that is offering or ordering service and/or products from the Company; (vi) not be the spouse or second degree relative of an administrator of the Company; (vii) not receive a salary from the Company other than that of Board Member (cash earnings from interest in the capital are excluded from the restriction).

Paragraph 2) When, as a consequence of observing the percentage mentioned in the preceding paragraph, the number of members of the Board of Directors results in a fraction, the number shall be rounded (i) up to the immediate whole number, when the fraction is equal to or higher than 0.5 (five-tenths); or (ii) down to the immediate whole number, when the fraction is lower than 0.5 (five-tenths).

Paragraph 3) The members of the Board of Directors shall be installed in office by signature of a deed drawn up in the appropriate book. The members of the Board of Directors must remain in office and continue to exercise their duties until their substitutes are elected, unless otherwise resolved by the General Assembly. The installment shall be contingent upon the

signature of the Administrators' Consent Agreement, as set forth in the Level 2 Differentiated Corporate Governance Practices Regulation.

Art. 14) The Chairman and Vice-Chairman of the Board of Directors shall be selected by the General Assembly.

Paragraph 1) The Chairman of the Board of Directors is responsible for calling and presiding over the meetings of said body, and the Vice-Chairman is responsible for replacing the Chairman in any impediments or absences thereof.

Paragraph 2) In the case of vacancy of the position of or temporary impediment of the Board Member, the substitute shall be appointed by the remaining Board Members until the first General Meeting, in which a decision shall be made with regard to said matter.

Paragraph 3) The Board of Directors shall meet whenever necessary, with the attendance of at least 3 (three) of its members, with resolutions adopted by majority vote, except when they concern the matters contemplated in article 8 of these Bylaws, in which case the Board shall only adopt a resolution with the favorable vote of at least 4 (four) Board Members, among which shall be the Chairman of the Board of Directors.

Paragraph 4) In the event of a tie in the deliberations of the Board of Directors, the Chairman, or Vice-Chairman acting as Chairman, shall have the quality vote, with the exception of what is set forth in the previous paragraph.

Paragraph 5) The respective minutes of the meetings held shall be prepared by one of the members of the Board appointed by the Chairman, as well as drawn up in the proper books and signed by those present. Furthermore, said minutes shall be published in the cases required by law.

Art. 15) The Board of Directors is responsible for:

- I) establishing the general Company business guidelines;
- II) electing and dismissing Company officers, with the authority to assign duties thereto, pursuant to the norms established in article 17 of these Bylaws;
- III) monitoring the conduct of the officers, examining the Company's books and documents periodically, requesting information regarding contracts and other acts related to the company business;
- IV) calling the General Meetings, pursuant to the legal norms and norms set forth herein;
- V) authorizing the Administration to dispose of property from the fixed assets, encumber company assets and offer guarantees for third party

obligations. Said authorization is not necessary in the cases stipulated in article 17, paragraph 1, "f", paragraph 2, "b" and paragraph 3, "e" and "f" hereof;

- VI)** authorizing the acquisition, disposal, cancellation or continuance in treasury of shares issued by the Company;
- VII)** selecting and dismissing independent auditors;
- VIII)** defining, when the General Assembly establishes the overall salary of the administrators, the portion corresponding to the Administration and that corresponding to the Board of Directors, as well as individualizing it for the members of the latter.

Art. 16) The Administration is vested with the broadest powers to manage, represent and administer the Company, necessary to fully carry out the company purpose, pursuant to the rules of article 17 and the duties assigned by the Board of Directors under the terms of article 15 of these Bylaws, in that order.

Paragraph 1) The Administration shall be composed of 6 (six) members, be they shareholders or not, resident in the country, named as follows: Chief Executive Officer, Administrative Officer, Financial Officer Electronic Publications Officer, Legal Editorial Officer and Human Resources Officer, all elected by the Board of Directors, with a term of 1 (one) year and the right to successive reelections. The installment of the Officers shall be contingent upon the signature of the Administrators' Consent Agreement, as set forth in the Level 2 Differentiated Corporate Governance Practices Regulation.

Paragraph 2) Upon temporary absences or impediments of officers, the Board of Directors may distribute the duties of the absent or impeded officer among the other officers, but complying with the provisions of article 17.

Paragraph 3) In the event of the permanent absence or impediment of any officer, the Board of Directors shall decide on the matter and either appoint the substitute to complete remaining term of the substituted officer or keep the office vacant, thus distributing the functions of the absent or impeded officer among the other officers, pursuant to the provisions of article 17.

Paragraph 4) The Board of Directors shall appoint one of the officers to simultaneously exercise the office of Investor Relations Officer.

Art. 17) The Administration shall always subject to the conditions set forth in the following paragraphs when exercising its powers of management, representation and administration.

Paragraph 1) Any of the acting officers may individually: a) withdraw, endorse for bank collection and settle trade bills; b) endorse checks and payment orders exclusively for deposits in checking accounts of the Company; c) sign list of securities for discount, pledge and collection; d) sign correspondences, tax and contribution payment forms, requests and petitions sent to Federal, State and Municipal Public Agencies and Independent Agencies, banks and institutions, in correspondences for paying taxes, fees and social contributions or administrative proceedings of any kind; e) hire and fire employees, salespeople, representatives and commercial agents; f) acquire, dispose of or encumber property from the permanent assets, including real estate property, provided that the individual value thereof does not exceed 1% (one percent) of the net equity of the Company, pursuant to the last Financial Statements of fiscal years published; g) receive summons or notices in legal or administrative proceedings.

Paragraph 2) Any 2 (two) acting officers may jointly: a) issue checks, authorize debits in banking accounts, sign loan agreements with banking entities, as well as commercial leasing agreements with companies constituted for such purpose; b) issue, accept, encumber or dispose of promissory notes and bills of exchange, provided that it is for banking discounts or offering guarantees for obligations assumed in loan and commercial leasing agreements, as well as appoint attorneys in fact specifically for said purpose; c) endorse any credit instruments, with trade bills, promissory notes, bills of exchange, and certificates of custody among them, with the exception of checks; d) provide custody for securities and moveable personal property, as well as removing the same from custody; e) appoint attorneys in fact, vesting them with the powers of the *ad-judicia et extra* clause, as well as the powers to receive summons, acknowledge, compromise, give up, receive and give release; f) sign agreements, including those for publication, sale or association with government and private bodies, and those for leasing goods and properties, or for services; g) offer sureties to directly or indirectly controlled companies, as well as co-sign instruments of liability of said companies; h) acquire, subscribe, dispose of and redeem fixed and variable income securities, with shares and debentures among them, provided that they are not issued by the Company or any other company directly or indirectly controlled by it, respecting what is set forth in paragraph 4, subparagraph "e".

Paragraph 3) When acting with the Chief Executive Officer or the Administrative Officer, any of the acting officers may: a) accept trade bills; b) endorse checks; c) appoint attorneys in fact, granting them the powers with which they are vested; d) represent the Company before controlled companies; e) acquire, dispose of or encumber property from the permanent assets, including real estate property, provided that the individual amount thereof does not exceed 20% (twenty percent) of the net equity of the Company, pursuant to the last Financial Statements of the fiscal years published; f) sign agreements that require the encumbrance of company assets, in an amount that does not exceed 20% (twenty percent) of the net equity of the Company, pursuant to the last Financial Statements of the fiscal years published; g) offer surety to an

individual when used to guarantee the leasing of a residential property in order to allow the a manager of the Company or of a company controlled thereby, to be set up in a city other than the domicile thereof, in which the establishment for such management has been appointed.

Paragraph 4) When acting with the Chief Executive Officer or the Administrative Officer, and with prior and express authorization from the Board of Directors, any of the acting officers may: a) acquire, dispose of or encumber shares and quotas of directly or indirectly controlled companies; b) acquire, dispose of or encumber property from the permanent assets, including real estate properties, when the individual value thereof exceeds 20% (twenty percent) of the net equity of the Company, pursuant to the last Financial Statements of the fiscal years published; c) sign agreements that require the encumbrance of company assets, in an amount exceeding 20% (twenty percent) of the net equity of the Company, pursuant to the last Financial Statements of the fiscal years published, without affecting the other provisions of this article; d) offer sureties to individuals, with the exception of the cases provided in subparagraph "g" of paragraph 3 of this article, or to legal entities other than directly or indirectly controlled companies, and co-signing instruments of liability thereof, provided that the Company is interested in said acts; e) promote the participation of the Company, with the intent of individual or mutual control, in any other company, by acquisition or subscription of quotas or shares, as well as carry out the withdrawal of the Company from said companies; f) appoint attorneys in fact, granting them the powers with which they are vested; g) issue and accept the other credit instruments, with promissory notes and bills of exchange among them, with observance of the exceptions contained in lines "b" and "a", respectively, of paragraph 2 and 3 above.

Art. 18) The Administration is responsible for:

- I) Individualizing the salaries of the Officers, whenever the General Assembly sets the overall salary of the administrators and after the Board of Directors performs the duties mentioned in article 15, VIII, of these Bylaws;
- II) resolving to open, maintain, transfer and close branches;
- III) deliberating on administrative matters, following the determinations, if any, of the General Assembly and Board of Directors.

Art. 19) The Administration shall always meet with the attendance of at least 3 (three) officers and provided that said meeting is called by the Chief Executive Officer, who shall be responsible for establishing the agenda, conducting the proceedings and appointing the Secretary.

Paragraph 1) The meeting minutes shall be drawn up in the appropriate book.

Paragraph 2) The resolutions shall be adopted by a majority vote of the Officers present, and the Chief Executive Officer shall have the “quality vote” in the event of a tie.

CHAPTER IV – Audit Committee.

Art. 20) The Company’s Audit Committee, composed of at least 3 (three) and no more than 5 (five) members and respective substitutes, shall function in the fiscal years that it is installed by resolution of the General Assembly, in the cases set forth by law.

Paragraph 1) The General Meeting that deliberates on the installation of the Audit Committee shall establish the number of its members, elect them and establish their salaries.

Paragraph 2) The members of the Audit Committed shall take office by signature of a deed drawn up in the appropriate book. The installment shall be contingent upon the signature of the Consent Agreement for the members of the Audit Committee, as set forth in the Level 2 Differentiated Corporate Governance Practices Regulation.

Paragraph 3) The Internal Rules of the Audit Committee shall be approved in the General Meeting.

CHAPTER V - General Assembly.

Art. 21) The General Assembly shall meet, normally, within the first four months following the end of the fiscal year and, specially, whenever company interests so require, called as set forth by law.

Paragraph 1) The General Meeting shall be presided over by the Chairman of the Board of Directors, by the Vice-Chairman if acting as Chairman of the Board of Directors or, in the absence thereof, by the shareholder appointed by the General Assembly. The Chairman of the General Meeting will select one of the attendees to record it and constitute the Executive Committee.

Paragraph 2) Those attending the Meeting must prove that they are shareholders. Those holders of shares in book entry form or in custody under the terms of article 41 of Law no. 6404/76 must file a receipt with the Company which is issued by the financial institution that is the trustee of said shares, as set forth in the call, unless the Chairmanship of the Meeting deems another mean of verification sufficient.

CHAPTER VI – Disposition of Share Control, Cancellation of the Corporate Registration and Discontinuity of the Level 2 Differentiated Corporate Governance Practices.

Art. 22) Disposition of the Power of Control over the Company, but through a single operation and through successive operations, must be contracted under condition precedent or subsequent that the party acquiring the control is bound to make a public offer to acquire the shares the other shareholders, pursuant to the conditions and periods set forth in the laws in force and in the Level 2 Differentiated Corporate Governance Practices Regulation and the carry out the indexation set forth in paragraph 5 below, so as to ensure them the same treatment as the Disposing Controlling Shareholder, with observance of the provisions contained in article 24.

Paragraph 1) For the purpose of these Bylaws, the following terms beginning in upper case letter shall have the following meanings:

“Controlling Shareholder” means (i) the shareholder the exercises the Power of Control over the Company; (ii) the shareholders not bound by shareholders’ agreement that exercise the Power of Control over the Company; or (iii) the group of shareholders bound by shareholders’ agreement or under common control that exercises the Power of Control over the Company.

“Disposing Controlling Shareholder” means the Controlling Shareholder when the same is Disposing of the Power of Control over the Company.

“Controlling Shares” means the block of shares that directly or indirectly ensures its owner(s) the right to individually and/or collectively exercise the Power of Control over the Company.

“Shares in Circulation” means all the shares issued by the Company, except for the shares owned by the Controlling Shareholder, by associated people, by administrators of the Company and those in treasury.

“Disposition of Control of the Company” means the onerous transfer to a third party of the Controlling Shares.

“Power of Control” means the power effectively used to administer the company activities and manage the operation of the Company’s bodies, directly or indirectly, of fact and of law. There is a presumption related to the ownership of control in relation to the person/people or to the group of people bound by

shareholders agreement or under common control (control group) that owns shares that have ensure it the absolute majority of the votes of the shareholders present in the last three General Meetings of the Company, even if it does not own the shares that ensure it the absolute voting capital majority.

“Economic Value” means the value of the Company and of its shares that comes to be determined by a specialized company, with the use of a well-known method or based on another criterion that comes to be defined by the Brazilian Securities Commission (Comissão de Valores Mobiliários - “CVM”).

Paragraph 2) The trading of Controlling Shares between the Controlling Shareholder identified in the Level 2 Differentiated Corporate Governance Practices Agreement and its necessary heirs and among said heirs, provided that the same exercise the Power of Control over the Company, even if it means the consolidation of the Power of Control into only one shareholder, does not constitute Disposition of the Power of Control, thus not creating the obligation to make a public offer under the terms of the *caput* of this article and the *caput* of article 24 below.

Paragraph 3) In the case of disposition of shares belonging to one or more shareholders that exercise the Power of Control to one or more third parties, the public offer set forth in the *caput* of this article and in the *caput* of article 24 below shall only be required after the disposition of the number of shares necessary to exercise the Power of Control by said third party or parties.

Paragraph 4) The following situations are not considered Disposition of the Power of Control: a) the pay-in, with Company shares, of capital of a company that, as a result of said pay-in, becomes controlled by the Controlling Shareholder; and b) reduction of the capital of said controlling company, with the return of the shares, or dissolution of said company, or even in the case of the split of said company, provided that the resulting companies, to which ownership of the Company’s common shares has been assigned, are only integrated by the.

Paragraph 5) For the purpose of this Chapter, the indexation shall occur in accordance with the following rules: a) the index to be used shall be the IGP-M (General Market Price Index), determined and published by the Getúlio Vargas Foundation (FGV), or whichever replaces it; b) if the IGP-M for the current month is not recognized, the last one published shall be used; c) the correction index is applied pro rata day; d) the indexation shall begin as of the payment, or payments, made to the Disposing Controlling Shareholder for the acquisition of the Controlling Shares, and, shall end as of the payment, or payments, made to the other shareholders holding common and/or preferred shares; e) whenever indexation is due, interest paid by Savings Account shall also be due. The Referential Rate - TR, or the index that replaces it, is not included.

Art. 23) The public offer mentioned in the previous article shall also be made:

I) in the cases wherein there is onerous assignment of rights of subscription to shares and to other instruments or rights related to the securities convertible into shares, that results from the Disposition of Control of the Company; and

II) in the case of disposition of the control of the Controlling Shareholder of the Company, in that, in this case, the Disposing Controlling Shareholder shall be bound to declare to the Sao Paulo Stock Exchange – BOVESPA (“BOVESPA”) the value attributed to the Company in this disposition and attach the documentation that proves it.

Art. 24) The public offer to the holders of the common shares must be made for a value of 100% (one hundred percent) of the amount paid for the Controlling Shares and the public offer to the holders of the preferred shares must be made for a value of minimum of 90% (ninety percent) of the value paid by the Controlling Shares.

Sole paragraph) The modification of this statutory clause, with respect to the public offer to be made to the holders of preferred shares, shall only be deliberated by the General Assembly with prior approval of the shareholders holding more than one half of the preferred shares, convened in a special meeting.

Art. 25) The party already holding shares in the Company, which acquires the Power of Control under a share purchase agreement entered into with the Controlling Shareholder, involving any number of shares, shall be bound to:

I) make the public offer mentioned in article 22 of these Bylaws; and

II) compensate the shareholders from which the shares were purchased on the stock exchange in the 6 (six) months prior to the date of Disposition of Control of the Company, with the obligation to pay them any difference between the price paid to the Disposing Controlling Shareholder and the amount paid on the stock exchange for the Company shares in this same period. Both amounts should be restated in accordance with paragraph 5 of article 22 above.

Art. 26) The Company shall not register any share transfers to the buyer of the Power of Control or to the shareholder or shareholders that come to hold the Power of Control, until the shareholder or shareholders sign the Controllers' Consent Agreement under the terms set forth in the Level 2 Differentiated Corporate Governance Practices Regulation, which shall be immediately sent to BOVESPA.

Art. 27) No shareholders agreement that regulates the exercise of the Power of Control may be registered with the Company's headquarters until its signatories have signed the Controllers' Consent Agreement, which shall be immediately sent to BOVESPA.

Art. 28) In the public offer to acquire shares to be made to cancel the Company's corporate registration, the minimum price to be offered must correspond to the Economic Value determined in an assessment report.

Art. 29) Should the shareholders convened in a Special General Assembly resolve: (i) to discontinue the Level 2 Differentiated Corporate Governance Practices so that the Company shares may be registered for trade outside Level 2 or (ii) corporate reorganization of which the resulting company is not classified as a Level 2 Corporate Governance holder, the shareholder or group of shareholders holding the Power of Control over the Company must make a public offer to acquire the shares belonging to the other shareholders of the Company, which minimum price to be offered must correspond to the Economic Value determined in an assessment report, pursuant to the applicable legal and regulatory norms.

Art. 30) The assessment report mentioned in articles 28 and 29 of these Bylaws must be prepared by a specialized company, with proven experience and independent from the Company, its administrators and controllers. Said report must also satisfy the requirements of paragraph 1 of article 8 of Law no. 6.404/76 and contain the responsibility set forth in paragraph 6 of the same article of the law.

Paragraph 1) The General Assembly is responsible for selecting the specialized company responsible for determining the Economic Value of the Company, from a list of three submitted by the Board of Directors. Said resolution, not including the blank votes and, with each share, regardless of the type or class and pursuant to what is set forth in article 6, IV, having the right to one vote, must be adopted by a majority vote of the shareholders representing the Shares in Circulation present in the General Meeting, which, if held after the first call, must be attended by shareholders representing at least 20% (twenty percent) of the total of Shares in Circulation, or, if held after the second call, may be attended by any number of shareholders representing the Shares in Circulation.

Paragraph 2) The costs for preparing the required assessment report must be fully assumed by the offering party.

CHAPTER VII - Fiscal Year, Profits, Reserves and Dividends.

Art. 31) The fiscal year shall end on December 31st of each year, on which date the financial statements required by law or regulations shall be prepared.

Art. 32) The accumulated losses and the income tax and social contribution provision shall be deducted from the income for the fiscal year, and up to 10% (ten percent) shall be deducted from the remaining amount to be designated for the administrators' profit sharing, provided that at least the mandatory dividend mentioned in article 34, "a", hereof is allocated to the shareholders in that fiscal year.

Art. 33) From the net profits for the fiscal year, corresponding to the income after the deductions and profit sharing set forth in article 32 hereof, 5% (five percent) shall be allocated to a legal reserve, until the legal limit is reached.

Art. 34) With the exception of the hypothesis of article 202, paragraph 4, of Law no. 6.404/76, the shareholders are ensured the mandatory dividend corresponding to:

- a)** 25% of the net profits for the fiscal year, restated under the terms of article 202 of Law no. 6.404/76, with the wording given by Law no. 10.303/01; plus
- b)** the balance of the net profits for the fiscal year, if any, remaining after the allocations mentioned in articles 193 through 197 of Law no. 6.404/76, with the wording given by Law no. 10.303/01, pursuant to articles 33 and 35 of these Bylaws.

Art. 35) After the shareholders are ensured the mandatory dividend set forth in article 34, "a", hereof, the balance of the net profits for the fiscal year, if any, may be allocated to the following reserves by the General Assembly:

- a)** reserve for future capital increase, intended to guarantee capitalization of the Company, which shall not exceed the paid-in capital in any fiscal year;
- b)** contingency reserve, pursuant to article 195 of Law no. 6.404/76;
- c)** retained profits reserve, according to the budget approved in the General Meeting, which may not exceed the paid-in capital in any fiscal year;
- d)** unrealized profit reserve, pursuant to article 197 of Law no. 6.404/76, with the wording given by Law no. 10.303/01.

Art. 36) The Company may totally or partially pay or credit the amount equivalent to the interest on the equity capital to the shareholders, at the discretion of the Board of Directors, calculated according to the legislation in force, up to the amount that would result from the application of the Long Term Interest Rate - LTIR, pro rata day, for the corresponding period.

Sole paragraph) The interest on the equity capital, when paid or credited to the shareholder, shall be attributed to the mandatory dividends, for the carrying value of the income tax.

Art. 37) The dividends and interest on the equity capital shall be paid by a deposit in a bank account in the name of the shareholder or whoever is indicated thereby, unless said shareholder requests, in writing and 10 (ten) business days in advance, that they be paid in the Company Treasury, by nominative check.

Art. 38) The Company may not, unless authorized by a majority vote in a special Meeting of preferred shareholders, retain, for more than four consecutive quarters, the cash assets in an amount exceeding 25% (twenty-five percent) of its total assets, depending on its economic and financial situation.

Paragraph 1) For the purposes of the application of this provision: a) the amounts corresponding to the last day of each quarter, pursuant the balance sheet prepared on the respective dates, shall be taken into consideration; and b) the cash assets shall correspond to the sum of the amounts accounted for under the "cash and banks" and "financial applications" accounts of the quarterly statements minus the sum of the amounts accounted for under the "loans and financing" account of the current assets and "loans and financing" account of the long-term liabilities.

Paragraph 2) From the amounts that exceed the percentage of cash retention in each quarter, set forth in this article, the portion corresponding to the quarter with the smallest excess of retention shall be distributed as a dividend or paid as capital interest, deducting the dividends or capital interest already declared and still unpaid from said excess.

Paragraph 3) Should the hypothesis stipulated in the previous paragraph be verified, the provision expressed in this article shall only be applied after the four quarters following the last quarter involved in the verification of the retention excess.

Paragraph 4) The dividends shall be distributed, or capital interest paid within the fiscal year following the last quarter involved in the verification of the retention excess.

Paragraph 5) The Company may not, unless authorized by more than half of the preferred shareholders, create a subsidiary for the exclusive purpose of administering its own funds.

Paragraph 6) The alteration of statutory provision shall only be resolved by the General Assembly, with the prior approval of shareholders

holding more than one half of the preferred shares, convened in a special meeting.

CHAPTER VIII – Arbitral Court.

Art. 39) The Company, its shareholders, administrators and the members of the Audit Committee undertake to resolve, through arbitration, pursuant to the Regulation of the BOVESPA Market Arbitration Council ("Arbitration Regulation"), any and all disputes or disagreements that may arise between them, in relation to or resulting from, in particular, the application, validity, efficacy, interpretation, breach, and the effects thereof, of the provisions contained in Law no. 6.404/76, in the Company's Bylaws, in the norms published by the National Monetary Council, by the Brazilian Central Bank and by the CVM, as well as the other norms applicable to the operation of the capital market in general, in addition to those contained in the Level 2 Differentiated Corporate Governance Practices Regulation, in the Contract to Adopt the Level 2 Differentiated Corporate Governance Practices and the Arbitration Regulation.

Sole paragraph) Brazilian law shall be the only law applicable to the merit of any and all disagreements, as well as the execution, interpretation and validity of this arbitration clause. The arbitral proceeding shall take place in the City of Sao Paulo, State of Sao Paulo, where the arbitral award must be pronounced. The arbitration must be administered by the Market Arbitration Council itself, being conducted and judged in accordance with the relevant provisions of the Arbitration Regulation.

CHAPTER IX - General Provisions.

Art. 40) The Company may be dissolved and liquidated in the cases set forth by and pursuant to the law.

Art. 41) The silent cases in these Bylaws shall be regulated by the legal provisions in force, which apply to the matter.

