

RESOLUTION 109

BANCO CENTRAL DO BRASIL, in compliance with the resolution of the National Monetary Council, passed in its session of February 04, 1969, and pursuant to the provisions under Article 9 of Law no 4.595, of December 31, 1964, and under Articles 26 and 44 of Law no 4.798, of July 14, 1965,

HEREBY DECIDES:

to enact the following rules, which shall govern and regulate the issuance and placement in the stock market of debentures that guarantee to their respective titleholders the right to convert the same in shares of the corporation by shares that issues them:

- About the characteristics of the debentures

I - The debentures that are convertible into shares, as well as their certificates, share certificates care and other documents representing them must contain, necessarily indicated therein, in addition to the nomination "Debenture Convertible into Share" and of the formal requirements provided for under Law, the contractual conditions that are to be expressly established by the Corporation by Shares in the Shareholder's General Meeting that authorizes the issuance, with the observation of the quorum provided for under Articles 94 and 104 of Decree Law no 2.627, of April 26, 1940, in respect to:

a) maturity due term, which may not be shorter than three (3) years, from the date of their issuance;

b) unitary face value, subject to the limit of one hundred Cruzeiros Novos (NCr\$ 100.00) as of the date of their issuance;

c) interest rate, dates or times for their payment, criteria for their amortization or advanced redemption, terms or times and conditions to exercise the right to convert the same into shares;

d) the bases for the conversion, in respect to the number of shares that are to be issued per convertible debenture, or between the amount of the principal of the debentures and that of the shares;

e) class and face value of the shares that are attributable to the holder of the convertible debenture, particularly if these shall be either common or preferred shares, with or without voting rights;

f) dates or times – with terms longer than three months – of application of the monetary actualization coefficients, these to be the same that are approved for the actualization of tax debts;

g) other clauses, provided that the same shall not imply in any restriction to the exercise of the right of their holders to convert them into shares, in addition to those that are provided for under this Resolution.

- About the Issuance, Registration, Underwriting and Placement in the Stock Market

II - The total amount of the principal of the debentures convertible into shares, aggregated to the amount of all of the other outstanding debentures, if any, may not exceed the net equity of the issuer corporation by shares as of the date of the emission, with these amounts to be duly actualized as provided for under the legislation in force.

III - The emissions that this Resolution herein is about shall be previously registered with the Brazilian Central Bank, with the observation, where applicable, the rules under Resolution no 88, of the January 30, 1968, and the issuance project must be submitted in a mandatory manner, under the responsibility of a qualified entity or professional that is duly registered with the Brazilian Central Bank to render services of auditing and analysis. Where the project of issuance is accompanied by a project to launch a public offer, the presentation shall be made by one of the following institutions, to be considered as the responsible party for the launching: either federal, state or local Development Banks or Investment Banks. Where there is a consortium the presentation shall be incumbent upon the institution that is the consortium's leader.

IV - The institution that presents the project for the issuance and/or launching shall provide, forthwith, to the Brazilian Central Bank:

a) copy of the economic and financial feasibility study of the operation; and, if such is the case,

b) detailed information about the scheme that is provided for launching the issuance, with the indication of the institution or institutions that are in charge of put it into effect;

c) legalized specimen of the prospectuses or folders intended to be used for divulging the launching.

V - In the preparation of the launching scheme referred to under the preceding item, the following conditions shall be complied with:

a) the joint liability for the bonds is an exclusive faculty of the federal, state or interstate Development Banks, or of Investment Banks, with the observation of the criteria established by the Brazilian Central Bank;

b) the distribution and placement in the market, inclusively the underwriting for such purpose, shall be performed only by the entities comprising the distribution system and that are listed under Article 5, Law no 4.728, of July 14, 1965, and respective regulation, with a requirement of specific authorization in those cases of financial institutions;

c) in the hypothesis of placement of the bonds by any amount that is lower than the face value thereof, the type that is foreseen for their placement shall be expressly indicated to the Central Bank for its approval;

d) a specimen of the prospectus or folder referred to under letter "c" of the preceding item shall mandatorily be provided to the underwriter at the time of the underwriting; and

e) the issuer companies are obliged to maintain or perform their registration with the Stock Exchange in whose zone it its corporate headquarters are located.

- About the Redemption and Conversion

VI - The debenture convertible in shares represents a liability to make payment, in cash, by the issuer company, on its maturity due date, with the option to convert those into shares resting exclusively with the debenture holders.

VII - The exercise of the right to convert into shares is guaranteed to the holders of the convertible debentures, at any time, with the admission of the establishment of a maximum term of ninety (90) days from the date of issuance of the bonds for their impossibility to be converted.

VIII - The date of conversion into shares shall be that one of the presentation, either in person or acting through an attorney-in-fact, of the debenture to the issuer company, or to its special attorney-in-fact, to be appointed in compliance with the initial agreement. The maximum term that is permitted to be established for the delivery of the final papers resulting from the conversion into shares shall be of sixty (60) days.

IX - The conversion of debentures into shares shall be made independently of any new General Meeting of Shareholders and shall be effected by the issuer company, upon request of their respective holders.

X - Within thirty (30) days from each increase of capital that is made in compliance with the preceding paragraph, the Management Council of the company shall register the same by making an application to the Board of Trade.

XI - No other clauses shall be accepted, other than those that are provided for under this Resolution, implying in any restriction of the exercise of the right vested in the holder of the debenture to convert into shares.

