REGISTRATION WITH THE CVM DOES NOT IMPLY APPRECIATION OF THE COMPANY, WHOSE ADMINISTRATORS (DIRECTORS AND OFFICERS) ARE RESPONSIBLE FOR ANY INFORMATION PROVIDED.

01.01 – IDENTIFICATION

1 – CVM CODE	2 – CORPORATE NAME	3 – CNPJ
021431	HYPERMARCAS S.A.	02932074000191
4 – COMMERCIAL NAME HYPERMARCAS S.A.		
5 – PREVIOUS CORPORATE NAME		
6 – NIRE 52.300.011.035	7 – SITE www.hypermarcas.com.br	
8 –DATE OF INCORPORATION OF THE ENTITY	9 – DATE OF REGISTRATION OF THE ENTITY AT THE CVM 04/16/2008	

01.02 – HEADQUARTERS

1 – COMPLETE ADDRESS Av.Juscelino Kubitschek, nº 1217, casa			2 – NEIGHBORHOOD OR DISTRICT Vila Olímpia	
3 – CEP (Zip Code) 04543-090	4 – MUNICIPALITY São Paulo			5 – STATE SP
6 – Area Code 11	7 – TELEPHONE No. 3627-4000	8 – TELEPHONE No -	9 – TELEPHONE No. -	10 – TELEX -
11 – Area Code 11	12 – FAX 3627-4371	13 – FAX -	14 – FAX -	
15 – E-MAIL ri@hypermarcas.com.br				

01.03 – SHAREHOLDER DEPARTMENT SERVICE AT THE COMPANY

1 – NAME Martim Prado Mattos				
2 – POSITION DRI				
3 – COMPLETE ADDRESS Av.Juscelino Kubitschek, nº 1217, casa 7			4 – NEIGHBORHOOD OR DISTRICT Vila Olímpia	
5 – CEP (Zip Code) 04543-090	6 – MUNICIPALITY São Paulo			7 – STATE SP
8 – Area Code 11	9 – TELEPHONE No. 3627-4211	10 – TELEPHONE No. -	11 – TELEPHONE No. -	12 – TELEX -
13 – Area Code 11	14 – FAX 3627-4371	15 – FAX -	16 – FAX -	
17 – E-MAIL ri@hypermarcas.com.br				

ISSUING AGENT / DEPOSITARY FINANCIAL INSTITUTION

18 – NAME Banco Bradesco S.A.				
19 – CONTACT Cassiano Ricardo Scarpelli				
20 – COMPLETE ADDRESS Av.Yara, S/N, Prédio Amarelo, 2º andar			4 – NEIGHBORHOOD OR DISTRICT Cidade de Deus	
22 – CEP (Zip Code) 06029-900	23 – MUNICIPALITY Osasco			24 – STATE SP
25 – Area Code 11	26 – TELEPHONE No. 3684-4522	27 – TELEPHONE No. -	28 – TELEPHONE No. -	29 – TELEX -
30 – Area Code 11	31 – FAX 3684-5645	32 – FAX -	33 – FAX -	
34 – E-MAIL Bradescocustodia@bradesco.com.br				

01.01 – IDENTIFICATION

1.CVM CODE	2.CORPORATE NAME	3.CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

OTHER LOCATIONS FOR ASSISTANCE TO SHAREHOLDERS

35 - ITEM	36 – CITY	37 – UF	38 - DDD	39 – TELEPHONE	40 – TELEPHONE
01				-	-
02				-	-
03				-	-
04				-	-

01.04 – INVESTOR RELATIONSHIP OFFICER (Company Mail Address)

1 – NAME Martim Prado Mattos				
2 – COMPLETE ADDRESS Av.Juscelino Kubitschek, nº 1217, casa 7			3 – NEIGHBORHOOD OR DISTRICT Vila Olímpia	
4 – CEP (Zip Code) 04543-090	5 – MUNICIPALITY São Paulo			6 – STATE SP
7 – Area Code 11	8 – TELEPHONE No. 3627-4211	9 – TELEPHONE No. -	10 – TELEPHONE No. -	11 – TELEX -
12 – Area Code 11	13 – FAX 3627-4371	14 – FAX -	15 – FAX -	
16 – E-MAIL ri@hypermarcas.com.br				
17 – BRAZILIAN OFFICER YES	18 – CPF No. 221.793.328-07	19 – PASSPORT		

01.05 – REFERENCE / AUDITOR

1 – START DATE OF LAST FISCAL YEAR 01/01/2008	2 – END DATE OF LAST FISCAL YEAR 12/31/2008
3 – START DATE OF CURRENT FISCAL YEAR 01/01/2009	4 – END DATE OF CURRENT FISCAL YEAR 31/12/2009
5 – AUDITOR'S NAME/CORPORATE NAME PricewaterhouseCoopers Auditores Independentes	6 – CVM CODE 00287-9
7 – NAME OF THE RESPONSIBLE TECHNICIAN (ACCOUNTANT) Paulo Sergio Miron	8 – RESP. TECHNICIAN CPF No. 076.444.278-30

01.06 – CHARACTERISTICS OF THE COMPANY

1 – STOCK MARKET IN WHICH THE COMPANY IS REGISTERED

[ ] BVBAAL	[ ] BVMESB	[ ] BVPR	[ ] BVRJ	[ ] BVST
[ ] BVES	[ ] BVPP	[ ] BVRG	[X] BOVESPA	[ ]

2 – NEGOTIATION MARKET
Stock Exchange

3 – TYPE OF SITUATION Operational	
4 – ACTIVITY CODE 1080 – Pharmaceuticals and Hygiene	
5 – PRINCIPAL ACTIVITY Manufacture and Sale of Consumer Products	6 – PREF. SHARES WITH CLASSES NO

01.01 – IDENTIFICATION

1 - CVM CODE	2 - CORPORATE NAME	3 - CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

01.07 – SHARE CONTROL / SECURITIES

1 – NATURE OF SHARE CONTROL
Brazilian, Private

2 – SECURITIES ISSUED BY THE COMPANY.

X	Shares		Real Estate Receivables Certificate (CRI)
	Debentures convertible into Shares		Promissory Note (NP)
	Redeemable Shares		BDR
	Founder's Shares		Others
	Simple Debentures	Description	
	Subscription Bonuses		
	Collective Investment Certificate (CIC)		

01.08 – PUBLICATION OF DOCUMENTS

1 – NOTIFICATION TO SHAREHOLDERS ABOUT THE AVAILABILITY OF FINANCIAL STATEMENTS (FSs)	2 – MINUTES OF THE ORDINARY GENERAL MEETING THAT APPROVED THE FS
12/03/2009	12/05/2009
3 – DATE OF CALL OF ORDINARY GENERAL MEETING TO APPROVE THE FSs	4 – PUBLICATION OF FINANCIAL STATEMENTS
02/04/2009	16/03/2009

01.09 – NEWSPAPERS IN WHICH THE COMPANY DIVULGES INFORMATION

1 – ITEM	2 – NEWSPAPER'S NAME	3 – STATE
01	Diário Oficial do Estado de SP	SP
02	Valor Econômico	SP

01.10 – INVESTOR RELATIONS OFFICER

1 – DATE	2 – SIGNATURE
16/11/2009	

01.01 - IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

02.01.01 – CURRENT OFFICERS AND MEMBERS OF THE BOARD OF DIRECTORS

1 - ITEM	2 – NAME OF DIRECTOR	3-TAX ENROLLMENT (CPF)	4 – DATE OF ELECTION	5 – TERM OF OFFICE	6-TYPE OF MANAGEMENT DUTY*	7 – ELECTED BY CONTROLLING SHAREHOLDER	8 – JOB DESCRIPTION	9 -TITLE
01	João Alves de Queiroz Filho	575.794.908-20	04/17/2009	AUG 2010	2	YES	20	Chairman of the Board of Directors
02	Luciana Cavalheiro Fleischner	179.594.798-52	04/17/2009	AUG 2010	2	YES	22	Board of Directors (In Office)
03	Claudio Bergamo dos Santos	101.110.688-43	04/17/2009	AUG 2010/3 years	3	YES	39	Superintending Director (In Office)
04	Esteban Malpica Fomperosa	060.627.497-95	04/17/2009	AUG 2010	2	YES	22	Board of Directors (In Office)
05	Bernardo Málpica Hernandez	060.627.487-13	04/17/2009	AUG 2010	2	YES	22	Board of Directors (In Office)
06	Hélio Robles de Oliveira	063.747.478-36	04/17/2009	AUG 2010	2	YES	27	Independent Director (In Office)
07	Jairo Eduardo Loureiro	006-161.338-04	04/17/2009	AUG 2010	2	YES	27	Independent Director (In Office|)
08	Nelson José de Mello	130.110.221-00	02/01/2008	AUG 2011	1		19	CEO (Chairman)
09	Carlos Roberto Scorsi	030.408.158-22	06/10/2009	AUG 2011	1		19	COO
10	Alexandre Augusto Olivieri	157.441.608-17	06/10/2009	AUG 2011	1		19	CFO
11	Martim Prado Mattos	221.793.328-07	02/01/2008	AUG 2011	1		12	Investor's Relations Officer
12	André Alicke De Vivo	089.880.528-70	04/17/2009	AUG 2010	2	YES	22	Board of Directors (In Office)
13	Danilo Gamboa	267.513.588-73	04/17/2009	AUG 2010	2	YES	22	Board of Directors (In Office)

* CODE: 1 – OFFICER ONLY.
2 – MEMBER OF BOARD OF DIRECTORS ONLY.
3 – MEMBER OF BOARD OF DIRECTORS AND OFFICER

02.02 Professional Background and School Education of each Director (Executive Board and Fiscal Council) and Officer

Board of Directors

Set forth below are the names, ages and positions of the members of our board of directors.

Name	Age	Position	Date of Last Election
João Alves de Queiroz Filho	55	Chairman	04/17/09
Luciana Cavalheiro Fleischner	34	Director	04/17/09
Claudio Bergamo dos Santos	42	Director	04/17/09
Esteban Malpica Fomperosa	59	Director	04/17/09
Bernardo Malpica Hernández	43	Director	04/17/09
André Alicke De Vivo	42	Director	04/17/09
Danilo Gamboa	34	Director	04/17/09
Jairo Eduardo Loureiro	68	Independent Director	04/17/09
Hélio Robles de Oliveira	46	Independent Director	04/17/09

João Alves de Queiroz Filho. Mr. Queiroz Filho is the chairman of our board of directors. In 1969, he and his father founded Arisco Produtos Alimentícios Ltda., or Arisco, where he was the CEO and chairman of its board of directors for more than 20 years. Under his management, Arisco rapidly became the largest group in the Brazilian food industry. It was sold to Bestfoods in 2000. Since then Mr. Queiroz Filho has managed his asset portfolio through transactions in the financial market and has sought opportunities to acquire companies. In 2000, he founded Monte Cristalina for the purpose of investing in Brazilian companies. Since then he has invested in over ten companies, including Assolan Industrial, whose market share for steel wool increased from 8.0% to 29.0% under his management. Mr. Queiroz Filho has a B.A. in business administration from the Dom Pedro II business school. Mr. Queiroz has an office located at Av. Brigadeiro Faria Lima 2277, suite 603, in the City and State of São Paulo.

Luciana Cavalheiro Fleischner. Ms. Fleischner is a member of our board of directors. She began her career in 1996 as a food engineer at Arisco. In 1998, she joined Goldman Sachs & Co. as a trainee in the mergers and acquisitions division. She returned to Arisco in 1998 as business planning manager. In 2000, she participated in the sale of Arisco to Bestfoods. She proceeded to work as a product manager at Bestfoods, when she joined Unilever. In 2002, she joined Monte Cristalina as a financial planning and business development manager, working in most of our acquisitions. Later, she became in charge of the finance and treasury operations at Monte Cristalina, where she is responsible for managing and controlling financial activities. Ms. Fleischner joined the Company in 2002 having received a B.S. degree in food engineering from the Escola de Engenharia Mauá in 1999. She has an office located at Av. Brigadeiro Faria Lima 2277, suite 603, in the City and State of São Paulo.

Claudio Bergamo dos Santos. Mr. Bergamo joined the group in 1998 and has been a member of our board of directors and our CEO since 2007. Mr. Bergamo worked at McKinsey & Company from 1989 to 1998, advising various leading domestic and multinational companies regarding restructuring, business re-development programs, growth strategies, operational improvements and reorganizations. He began his career as a planning officer at Arisco in 1998. Since 2001, he has been the investment officer at Monte Cristalina, where he develops business and acquisitions strategies. Mr. Bergamo received a B.A. in business administration from the FGV in 1998 and an MBA from the Institute for Management Development in 1992. Mr. Bergamo has an office located at Av. Brigadeiro Faria Lima 2277, suite 603, in the City and State of São Paulo.

Esteban Malpica Fomperosa. Mr. Malpica is a member of our board of directors. Since 2004, Mr. Malpica has been an officer and partner of Praemia S.C., a Mexican investment bank. He is a director of several important companies in Mexico, including El Puerto de Liverpool, S.A.B. de C.V.; Kimberly Clark de México, S.A.B. de C.V.; and Empresas ICA, S.A.B. de C.V. From 1995 to 2001, he was an executive vice president of the Banamex financial group, Accival S.A. de C.V. From 1992 to 1995, he was the vice president of the Mexican Stock Exchange and chairman of the board of directors of the Mexico Equity & Income Fund. From 1978 to 1995, he worked at Acciones y Valores de México, a securities broker, in various executive positions. Mr. Malpica received a degree in accounting from the Universidad Iberoamericana in Mexico City in 1971 and

an MBA from the University of Notre Dame in 1974. Mr. Malpica has an office located at Calle de Cordoba 8, Mexico D.F. 06700, Mexico.

Bernardo Malpica Hernández. Mr. Malpica Hernández is member of our board of directors. Since 2004, Mr. Malpica Hernández has been a partner at Praemia, S.C., a Mexican investment bank. From 2001 to 2003, he was the head of the mergers and acquisitions team at Banco ING de México. From 2000 to 2001, Mr. Malpica Hernández worked as a financial adviser at Artikos, an e-commerce joint venture between Banamex and Commerce One. From 1996 to 2000, he worked as an investment banker at Operadora de Bolsa Serfin, a securities brokerage, where he was responsible for equity offerings. Mr. Malpica Hernández received a B.A. in business administration from Universidad Iberoamericana in Mexico City in 1990 and an MBA from the Kellogg Graduate School of Management at Northwestern University in 1993. Mr. Hernández has an office located at Av. Chapultepec 218, Mexico D.F. 06700, Mexico.

André Alicke De Vivo. Mr. De Vivo has been a member of our board of directors. He holds a law degree from Pontificia Universidade Católica de São Paulo. He practiced law for 15 years before becoming a senior partner at De Vivo, Whitaker, Castro e Gonçalves Advogados in 1997, where he practiced corporate law. He has been a member of the judicial council of Sinduscon since 2003, a member of the fiscal council of Gol Linhas Aéreas Inteligentes S.A. from 2006 to 2007, and a member of the board of directors of Escola Nova Lourenço Castanho Ltda. since 2004. He worked from 2003 to 2008 as executive officer and member of the board of directors of Farmasa. Mr. De Vivo has an office located at Rua Campo Verde 61 - 8th floor, in the City and State of São Paulo.

Danilo Gamboa. Mr. Gamboa has been a member of our board of directors. He holds a degree in production engineering from Universidade de São Paulo and an MBA from the MIT Sloan School of Management. Mr. Gamboa joined GP Investments Group in 2004 and has been a managing director since 2006. Before beginning with GP Investments Group, he worked at Submarino S.A. and at Gradus Management Consultants. He also served on the boards of directors of Magnesita Refratários S.A., of Submarino S.A., of Gafisa S.A., LAHotels S.A. and ALL — América Latina Logistica S.A. Currently, Mr. Gamboa serves on the board of directors of Allis Participações (since 2007), Monticiano Participações S.A., controlling company of Leitbom S.A. (since 2007) and BRZ Investimentos S.A. (since 2007). Mr. Gamboa has an office located at Av. Brigadeiro Faria Lima, 3900 - 7th floor, in the City and State of São Paulo.

Jairo Eduardo Loureiro. Mr. Loureiro is an independent member of our board of directors. He is currently the CEO of Planibanc Investimentos and a partner at the Latin America Enterprise Fund. Until 2002, Mr. Loureiro was the CEO of Planibanc Corretora de Valores S.A. Until 1983, he was an officer at Chase Manhattan Bank. Until 1972, he was vice president and an officer at Banco Comercial Brasil, and through 1971, he was an executive officer of Banco Comercial do Estado de São Paulo. Mr. Loureiro studied at the Graduate College at Colégio São Luiz and the Start Economic Program at Colégio São Luiz Financial Analysis. In 1966, he attended the Program for Manufactures at Hanover Trust and, in 1975, the Financial Analysis Program at Chase Manhattan Bank, both in New York. Mr. Loureiro has an office located at Rua Tenente Negrão 170, in the City and State of São Paulo.

Hélio Robles de Oliveira. Mr. Oliveira is an independent member of our board of directors. From 1981 to 1993, Mr. Oliveira worked at Q-Refres-ko Indústria Alimenticia, where he was a manager and marketing director. He also worked for Embalagens Flexíveis Diadema, as its owner and CEO, from 1993 to 2005. Mr. Oliveira has been a commercial director at Josil Empreendimentos Imobiliários since 1993. He is a partner at HRO Empreendimentos Agropecuários Ltda. and is a member of the board of executive officers at Gás Investimentos. Mr. Oliveira received a degree in mechanical engineering in 1986 from the Instituto de Ensino de Engenharia Paulista (JEEP) and completed a specialization course in management and marketing at the FGV in 1988. Mr. Oliveira has an office located at Av. Fundibem, 184r, in the City of Diadema, State of São Paulo.

Board of Executive Officers

None of our executive officers have ever been prosecuted in court or subject to an administrative proceeding. Set forth below are the names, ages, positions and year of election of our current executive officers.

Name	Age	Position	Date of Last Election
Claudio Bergamo dos Santos	42	Chief Executive Officer	January 1, 2008
Nelson José de Mello	49	President	January 1, 2008

Name	Age	Position	Date of Last Election
Alexandre Augusto Olivieri	39	Administrative and Financial Officer	June 10, 2009
Carlos Roberto Scorsi	46	Operations Officer	June 10, 2009
Martim Prado Mattos	28	Investor Relations Officer	January 1, 2008

Claudio Bergamo dos Santos. Mr. Bergamo joined the group in 1998 and has been a member of our board of directors and our CEO since 2007. Mr. Bergamo worked at McKinsey & Company from 1989 to 1998, advising various leading domestic and multinational companies regarding restructuring, business re-development programs, growth strategies, operational improvements and reorganizations. He began his career as a planning officer at Arisco in 1998. Since 2001, he has been the investment officer at Monte Cristalina, where he develops business and acquisitions strategies. Mr. Bergamo received a B.A. in business administration from the FGV in 1998 and an MBA from the Institute for Management Development in 1992. Mr. Bergamo has an office located at Av. Brigadeiro Faria Lima 2277, suite 603, in the City and State of São Paulo.

Nelson José de Mello. Mr. Mello has been our president since our Company was founded. He began his career at Moinho Goiás S.A. in 1973 as a messenger. He was promoted to a sales manager in 1976. In 1977, he became an assistant manager at Banco Mercantil de São Paulo S.A. In 1978, he began his career at Cremalho Produtos Alimenticios Ltda. (later acquired by Arisco) as a sales manager, and occupied various other positions until taking charge of the Arisco division, under the management of Bestfoods and later Unilever. Mr. Mello received a degree in economics from Universidade Católica de Goiás in 1982. Mr. Mello has an office located at Av. Juscelino Kubitschek 1217, house 7, in the City and State of São Paulo.

Alexandre Augusto Olivieri. Mr. Olivieri became our administrative and financial officer on June 10, 2009. He began his career as a consultant at McKinsey & Company, where he worked from 1996 to 2002 in the consumer goods and commodities segments for Brazilian and foreign companies. From 2003 to 2008, Mr. Olivieri was the chief financial officer of Gran Sapore, strategic planning officer of Coca-Cola FEMSA and comptroller and supply chain officer at Braskem. Mr. Olivieri received a degree in engineering from Universidade de São Paulo, a post graduate degree in business from the FGV and an MBA from SDA-Bocconi (Milan, Italy). Mr. Olivieri has an office located at Av. Juscelino Kubitschek 1217, house 7, in the City and State of São Paulo.

Carlos Roberto Scorsi. Mr. Scorsi joined us in 2002 as our operations officer. He began his career at Arisco in 1977 as a building technician, and went on to hold various positions, including credit and collections manager, financial and administrative manager, and administrative and financial officer. Until 2000, he was responsible for finance department transactions from Goiânia to São Paulo. In 2001, he returned to the Monte Cristalina group as general officer of TV Serra Dourada Ltda. Mr. Scorsi received a degree in business administration from Universidade Paulista (UNIP) in 2003. Mr. Scorsi has an office located at Av. Juscelino Kubitschek 1217, house 7, in the City and State of São Paulo.

Martim Prado Mattos. Mr. Mattos joined us in 2008 as our investor relations officer. Since 2005, he has worked at Monte Cristalina as a financial analyst in the office of the president, where he monitors and advises all of the companies in the group, including Hypermarcas, on financial, strategic and corporate matters. Previously, he worked for three years at Corretora Souza Barros after having worked for two years at TR&Associados, a market research company. Mr. Mattos received a degree in business administration from the FGV in 2005. Mr. Mattos has an office located at Av. Juscelino Kubitschek 1217, house 7, in the City and State of São Paulo.

FEDERAL PUBLIC SERVICE **External Disclosure**
CVM – SECURITIES COMMISSION
IAN – ANNUAL INFORMATION Base-Date –12/31/2008 **Corporate Law**

Spontaneous Representation

01.01 - IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

03.01 – EVENTS RELATED TO CAPITAL DISTRIBUTION

1 – BASE EVENT	2 – EVENT DATE	3 – INDIVIDUALS AND LEGAL ENTITIES	4 – INSTITUTIONAL INVESTORS	5 – SHAREHOLDERS' AGREEMENT	6 – PREFERRED VOTING SHARES
ARCA	07/21/2009	9.556	2.320	YES	NO

7 – PREFERRED VOTING SHARES	8 – DATE OF THE LAST SHAREHOLDERS' AGREEMENT
	30/06/2009

SHARES IN THE MARKET

9 – ARE THERE SHARES RELEASED TO THE MARKET	ORDINARY		PREFERRED		TOTAL	
	10 – NUMBER (Unit)	11 – PERCENTAGE	12 – NUMBER (Unit)	13 – PERCENTAGE	14 – NUMBER (Unit)	15 – PERCENTAGE
YES	70.522.847	31,61	0	0,00	70.522.847	31,61

16 – PREFERRED SHARES IN THE MARKET

1 – CLASS	2 – NUMBER (Unit)	3 – PERCENTAGE

01.01 – IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

03.02 – SHAREHOLDING POSITION OF HOLDERS WITH MORE THAN 5% OF ORDINARY OR PREFERRED SHARES

1 – ITEM	2 – NAME/CORPORATE NAME	3 – CPF/CNPJ No.	4 – NATIONALITY	5 – STATE

6 – ORDINARY SHARES (Unit)	7 – %	8 – PREFERRED SHARES (Unit)	9 – %	10 – TOTAL SHARES (Unit)	11 – %	12 – % IN CAP STOCK	13 – PART. IN SHAREHOLDERS AGREEMENT	14 – CONTROLLER

15/1 – CLASS	15/2 – NUMBER OF PREFERRED SHARES (Unit)	15/3 – PREFERRED %

001	Igarapava Participações S.A.			08.773.195-0001/14		Brazilian		SP
74.648.255	33,46	0	0,00	74.648.255	33,46	07/21/2009	YES	YES

002	Maiorem S.A. de C.V.			08.841.475-0001/12		Mexican		
46.685.890	20,93	0	0,00	46.685.890	20,93	07/21/2009	YES	YES

020	Capital Group International, Inc.					US		
11.815.250	5,30	0	0,00	11.815.250	5,30		NO	NO

996	OUTSTANDING SHARES							
88.056.236	39,46	0	0,00	88.056.236	39,46	07/21/2009	NO	NO

997	TREASURY SHARES							
0	0,00	0	0,00	0	0,00			

998	OTHERS							
1.895.066	0,85	0	0,00	1.895.066	0,85			

999	TOTAL							
223.100.697	100,00	0	0,00	223.100.697	100,00			

01.01 – IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

03.03 – DISTRIBUTION OF CAPITAL SHARES OF SHAREHOLDERS WITH MORE THAN 5% OF ORDINARY AND/OR PREFERRED SHARES

1- ITEM	2 – CONTROLLER / INVESTOR	3 – DATE OF PART. IN CAPITAL STOCK
001	Igarapava Participações S.A.	21/07/2009

1 – ITEM	2 – NAME/CORPORATE NAME	3 – CPF/CNPJ No.	4 – NATIONALITY	5 – STATE
001001	Monte Cristalina S.A.	00.631.348-0001/87	Brazilian	SP

6 – ORDINARY SHARES / QUOTAS (Unit)	7 – %	8 – PREFERRED SHARES (Unit)	9 – %	10 – TOTAL SHARES / QUOTAS (Unit)	11 – %	12 – COMPOSITION OF CAPITAL STOCK
280.944	63,85	0	0,00	280.944	57,34	12/31/2008

1 – ITEM	2 – NAME/CORPORATE NAME	3 – CPF/CNPJ No.	4 – NATIONALITY	5 – STATE
001002	João Alves de Queiroz Filho	575.794.908-20	Brazilian	SP

6 – ORDINARY SHARES / QUOTAS (Unit)	7 – %	8 – PREFERRED SHARES (Unit)	9 – %	10 – TOTAL SHARES / QUOTAS (Unit)	11 – %	12 – COMPOSITION OF CAPITAL STOCK
115.504	26,25	50.000	100,00	165.504	33,78	

1 – ITEM	2 – NAME/CORPORATE NAME	3 – CPF/CNPJ No.	4 – NATIONALITY	5 – STATE
001004	Maria Esmeralda Alves de Queiroz Bertucc	117.801.708-74	Brazilian	SP

6 – ORDINARY SHARES / QUOTAS (Unit)	7 – %	8 – PREFERRED SHARES (Unit)	9 – %	10 – TOTAL SHARES / QUOTAS (Unit)	11 – %	12 – COMPOSITION OF CAPITAL STOCK
41.013	9,32	0	0,00	41.013	8,37	

1 – ITEM	2 – NAME/CORPORATE NAME	3 – CPF/CNPJ No.	4 – NATIONALITY	5 – STATE
001005	OTHERS			

6 – ORDINARY SHARES / QUOTAS (Unit)	7 – %	8 – PREFERRED SHARES (Unit)	9 – %	10 – TOTAL SHARES / QUOTAS (Unit)	11 – %	12 – COMPOSITION OF CAPITAL STOCK
2.539	0,58	0	0,00	2.539	0,51	

01.01 – IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

03.03 – DISTRIBUTION OF CAPITAL SHARES OF SHAREHOLDERS WITH MORE THAN 5% OF ORDINARY AND/OR PREFERRED SHARES

1- ITEM	2 – CONTROLLER / INVESTOR	3 – DATE OF PART. IN CAPITAL STOCK
001001	Monte Cristalina S.A.	12/31/2008

1 – ITEM	2 – NAME/CORPORATE NAME	3 – CPF/CNPJ No.	4 – NATIONALITY	5 – STATE
001001001	João Alves de Queiroz Filho	575.794.908-20	Brazilian	SP

6 – ORDINARY SHARES / QUOTAS (Unit)	7 – %	8 – PREFERRED SHARES (Unit)	9 – %	10 – TOTAL SHARES / QUOTAS (Unit)	11 – %	12 – COMPOSITION OF CAPITAL STOCK	
169.929.698	76.78	0	0,00	169.929.698	76,78		

1 – ITEM	2 – NAME/CORPORATE NAME	3 – CPF/CNPJ No.	4 – NATIONALITY	5 – STATE
001001003	Cirillo Marcos Alves	055.609.938-91	Brazilian	SP

6 – ORDINARY SHARES / QUOTAS (Unit)	7 – %	8 – PREFERRED SHARES (Unit)	9 – %	10 – TOTAL SHARES / QUOTAS (Unit)	11 – %	12 – COMPOSITION OF CAPITAL STOCK	
51.390.564	23,22	0	0,00	51.390.564	23,22		

1 – ITEM	2 – NAME/CORPORATE NAME	3 – CPF/CNPJ No.	4 – NATIONALITY	5 – STATE
001001999	TOTAL			

6 – ORDINARY SHARES / QUOTAS (Unit)	7 – %	8 – PREFERRED SHARES (Unit)	9 – %	10 – TOTAL SHARES / QUOTAS (Unit)	11 – %	12 – COMPOSITION OF CAPITAL STOCK	
221.320.262	100,00	0	0,00	221.320.262	100,00		

01.01 – IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

03.03 – DISTRIBUTION OF CAPITAL SHARES OF SHAREHOLDERS WITH MORE THAN 5% OF ORDINARY AND/OR PREFERRED SHARES

1- ITEM	2 – CONTROLLER / INVESTOR	3 – DATE OF PART. IN CAPITAL STOCK
002	Maiorem S.A. de C.V.	21/07/2009

1 – ITEM	2 – NAME/CORPORATE NAME	3 – CPF/CNPJ No.	4 – NATIONALITY	5 – STATE
002001	Roberto Hernández Ramirez	111.111.111-11	Mexican	

6 – ORDINARY SHARES / QUOTAS (Unit)	7 – %	8 – PREFERRED SHARES (Unit)	9 – %	10 – TOTAL SHARES / QUOTAS (Unit)	11 – %	12 – COMPOSITION OF CAPITAL STOCK	
901.920	39,74	0	0,00	901.920	39,74		

1 – ITEM	2 – NAME/CORPORATE NAME	3 – CPF/CNPJ No.	4 – NATIONALITY	5 – STATE
002002	Alfredo Harp Helú	222.222.222-22	Mexican	

6 – ORDINARY SHARES / QUOTAS (Unit)	7 – %	8 – PREFERRED SHARES (Unit)	9 – %	10 – TOTAL SHARES / QUOTAS (Unit)	11 – %	12 – COMPOSITION OF CAPITAL STOCK	
541.152	23,85	0	0,00	541.152	23,85		

1 – ITEM	2 – NAME/CORPORATE NAME	3 – CPF/CNPJ No.	4 – NATIONALITY	5 – STATE
002003	José G.Aguilera Medrano	333.333.333-33	Mexican	

6 – ORDINARY SHARES / QUOTAS (Unit)	7 – %	8 – PREFERRED SHARES (Unit)	9 – %	10 – TOTAL SHARES / QUOTAS (Unit)	11 – %	12 – COMPOSITION OF CAPITAL STOCK	
541.152	23,85	0	0,00	541.152	23,85		

1 – ITEM	2 – NAME/CORPORATE NAME	3 – CPF/CNPJ No.	4 – NATIONALITY	5 – STATE
002004	Esteban Malpica Fomperosa	060.627.497-95	Mexican	

6 – ORDINARY SHARES / QUOTAS (Unit)	7 – %	8 – PREFERRED SHARES (Unit)	9 – %	10 – TOTAL SHARES / QUOTAS (Unit)	11 – %	12 – COMPOSITION OF CAPITAL STOCK	
270.609	11,92	0	0,00	270.609	11,92		

1 – ITEM	2 – NAME/CORPORATE NAME	3 – CPF/CNPJ No.	4 – NATIONALITY	5 – STATE
001005	Outhers	555.555.555-55		

6 – ORDINARY SHARES / QUOTAS (Unit)	7 – %	8 – PREFERRED SHARES (Unit)	9 – %	10 – TOTAL SHARES / QUOTAS (Unit)	11 – %	12 – COMPOSITION OF CAPITAL STOCK	
14.463	0,64	0	0,00	14.463	0,64		

1 – ITEM	2 – NAME/CORPORATE NAME	3 – CPF/CNPJ No.	4 – NATIONALITY	5 – STATE
002999	TOTAL			

6 – ORDINARY SHARES / QUOTAS (Unit)	7 – %	8 – PREFERRED SHARES (Unit)	9 – %	10 – TOTAL SHARES / QUOTAS (Unit)	11 – %	12 – COMPOSITION OF CAPITAL STOCK	
2.269.296	100,00	0	0,00	2.269.296	100,00		

01.01 – IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

03.03 – DISTRIBUTION OF CAPITAL SHARES OF SHAREHOLDERS WITH MORE THAN 5% OF ORDINARY AND/OR PREFERRED SHARES

1- ITEM	2 – CONTROLLER / INVESTOR	3 – DATE OF PART. IN CAPITAL STOCK
996	OUTSTANDING SHARES	07/21/2009

1 – ITEM	2 – NAME/CORPORATE NAME		3 – CPF/CNPJ No.		4 – NATIONALITY		5 – STATE
6 – ORDINARY SHARES / QUOTAS (Unit)	7 – %	8 – PREFERRED SHARES (Unit)	9 – %	10 – TOTAL SHARES / QUOTAS (Unit)	11 – %	12 – COMPOSITION OF CAPITAL STOCK.	

01.01 - IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

04.01 – COMPOSITION OF CORPORATE CAPITAL

1 – DATE OF LAST MODIFICATION: 21/07/2009

2 – ITEM	3 – TYPE OF SHARES	4 – REGISTERED OR BOOK ENTRY	5 – NOMINAL VALUE (Reais)	6 – No. OF SHARES (Unit)	7–SUBSCRIBED (Thousand Reais)	8–PAID UP (Thousand Reais)
01	COMMON SHARES	REGISTERED		223.100.697	1.873.927	1.873.927
02	PREFERRED SHARES			0	0	0
03	CLASS A PREFERRED SHARES			0	0	0
04	CLASS B PREFERRED SHARES			0	0	0
05	CLASS C PREFERRED SHARES			0	0	0
06	CLASS D PREFERRED SHARES			0	0	0
07	CLASS E PREFERRED SHARES			0	0	0
08	CLASS F PREFERRED SHARES			0	0	0
09	CLASS G PREFERRED SHARES			0	0	0
10	CLASS H PREFERRED SHARES			0	0	0
11	OTHER CLASSES –			0	0	0
99	TOTAL			223.100.697	1.873.927	1.873.927

01.01- IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

04.02 – SUBSCRIBED CORPORATE CAPITAL AND MODIFICATIONS IN THE LAST THREE YEARS

1 – ITEM	2 – DATE OF MODIFICATION	3 – CORPORATE CAPITAL VALUE (Thousand Reais)	4 – VALUE OF MODIFICATION (Thousand Reais)	5 – ORIGIN OF MODIFICATION	7 – NUMBER OF SHARES ISSUED (Unit)	8 – SHARE PRICE AT DATE OF ISSUE (Reais)
02	07/05/2007	69.753	14.000	Private Subscription in Cash	19.841.310	0,7055990000
03	01/06/2007	310.866	241.112	Private Subscription in Cash	46.332.562	10,4079070000
05	04/06/2007	404.650	93.785	Private Subscription in Cash	528.727	179,1000000000
06	04/06/2007	410.650	6.000	Private Subscription in Cash	576.485	10,4079000000
07	16/04/2008	714.960	304.309	Public Subscription	35.801.080	17,0000000000
08	16/05/2008	718.731	3.772	Public Subscription	221.867	17,0000000000
09	27/06/2008	1.592.177	873.446	Subscription in Kind (Assets or Credits)	39.720.140	21,9900000000
10	30/06/2009	1.544.430	(47.747)	Partial Spin-Off	-4.758.380	10,0343861532
11	30/06/2009	1.592.177	47.747	Incorporation of Shares	4.758.380	10,0343861532
12	14/07/2009	1.822.177	230.000	Public Subscription	20.000.000	23,0000000000
13	21/07/2009	1.873.927	51.750	Public Subscription	4.500.000	23,0000000000

01.01 – IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

04.04 – AUTHORIZED CAPITAL STOCK

1 – NUMBER (Unit)	2 – VALUE (Thousand Reais)	3 – DATE OF AUTHORIZATION
0	3.000.000	06/30/2009

04.05 – COMPOSITION OF THE AUTHORIZED CAPITAL

1 – ITEM	2 – TYPE	3 – CLASS	4 – AUTHORIZE NUMBER OF SHARES (Unit)

01.01 - IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

06.01 – AMOUNTS DISTRIBUTED OVER THE LAST THREE YEARS

1-ITEM	2-END OF FISCAL YEAR	3-NET PROFIT OR LOSS OF THE YEAR (Reais thousand)	4-AMOUNT	5-APPROVAL OF DISTRIBUTION EVENT	6-DATE OF APPROVAL OF DISTRIBUTION	7-TYPE OF SHARES	8-CLASS OF SHARES	9-VALUE OF APPROVED AMOUNT (Reais thousand)	10- VALUE OF APPROVED AMOUNT PER SHARE	11-NUMBER OF INSTALLMENTS OF PAYMENT.
12.1-SUM DISTRIBUTED	12.2-ADJUSTMENT/ INTERESTS	13-DATE OF START OF PAYMENTS	14-ADJUSTMENT FACTOR	15-DATE OF SHAREHOLDING FOR DISTRIBUTION OF AMOUNT	16-REMARK					
01	12/31/2008	-207.876						0	0,0000000000	0
0,0000000000	0,0000000000		0,0000000000							
03	12/31/2008	-2.932						0	0,0000000000	0
0,0000000000	0,0000000000		0,0000000000							

01.01 - IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

06.03 – STATUTORY DISPOSALS OF CORPORATE CAPITAL

1 – ITEM	2 – SHARE TYPE	3 – SHARE CLASS	4 – % OF CAPITAL STOCK	5 – CONVERTIBLE	6 – TO BE CONVERTED ON	7 – VOTING SHARE	8 – TAG ALONG %	9 – PRIORITY IN THE REIMBURSEMENT OF CAPITAL	17 – NOTES
10 – PREMIUM	11 – DIVIDEND TYPE	12 – % DIVIDEND	13 – R$/SHARE	14 – CUMULATIVE	15 – PRIORITY	16 – CALCULATED ON			
01	ORDINARY		100,00	NO		FULL	100,00		
		0,00	0,00000						

06.04 – STATUTORY MODIFICATION / COMPULSORY DIVIDEND

1 – DATE OF LAST STATUTORY MODIFICATION	2 – COMPULSORY DIVIDEND (% OF PROFIT)
06/27/2008	25,00

01.01 - IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

07.01 – ADMINISTRATORS' COMPENSATION AND INTERESTS OF IN PROFIT

1 – ADMINISTRATORS' INTERESTS IN PROFITS	2 – GLOBAL COMPENSATION OF ADMINISTRATORS (Thousand Reais)	3 – PERIODICITY
NO	12.000	ANNUAL

07.02 – INTERESTS AND CONTRIBUTIONS IN THE LAST THREE YEARS

1 – FINAL DATE OF THE LAST FISCAL YEAR: 12/31/2008

2 – FINAL DATE OF THE PREVIOUS FISCAL YEAR: 12/31/2007

3 – FINAL DATE OF THE PREVIOUS FISCAL YEAR: 12/31/2006

4 – ITEM	5 – DESCRIPTION OF INTERESTS AND CONTRIBUTIONS	6 – AMOUNT OF LAST FISCAL YEAR (Thousand Reais)	7 – AMOUNT OF THE PREVIOUS FISCAL YEAR (Thousand Reais)	8 – AMOUNT OF THE PREVIOUS FISCAL YEAR (Thousand Reais)
01	DEBENTURE HOLDERS' INTERESTS	0	0	0
02	EMPLOYEES' INTERESTS	0	0	0
03	MANAGERS' INTERESTS	0	0	0
04	FOUNDER'S SHARES	0	0	0
05	AID FUND PARTICIPATION	0	0	0
06	SOCIAL SECURITY CONTRIBUTIONS	0	0	0
07	OTHER CONTRIBUTIONS	0	0	0
08	NET PROFIT OF THE FISCAL YEAR	0	58.833	0
09	NET LOSS OF THE FISCAL YEAR	207.876	0	2.932

01.01 - IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

07.03 – INTERESTS IN CONTROLLED AND/OR AFFILIATE COMPANIES

1 – ITEM	2 – CORPORATE NAME OF CONTROLLED OR AFFILIATE COMPANY	3 – CNPJ No.	4 – CLASSIFICATION	5 – % INTERESTS IN THE CAPITAL OF THE INVESTED COMPANY	6 – % NET EQUITY OF INVESTOR

7 – TYPE OF COMPANY	8 – START DATE OF LAST FISCAL YEAR	9 – END DATE OF LAST FISCAL YEAR	10 – No. OF SHARES IN THE LAST FISCAL YEAR

11 – START DATE OF PREVIOUS FISCAL YEAR	12 – END DATE OF PREVIOUS FISCAL YEAR	13 – No. OF SHARES IN THE PREVIOUS FISCAL YEAR	14 – START DATE OF PREVIOUS FISCAL YEAR	15 – END DATE OF PREVIOUS FISCAL YEAR	16 – No. OF SHARES IN THE PREVIOUS FISCAL YEAR

01	COSMED INDÚSTRIA DE COSMÉTICOS E MEDICAM.	61.082.426/0001-26	CLOSELY-HELD, CONTROLLED	100,00	3,15
BUSINESS, INDUSTRIAL AND OTHER COMPANIES			01/01/2008	12/31/2008	28.353.009
		0			0

02	MY AGÊNCIA DE PROPAGANDA LTDA	03.532.177/0001-27	INVESTED IN CONTROLLED/AFFILIATED	100,00	0,01
BUSINESS, INDUSTRIAL AND OTHER COMPANIES			01/01/2008	12/31/2008	10.000
01/01/2007	12/31/2007	10.000			0

9.01 Our History

We began our operations in December 2001, when one of our indirect controlling shareholders, Monte Cristalina acquired Prátika Industrial Ltda., a company operating in the household cleaning segment and, at the time of the acquisition, owner of the *Assolan* trademark, from Unilever Brasil Ltda., or Unilever Brasil. During 2002, we strengthened our position in the steel wool segment by acquiring regional trademarks distributed throughout Brazil, such as *Help* and *Brilmis*. Additionally, in 2002 we built a new distribution center in Goiânia and invested in improving production processes, doubling our steel wool production capacity.

In 2003, we expanded our activities into other surface cleaning segments, such as synthetic sponges, while modernizing our household cleaning plant in Goiânia.

In February 2005, we acquired all quotas of Quimivale and Distribuidora Clean Ltda.'s and Distribuidora Clean's capital stock, ("Quimivale" and "Distribuidora Clean") thereby entering the powder laundry detergent market.

In March 2006, we acquired the food business division focused in tomato and vegetable products, which owned many popular trademarks, including the *Etti*, *Salsaretti*, and *PuroPurê*. The acquisition occurred by means of a purchase of shares owned by Bessan Indústria e Comércio de Alimentos S.A., or Bessan, which changed its name to Etti Produtos Alimentícios Ltda., or Etti.

In July 2006, our shareholder Monte Cristalina acquired 50% of the shares of Éh Cosméticos, which operated in the hair care product market and sold products that include shampoos, conditioners and styling creams marketed under the trademark *Éh!*. In January 2008, we acquired the remaining 50% of the shares of Éh Cosméticos.

In January 2007, we acquired 90% of the capital stock of Sulquímica Ltda. ("Sulquímica"), which owned the trademarks *Mat Inset, Boa Noite and No Inset*, and its subsidiary Fluss Indústria e Comércio Ltda., or Fluss, which owned the *Fluss* and *Sani Fleur* trademarks. We acquired the remaining 10% of Sulquímica's capital stock in September 2007.

In March 2007, Hypermarcas Industrial Ltda., a company incorporated in 2006, was merged into Assolan Industrial Ltda., or Assolan Industrial. After the merger, Assolan Industrial changed its corporate name to Hypermarcas Ltda. Subsequently, Hypermarcas Ltda. was transformed into a corporation and changed its name to Hypermarcas S.A. Still during the first quarter of 2007, we also acquired Finn, which owned the *Finn* trademark of sugar substitutes and other related products, allowing us to expand our activities in the health products and food segments.

With the purpose of acquiring a significant share in the over-the-counter medicaments market and increasing our market share in the cosmetics and personal care and food product segments, in June 2007, we acquired DM Industria Farmacêutica ("DM"), which owned trademarks *Apracur, Atroveran, Avanço, Benegrip, Biotônico Fontoura, Cenoura & Bronze, Doril, Engov, Epocler, Estomazil, Gelol, Lactopurga, Melhoral, Merthiolate, Monange, Paixão, Rastro, Três Marchand* and *Zero Cal*, among others.

During 2007, we merged Etti, Sulquímica, Fluss, Finn, DM, Quimivale and Distribuidora Clean into our Company.

In April 2008, we completed our initial public offering by listing our common shares in the Novo Mercado segment of the São Paulo Stock Exchange - BOVESPA.

In June 2008, our shareholders, with the Company as Intervening Party, executed a share purchase agreement with Farmasa, by means of which Farmasa became our wholly-owned subsidiary, resulting in the subscription by the shareholders of Farmasa (the Samaja Family and GP Investments Group) of 20% of our capital stock. With this acquisition, we became the largest over-the-counter medicament manufacturer and the fourth largest pharmaceutical laboratory in Brazil, according to IMS Health.

In July 2008, we acquired the entire capital stock of Ceil Distribuidora Ltda. ("Ceil"), an indirect subsidiary of Revlon Consumer Products Corporation ("Revlon"), and owner of the *Bozzano, Juvena* and *Campos do Jordão* trademarks and of the rights in certain trademarks, including trademark *Aquamarine*, registered by other companies controlled by Revlon.

Also in July 2008, we acquired trademarks belonging to Brasil Global and NY Looks, including: *Gel NY Looks, Hair Spray NY Looks, Radical Gel, Gel Summer Look, Hidratante Corporal Bia Blanc* and *Cremes de Tratamento Bia Blanc*, among others.

In October 2008, we acquired the Niasi Group. The Niasi Group operated in the hair coloring, nail polish, shampoo, conditioner, hair treatment, hair color remover and deodorant segments, and manufactured the *Biocolor* line of hair color products and the *Risqué* line of nail polishers, the market leader with approximately 44% market share, according to ACNielsen. With this acquisition we entered the nail polisher and hair coloring market and strengthened our cosmetics line. Aprov was the exclusive distributor of Niasi's products.

On December 29, 2008, we merged Éh, Farmasa Ceil and Aprov into our Company with the goal of simplifying our corporate structure.

In July 2009, we concluded our primary and secondary public offer of shares.

Overview

We are one of the largest Brazilian consumer goods companies originally funded with domestic capital, according to rankings published by the FGV and Exame Magazine. We believe that we own the largest and most diversified trademark portfolio in Brazil, including a number of leading trademarks in the market segments in which we operate. We operate throughout Brazil in the medicament, cosmetics and personal care, food products and household cleaning product segments, selling products that we believe present significant growth potential. Our portfolio places our Company in a privileged position to capture the demands of Brazilian mid- and low-income consumers, known as Classes B. C and D, the segment of the Brazilian population with the largest growth potential according to Target Marketing.

Our trademark portfolio is divided into four business lines:

- **Medicaments**: we are a leading company in the over-the-counter medicaments market in Brazil, holding several leading trademarks, as recognized by IMS Health. According to market share data from IMS Health, we own leading trademarks in the Brazilian pharmaceutical industry, such as: *Benegrip*, a flu medicament; *Engov*, a hangover and upset stomach medicament; *Rinosoro*, an over-the-counter nasal decongestant; *Doril*, an analgesic; *Tamarine*, a laxative; and *Atroveran*, the second leader antispasmodic trademark, according to IMS.

- **Cosmetics and Personal Care**: we believe that we are the largest personal care products company in Brazil, holding the broadest portfolio in terms of product categories in the market, according to ACNielsen. Our trademarks in the cosmetics and personal care segment include the following, which, according to market share data from ACNielsen, are leading trademarks in Brazil: *Monange*, a moisturizer; *Paixão*, a bath oil; *Risqué*, a nail polisher; *Bozzano*, a hair gel; and *Cenoura & Bronze*, a tanning lotion.

- **Food Products**: we are the leading company in the Brazilian sweetener market and one of the leading companies in the Brazilian tomato sauce market, according to market share data from ACNielsen. Our trademarks in the food products segment include leading trademarks, according to market data from ACNielsen, such as: *Finn*, a powder sweetener; *Zero-Cal*, a liquid sweetener; and *Salsaretti*, the vice leader tomato sauce.

- **Household Cleaning Products**: we hold the most complete portfolio of high value-added products in the household segment in Brazil, including trademarks such as *Assolan*, one of the leading steel wool products, and *Mat Inset*, a leading electric insecticide, all according to market share data from ACNielsen.

Our growth strategy includes both organic growth and growth through acquisitions.

With the goal of expanding our product and trademark portfolios, in our eight years of operations we have carried out 22 acquisitions. This acquisition strategy aims to incorporate in our portfolio trademarks that we believe to enjoy one or more of the following features (i) an untapped growth potential; (ii) attractive margins, especially in the medicament and cosmetics and personal care market segments; (iii) synergies with our existing sales, distribution, operating and administrative structure; and/or (iv) a potential to expand into other products and/or regions.

In April 2008 we conducted an initial public offering and listed our common shares on the BOVESPA to enable us to make strategic acquisitions to strengthen our business and to make the investments necessary to ensure the organic growth of our trademarks.

With a view to boosting our growth and seizing existing growth opportunities, in April 2008 we became a publicly-held company by conducting our initial public offering in BM&FBOVESPA. Following our commitment in this respect, we have invested and continue to invest heavily so as to foster the organic growth of our trademarks. Since our initial public offering, we acquired four companies and additional trademarks in the medicaments and cosmetics and personal care segments: We acquired Farmasa, becoming the largest over-the-counter medicaments manufacturer and the fourth largest pharmaceutical laboratory in Brazil, according to IMS Health. We later acquired the *Bozzano* and *Aquamarine* trademarks from Revlon by means of our acquisition of Ceil, and we acquired additional popular trademarks from Brasil Global and NY Looks which allowed us to (i) increase our product portfolio in the Cosmetics and Personal Care segment, and (ii) take advantage of growth opportunities in the cosmetics and personal care products for men, based upon the strong recognition of the *Bozzano* and *NY Looks* trademarks. In addition, we acquired the Niasi Group, further expanding our Cosmetics and Personal Care product portfolio by adding nationally renowned trademarks as *Risqué*, the leading nail polisher trademark, according to ACNielsen.

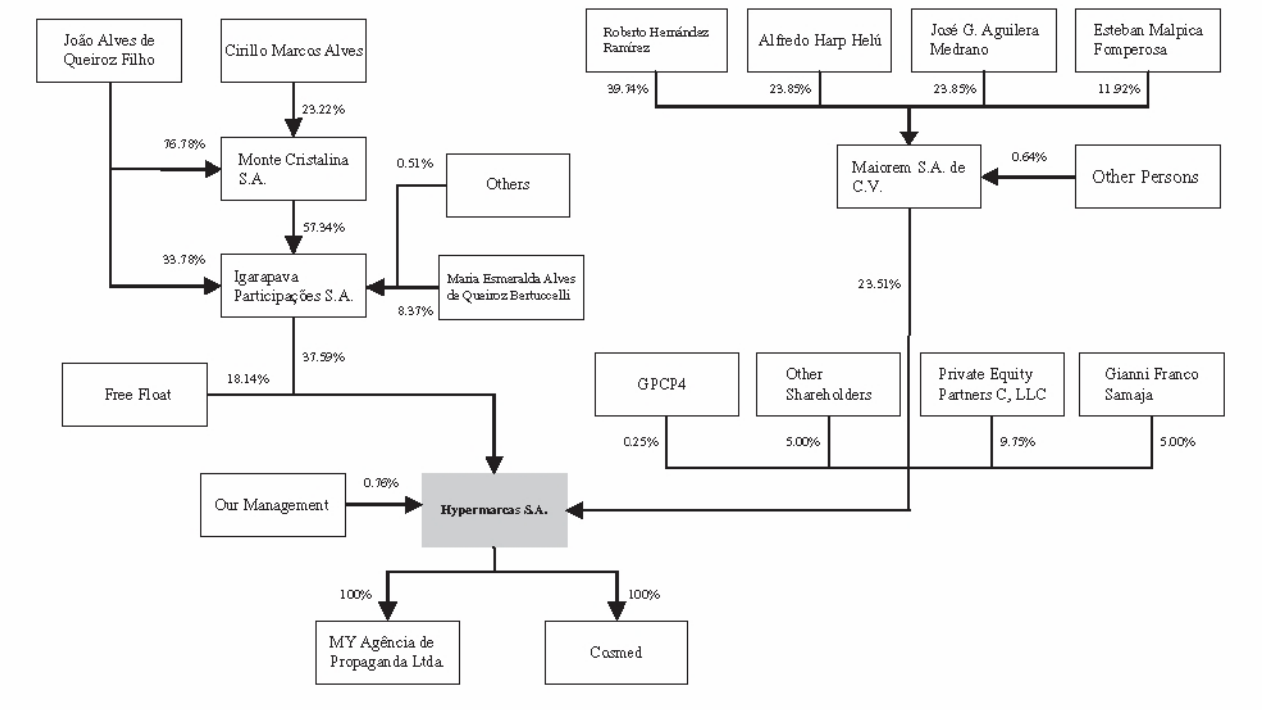
We expeditiously and efficiently integrate our acquisitions into our operations. In a first phase, we quickly address personnel and overlapping function issues and implement simple changes to increase profitability. At a second stage of integration, we normally implement operational adjustments, such as cost reductions in purchases and logistics. Finally, we seek to improve the overall strategy of the product line by redesigning the packaging and labeling, launching new products through high-impact advertising campaigns and special promotions targeting end consumers, investing in our sales teams and in product samples at our points of sale, and creating sales incentives for distributor channels. These initiatives are designed to promote growth through potential synergies and gains from economies of scale, which we believe to allow us to generate higher returns and operating margins as we add more trademarks and products to our portfolio, creating value for our shareholders.

In addition to our acquisitions, we have also experienced a consistent and robust organic growth of our trademarks as a result of the successful implementation of our strategy and investments in marketing activities, which have helped us become the third largest advertiser in Brasil of perishable consumer goods, according to the M&M Group. As a result of our acquisitions, and our organic growth, our gross sales revenue reached R$1,780.9 million and R$489.5 million for the year ended on December 31, 2008 and for the three-month period ended on March 31, 2009 respectively. Our Recurring EBITDA was R$321.0 million for the year 2008 and R$102.1 million for the first quarter of 2009 (corresponding to 24.1% and 26.5% of our net revenues, respectively). Such results are benefit from tax credits resulting from the amortization of goodwill that significantly reduced our effective income tax and social contribution tax rates for those periods.

The results of our commitments with our shareholders at the time of conduction of our public offering of shares are clear. We invested and continue to invest heavily in our trademarks, we made four recent acquisitions in the Medicaments and Cosmetics and Personal Care segments. We were able to expeditiously integrate Farmasa, Ceil, Brasil Global, NY Looks and the Niasi Group, thereby generating synergies and eliminating costs resulting from such acquisitions.

Corporate Structure

The following diagram shows our current corporate structure. The percentages represent the interest in the total capital of the entities included in the diagram.



Recent Acquisitions

Farmasa

On June 27, 2008, we acquired all shares if the capital stock of Farmasa to reaffirm our expansion process and consolidate our activity in the over-the-counter medicament segment. The acquisition resulted in a significant economy of scale gain that strengthened both companies' market position.

The transaction was carried out through an exchange of 100% of Farmasa's 27 shares for 39,720,140 of common shares newly issued by us, in the total amount of R$873.4 million and corresponding, at the time, to 20% of our capital stock, at the rate of 0,428 share of the Company for each Famasa's exchanged share.

When the transaction was completed, Farmasa became our wholly-owned subsidiary but on December 29, 2008 was merged into us. As a result of the share exchange, the former Farmasa shareholders became part of our controlling group by means of the execution of a shareholders' agreement.

Ceil

On July 28, 2008, to complement our portfolio of cosmetics and personal care products and as a consequence of increased opportunities in this segment, we acquired the entire capital of Ceil, a subsidiary of Revlon in Brazil and owner of the *Bozzano*, *Juvena*, *Campos do Jordão*, and rights in certain trademarks registered by other companies controlled by Revlon, including the *Aquamarine* trademark, for an acquisition price in reais equivalent to US$104 million, or R$173.4 million based on the exchange rate at the time of the acquisition, plus the sum existing in Ceil's cash on the date of acquisition (US$3.6 million) paid fully on demand and with our own funds.

Trademarks Owned by Brasil Global and NY Looks

Also on July 28, 2008, aiming at reinforcing our growth plan in the cosmetics and personal care segment, we acquired the rights to the *NY Looks*, *Bia Blanc* and *Radical* trademarks associated with gel and hairspray product lines from Brasil Global and NY Looks, including the *Radical Gel*, *Gel Summer Look*, *Hidratante Corporal Bia Blanc* and *Cremes de Tratamento Bia Blanc* trademarks, as well as industrial designs owned by Alexandre de Andrade Roméro. The acquisition involved only the purchase of assets, including the trademarks and other rights to intellectual property relating to the trademarks. We did not acquire an ownership interest in Brasil Global or NY Looks, which continue to operate in their respective business segments under their management and controlling shareholders. The transaction was concluded for the amount of R$60 million, of which (i) R$12 million were paid on demand; (ii) R$12 million were credited to an escrow account as collateral to the settlement of contingent or absolute obligations of any nature; and (iii) R$36 million converted into US dollars at a rate of R$1.5745 for each US$1.00 to be paid in 5 equal annual installments, the first one due and payable on July 30, 2009 and the last on July 30, 2013. As collateral to those installments, we presented a bank surety in the amount of R$36 million in favor of the trademarks assignor.

Niasi and Aprov - ("Niasi Group")

On October 6, 2008, in continuing our expansion plan and as a consequence of increased opportunities in the cosmetics and personal care segment, we acquired the entire capital of the Niasi Group for the economic value of those companies, determined to be of R$366 million that, after deduction of Niasi Group's net indebtedness, resulted in an acquisition value of R$328.4 million, of which R$232,4 million were paid on demand, and R$96 million remains to be paid by us in up to five years. As collateral granted by the parties, we presented a bank surety in favor of the sellers in the amount of R$50 million and, as counterpart, we received a first priority mortgage in the real state property owned by Merano Participações Ltda. located in the City of Taboão da Serra, State of São Paulo, which mortgage shall be held for our benefit for five years counted from the date of acquisition of the Niasi Group

The Niasi Group operates in the hair coloring, nail polisher, shampoo, conditioner, hair treatment, hair color remover and deodorant segments and manufactures and distributes the *Biocolor* line of hair color products and the *Risque* line of nail polisher, the market leader with approximately 44% market share in Brazil, according to ACNielsen. With this acquisition, we entered the nail polisher and hair coloring market and strengthened our cosmetics line. Aprov was the entity exclusively responsible for the distribution of Niasi products.

See "Business — Material Agreements — Other Acquisitions" for further information on the acquisitions of Farmasa, Ceil and certain trademarks from Brasil Global and NY Looks, which are still subject to Brazilian antitrust authorities, and "Risk Factors — Risks Relating to Our Business and Industry — Brazilian antitrust authorities may restrict or not approve our acquisitions" for information on the risks that this situation poses to us.

The table below summarizes the acquisition dates for our recent acquisitions, which have been consolidated into our financial statements after each respective acquisition date:

Acquired Company / Trademarks	Business Unit	Acquisition Date
DM	Food Products, Medicament, Cosmetics and Personal Hygiene	June 1, 2007
Farmasa	Medicament, Cosmetics and Personal Hygiene	June 27, 2008
Ceil	Cosmetics and Personal Hygiene	July 28, 2008
Trademarks from Brasil Global e NY Looks	Cosmetics and Personal Hygiene	July 28, 2008
The Niasi Group	Cosmetics and Personal Hygiene	October 6, 2008

Product Segments

Medicaments

Our Medicaments line of business started in 2007 in the Over-the-Counter Medicament market. We entered the medicament segment through our acquisition of DM in 2007 and expanded our market share in 2008 to Prescription Medicaments through our acquisition of Farmasa.

Over-the-Counter Medicaments

Our portfolio in the over-the-counter medicaments segment consists primarily of the following product categories and trademarks:

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Medicament to treat cold and flu symptoms	Apracur	52	2007
	Rinosoro	49	2008
	Benegrip	48	2007
Analgesics	Doril	73	2007
	Melhoral	67	2007
	Lisador	47	2008
Antacids	Engov	50	2007
	Estomazil	32	2007
	Bisuisan	30	2007
Laxatives	Lacto-Purga	49	2007
	Tamarine	36	2008
Tranquilizers	Maracugina	49	2007
Antispasmodics	Atroveran	41	2007
Hepatoprotector	Epocler	40	2007
	Engov	30	2007
Antiseptics	Merthiolate	65	2007
Tonics and Vitamins	Biotônico Fontoura	101	2007
	Vitasay	34	2007
Other	Gelol	39	2007
	Anapyon	39	2007
	Escabin	34	2007
	Licor de Cacau	34	2007

We entered this segment with the acquisition of DM in 2007 and enlarged our market share in 2008 with the acquisition of Farmasa, whereupon we became the leading company in the Over-the-Counter Medicament market. The over-the-counter medicaments business line is comprised of products intended for the treatment of minor symptoms or irritation that are easily self-diagnosed, such as headaches, flues, colds, and stomach acidity. The products are distributed at pharmacies (pharmaceutical channel) where they are displayed in shelves to facilitate the self-service and are sold without prescription.

Our product portfolio in the over-the-counter medicament segment includes well-known and traditional trademarks with a loyal product demand. Among our over-the-counter medicaments duly registered with ANVISA, the following trademarks are particularly strong: *Benegrip*, *Apracur*, and *Rinosoro* (flu medicament), *Doril*, *Lisador* and *Melhoral* (analgesics), *Lacto-Purga* and *Tamarine* (laxative), *Atroveran* (antispasmodic), *Estomazil* (acidity and indigestion), *Engov* and *Epocler* (hangover and upset stomach), *Maracugina* (tranquilizer), *Escabin* (scabicide), *Gelol* (anti-rheumatism), *Merthiolate* (antiseptic), *Licor de Cacau* (anti-helminitic) and *Biotônico Fontoura* (tonics).

We also own several “dormant” trademarks that we believe to present a high growth potential through increased marketing efforts. The most important of these lesser recognized trademarks are *Pepto-zil* and *Bisuisan* (hangover and upset stomach), *Anapyon* and *Gurgol* (throat medicines), *Tiratosse* (cough medicament), *Kalloplast* (calicide), *Humectol* (laxative) and *Hemovirtus* (anti-hemorrhoid).

In addition, we have the opportunity to extend our product portfolio using our strong trademarks, such as *Benegrip* and *Apracur* (flu medicaments), *Merthiolate* (antiseptic), *Estomazil* (acidity and indigestion), *Maracugina* (tranquilizer), *Biotônico Fontoura* (tonics) and *Epocler* (hangover and upset stomach).

We also have recently launched medicaments in the over-the-counter segment, the main ones being: (i) *Mirador* (metamizole sodium-based analgesic); (ii) *Din* (paracetamol-based analgesic); (iii) *Dermil* (skin irritation creams), and (iv) *Dermalina* (anti-micotic). According to the IMS Health, the market in which such products are inserted has annual sales of R$1.58 billion.

Prescription Medicaments

The table below sets forth the main categories and trademarks that make up our portfolio in the prescription medicament business line.

Product Category	**Trademark**	**Number of Years in the Market**	**Year Added to Our Portfolio**
Anti-inflammatory	Maxsulid	11 years	2008
Cholesterol	Lipanon	19 years	2008
Muscle relaxers	Mioflex-A	8 years	2008
Allergy	Loralerg D	13 years	2008
Anti-infection	Gingilone	48 years	2008

In addition to our presence in the over-the-counter medicament market, we entered the prescription medicament market with the acquisition of Farmasa. Our prescription medicament business line is composed of medicaments that treat illnesses and can only be used under a doctor's prescription. The sale of these products is restricted and consumers can only acquire them at a pharmacy by presenting a doctor's prescription.

Our prescription medicament product portfolio is composed of mature products that we believe guarantee stable revenues and also have growth potential, such as *Gingilone* (anti-infection), *Fonergin* (analgesic, anesthetic and anti-inflammatory) and *Lipanon* (cholesterol). Our portfolio also includes new products with high growth potential, such as *Maxsulid* (anti-inflammatory), *Mioflex-A* (muscle relaxer and anti-inflammatory) and *Loralerg D* (anti-allergic).

We have plans to launch new medicaments in this business line., two of which have already been approved by ANVISA: (i) *Hiflux* (expectorant) and (ii) *Circadex* (sleeping pill). The market in which these new medicaments will be inserted has an annual revenue of R$444.1 million, according to IMS Health.

Cosmetics and Personal Care Products

Our cosmetics and personal care products business line began operations in 2006 with the launch of the *Éh!* trademark and was later expanded in 2007, through the acquisition of DM, and in 2008, through the acquisition of Farmasa, Ceil, certain trademarks from Brasil Global and NY Looks and the Niasi Group. The cosmetics and personal care products business line includes the following segments: Skin Care, Nail Care, Hair Products, Deodorants and Cologne, Shaving Products For Men, Tanning Lotion and Sunscreen, Foot Care and Professional Products. These products are distributed both through a door-to-door service and through traditional retailers and pharmacies.

In addition, to assure a larger market penetration and product exposure of our cosmetics and personal care product lines, integrated into our business after the acquisition of DM, Ceil and the Niasi Group, we provided our sales force with better supporting tools such as computers and PDAs in order to optimize the sale of such products, based on the model we already used for our Food, Personal Care and Household Cleaning Product lines.

Skin Care

Our portfolio in the skin care segment consists primarily of the following categories and trademarks:

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Moisturizers, Bath Oils, Soaps, and Skin Care Treatment ...	Leite de Colônia	61	2007
	Monange	44	2007
	Rastro	42	2007
	Paixão	23	2007
	Lucretin	17	2008

The skin care segment is one of the most important segments within the Cosmetic and Personal Care product line, with a total revenue of approximately R$634 million per year, according to ACNielsen.

In this segment, our main category is of moisturizers, with the traditional trademarks *Monange* and *Paixão*, which became part of our portfolio through our acquisition of DM and have been in the market for 44 and 23 years, respectively. We have intensively promoted these trademarks, among others, with publicity campaigns using Brazilian celebrities. Marketing efforts have also included the remodeling of labeling and packaging and the launch of three new fragrances in the second half of 2007.

We also invest in our bath oils category through our *Paixão* trademark, aimed at lower-income customers. In the soaps category, we have the *Rastro* trademark, and for skin treatments, we have the *Leite de Colônia* trademark. These are strong trademarks appealing to lower-income costumers and have been in the market for more than 23, 42 and 61 years, respectively.

Nail Care

The table below sets forth the main category and trademark in our Nail Care segment portfolio.

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Nail Polisher.....	Risqué	42	2008

In this segment we have innovated our marketing strategy, which is based on television advertising campaigns and reinforcing our relationship with the main target public (manicurists). We have also launched new product lines in this segment, such as the *Rendas do Brasil* collection, which leveraged the lace (renda) nail polisher color, the best-selling one in Brazil. The consolidation of this strategy has allowed us to increase the price of our products while increasing sales. We are the market leader in the Nail Care market with the *Risqué* trademark, which has a 44% market share according to ACNielsen. Risqué has been part of our portfolio since October 2008, when we acquired the Niasi Group.

Hairstyling Products

The table below sets forth the main trademarks in our hairspray and gel segment product portfolio.

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Gel, Pomade, Wax and Hairspray	Bozzano	62	2008
	NY Looks	16	2008

According to ACNielsen, we are the leaders in the Hairstyling segment, with the *Bozzano* and *NYLooks* trademarks. Because they are widely recognized, these trademarks are the foundation for our expansion and consolidation strategy in the men's hairstyling market.

Hair Coloring Products

The table below sets forth the main categories and trademarks that make up our portfolio in the hair coloring market.

Product Category	**Trademark**	**Number of Years in the Market**	**Year Added to Our Portfolio**
Cream Coloring, Gel Coloring, Toner, Bleach and Hydrogen Peroxide	Biocolor	50	2008

We operate in the hair coloring segment with the *Biocolor* trademark, which became part of our portfolio in 2008 with the acquisition of the Niasi Group. This segment includes the Cream Dyes, Gel Dyes, Highlights, Hair Color Removers and Hydrogen Peroxide categories. Because we have a 5.8% market share in a market that had total revenue of R$1,166 million in 2008, we believe we can leverage our sales in this segment, in light of our sales and marketing expertise and our distribution infrastructure.

Deodorants and Colognes

Our portfolio in the deodorants and perfumes segment consists primarily of the following categories and trademarks:

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Squeeze, Spray and Roll-on Packaging.....	Leite de Colônia	61	2007
	Monange	44	2007
	Avanço	43	2007
	Rastro	42	2007
	Italian Pine	16	2007
	Três Marchand	16	2007

We are currently the second-largest producer in the Deodorants and Perfumes segment and we have a broad and diversified trademark portfolio.

Our main trademarks within this segment are: *Avanço, Rastro, Três Marchand, Monange, Leite de Colônia, Italian Pine* and *Contouré*. Our products within the deodorants and perfumes segment come in a variety of dispensers (squeeze, spray and roll-on). This diversity provides our products with significant exposure at our point-of-sales by offering consumers various product options in a market characterized by product and packaging diversity.

In this segment, constant successful product launches are key to success. Throughout the last few years, we have renewed a significant number of our trademarks and launched new fragrances for our deodorants and perfumes as well as new dispensers (roll-on and spray packaging) for our deodorants and perfumes.

We have growth potential in this segment by exploring less recognized trademarks, launching new products under our established trademarks and exploring new approaches to our established trademarks.

Tanning Lotion and Sunscreen

Our portfolio in the tanning and suntan lotion segment consists primarily of the following categories and trademarks:

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Tanning Lotions, Sunscreen, Kids Sunscreen and After-sun Lotions	Cenoura & Bronze	31	2007

The tanning and suntan lotion segment has experienced significant growth in recent years. This development was sustained by increasing concerns among consumers about the dangers of sun exposure. We operate in this market through our Cenoura & Bronze trademark, which became part of our portfolio through our acquisition of DM.

In this segment, our strategy is to revitalize our trademark by launching new formulas, labels and packaging.

Shaving Products for Men

The table below sets forth the main trademarks that make up our men's shaving products segment portfolio.

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Shaving Instruments, Aftershave and Shaving Preparation Products	Bozzano	62	2008

We entered the shaving products market, which includes shaving instruments, shaving preparation products and aftershave products, with the acquisition of Ceil in July 2008. We act in this segment with the *Bozzano* trademark, which is a well-established trademark in the masculine products market. We intend to leverage the *Bozzano* trademark to make it synonymous with masculine segment products.

Hair Modification Products

The table below sets forth the trademarks that make up our portfolio in the hair modification segment.

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Hair Straighteners and Permanents	Zene	48	2008

We act in the Hair Modification segment with the *Zene* trademark, which has been part of our portfolio since 2008 with the acquisition of the Niasi Group. This is one of the segments that has the highest rate of growth in the cosmetics and personal care segment, according to ACNielsen, and we believe we can benefit from this growth, as well as increase our market share, by strengthening and increasing distribution of the *Zene* trademark.

Hair Care

Our portfolio in the hair care segment consists primarily of the following categories and trademarks:

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Shampoos, Conditioners, Hair Modification Products and Detangling Creams	Aquamarine	48	2008
	Biorene	48	2008
	Monange	44	2007
	Paixão	23	2007
	Éh!	3	2006

In the hair care segment, we operate in the following categories: shampoos, conditioners and creams.

Our trademarks within this segment are the *Monange*, *Éh!*, *Biorene* and *Paixão* trademarks. The *Monange* trademark became part of our portfolio through our acquisition of DM and focuses on the mass consumption market, providing high-quality products at competitive prices. The *Paixão* trademark was launched in 2008 as an extension of the oil and moisturizer product lines. The *Éh!* trademark appeals to ecologically aware consumers through innovative products (organic shampoos without petroleum-derived chemical products, and scalp exfoliators), its professional quality (used often in beauty salons), and high value-added products at competitive prices. The *Aquamarine* and *Biorene* trademarks became part of our portfolio through our acquisitions of Ceil and the Niasi Group, respectively, and offer products at intermediary price ranges.

All our trademarks in this segment are widely recognized in the Brazilian market, and we believe them to have significant potential for future growth. In implementing our marketing strategy, we have invested in advertising and modernizing our trademarks' packaging. We improved the visibility of the trademark and our products by extending our activities to related niches, making further investments to improve distribution and launching an aggressive marketing campaign that will grant our trademarks and products a greater visibility.

Foot Care

The table below sets forth the main trademarks in our Foot Care segment portfolio:

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Talcum and Aerosol Products for Feet	Bozzano	62	2008

We entered the foot care segment in 2008 with the *Bozzano* trademark, through the acquisition of Ceil. This segment complements our cosmetics and personal care segment.

Professional Product Line

The table below sets forth the main trademarks in our professional product line segment portfolio:

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Professional Shampoo, Conditioner, Relaxer and Hair Coloring	Nuance Tonalité	5 years	2008
	Niasi Concept Hid Trat Technique	4 years	2008
	Progressive	3 years	2008

The professional line ensures that our trademarks in the cosmetics and personal care product segment are viewed by professionals that form popular public opinion as quality trademarks. In addition, we believe that synergies are generated by the development and improvement of our products with our technical center, which is essential in guaranteeing the quality and performance of our products.

Household Cleaning Products

The household cleaning business line is divided into four segments: Dishwashing Products, Laundry Care, Household Cleaners and Insecticides.

Dishwashing Products

Our portfolio in the dishwashing products segment consists primarily of the following trademarks:

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Steel Wool, Synthetic Sponges and Cleaning Cloths	Assolan	51	2002
	Help	42	2002

Within this segment, we offer the following products: steel wool, synthetic sponges and cleaning cloths. The dishwashing products segment includes products enjoying high growth potential and increasing penetration in the market, such as cleaning cloths and synthetic sponges.

Our main trademark in this segment is *Assolan*, which has been in the market for 51 years. According to ACNielsen, *Assolan* is currently the second largest trademark in terms of market share in the steel wool segment. The *Assolan* trademark was acquired from Unilever in the second half of 2001 and, at the time we acquired it, it was active only in the steel wool, fine steel wool and synthetic sponge categories. Additionally, in 2002, we consolidated our steel wool business by acquiring a variety of regionally recognized steel wool trademarks.

In 2003, we invested in trademark marketing, launching of the *Assolan Mascot* and sponsoring popular and widely-viewed television programs. Our marketing investment strategy continues to provide innovative and high impact campaigns and we continue to invest in promoting products at the points of sale. As a result, we believe our share in the steel wool market has increased considerably since our acquisition of the *Assolan* trademark.

Laundry care

Our portfolio in the laundry care segment consists primarily of the following trademarks:

Product Category	**Trademark**	**Number of Years in the Market**	**Year Added to Our Portfolio**
Powder and Liquid Laundry Detergent, Fabric Softeners and Stain Removers	Sim	12	2005
	Assim	6	2005

Our Laundry Care segment consists of the following product categories: powder and liquid detergents, fabric softeners and stain removers. According to ACNielsen, in 2008 the market in which these product categories are inserted had sales revenue of R$4.1 billion.

Powder and liquid laundry detergents are used mainly to wash clothes, but may also be used to wash floors and domestic utensils. The main active ingredient used in the detergent is sulfuric acid, which is a tenso active agent.

We entered this market segment in February 2005 through the acquisition of Distribuidora Clean and Quimivale, a powder laundry detergent producer with a production capacity of 12,000 tons per month representing approximately 21% of the total Brazilian market in powder laundry detergents in accordance with ACNielsen. We also invested in modernizing the industrial plants located in the City of Itajaí, Santa Catarina state.

Our main trademark in this segment is *Assim*, which includes quality products used mainly for washing clothes. We also own the trademark *Sim*, which includes products for washing clothes as well as cleaning in general. These trademarks target the mass-consumption market and seek to attract consumers looking for low-cost quality products and to compete with the other leading trademarks in this segment.

In 2006, we expanded our trademarks to include softeners and other complementary washing products. Softeners are liquid products used to soften and perfume clothes. Stain removers are used to bleach and remove stains from clothes.

Household cleaners

Our portfolio in the household cleaners segment consists primarily of the following categories and trademarks:

Product Category	**Trademark**	**Number of Years in the Market**	**Year Added to Our Portfolio**
Multi-Use Cleaners, Disinfectants, Cleaners, Soap Products and Sanitary Deodorizers.....	SaniFleur	32	2007
	Fluss	24	2007
	Sim	12	2005
	Assim	6	2005

Our household cleaners segment is composed of the following categories: multi-use cleaners, disinfectants, cleaners, soap products and sanitary deodorizers. These are all high value-added products, but their market penetration in Brazil is still low. For strategic reasons, we have decided not to enter certain markets which are characterized by high sales, low value-added and strong regional competition, such as the soap bar and bleach market.

Multi-use cleaners are concentrated, ammonia-based chemical products used to clean floors, sinks and ceramics, and for stain removal. Disinfectants are chemical products that contain anti-bacterial agents and are used in general domestic cleaning. Soap cleaning products contain abrasive agents for polishing sinks, lavatories, shower stalls and domestic utensils. Sanitary deodorizers are solid, semi-solid, liquid or gel products based on chemical ingredients that have cleaning, deodorizing and room freshening effects.

In 2004, after acquiring and renovating a liquid cleaning products plant in Goiânia that previously belonged to Unilever, we initiated activities in the multi-use cleaner and disinfectant categories with the trademarks *Assim* and *Sim*. In 2007, with the acquisition of Sulquímica, which owned the *Fluss* and *SaniFleure* trademarks, we initiated operations in the sanitary deodorizer segment.

Currently, our main trademarks in the household cleaning segment are *Assim*, *Assolan*, *Fluss* and *SaniFleur*. *Fluss* and *SaniFleur* are the only trademarks active in the sanitary deodorizer category.

Insecticides

Our portfolio in the insecticides segment consists primarily of the following categories and trademarks:

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Aerosol Insecticides, Electric Insecticides, Coil Insecticides and Traps	Matador	71	2007
	Boa Noite	65	2007
	Mat Inset	31	2007
	No Inset	6	2007

The insecticides segment has significant growth potential due to (i) Brazil's weather conditions, which are conducive to the proliferation of insects; and (ii) the products' low market penetration, which, according to LatinPanel, reaches only 38% of the market. The Brazilian market for insecticides is currently dominated by only two competitors.

We entered the insecticides segment in the first quarter of 2007 through the acquisition of Sulquímica, which owned the Mat Inset trademark, the market leader in southern Brazil in accordance with market share data from ACNielsen. We are currently present in the following categories within the insecticides segment: aerosol insecticides, traps, electric insecticides and coil insecticides.

Aerosol insecticides are chemical products that act quickly and aim at killing poisonous, crawling and flying insects such as fleas, cockroaches, mosquitoes and flies. The traps are aimed at attracting and killing insects with baits. Electric insecticides aim to repel insects by vaporizing insecticides contained in a refill or replacement, in liquid form or tablets, which provides them with continuous and long-lasting usage. The coil insecticides are released into the environment through slow and gradual burning and may be used for a time period of up to eight hours.

Our products in this segment already had a high level of distribution in the Southern region in Brazil at the time we acquired Sulquímica. We believe there are opportunities to improve our national distribution rate and market share of our insecticide products. In order to fully capitalize on its full potential, we plan to use our sales structure throughout Brazil and use the same marketing strategy that we already used for the promotion of our other trademarks.

After our acquisition of Sulquímica, we re-launched the Mat Inset trademark product line with a new logo and packaging. We have also launched new products, such as Mata Dengue, a product that kills the mosquito carrying the dengue fever and its larva which we believe has growth potential. We believe that there still exists potential for the launching

Food Products

Our food products business line is divided into the following segments: sweeteners, tomato products, condiments and other products (grocery).

Sweeteners

Our portfolio in the sweeteners segment consists primarily of the following categories and trademarks:

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Powder Aspartame, Liquid Aspartame and Saccharine	Adocyl	50	2007
	Finn	27	2007
	Zero-Cal	26	2007

Due to their attractive prices, products based on saccharine are the segment's most popular products, representing 64% of total sales to end consumers in the sweeteners market. Aspartame-based products (the main saccharine substitute), which are higher value added products, account for 25% of sweeteners market sales, according to ACNielsen.

We operate in the sweeteners segment through the *Finn, Zero-Cal* and *Adocyl* trademarks, with liquid (saccharine and aspartame) and powder (aspartame) products. In the first quarter of 2007, we acquired the *Finn* trademark, our premium trademark that, according to ACNielsen, currently leads the market for aspartame-based products. The *Zero-Cal* trademark, which, also according to ACNielsen, is the current leader in the saccharine market, as well as *Adocyl* trademark, became part of our portfolio through our acquisition of DM, offering the consumer and excellent cost-benefit relation. Our sweetener products are aimed at consumers that seek quality and a well known trademark at competitive prices.

We believe that our trademarks in the sweeteners segment have significant growth potential by developing derivative products, such as diet and low-calorie products. In fact, these types of products have not yet been fully explored in Brazil.

Tomato Products

Our portfolio in the tomato products segment consists primarily of the following categories and trademarks:

Product Category	**Trademark**	**Number of Years in the Market**	**Year Added to Our Portfolio**
Sauces, Tomato Extracts, Purées and Pulp	Etti	50	2006
	Cajamar	45	2006
	Etti PuroPurê	37	2006
	Etti PuraPolpa	22	2006
	Salsaretti	22	2006

Even though the tomato product segment is already well developed due to high demand for tomato sauce products, it has experienced a significant growth in recent years. This growth was made possible by increases in the consumer purchasing power, which has led consumers to seek ready-to-eat and semi-prepared products that are more practical and require less preparation time.

We re-entered the tomato products segment in March 2006 through the acquisition of Etti, which owned the *Etti, Salsaretti, Etti PuraPolpa, Etti PuroPurê* and *Cajamar* trademarks, traditional and country-widely recognized trademarks, especially in the interior of São Paulo state. After the acquisition of Etti, we modernized its industrial plant to increase its production capacity, with the aim of improving productivity and product quality. In addition, we modernized the *Etti* and *Salsaretti* trademarks and designed all of the packaging and labeling. We then re-launched these trademarks, in which no advertising investments had been made for eight years.

The tomato products segment uses tomatoes as a raw material and comprises cooked tomato sauces (ready-to-eat), tomato extracts (a concentrated product to make sauces) and purée and tomato pulp (tomato substitute, without condiments, used to prepare sauces). The main raw material is tomato *in natura*.

Our main trademarks in this segment are *Etti, Salsaretti, Cajamar, Etti PuroPurê and Etti PuraPolpa*. The *Etti* trademark is the umbrella trademark in this segment. *Cajamar* is a traditional tomato extract trademark in the southern region of Brazil and in Minas Gerais state.

The *Etti PuroPurê* (tomato puree) and *Etti PuraPolpa* (tomato pulp) trademarks are made with extracts and ready-to-eat sauces, without spices, and are used as a base for the preparation of a variety of sauces and recipes.

We have gradually increased our market share in this segment through strategic investments aimed mainly at launching new products and improving distribution channels.

Condiments

Our portfolio in the condiments segment consists primarily of the following categories and trademarks:

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Ketchup and Liquid Sauces.....	Etti	50	2006

The Condiment segment includes the following product categories: ketchup (including mustard and barbecue sauce) and liquid sauces (chili sauce, Worcestershire sauce and soy sauce).

Our main trademark in this segment is *Etti*. In 2007, we re-designed the packaging and labeling of all of our products in this segment.

Seasonings

The table below sets forth the category and our trademark in this segment:

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Broth Seasonings	Etti	50	2006

We operate in this segment with our *Etti* trademark. The seasoning segment contains high value-added products and a market of R$521.7 million, according to ACNielsen. We have entered this segment by launching a broth seasoning line in 2008, after investing in a new plant. We expect to launch new products in this segment to increase our market share.

Other Food Products

This segment consists primarily of the following categories and trademarks:

Product Category	Trademark	Number of Years in the Market	Year Added to Our Portfolio
Canned Vegetables, Sweets and Drinks.....	Etti	50	2006
	Suprasumo	50	2007
	Adocyl	50	2007
	Zero-Cal	26	2007

Our Etti trademark is active in the canned vegetables and sweets categories (jams and guava jelly). In the candy and drinks market (including powder beverages), we act through our Suprasumo trademark. Our Zero-Cal and Adocyl trademarks also operate in the sweets (pudding, flavored gelatin and flan) and drinks (powder beverages) categories.

Relevant Changes in the Equity Interests Held by our Controlling Shareholders

We set forth below material changes in the ownership interest of our controlling shareholders for the periods ended December 31, 2006, 2007 and 2008 and in the three-month period ended on March 31, 2009.

For 2005 and 2006, there were no material changes in our controlling shareholders' ownership interest in our capital stock.

On June 1, 2007, Erches, a company held by Maiorem, merged into the Company through the subscription of 46,332,562 common shares equaling R$482.2 million. Later, through the acquisition of the

remaining shares held by Erches, we incorporated Enches, whereupon Maiorem became a direct shareholder of the Company. Furthermore, on June 4, 2007, our directors approved an increase in our capital stock of R$94.7 million, issuing 528,727 shares, fully subscribed and paid-up by Maiorem. Subsequently, after the referred subscription, Maiorem held 46,685,890 shares, representing 38% of our capital stock at that time. This transaction was approved by the Brazilian antitrust authorities ("CADE") on October 10, 2007 (Concentration Act Nº 08012.009082/2007-13).

On June 4, 2007, we also approved an increase in our capital stock of R$6 million, issuing 576,485 shares, fully subscribed and paid-up by Igarapava. After this transaction and the subsequent transfer of 761,729 shares to both Nelson José de Mello and Cláudio Bergamo dos Santos, by virtue of the redemption of all of Igarapava's class B preferential shares occurred on February 20, 2008, Igarapava held 74,648,255 shares, representing 60.76% of our capital stock at that time.

On June 27, 2008, we approved a share exchange ("Protocolo de Justificação e Incorporação de Ações of Laboratório Americano de Farmacoterapia - Farmasa") by means of which we and Farmasa agreed to the terms and conditions for the incorporation of all shares issued by Farmasa by our Company. Therefore, on the same date, we approved a capital increase of R$873.4 million, through the issuance of 39,720,140 common shares representing 20% of our capital stock prior to the Offer, and delivered these newly issued common shares to Farmasa's shareholders (Samaja Family, PEPC and GPCP4) in the proportion of their ownership interest in Farmasa. The Samaja Family, PEPC and GPCP4 executed a shareholders' agreement and became part of our controlling group.

9.02 OUR SEGMENT OF BUSINESS

Overview

In recent years, Brazil's economic indicators have improved, boosting the consumer goods industry in which we operate. Despite the 2008 international financial crisis, several economic indicators, such as an increase in retail sales, according to IBGE data, and the Brazilian trade account balance, according to the Secretary of Trade of the Brazilian Ministry of Development, Industry and Trade (Ministério do Desenvolvimento, Indústria e Comércio Exterior — Secretaria de Comércio Exterior), or MDIC/Secex, as of March of 2009, point to recovery of the Brazilian economic still in 2009.

Between December 31, 2004 and 2005, the real appreciated 13.4% against the U.S. dollar. In spite of such appreciation of the real, Brazil had a current account surplus balance of US$14.0 billion, the largest surplus ever. The average unemployment rate in Brazil's main metropolitan areas decreased from 11.5% on December 31, 2004 to 9.8% on December 31, 2005, according to IBGE estimates. Inflation rate in 2005, as measured by reference to the IPCA, was 5.7%, while the TJLP was 9.8% per year, and the Brazilian GDP growth was 3.2%.

In 2006, the real continued its trend, appreciating another 9.5% against the U.S. dollar. Despite this appreciation, Brazil had a positive current account balance of US$13.5 billion. The average unemployment rate in Brazil's main metropolitan areas increased from 9.8% on December 31, 2005 to 10.0% on December 31, 2006, according to estimates from the IBGE. Inflation in 2006, as measured by the IPCA, was 3.1%, while the TJLP was 6.9% per year, and GDP growth was of 3.8%.

In 2007, the real maintained the trend, appreciating 20.7% against the U.S. dollar. The average unemployment rate in Brazil's main metropolitan areas decreased from 10.0% on December 31, 2006 to 9.3% on December 31, 2007, according to estimates from the Development Studies Institute - IED. As of December 31, 2007, inflation as measured by the IPCA, was 4.5%, while the TJLP was 6.3% per year, and the GDP growth was of 5.4%.

Inflation in 2008, as measured by the IPCA, was 5.9%. This percentage was within the target range established by the Central Bank of 2.5% to 6.5%. The fact that inflation stayed at this level can be attributed to a monetary policy under which the official interest rate ""SELIC") was increased throughout the year, from 11.25% a year on December 31, 2007 to 13.75% a year on December 31, 2008. According to Ipeadata, the unemployment rate decreased by 15.1%, and Brazil's GDP per capita and average income in actual terms increased by 4% and 3.9%, respectively.

Certain economic indicators published by the IBGE, the Central Bank and Ipeadata suggest that economic recovery from the 2008 financial crisis may occur in 2009. According to IBGE data, the increase in retail sales during the first two months of 2009 was sufficient to compensate for the decrease in retail sales in the last quarter of 2008. This data suggests that consumption in Brazil remains high, an essential factor to ensure economic stability in emerging market countries such as Brazil. The hypermarkets, supermarkets, and food, beverage and tobacco products segments grew above the average and were responsible for the increase in retail sales. According to the MDIC/Secex, the Brazilian current account in March 2009 totaled US$1.8 billion, representing a 79.3% increase as compared to March 2008.

Since 2003, there has been a reduction in poverty in Brazil. According to the IBGE, the percentage of the population below the poverty line (an individual with per capita income of less than R$125 per month in the greater São Paulo metropolitan area) decreased from 22.7% in 2005 to 9.9% in 2006. According to a study by Datafolha, from mid-2003 to mid-2008, the lower- and lower-middle-income classes (D and E) fell from 46% in 2003 to 26% in 2006 of the total population, while the middle-income class grew from 32% to 49% of the total population.

A consequence of such change is that the profile of the Brazilian population along the past 20 years was significantly altered, and is now characterized by a larger urban population with a higher life expectancy.

Profile of the Brazilian Population	**1985**	**2007**
Urban population[(1) (2)]	68.8%	83.5%
Children per family	2.1	2.0[(3)]
Family size	4.1	3.2
Population over 50[(1)]	13.3%	20.1%
Life expectancy	56.9[(2)]	72.7

Source: IBGE/National Household Survey (Pesquisa Nacional por Amostra de Domicílios), or PNAD, 2007; IBGE/PNAD, 1985.
(1) As a percentage of the total population.
(2) IBGE/Censo 1980.
(3) IBGE/PNAD 2006.

According to IBGE, between 2007 and 2008, the consumption of durable and perishable goods by Brazilian families increased by 11.2%. We believe that this increase in consumption is due to a change in the Brazilian population's social and economic profile. According to a study published by Latin Panel in 2006, lower- and lower-middle-income urban families (Classes D and E) spend an average of 35% of their income on perishable goods. This class has increased their level of consumption by 11% during the period studied, purchasing products such as powder drinks, synthetic sponges, tomato extract and broth. In addition, the middle-income class (Class C) increased their purchases of products such as conditioner, broth and synthetic sponges.

The direct impact of the aforementioned situation is an increase in the purchasing volume throughout Brazil. Due to the region's general rise in income, the Northeast has the highest growth rate in terms of value of perishable goods sold in Brazil. According to ACNielsen, income growth leads to higher food consumption. Development in poorer regions, such as the Northeast, has also been strengthened by government income redistribution programs, such as the Family Aid Program (Programa Bolsa Família).

Brazil's improving economic conditions over the last few years afforded to the country a relative resistance against the effects of the 2008 financial crisis. High internal consumption in Brazil, as reported in the first two months of 2009, together with the increase in purchasing power among the middle- and lower-income families (Classes B, C and D), is expected to result in a higher and more consistent rate of consumption and production for 2009 and many forthcoming years.

Brazilian Commerce

The most recent Annual Retail Survey (Pesquisa Anual do Comércio), published by the IBGE in 2006, divides Brazilian commerce in durable and perishable goods into three main segments: (i) wholesale; (ii) retail; and (iii) the sale of vehicles, parts and motorcycles.

According to the study, the Brazilian retail industry in 2006 was composed by 1,263,000 companies, representing 83.6% of all commercial companies in Brazil. This industry accounted for revenues of approximately R$443.9 billion, representing 41.8% of all revenue from commerce in Brazil. The Brazilian wholesale industry was composed by 109,000 companies, representing 7.2% of all commercial companies in Brazil. This segment accounted for revenues of approximately R$462 billion, representing approximately 43.5% of total revenue from commercial activity in 2006.

The table below sets forth the market share of the three retail segments in Brazil in terms of net revenue and number of companies in 2006.

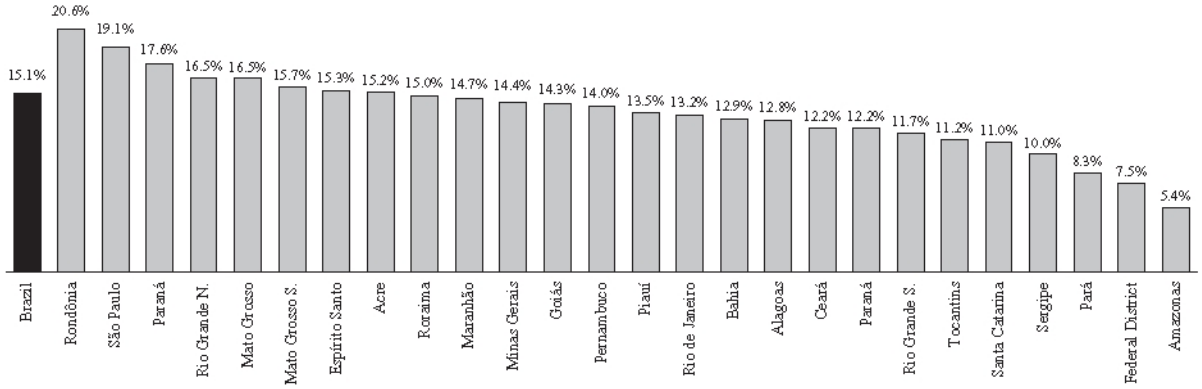
Market Share of Retail Segments in Brazil

	Net revenue	%	Number of Companies	%
	(in billions of *reais*)		(in thousands)	
Wholesale	462.0	43.5%	109	7.2%
Retail	443.9	41.8%	1,263	83.6%

Vehicles, parts and motorcycles	156.1	14.7%	138	9.2%
Total	**1,062.0**	**100.0%**	**1,510**	**100.0%**

Source: IBGE (Annual Survey of Commerce, 2006).

The graph below sets forth the increase in nominal retail sales by Brazilian state for 2007 as compared to the previous year.

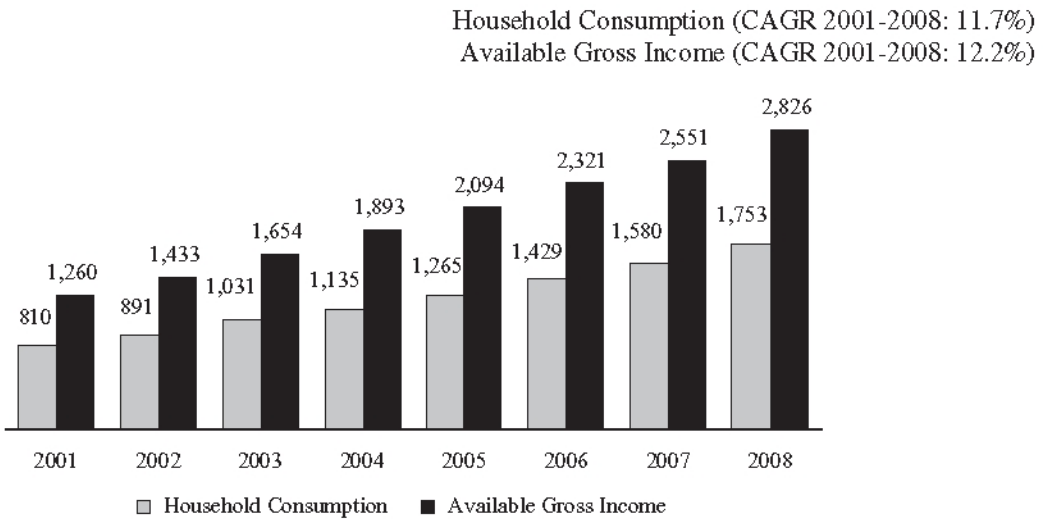


Source: IBGE (Directorate of Surveys, Coordinating Office of the Department of Services and Commerce) (Diretoria de Pesquisas, Coordenação de Departamento de Serviços e Comércio).

We believe that the development and expansion of Brazilian commerce depends on, among other factors, an increase in available income and a reduction in interest rates, both of which have occurred in recent years in Brazil.

The graph below illustrates the growth in available gross income and consequent increase in household consumption in Brazil from 2001-2008.

Available Gross Income and Household Consumption in Brazil
(in billions of reais)



Source: Ipeadata.

Sales of perishable consumer goods may be observed both in the pharmaceutical and retail markets:

- *Food retail channel*: comprised of cash and carry stores that have checkout stands as a main feature, and traditional stores with a salesperson or clerk behind the counter. According to ACNielsen, in 2008, 389,421 stores operated in this market in Brazil.

- *Pharmaceutical channel*: comprised of pharmacies and drugstore chains. According to IMS Health, Brazil had approximately 59,000 pharmacies and drugstores in March 2009. In Brazil, medicament is sold exclusively in pharmacies and drugstores. Therefore, supermarkets and hypermarkets are investing in their own pharmacies and drugstores located inside their own premises.

The improvement in Brazil's macroeconomic conditions, evidenced by the information set forth herein above, has stimulated consumption in Brazil, especially among the lower-income population, leading to an impulse in sales, increase in the production and revenue in the perishable goods market, which positively affected our sales.

The Pharmaceutical Industry

Classification if Medicaments Distributed in Brazil

Pharmaceutical products distributed in Brazil can be divided into three segments:

- **Prescription medicament**: Embraces Reference Medicaments and Similar Medicaments, the acquisition and use of which are dependent upon medical prescription. The medicament packaging has a colored strip (red or black in accordance with the medicament's degree of dangerousness) to indicate the need of a prescription. These are also known as "ethical" medicaments;

- **Generic medicament**: identical or bio-equivalent medicament to the respective branded medicament as regards dosage, efficiency, safety, power, quality, performance and intended usage features, developed after the expiration, waiver or invalidation of the patent of the corresponding Reference Medicament on which they are based and using the formulae of such Reference Medicament. Differences lie mainly on the name, manufacturer and manner of disclosure. Generic medicaments are not protected by patents and must be denominated by Common Brazilian Names (Denominações Comuns Brasileiras), or DCB, or, if there is none, by Common International Names (Denominações Comuns Internacionais), or DCI. Generic medicaments are 30% to 70% less expensive than prescription medicaments, because they require less research and development efforts and less advertising; and

- **Over-the-counter medicament or unrestricted medicament**: medicament for which sale is unrestricted and does not require a medical prescription, used for the relief of a medical condition. This group includes medicament for the treatment of acute conditions that are easy to self-diagnose such as antacids and cough, pain and flu remedies. These are also known as Prescription Exempt Medicament (Medicamentos Isento de Prescrição), or MIPs.

We produce and sell prescription and over-the-counter medicaments.

The sale of our Medicaments in stores other than pharmacies and drugstores is forbidden in Brazil.

Overview

According to the research conducted by IMS Health in March of 2009, global pharmaceutical sales for 2008 were estimated to be of US$773.1 billion, showing growth rates higher than global economic growth rates. The projections were based primarily on worldwide increases in life expectancy.

The table below shows the pharmaceutical industry's growth worldwide.

	2008	2007	2003-2008

	Market size (in billions of U.S. dollars)	Growth rate	Growth rate	CAGR
Total global market **(audited and not audited)**				
	$773.2	4.8%	6.6%	6.6%
Total global market **(audited and not audited) - By Region**				
North America	$311.8	1.4%	4.4%	5.7%
Europe	$247.5	5.8%	7.1%	6.4%
Asia/Africa/Australia	$167.4	8.9%	9.5%	7.8%
Latin America	$ 46.5	12.6%	12.8%	12.7%

Source: IMS Health.

Latin America represents 6% of the global pharmaceutical market, with Brazil being the largest medicament market within Latin America. According to IMS Health, Brazil represented 31% of the Latin American market, or US$14.2 billion, in 2008.

Sales of pharmaceuticals in Brazil increased by 11.9% from 2007 to 2008 in the researched market. Sales of over-the-counter medicaments increased by 10.4% in Brazilian reais in the same period, while prescription medicament sales increased by 12.5%.

The table below sets forth the revenue and market share of the 20 largest companies in the Brazilian pharmaceutical market, as measured by over-the-counter and prescription medicament sales.

Aggregate Pharmaceutical Market (Over-the-Counter+ Prescription)
Largest Pharmaceutical Companies (Over-the-Counter and Prescription) in Brazil

Ranking	Company	Revenue (in millions of *reais*)	Market Share % 2008
1	EMS	1,741.694	7%
2	Sanofi-Aventis.....	1,507.878	6%
3	Ache	1,486.694	6%
4	Medley	1,478.833	6%
5	Novartis.....	1,095.379	4%
6	Eurofarma.....	973.508	4%
7	Pfizer	829.399	3%
8	Bayer Schering Ph	774.073	3%
9	**Hypermarcas**.....	**764.898**	**3%**
10	Astrazeneca Brasil.....	619.807	2%
11	Boehringer Ing.....	597.236	2%
12	Nycomed Pharma Ltd.....	576.938	2%
13	Roche	535.573	2%
14	Biolab-Sanus Farma	520.468	2%
15	Schering Plough	501.460	2%
16	Sandoz do Brasil.....	469.958	2%
17	Merck	455.665	2%
18	Mantecorp	448.692	2%
19	Merck Sharp Dohme.....	414.591	2%
20	Libbs	405.267	2%
	Other	9,432.592	37%
	Total	**25,630.603**	**100%**

Source: IMS Health/PMB January 2008 and December 2008.

The pharmaceutical market in Brazil is highly concentrated, with 20 companies accounting for 63% of sales revenue. In 2008, we were the ninth largest company in the Brazilian pharmaceutical market, with a 3% market share.

Within the over-the-counter medicaments market concentration is even higher, with the 20 largest companies in the industry representing 69% of total sales. With our acquisition of DM and Farmasa, we became the largest company in the Brazilian over-the-counter medicaments segment, according to IMS Health, with a 10% market share.

The table below sets forth the revenue and market share of the 20 largest companies in the over-the-counter medicaments market in Brazil in 2008.

Aggregate Pharmaceutical Market (Over-the-Counter)
Largest Over-the-Counter Medicament Companies in Brazil

Ranking	Company	Revenue (in millions of *reais*)	Market Share 2008
1	**Hypermarcas**	**666.885**	10%
2	Sanofi-Aventis	588.672	9%
3	EMS	386.333	6%
4	Nycomed Pharma Ltda	351.726	5%
5	Johnson & Johnson	287.273	4%
6	Boehringer Ing	273.531	4%
7	Bayer Consumer Care	216.777	3%
8	Procter & Gamble	209.749	3%
9	GSK Consumo	200.335	3%
10	Ache	197.380	3%
11	Medley	181.299	3%
12	Mantecorp	166.573	2%
13	Bristol Myers Squibb	163.391	2%
14	Wyeth Consumer	154.983	2%
15	Alcon	127.098	2%
16	União Química	103.643	2%
17	Nestlé	101.045	2%
18	Abbott	94.601	1%
19	Merck	87.822	1%
20	Legrand	86.648	1%
	Others	2,070.665	31%
	Total	**6,716.427**	**100%**

Source: IMS Health/PMB January 2008 and December 2008.

As demonstrated by the table below, we hold a smaller position in the Brazilian prescription medicament market, currently ranked as the 39th largest company of this segment.

Largest Prescription Medicaments Companies in Brazil

Ranking	**Company**	**Revenue (in millions of *reais*)**	**Market Share 2008**
1	EMS	1,355.361	7%
2	Medley	1,297.533	7%
3	Ache	1,289.315	7%
4	Novartis	1,081.548	6%
5	Sanofi-Aventis	919.206	5%
6	Eurofarma	908.460	5%
7	Pfizer	816.632	4%
8	Bayer Schering PH	753.563	4%
9	Astrazeneca Brasil	619.807	3%
10	Schering Plough	492.847	3%
11	Biolab-Sanus Farma	489.238	3%
12	Roche	476.742	3%
13	Sandoz do Brasil	443.845	2%
14	Merck Sharp Dohme	414.591	2%
15	Libbs	389.249	2%
16	Merck	367.843	2%
17	Glaxosmithkline	363.595	2%
18	Janssen Cilag	348.410	2%
19	Lilly	343.947	2%
20	Boehringer Ing	323.705	2%
39	**Hypermarcas**	**98.013**	**1%**
	Other	5,320.726	28%
	Total	**18,914.175**	**100%**

Source: IMS Health/PMB January 2008 and December 2008.

We believe that the pharmaceutical market in Brazil has significant growth potential given the currently low level of per capita expenditures of the Brazilian population. The average per capita expenditure on medicaments in Brazil is approximately US$43 per year, as compared to US$514 per year in the United States, according to data published by IBGE in 2002 and 2003 and the U.S. Census Bureau in 2007.

Unlike the United States and various European countries, Brazil and most Latin American countries do not have a well-developed public pharmaceutical sector or a strong government and/or private health insurance subsidy policy for the purchase of medicament, which makes the industry distribution extremely fragmented.

The Unified Healthcare System (Sistema Único de Saúde), or SUS, is the Brazilian government's public health plan, available to all Brazilians, which offers free medicament to the population. Despite investments made by the Brazilian government, the SUS does not receive the necessary funds to meet the needs of all Brazilian citizens who require coverage from the public health care system.

Private health care plans in Brazil normally do not offer medicaments or medicament subsidies, but instead offer small discounts at certain drugstore chains.

The absence of such subsidies is responsible for the consumption of medicaments in Brazil and in other Latin American countries being directly related to the population's income level.

Due to the positive performance of the Brazilian economy in recent years, the general economic outlook for Brazil, which has begun a period of economic growth and stability, is favorable. Therefore, we believe that the pharmaceutical industry will continue to grow in the coming years.

Commercial Characteristics of the Pharmaceutical Industry

The distribution chain in the over-the-counter medicament industry is composed of three main players: (i) the manufacturers, responsible for developing and producing medicament; (ii) the distributors, in charge of logistics and distribution to points of sale; and (iii) the pharmacies, the points of sale serving the end consumer. Additionally, over-the-counter medicaments are sold and/or distributed through hospitals and clinics.

In December 2008, Brazil had 388 over-the-counter medicament manufacturers according to IMS Health. Recently there has been a trend toward consolidation in the distribution activities. Among pharmacies, drugstore chains were responsible for approximately 41% of sales in this segment in 2006.

According to IMS Health, in March 2009, Brazil had 59,000 pharmacies and drugstores. Since the sale of over-the-counter medicaments is only permitted in pharmacies and drugstores, some supermarket and hypermarket chains are investing in their own pharmacies and drugstores to be located in their premises.

Main Growth Factors

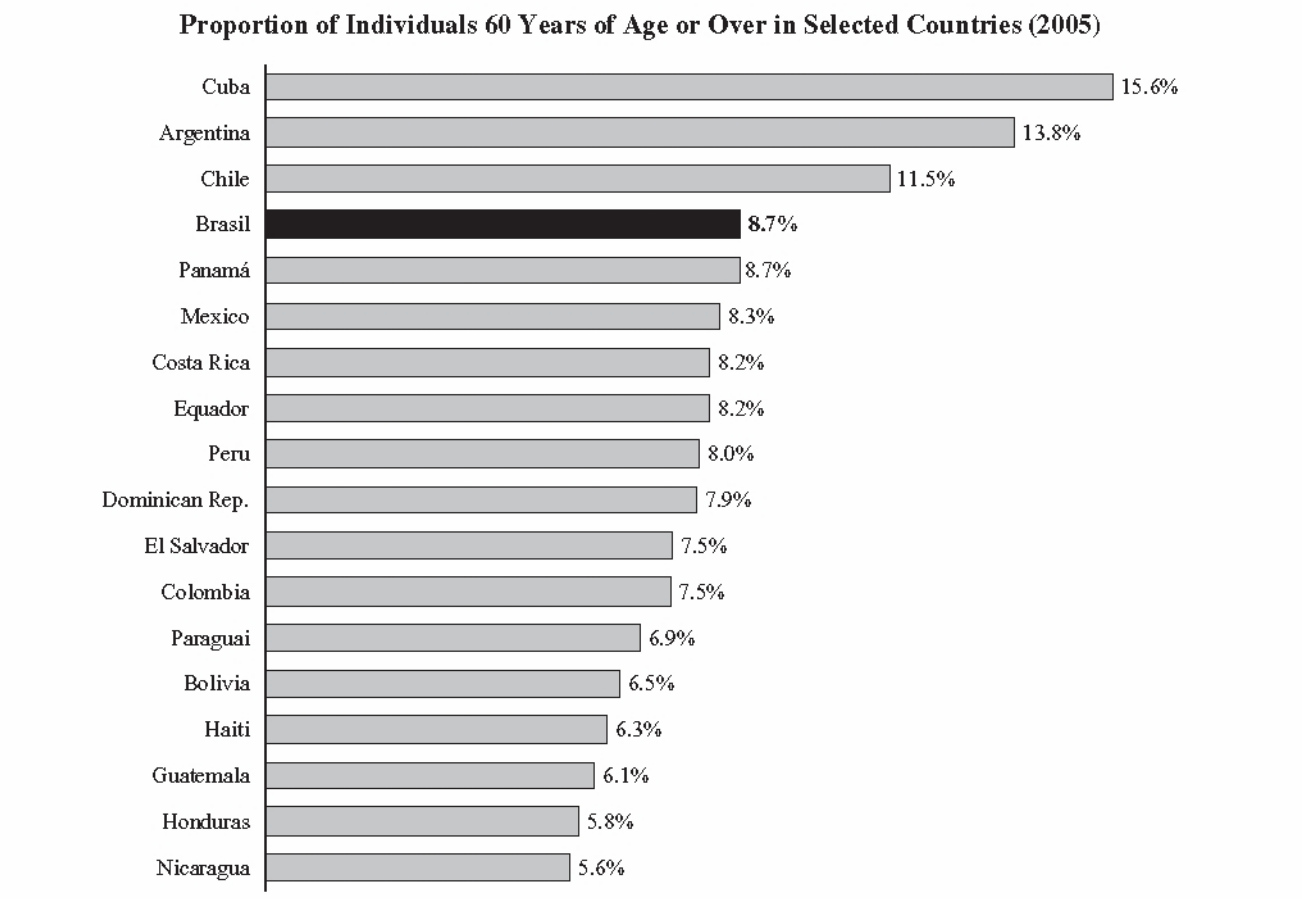
The pharmaceutical industry's growth has consistently outpaced the world economy's in recent years, as reported by IMS Health. The main factors that influence the growth of demand for pharmaceutical products are described below:

- **Income level**. The demand for medicament is strongly related to income levels and standards of living, where countries with developed economies have higher per capita consumption. Individuals in the United States spend an average of US$514 per year on pharmaceutical products, according to IMS Health. On the other hand, according to IBGE data, Brazilians spend an average of US$43 per year on pharmaceutical products due to the population's reduced purchasing power and the limited access of lower-income segments to basic healthcare needs. Such per capita spending tends to increase with the improvement in the standard of living of lower-income segments, as has occurred in recent years.

- **Aging population (increased life expectancy).** Pharmaceutical consumption is related to age, and increases with age. The increase in income level, improved living conditions and healthcare system, advances in medical treatments and greater access to medicament, together with the reduction in unemployment levels, led to an increase in the life expectancy for both men and

women, especially in more developed countries. The number of Brazilians over 60 years old, the demographic which consumes the most medicament, totaled 9.9 million in 1990, 14 million in 2000, and is expected to reach 19.3 million in 2010 and 28.3 million in 2020. The increase in the number of Brazilians over 60 years old will play an important role in the Brazilian economy, especially in regard to rising healthcare products and services costs due to increased demand. In accordance with IBGE data, following the aging population phenomenon, in 2020, approximately 13.7% of Brazilians will be over 60 years old (as compared to 9.5% in 2008), which corresponds to approximately 28.3 million people, that is, less than some developed countries.

The graph below sets forth the age breakdown of the population over 60 years of age in selected countries in Latin America and the Caribbean.



Source: Demographic yearbook in Latin America and the Caribbean 2006; IBGE Social Indexes Summary, 2007.

- **Responsible self-medication**. Responsible self-medication is considered by ANVISA to be an efficient practice because of the benefits it can provide to the population. The limited income available to many Brazilians does not allow them to see a doctor for an accurate diagnosis and prescriptions. Therefore, consumers normally go to pharmacies or drugstores and describe their symptoms to the pharmacist to obtain a recommendation regarding the correct medicament. Responsible self-medication benefits the healthcare system because it can reduce expenses and consequently direct services to severely ill patients. The increase in the level of self-medication is also related to the inefficiency of the Brazilian public healthcare system. Although some health insurance companies are entering into partnerships with pharmacies and drugstores to offer medicament discounts between 20% and 60%, such companies in general do not offer medicament as a part of their plans, except for the SUS, which offers free medicament to the low-income population. Nevertheless, demand for medicaments cannot be fully satisfied by the SUS as it does not receive the necessary funds to cover the medical needs of all Brazilians who need to rely on the public health care system.

- **Greater use of generic medicament**. The introduction of generic medicament, which is sold at lower prices than branded medicament, stimulates demand from lower income individuals, significantly increasing the size of the consumer market. Generic medicament provides wholesale distributors with higher margins than other medicament.

- **Patent expiration**. Patent expiration has had a positive effect on the pharmaceutical industry, since, once the patent expires, generic and similar medicament can be launched, creating greater competition in the industry.

- **Introduction of new medicament**. Many diseases are still poorly diagnosed, inefficiently treated or have no efficient therapies. Traditional research and development efforts, as well as research into new areas, such as biotechnology and genetic research, should continue to generate new and more efficient compounds to serve patients' unmet needs.

- **Government healthcare programs**. In developing countries, the government plays a decisive role in improving the healthcare provided to the population by implementing programs such as the subsidized supply of vaccines and the subsidized prevention and treatment of incurable diseases. Brazil has recently launched the Pharmacy for the People Program ("Programa Farmácia Popular"), a program for the distribution of products for endemic illnesses.

- **Improved quality of life**. New medicament that seeks to improve a consumer's quality of life, such as weight control medicament, nutritional supplements, birth-control pills and products for erectile dysfunction, arose as a new and growing segment of the industry.

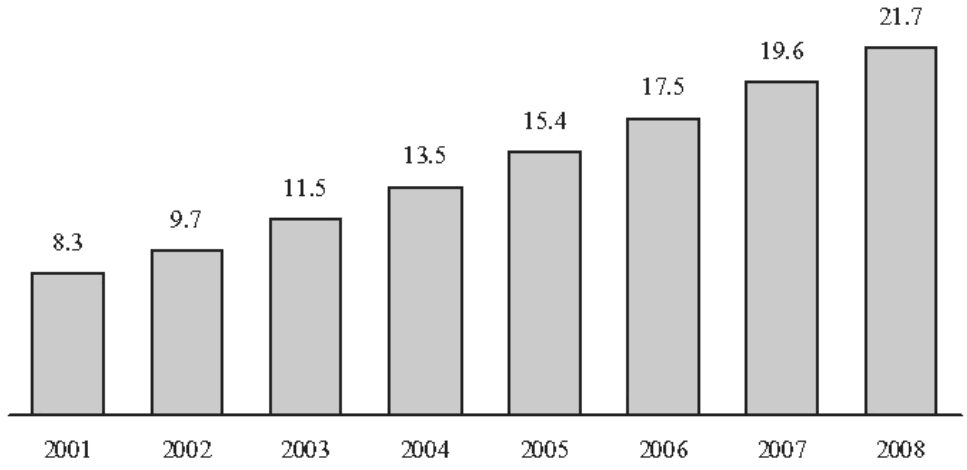
- **Greater focus on disease prevention**. Doctors and the population in general are becoming increasingly aware of the benefits of preventing diseases instead of having to heal them. New medicament can effectively prevent certain illnesses (diabetes and heart disease, among others), thus avoiding surgeries and prolonged and costly hospitalizations.

- **Greater use of therapies with medicaments**. As a reaction to increased healthcare costs, governments and health insurance companies have adopted measures to control costs that encourage the use of effective therapies by means of medicaments for the treatment of diagnosed diseases, when possible, instead of expensive surgeries and prolonged hospitalization.

The Cosmetics and Personal Care Products Industry

In 2008, according to the Brazilian Toiletry, Perfumery and Cosmetic Association (Associação Brasileira das Indústrias de Higiene Pessoal, Cosméticos e Perfumaria), or ABIHPEC, the cosmetics and personal care products industry recorded sales of approximately US$21.7 billion in Brazil, representing a growth rate of 10.7% as compared to 2007. As a result, the Brazilian market has become the third largest overall cosmetics and personal care market in the world, the largest deodorant market in the world and the second largest market for the following products: baby products, cosmetic and personal care products for men, oral hygiene products, hair care products, sun care products, fragrances and bath products.

Historical Growth of the Cosmetics and Personal Care Products Industry
(in billions of *reais*)
Average Annual Growth = **15%**



Source: ABIHPEC.

According to ABIHPEC, the recent growth in these markets may be explained by three factors: (i) the growing participation of women in the Brazilian job market; (ii) the use of state-of-the-art technology and consequent increase in productivity, favoring industry prices that have increased less than the price indexes of the economy in general; and (iii) a constant stream of new product launchings reflecting increasing attention to consumer needs.

Product Segments of Cosmetics and Personal Care Industry

The cosmetics and personal care industry is divided into three principal segments: (i) personal care, composed of soap, oral hygiene products, deodorants, shampoos and conditioners, among other products; (ii) toiletries, composed of perfume, colognes, extracts and aftershaves, among other products; and (iii) cosmetics, composed of hair color and hair treatment products, hairspray and gels, makeup, sunscreen and suntan lotion, creams, lotions and skin oils, among other products.

Among these segments, we highlight the potential growth for cosmetic products, in particular in the Middle-West and Northeastern regions of Brazil, in accordance with ABIHPEC.

The volume of sales and revenue in *reais* for key products in the Cosmetic and Personal Care segment between 2006 and 2008 are shown in the table below.

	2006	2007	2008	CAGR 2006-2008
	(in millions of *reais*)			
Shampoo	1,667.1	1,671.9	1,753.5	2.6%
Conditioner	2,049.0	2,117.9	2,098.9	1.2%
Hair Products	254.6	250.7	249.7	-1.0%
Deodorants	1,555.6	1,653.9	1,771.7	6.7%
Razors	38.0	42.7	42.1	5.3%
Shaving Cream	97.0	93.4	97.8	0.4%
Nail Polisher	224.0	238.2	250.2	5.7%

Source: ACNielsen.

The cosmetics and personal care industry may also be divided according to companies' niches. Under this scheme, there are four main segments: (i) companies with luxury or high-priced products such as Dior and Chanel, which focus on high income consumers; (ii) companies with mid-priced products such as Natura and O Boticário, which focus on the upper-middle class; (iii) companies with mass-production products such as P&G and Unilever, which focus on lower-income consumers; and (iv) small, mostly regional, companies which focus on low-income consumers.

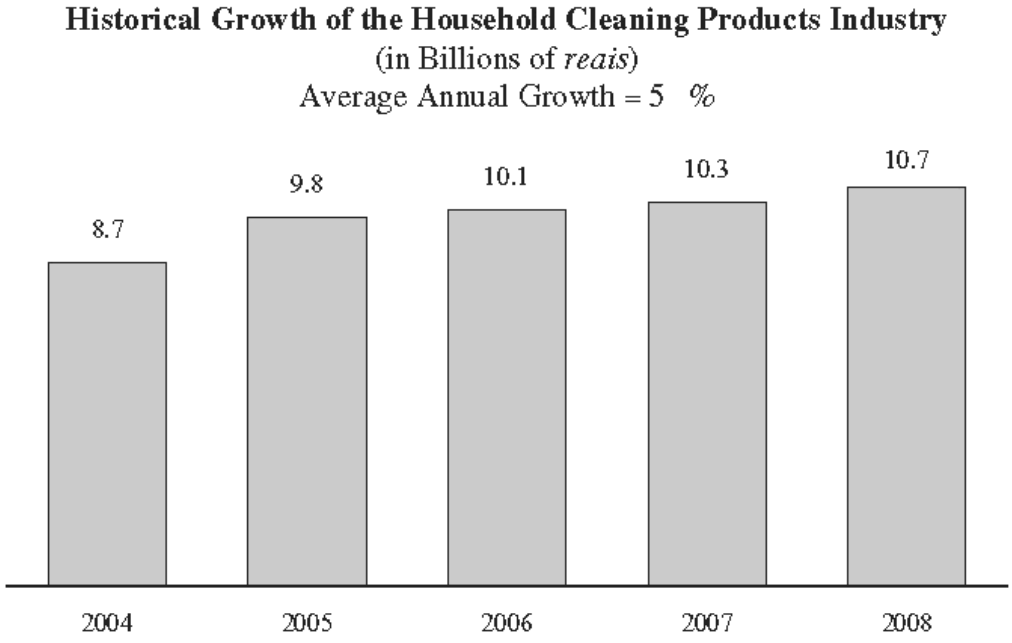
Sales and distribution rely on three main channels: traditional retailers, franchise or direct sales. According to ABIHPEC, traditional retailers, through which we distribute a significant amount of our products, account for 65.9% of sales in the industry, while direct sales (29.3%) and sales at duty-free shops (4.8%) account for the remainder.

Price evolution in the industry is characterized by gradual increases overtime, due mainly to (i) increased production costs; and (ii) increased demand for higher value-added products. Gains in productivity in the industry have allowed manufacturers to avoid passing on all of their costs to consumers.

The Household Cleaning Products Industry

According to ACNielsen, the household cleaning products market recorded sales of R$10.7 billion in 2008 taking into account the audited volumes of household cleaning products only, with an average compound annual growth rate of 5.3% from 2004 to 2008.

The graph below shows the growth of the household cleaning products industry from 2004 to 2008.



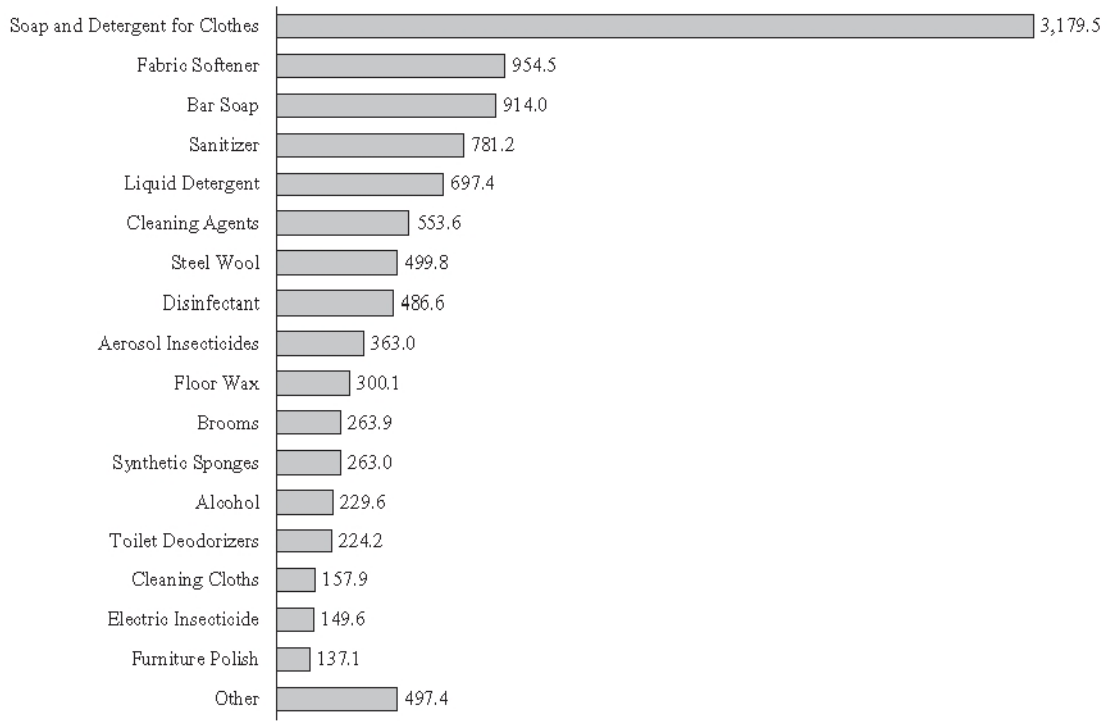
Source: ACNielsen.

The household cleaning products industry includes various product segments related to household cleaning, such as steel wool, cleaning cloths, synthetic sponges, scouring soaps, detergents, cleaning agents for domestic use, waxes, room fresheners, toilet deodorizers and insecticides.

The main product categories in this segment are: (i) soap and laundry detergent, with sales of R$3.2 billion, representing 29.9% of the industry total; (ii) fabric softeners, with sales of R$954.5 million, representing 9% of the industry total; (iii) bar soap, with sales of R$914 million, representing 8.6% of the industry total; (iv) bleach, with sales of R$781.2 million, representing 7.3% of the industry total; (v) liquid detergent, with sales of R$697.4 million, representing 6.6% of the industry total; and (vi) steel wool, with sales of R$499.8 million, representing 4.7% of the industry total.

The graph below depicts the industry revenue breakdown by category for the year ended on December 31, 2008.

Household Cleaning Products Industry Sales by Product Category
(in millions of *reais*)



Source: ACNielsen.

Due to the wide range of products which compose the household cleaning industry and the different characteristics and production processes within the market, we describe herein below in deeper details the segments in which we operate: (i) *dishwashing products*, which includes steel wool, synthetic sponges and cleaning cloths; (ii) *laundry care*, which includes powder and liquid detergents, fabric softeners, stain removers, pre-wash and ironing products; (iii) *household cleaning products*, which includes multipurpose cleaners, disinfectants, scouring soaps and toilet deodorizers; and (iv) *insecticides*, which includes electronic and aerosol insecticides and insect traps.

Product Segments in the Household Cleaning Industry

Dishwashing products

The dishwashing products segment recorded sales of R$1.69 billion in 2008, and includes the following product categories: steel wool, synthetic sponges, soaps, cleaning cloths and liquid detergent

Steel wool is used in household cleaning, especially in scrubbing the kitchen sink, cleaning grime that is difficult to remove, and shining aluminum, glass and crystal, is made of stretched wire. Synthetic sponges are produced from polyurethane and/or other synthetic fibers and are also used in household cleaning. Cleaning cloths are made from non-woven synthetic material or cotton cloth and are used for general cleaning. Scouring soaps have an abrasive component for polishing and are used to clean, for example, sinks and toilets.

The value and growth of the market for each of the foregoing products are presented in the table below:

	2006	2007	2008	CAGR 2006-2008

		(in millions of reais)		
Fine steel wool	612.7	586.0	499.8	-9.7%
Thick steel wool	n/a	n/a	n/a	n/a
Synthetic sponges	274.2	265.7	263.0	-2.1%
Liquid detergent	617.5	674.1	697.4	6.3%
Scouring soaps	68.3	70.5	71.5	2.3%
Cleaning cloths	155.0	159.3	157.9	0.9%
Total	**1,727.7**	**1,755.6**	**1,689.6**	**-1.1%**

_____
Source: ACNielsen.

Laundry care

The laundry care segment had sales of R$5.07 billion in 2008 in Brazil. It is composed of powder laundry soap and detergent, fabric softener, bar soap and ironing products. We operate in the powder laundry soap and detergent and fabric softener product categories. Powder laundry soap and detergent are used mostly to wash clothes, but can also be used to wash floors, domestic utensils and tableware. Fabric softeners, in turn, are liquid products used to rinse, freshen and soften clothes.

The size and growth rate of each of these categories are shown in the table below:

	2006	**2007**	**2008**	**CAGR 2006-2008**
		(in millions of reais)		
Powder laundry detergent	3,163.6	3,127.0	3,179.5	0.3%
Fabric softener	838.7	895.6	954.5	6.7%
Bar soap	764.7	745.6	914.0	9.3%
Ironing products	30.5	30.7	26.3	-7/1%
Total	**4,797.5**	**4,798.9**	**5,047.3**	**2.8%**

_____
Source: ACNielsen.

The powder laundry detergent category recorded sales of R$3.2 billion in 2008 in Brazil and is the seventh largest of the 175 product categories monitored by ACNielsen. Its total sales are greater than other important product categories such as ground coffee, vegetable and olive oil, sugarcane liquor, sugar and chocolate, and represent total sales lower than only six market segments, which are beer, soft drinks, cigarettes, cookies and biscuits, ultra high temperature pasteurized milk and rice.

Household cleaners

The household cleaners segment recorded sales of R$3.3 billion in 2006 in Brazil. It is composed of cleaning concentrates, disinfectants, toilet bowl deodorizers, furniture polish, bathroom cleaning products, window cleaner, surface care, floor wax, air purifiers, bleach, brooms and cleaning alcohol. We operate in all of these product categories, except for air purifiers, bleach, brooms and cleaning alcohol, which are low value-added products.

Cleaning concentrates, the largest category in which we operate in the household cleaning sector, include multi-use products to clean sinks, floors, tiles and clothes. Bathroom cleaner, which is the category with the highest growth rate within the household cleaner segment, is used to clean, disinfect and deodorize toilet bowls. Disinfectants have antibacterial and anti-germ action and are used for general cleaning and disinfecting. Bathroom cleaning products are used to clean and disinfect the surfaces of toilet bowls and cisterns.

The size and growth rates of each of these categories are shown in the table below.

	2006	2007	2008	CAGR 2006-2008
		(in millions of reais)		
Cleaning concentrates	482.4	521.7	553.6	7.1%
Disinfectants	462.3	471.0	486.6	2.6%
Toilet deodorizers	203.9	218.0	224.2	4.9%
Bathroom cleaning products	68.0	77.4	82.0	9.8%
Other	1,808.2	1,874.2	1,961.5	4.2%
Total	**3,024.8**	**3,162.3**	**3,307.9**	**4.6%**

Source: ACNielsen.

Insecticides

The insecticides segment is divided into two main types of products: instant action and continuous action. These products are sold in very distinct forms, such as aerosols, electric repellents, liquids, traps and repellent coils. The largest market is that of aerosols. Instant action insecticides are sold as aerosols or in containers to be sprayed manually with a pump. Continuous action insecticides are sold as traps, repellent coils or in electric forms (liquids and/or tablets).

ACNielsen monitors the aerosol insecticides, electric insecticides, liquid insecticides and trap categories. The size and growth rates of each of these categories are shown in the table below:

	2006	2007	2008	CAGR 2006-2008
	(in millions of reais)			
Aerosol insecticide	299.3	345.9	353.0	10.1%
Electric insecticide	130.2	143.4	149.6	7.2%
Liquid insecticide	41.1	44.6	38.1	-3.7%
Traps	28.8	30.6	29.9	1.9%
Total	**499.4**	**564.5**	**580.6**	**7.8%**

Source: ACNielsen.

The aerosol and electric insecticides have since 2006 reported noteworthy average annual growth rates of 10.1% and 7.2%, respectively.

Geographically, aerosol insecticide sales are distributed evenly across the market, whereas electric insecticide sales are concentrated in the South of Brazil. Such concentration, however, has recently diminished not by reason of a reduction of the market, but rather and primarily due to a growth in sales in other geographic areas. We have already begun to explore opportunities to further increase sales of electric insecticide products in other areas.

Sales in all categories of the pest control segment peak in the summer, when there are more insects and people go to more humid and/or less populated areas in which contact with insects is greater.

The Food Industry in Brazil

The food industry includes a wide variety of product segments such as flour products, dairy products, meat, processed meats and canned goods, among many others. The various segments differ to a large extent from each other in terms of market structure, production process and consumption. Accordingly, the description below focuses on the grocery and sweets segments. These segments comprise only a part of the market defined and monitored by ACNielsen, but are the segments in which we are most active. Grocery items include tomato

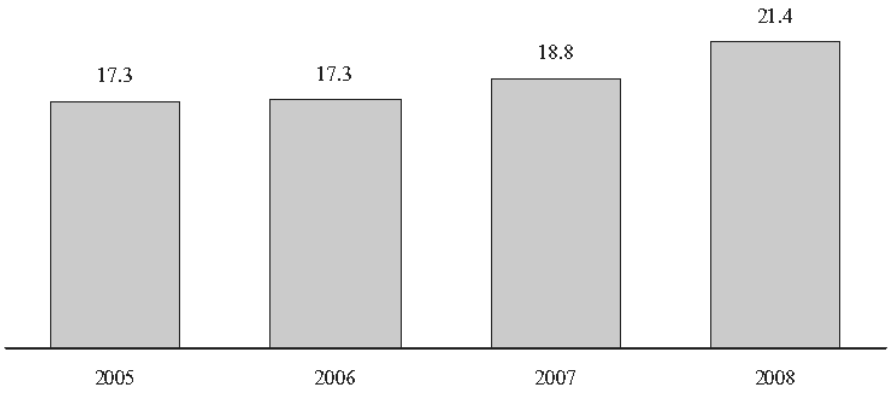
products, condiments such as ketchup and mustard, and sweets and jellies. The sweets segment includes sweeteners, powder cocoa, sugar, cookies, chocolate and condensed milk, among others.

Product Segments of the Food Industry

Grocery

According to ACNielsen, the compound annual growth rate for the grocery market in Brazil between 2005 and 2008 was 7.3%, representing gross sales of R$21.4 billion in 2008.

Historical Growth of the Brazilian Grocery Market
(in Billions of *reais*)
Average Annual Growth = 7 %



Source: ACNielsen.

Sales in this segment are distributed in a relatively uniform manner among the main Brazilian regions. However, the São Paulo state, excluding the São Paulo metropolitan area, is the largest consumer market, accounting for 20.6% of the aggregate sales according to ACNielsen. The main distribution channel for the grocery segment is self-service, or pick and pay stores, especially medium-size retailers.

Within the grocery market, the main segment in which we operate is tomato products. The tomato products segment is divided into three main product categories: (i) sautéed tomato sauces (ready to serve); (ii) tomato paste (a concentrated product for making sauces); and (iii) tomato purée and pulp (used instead of fresh tomatoes in making sauces), which categories are monitored by ACNielsen.

From 2006 to 2008, revenues in the sautéed tomato sauce category grew by 12%, and, in 2008, it appeared among the top ten categories from the 175 categories researched by ACNielsen. We believe this growth was due to (i) increased consumer income, causing a migration to higher value-added products; and (ii) an increase in demand for ready-to-eat products. These factors also explain the reduction in the sales volume of tomato puree and pulp, which are lower value-added products. In addition to the tomato products segment, we also operate in the condiments segment, which includes ketchup, mustard and barbecue sauce.

The table below sets forth the total sales as well as the increase in sales in the tomato products segment:

	2006	2007	2008	CAGR 2006-2008
	(in millions of reais)			
Tomato sauce	542.7	622.1	681.2	12.0%
Tomato extract	550.9	581.9	608.1	5.1%
Tomato pulp and puree	140.8	136.0	121.0	(7.3)%

Source: ACNielsen.

Sweets

According to research conducted by ACNielsen in 2009, the sweets market includes products such as flavored milk, condensed milk, cereal bars, breakfast cereals, cappuccino products, chocolate, chewing gum, baby food, instant coffee, powder cocoa, tea, cake mixes, candy, cream, cookies, packaged cakes, aseptic powder milk, coffee powder, powder milk, cereal supplements, sugar, sweeteners, pudding, gelatin, toppings and dessert items. This product segment had a compound annual growth of 6% from 2004 through 2008, with gross sales of R$31.4 billion in 2008, according to ACNielsen.

Within the sweets market, the main segment in which we operate is sweetener products, responsible for R$240 million in sales with a growth rate of 4.9% between 2006 and 2008. This segment is composed mainly of saccharin and aspartame products that serve as low calorie sugar substitutes. Liquid sweetener products accounted for 69% of sales in December of 2008, while the powder and grain form accounted for 21% and 10%, respectively.

Today, sweetener products, according to research conducted in 2005 by the Brazilian Diet Food Industry Association (Associação Brasileira da Indústria de Alimentos Dietéticos), or ABIAD, attract approximately 80% of Diet&Low Calorie product consumers.

GOVERNMENT REGULATION IN THE CONSUMER GOODS INDUSTRY

The following is a description of the main regulatory issues embracing our business and lines of products.

The Perishable Products Industry

Public Health System

According to the Brazilian constitution, the Brazilian government, states and municipalities have the power to regulate matters related to public health in order to prevent, reduce and eradicate health and safety problems arising from the manufacture of goods and the provision of services related to the health industry. The Brazilian federal government has passed laws and regulations concerning public health which are reinforced and supplemented by state and municipal actions. Accordingly, Federal, state and municipal authorities act in conjunction to seek improvements in public health.

Under Brazilian Law No. 6,360, companies intending to extract, produce, manufacture, transform, synthesize, purify, split, package, re-package, import, export, store or ship medicaments, pharmaceutical inputs and related goods, personal care products, cosmetics, perfumes and domestic sanitary disinfectants (cleaning products for the protection, odor elimination, cleaning and disinfecting of domestic environments) must obtain an operating license from ANVISA, which shall monitor the industrial activity, inspect the nature and type of products manufactured and demand evidence of the company's technical, scientific and operational ability, as well as regulates other applicable requirements.

In addition to federal authorization, companies must obtain a license from local health authorities for all industrial and/or commercial centers that produce and/or sell the above-mentioned products.

All of our commercial establishments and production centers have been duly authorized by ANVISA and other state and municipal public health authorities.

Product Registration

We are subject to ANVISA's regulations and inspections in the four business lines in which we operate. Therefore our household cleaning, food, cosmetics and personal care products and over-the-counter medicaments are subject to continuous registration with ANVISA.

Registration of products subject to inspection by ANVISA (food, medicament, pharmaceutical and related inputs, cosmetics and sanitizers) are valid for five years (with the exception of registration for dietary products, which are valid for two years) throughout the Brazilian territory. The company must apply for renewal

of the relevant registrations during the first half of the last year of the validity term. Any the renewal of which is not so requested shall be forfeited. The relevant health authority will have 60 days from the date a company submits an application to conduct a health inspection at the company's industrial production plant. The level of inspection will relate to the following: the nature of the product, the risks associated with the product, the date of the previous inspection, and the company's registration history. If we were to fail this inspection, we could be forced to (i) withhold production, and (ii) withdraw the product(s) from the market whenever deemed necessary by the applicable health authority based upon the legislation in force, in which event we must bear the costs associated with the disclosure to and warning of the population without prejudice to the application of any other penalty provided for in the law.

The product registration request is analyzed by the Brazilian, federal, state or municipal Public Health Agency (Vigilância Sanitária), or VISA, based upon the applicable technical regulations, rules, official ordinances and other legal instruments pertaining to the product. VISA will issue and forward to ANVISA its conclusive and informed opinion regarding approval or refusal of the product registration request. ANVISA is responsible for approving or refusing, on appropriate grounds, the registration requests examined by VISA. It is also incumbent upon ANVISA to cancel the product registration request when there has been an irregularity or publication error.

License for Production Centers

All of our production units must be and are inspected and subsequently licensed by the competent health authority, among which are ANVISA and Local VISA, through the issuance of permits.

In accordance with relevant regulations, we implemented the best industry practices applying to the manufacture and storage of products and to other stages of our manufacturing process for which we are liable, as per the applicable legislation in force. We are required to present this manual to health authorities. We must also appoint an individual to be responsible for reporting our activities and product development to ANVISA.

In addition, we must (i) adopt or cause the adoption in the production chain of procedures aimed at ensuring the control of critical points that may expose consumers to health risks; (ii) officially communicate to the pertinent health authorities, within 30 days from the start of sales, the locations in which our products are being sold, either registered or exempted from registration, and request that the pertinent Brazilian agency of federal, state or municipal VISA also collect samples of such products aiming at a control analysis, (iii) maintain updated formulae of any products exempted from registration, which must be available to health authorities upon request, (iv) inform occasional outsourcing occurring in the production, storage and transport stages, and (v) continuously update directions for use, labels and information on packaging in the exact form approved pursuant to ANVISA's regulations and rules.

We have duly obtained and maintain in force all of our licenses and registrations at ANVISA and other state and local health authorities.

Operating Permits

In addition to the registration of products with ANVISA and the license of commercial establishments and production units with the competent health authority, sanitary regulations (Law 6,360 and Law 9,782 of January 26, 1999, as amended) require any company that manufactures, distributes and/or imports food, medicament, pharmaceutical and related inputs, cosmetics and sanitizers to maintain an operating permit ("Autorização de Funcionamento") issued by ANVISA, to carry on these activities.

In the event that a company operates without the registrations and licenses mentioned above or without the presence of a professional responsible for ensuring the safety of the technical operations, or in the event of infringement of any Brazilian federal, state or municipal public health laws or regulations, such company will be subject to penalties such as warnings, fines, suspension of activities and cancellation of the license or registration granted by the public health authorities.

As of the present date, we are in full compliance with all ANVISA's rules, our six industrial complexes are duly authorized before ANVISA and other relevant state and municipal government agencies to which we are subject. We also keep technical persons representing us at the specific regional councils for each area in

which we operate in the respective states, in good standing as regards their technical liability "Anotação de Responsabilidade Técnica" or "ART") for each unit mentioned herein, and the relevant registration of all of out products are in force and have been validly issued.

As of the present date, our Barueri and São Paulo industrial complexes were granted a certificate of good practice in medicament manufacturing ("Certificado de Boas Práticas de Fabricação de Produtos Farmacêuticos") issued by ANVISA, with validity respectively extending until March 16, 2010 and August 24, 2009.

The Medicament Industry

Regulatory Policy for Monitoring Medicament Prices

The monitoring of medicament prices is currently governed by Law 10,742 of October 6, 2003, as amended, which reinstated the control of medicament prices in Brazil for approximately 18,000 medicaments broadly used by the population and for which there is no extensive market competition. The law also created the Medicament Market Regulation Chamber ("Câmara de Regulação do Mercado de Medicamentos"), or CMED. For products considered to be "less critical", the pertinent authorities limit themselves to merely monitoring the prices, without a rigid government control.

For each one of these 18,000 medicaments, the manufacturers should initially propose a price list for medicaments to be sold to wholesale distributors, or a "wholesaler maximum acquisition cost", or factory price, which is subject to prior approval by the CMED. Together with the list of factory prices, the manufacturer must also inform the CMED about each product appearing on the factory price list, including information regarding:

- The sales price in other countries wherein the product is sold by the manufacturer;
- The cost of raw materials used to manufacture the medicament;
- The cost of the treatment to the patient;
- The potential number of patients to be treated;
- The proposed factory price and a description of related applicable rates;
- A summary of the projected costs and expenses, including marketing and advertising activities;
- A list of similar products available in the market and their respective prices;
- The price of the modified product in case of changes of formula or presentation; and
- A list of substitute products available in the market and their respective prices.

Under Law 10,742, a new policy of economic regulation has been applied to the pharmaceutical market, and manufacturers now adjust and set their prices according to this law. Adjustments to prices in the industry are made on an annual basis, the first one having occurred in March 2004.

Each manufacturer must publish annually, on March 31, the factory price list for each of its pharmaceutical products. Price increases, according to the weighted annual average percentage per category, cannot exceed the weighted average increase established for the category by the CMED. The new factory prices come into effect on March 31 of each year and must remain in effect for 12 months.

The price adjustment for medicament is based on a model of price caps calculated by reference to the inflation index and adjusted based on a productivity factor and a relative price factor vis-à-vis the same and other segments.

It is incumbent upon the CMED to set the criteria for the composition of adjustment factors and of therapeutic classes, either by product, by relevant market or by group of relevant markets. Over-the-counter medicament are not subject to the model of price adjustment caps.

We have medicament subject to price controls and medicament subject to price monitoring (anti-cold medicament, analgesics, etc.) and are in strict compliance with all the rules established by the new policy of economic regulation of the pharmaceutical market as described above.

Restrictions on Marketing, Advertising and Promotion of Pharmaceutical Products

In accordance with the Brazilian Constitution, the commercial advertising of pharmaceutical products and therapies that may pose a health hazard is subject to legal restrictions and whenever necessary must include warnings pertaining to any possible harm resulting from the use thereof.

ANVISA's RDC Resolution No. 102/2000 established the principal rules for pharmaceutical advertising in Brazil. Such resolution set forth distinct rules for over-the-counter and prescription medicament. It also regulated the advertising on the Internet and determined that all advertisements authorized in connection with over the counter medicaments must contain: (i) the commercial name of the medicament; (ii) the registration number at ANVISA; (iii) the names of the active ingredients; and (iv) a warning stating that if symptoms persist, a doctor should be consulted.

As a result of ANVISA's efforts to prevent irresponsible self-medication, prescription and over-the-counter medicaments are subject to different advertising rules. Over-the-counter medicament can be promoted by means of television, radio and magazine advertisements, as well as at drugstores. Prescription medicaments can only be advertised to professionals acting in the medical industry, on web sites restricted to the medical industry, in specialized magazines and in media vehicles bearing the seal of pharmaceutical laboratories. In view of the fact that the sale of over the counter medicaments outside pharmacies and drugstores is forbidden, the Brazilian largest supermarket and hypermarket groups are investing in their own pharmacies and drugstores, which operate inside the supermarket and hypermarket own premises.

It should be noted that any advertising of products subject inspection and control by the relevant health authorities in violation of public health legislation constitutes public health infringement and, subject to the due process, the infringer will be liable to penalties including warnings, prohibition of advertising, suspension of sales and/or a fine.

On February 18, 2008, ANVISA published its RDC Resolution No. 96/2008, setting forth rules pertaining to marketing, promotion, disclosure and other activities the purpose of which is the advertising or commercial promotion of medicaments. Such resolution imposes several restrictions on the advertising of medicaments, such as the prohibition of the distribution of gifts, even the institutional ones and on the use of television personalities and/or celebrities in the advertising of medicaments.

Resolution RDC 96/2008 has a vacancy period of six months, and will only become effective on July 18, 2009.

Good Pharmaceutical Practices in Pharmacies and Drugstores

ANVISA is currently prioritizing the publication of the Technical Regulations on Good Pharmaceutical Practices in Pharmacies and Drugstores, presented through Request for Public Comment No. 69/2007, which set forth the criteria for the sanitary control of the sale of medicaments, medicament-related products and foods, as well as the rendering of other pharmaceutical services.

The regulations proposed in Public Comment No. 69/2007 prohibit pharmacies and drugstores from selling products the purpose of which is not directly connected to the promotion of health. These products include popsicles, candy, chewing gum, cleaning products and veterinary products. The proposed rules also list other products that may still be sold in pharmacies and drugstores, such as cosmetics, personal care products, sweeteners and vitamin/mineral supplements, among others.

After the Technical Rules on Good Pharmaceutical Practices in Pharmacies and Drugstores are published in the Federal Government Official Journal ("Diário Oficial da União"), the commercial establishments will have a term of 180 days to make the necessary adjustments with a view to complying with the new rules.

Registration of Drugs, Medicaments and Pharmaceutical Inputs

The registration of drugs, medicaments and pharmaceutical inputs, owing to their sanitary, medicinal, prophylactic, healing, palliative or diagnostic characteristics and purposes, is subject to compliance with the pertinent regulatory requirements.

Descriptive information pertaining to drugs and medicaments will be evaluated by ANVISA's relevant body or entity or analyzed by the competent controlling laboratory. The public health authority must base its decision to grant or deny registration based on such entities' reports.

The registration of drugs, medicaments or pharmaceutical inputs will be revoked whenever any change is made to its formula, dosage, manufacturing conditions or the statement of uses and specifications on the descriptive label or advertising, without prior approval from ANVISA. The registration of a medicament that does not include in its formulation a substance of recognized clinical or therapeutic benefit will be denied.

Healthcare product registrations will be valid for five years and can be renewed for equal and successive periods.

We have registered all the medicaments, drugs and pharmaceutical inputs that we manufacture or sell with ANVISA.

The Household Cleaning Industry

Registration of Sanitary Disinfectant Products

Sanitary disinfectants and related products are substances or preparations intended for cleaning, disinfecting, controlling insects, deodorizing or odorizing domestic or public / collective environments, to be used by any person for domestic purposes, for application or handling by specialized individuals or entities, and for professional use.

In accordance with ANVISA's Resolution RDC No. 184 of October 22, 2001, as amended, the registration of sanitary disinfectants and similar products for domestic, business and professional use is conducted in reliance upon the evaluation of hazards and risk management. In evaluating product risks, the following factors must be taken into consideration: (i) the toxic levels of the substances and the concentration thereof in the product; (ii) the intended use of the product; (iii) the conditions of use; (iv) history of prior problems; (v) the individuals most likely to be exposed to the product; (vi) the frequency of the exposure and its duration; and (vii) forms of presentation of the product.

All sanitary disinfectant products that we manufacture and distribute are duly registered at the ANVISA.

The Food Industry

Food Product Registration

All food products that are made, prepared, altered, packaged, transported, sold or deposited in Brazil (a definition that encompasses out products) are subject to prior registration at ANVISA, unless the applicable legislation provides for an exemption. Decree-Law 986 of October 21, 1969, as amended, sets forth the rules and standards applying to food labeling, which we believe to be in full compliance with.

Food registrations are valid for a ten-year period throughout the whole Brazilian territory. We must request renewal of each registration we secured every ten years, keeping the same registration number previously granted. The health inspection authority will have 60 days running from the date of the company's notice, to

carry out the health inspection of the manufacturing unit. The inspection will depend , severally or jointly, on the nature of the product, the risk associated with the product, the date of the last inspection and the company's record. In the event that we fail such inspection, we will be notified to (i) suspend production, and (ii) withdraw the product(s) from the market, when the health authority believes it necessary based upon the applicable legislation in force. If this were to happen we would have to bear the costs associated with the disclosure to the public without prejudice to the application of any other legal penalties.

The product registration request is analyzed by the Health Inspection Secretariat ("Secretaria de Vigilância Sanitária"), or VISA, of the state, federal district or municipality in accordance with all government Technical Rules, Resolutions, Ordinances and other legal instruments pertaining to the subject. VISA will forward to ANVISA its conclusive and informed opinion recommending the approval or rejection of the product registration. ANVISA is responsible for approving or rejecting, on appropriate grounds, any registration requests that were previously analyzed by VISA. ANVISA is also responsible for canceling product registrations upon request due to irregularity or publication error.

We have registered all the food products we manufacture or sell with the ANVISA.

New Food Labeling Rules

Rules pertaining to the nutritional labeling ("Nutrition Facts") of food products are set forth by ANVISA's RDC Resolution No. 360 of December 23, 2003, as amended ("Resolution RDC No. 360"), which approved the Technical Rules on Nutritional Labeling of Packaged Food Products ("Regulamento Técnico sobre Rotulagem Nutricional de Alimentos Embalados"). Pursuant to such resolution, the label of packaged food product must contain the indication of the energetic value and the quantities of carbohydrates, proteins, total fats, saturated fats, trans fats and sodium contained in such product. Since July 31, 2006, all food products manufactured, distributed and/or packaged not in the presence of the consumer must comply with such rules.

Registration of Beverages

Under Brazilian law, companies that produce, manufacture, import, export and sell beverages are subject to control and inspection by health authorities, mainly the MAPA (Ministry of Agriculture, Livestock and Food Supply).

Law No. 8,918 of July 14, 1994, as amended, states that a company's production centers, as well as the beverages it produces, must be registered with MAPA. Registrations obtained with MAPA are granted for 10 years, may be renewed for equal and successive periods, and are valid throughout the Brazilian territory.

MAPA may reject registration requests or cancel granted registrations for any products subject to their authority if any label, packaging or any other characteristic of the product may lead the consumer into error as to the class, type or nature of the product.

Decree No. 2,314 of September 04, 1997 that regulated Law No. 8,918 of July 14, 1997 was revoked by Decree No. 6,871, published on June 04, 2009 with immediate application from such date onwards.

In addition, before initiating business activities, companies that produce, manufacture, distribute, store and transport beverages must be duly authorized by the state, municipal or public health agencies.

We have registered all the beverages that we manufacture or sell with MAPA.

The Cosmetics and Personal Care Products Industry

Registration of Cosmetics, Personal Care Products and Perfumes

In accordance with Law No. 6,360, cosmetics, for registration purposes personal care products, perfumes and other similar products may only contain substances that are declared innocuous based upon a list prepared by the Ministry of Health and published in the Diário Oficial da União. This list will contain specifications pertaining to each category, as well as to any drugs, production inputs, raw materials, colorings, solvents and other ingredients permitted in the manufacture of the product in question. If the materials used do

not fall within this list, the Ministry of Health must separately acknowledge the safety of the respective product formula by means of conclusive opinions issued by the competent bodies of the Ministry of Health.

The registration of cosmetics, personal care products and other similar products when containing medicating substances, even in sub-therapeutic quantities, shall comply with the provisions applicable to medicaments and pharmaceutical inputs. See "Registration of Medicaments and Pharmaceutical Inputs."

Cosmetics, personal care products for adults and children, perfumes and similar products may change their composition formula so long as these changes are approved by the Ministry of Health based on the relevant technical reports.

We have registered all the cosmetics, perfumes and personal care products we manufacture or sell with the ANVISA.

9.03 BUSINESS SEASONALITY PERIOD

Seasonality of Tomatoes

Tomatoes are harvested between June and September. During this period, tomatoes are processed and transformed into pulp, which is then stored and used throughout the year to make finished products.

Product Demand Seasonality

Most of our products are not subject to seasonality. Sales of the a few products that are seasonal offset each other, resulting in stability of our overall sales.

The following products are subject to seasonality: (i) suntan lotion, sold mainly between June and November and kept in stock to be sold during the Brazilian summer; (ii) pest control products (insecticides), sold mainly between June and November and kept in stock to be sold in the Brazilian summer; and (iii) flu prevention products, which are sold during the Brazilian winter.

01.01 - IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

10.02 – RAW MATERIALS AND SUPPLIERS

1 – ITEM	2 – RAW MATERIALS	3 – IMPORT	4 – IMPORT VALUE (Reais thousand)	5 – AVAILABLE IN THE LOCAL MARKET	6 – AVAILABLE IN OVERSEAS MARKET
7 – NAME OF SUPPLIER		8 – TYPE OF SUPPLIER		9 - % OF THE SUPPLY IN THE COMPANY'S AGGREGATE PURCHASES.	
01	Merchandises	NO	0	YES	NO
Provider Indústria e Comércio Ltda.		NOT CONNECTED		11,60	

11.01 PRODUCTION PROCESS

Production Processes

Set forth below is a brief description of the production process for each of our business lines.

Medicaments

The production process for solid medicament begins with the filtering of the raw materials, to which a liquid (alcohol or water) is added to dilute the mixture. Subsequently, the mixture is granulated and the product dried. The product is then again transformed into a powder to which additional ingredients that are not part of the moist mixture are added. The respective products are then compressed, coated (if necessary) and put into blister packs and/or envelopes. Eventually, the products are put into secondary packaging (displays or cartridges) and boxes for shipping purposes.

Semi-solid medicaments are produced using a blend of raw materials mixed in manufacturing tanks or mixing machines and subsequently poured into aluminum or plastic tubes. The products are then put into secondary packaging (cartridges) and boxes for shipping purposes.

Liquid medicaments are produced using a blend of raw materials mixed in manufacturing tanks (products containing extracts undergo a decanting and subsequent filtering process) and then poured into bottles. Finally, the products are put into secondary packaging (cartridges) and boxes for shipping purposes.

Cosmetics and Personal Care

Nail polisher is the result of a cold mixture of raw materials, base and coloring substances. The nail polisher is filtered and stored in plastic containers that are sent to the bottling area. The nail polisher is put into bottles automatically by machines that also put the lid and label on. The nail polisher bottles are packaged in small cardboard boxes or blister packs before being placed in cardboard boxes that will be stacked on pallets and sent to the finished product warehouse.

Cream hair dye is manufactured in stainless steel tanks in a process that involves heat and shaking. The oily phase is heated in an auxiliary tank before being added to the manufacturing tank. The dye is then transferred to a storage tank and put into tubes. The dye is then packaged in individual boxes or a kit (hydrogen peroxide, packet of hydrating cream and user manual). The tubes are placed manually in the boxes, which are then glued automatically. The boxes with the tubes are placed in cardboard boxes and these are stacked on pallets to be sent to the finished product warehouse. The boxes containing the kits are wrapped every three units in transparent plastic film.

Permanents liquids are manufactured in stainless steel tanks in a cold mixing process. The product is bottled using a semiautomatic machine, and the lid is placed and tightened manually. The bottles are packaged into boxes that will be stacked on pallets and sent to the finished product warehouse.

Shampoos are manufactured in stainless steel tanks in a process that involves heat and shaking. The shampoo is then transferred to the storage tank to be bottled using a semiautomatic machine. The lids are placed manually and then the bottling machine seals the container. The label is also affixed in the production line. The bottles are packaged in cardboard boxes that will be stacked on pallets and sent to the finished product warehouse.

Deodorant is manufactured in stainless steel tanks in a cold mixing process. The deodorant is piped to the semiautomatic bottling machine. The seal with the nozzle is applied manually and the automatic bottling machine then secures it in the neck of the container. The lid is placed and screwed into place automatically. The machine applies the shrink-wrap plastic making packages of 12 units that are stacked on pallets without first being placed in cardboard boxes.

Household Cleaning Products

Steel wool is produced with wire filaments, which are cut and rolled into the shape of a sponge and packaged for sale. Synthetic sponges are produced from polyurethane and/or other synthetic fibers. In the most traditional production process, an abrasive synthetic fiber is glued over a base of polyurethane. Then, the sponges are cut and packaged for sale. Cleaning cloths are produced using synthetic non-woven materials or cotton and packaged for sale in boxes or rolls.

Multi-use cleaners, liquid detergents, fabric softeners and disinfectants are chemical products that are made by mixing the specific raw materials for each product in tanks. Each product is then poured into containers and stored in boxes for transportation.

Soap-based cleaning products are cleaning products that are used for both scrubbing and cleaning. Both liquid and powder cleaning products are manufactured by mixing specific basic chemicals, which are poured into previously labeled containers and packaged in specific boxes for transportation and sale.

Powder laundry detergents consist of tensoactive, dirt-removing ingredients. These ingredients are mixed with other components, dried using a drying tower and sorted into boxes or packets.

Coil insecticides are produced from a mixture of sawdust, vegetable glue and pyrethroids. After extruding them, the coils are molded, cut and packaged.

The refill tablets for insecticides are produced by injecting a pyrethroid insecticide on a cardboard base that is manufactured for these products. It is then cut and packaged into refill packets.

The liquid refill for insecticides is produced using a deodorized solvent that is mixed with pyrethroid insecticide and poured into containers.

The baits (traps) for insecticides are produced using a mixture of substances that attract insects which are mixed with insecticide. The resulting powder is pressed into tablets and packaged.

The production of disinfectants, personal insect repellants, certain coil insecticide products and aerosols is outsourced.

Food Products

Tomato sauces are produced using tomato pulp, chopped tomato pieces, chopped onions fried in sunflower oil, and seasonings. The tomato pulp is added to the chopped tomato pieces, fried onion and the remaining ingredients. The mixture is homogenized and heated until it reaches the appropriate consistency and subsequently poured into containers and sealed using automatic dispensing machines. Finally, the product is sterilized, cooled and packaged into boxes for shipping purposes.

Tomato extract is produced from tomato pulp, salt and sugar. The mixture is concentrated, pasteurized, poured into containers and sealed using automated machines. Finally, the product is sterilized, cooled and packaged into cardboard boxes.

Tomato purée and pulp are produced from tomato pulp, salt and sugar. The ingredients are mixed and the concentration is adjusted to the required level. The mixture is then pasteurized and poured into containers. Finally, the product is sterilized, cooled and packaged into cardboard boxes.

Ketchup is produced from tomato pulp. The tomato pulp and other ingredients are placed in stainless steel tanks in which the mixture is homogenized, heated, and adjusted to the required concentration. It is then pasteurized, cooled and poured into containers using automated machines. Finally, the product is labeled and packaged into cardboard boxes.

Mustard is produced from ground mustard seeds. The mustard powder is prepared in a tank, where it is mixed with vinegar, salt and other ingredients. Subsequently, the product is homogenized, pasteurized, cooled and packaged.

Fruit jams are produced from fruit pulp and sugar blended in a mixing machine. The mixture is then homogenized, heated until the specified concentration level is reached, poured into containers and packaged for distribution.

Canned vegetables are produced from selected vegetables that undergo a washing and selection process. A salted solution is prepared separately and kept at boiling temperature. In the next stage, the vegetables are canned by an automatic dispensing machine and mixed with the slated solution at the same time.

Broths are produced from vegetables, fat, salt and additional ingredients specific to each version of the Etti broth. The respective broth mixture is subsequently pressed and packaged. Finally, the mixture is packaged in the respective packages.

Industrial Complexes

We currently operate six industrial complexes in Brazil, which constitute the principal assets of our property, plant and equipment, and are strategically located in Goiânia (state of Goiás), Itajaí (state of Santa Catarina), Araçatuba (state of São Paulo), Barueri (state of São Paulo), São Paulo (state of São Paulo) and Taboão da Serra (state of São Paulo). Our industrial units are located close to major consumer markets and therefore benefit from an efficient logistic position. Every industrial complex has a distribution center that is integrated with the plant and has a nationwide distribution capacity.

Our industrial complexes are composed of 16 factories that contain machinery and equipment representing a material portion of our property, plants and equipment assets. After acquiring a company, we generally invest in modernizing such company's industrial complexes. Our most significant acquisitions in 2005 and 2006 were the acquisitions of Etti and Quimivale, whereupon we modernized the premises and the equipment of the Araçatuba and Itajaí complexes. After we acquired Etti, in the Araçatuba complex our investments were focused on the production of tomato, vegetable and broth product lines. After we acquired Quimivale, we invested in the Itajaí complex improving the tower and the main container filling machinery and raw material tanks. In addition, we modernized the Goiânia industrial complex, investing primarily in production improvements for the household cleaning product line.

In May, 2008, we ceased the production and in January 2009, we closed our industrial complex located at Cachoeirinha, Rio Grande do Sul state, in order to optimize our industrial capabilities.

As of the present date, we do not have material expansion plans for our industrial complexes.

The table below summarizes the total capacity of our industrial units as of March 31, 2009:

Plant	Products	Capacity (units/year)	Current Production (units/year)	Usage (%)
Goiânia	Steel wool	25,900 tons	10,500 tons	39%
Goiânia	Synthetic sponges	110 million sponges	24 million sponges	22%
Goiânia	Liquid cleaning products	51 million liters	14 million liters	27%
Goiânia	Tablets	480,000 boxes	120,000 boxes	25%
Itajaí	Powder laundry detergent	144,000 tons	29,000 tons	20%
Araçatuba	Sauces	86,000 tons	23,000 tons	27%
Araçatuba	Extracts	58,000 tons	11,000 tons	19%
Araçatuba	Ketchup	12,000 tons	1,400 tons	12%
Araçatuba	Seasoning	430 million units	70 million units	16%
Barueri	Solid medicaments	6,765 million blister packs	1,962 million blister packs	29%
Barueri	Liquid medicaments	11.58 million liters	2.5 million liters	22%
Barueri	Moisturizers	109 million units	Outsourced	n/a
Barueri	Shampoo/conditioner	38 million units	Outsourced	n/a
Barueri	Deodorant	57 million units	Outsourced	n/a
Barueri	Leite de Colônia perfume	40 million units	Outsourced	n/a
Barueri	Liquid sweeteners	11 million liters	7 million liters	64%
Barueri	Powder sweeteners	767 million doses	136 million doses	18%

Plant	Products	Capacity (units/year)	Current Production (units/year)	Usage (%)
Taboão	Nail polish	168 million units	110 million units	65%
Taboão	Hair coloring products	68 million units	12 million units	18%
Brooklin	Solid medicaments	47.7 million blister packs	24.7 million blister packs	52%
Brooklin	Liquid medicaments	1.5 million liters	500,500 liters	33%

The Industrial Complex in the City of Goiânia in the State of Goiás

In December 2001, we initiated operations at our first industrial complex, located in Goiânia, Goiás state. The complex consists of five plants located in a 258,400 square meter property with buildings representing a total floor space of 31,500 square meters. The Goiânia complex produces steel wool, synthetic sponges, cleaning cloths and liquid cleaning products that are sold under *the Assolan, Assim* and *Help* trademarks, in addition to insecticides. In 2008, we began producing foam and adhesive fibers, increasing the vertical integration of our synthetic sponge production. During this same year we moved the production of insecticides and deodorizers to this complex, which was previously located in the city of Cachoeirinha, state of Rio Grande do Sul. The installed capacity is approximately 2,200 tons per month for steel wool, 9.2 million sponges per month, 4.3 million liters per month for liquid cleaning products and 40,000 boxes of insecticide tablets.

We own the industrial complex and such property was encumbered with a mortgage in favor of Banco do Brasil S.A., through two industrial credit certificates entered into in 2003 and 2005 which totaled R$12 million as of 2005 (historical value).

The Industrial Complex in the City of Itajaí in the State of Santa Catarina

In February 2005, we initiated operations at our industrial complex located in Itajaí, Santa Catarina state. Such complex has a plant already installed in a property of 15,100 square meters with buildings representing a total floor space of 8,900 square meters edifications. In this complex we carry out the manufacture of powder detergents sold under trademarks *Assim, Assolan* and *Sim*. The installed capacity is of 12,000 tons per month.

The Industrial Complex in the City of Araçatuba in the State of São Paulo

In March 2006, we initiated operations at our industrial complex in Araçatuba, in São Paulo state. The Araçatuba complex consists of four plants located in a 201,800 square meter property with buildings representing a total floor space of 28,300 square meters. The Araçatuba complex produces tomato products, condiments, seasoning, vegetable preserves and sweets, sold under the *Etti, Salsaretti* and *Cajamar* trademarks. The current installed capacity of the Araçatuba complex is 7,200 tons per month of tomato sauce, 4,800 tons per month of tomato extract, 1 million tons/month of condiments and 35.8 million units per month of seasoning.

The Industrial Complex in the City of Barueri in the State of São Paulo

Our main industrial complex is located in Barueri, São Paulo state, and began operations under our management in June 2007, with the acquisition of DM. The Barueri complex consists of four plants located in a 100,700 square meter property with buildings representing a total floor space of 20,100 square meters. The Barueri complex produces our over-the-counter medicaments, candies and sweeteners. The current installed capacity of the Barueri complex is 564.6 million blister packs per month of solid medicament, 965,000 liters per month of liquid medicament, 9.2 million liters per month of liquid sweetener and 63.9 million doses per month of powder sweetener.

The Industrial Complex in the City of São Paulo in the State of São Paulo

Our São Paulo industrial complex is located in the state of São Paulo and began operating under our management in July 2008, with our acquisition of Farmasa. The complex has an installed plant on a 20,000 square meter piece of land, with buildings representing a total floor space of 12,945 square meters. This

complex produces over-the-counter medicament and prescription medicaments. It has an installed capacity of 4 million blister packs per month (solid medicaments) and 125,000 liters per month (liquid medicaments).

The Industrial Complex in the City of Taboão da Serra in the State of São Paulo

The Taboão da Serra industrial complex is located in the state of São Paulo and began its operation under our management in October 2008, with the acquisition of the Niasi Group. The complex has an installed plant on a 54,000 square meter piece of land, with buildings representing a total floor space of 17,500 square meters. This complex produces cosmetics and personal care products. It has an installed capacity of 14 million units of nail polisher and 5.7 million units of hair coloring per month.

Production Inputs and Merchandises

We buy a broad variety of inputs (raw materials and packaging) for the manufacturing of products in the four lines of business in which we operate. We generally pay for these inputs in installments.

Our main raw materials are steel, tomatoes *in natura* and chemical products. These inputs accounted for approximately 31% (43% of our cost of sales) of our operational costs during the three-month period ended on March 31, 2009.

Packaging is an important part of our production process. We use bottles, cans, lids and boxes to package our products. Packaging prices are relatively volatile, as they are tied to international prices, which are linked to the U.S. dollar. Packaging materials represented approximately 14% (20% of our cost of sales) of our operational costs during the three-month period ended March 31, 2009.

We also purchase cosmetics and personal care products from third-parties for resale to our customers. For the three-month period ended March 31, 2009, these purchases represented approximately 27% of our operational costs.

Suppliers

We comply with rigorous standards to choose our suppliers, based not only upon the quality and price of the products, but also on the suppliers' reputation, financial condition, ability to guarantee timely deliveries and product availability. We also maintain strict quality controls to ensure that the materials meet our specifications before they are distributed to our distribution channels.

In accordance with our internal policy, we do not enter into agreements with a term exceeding 24 months, which afford us more flexibility and allow us to constantly seek new and better quality inputs at more competitive prices. Agreements with a term exceeding 24 months are executed only under special circumstances, and are subject to formal authorization from our executive board. Currently, we have at least one long-term agreement exceeding 24 months.

The table below sets forth our main suppliers and production inputs.

Supplier	Production Inputs
Provider Indústria e Comércio Ltda	Merchandise
Envasamento Tecnologia de Aerosóis	Merchandise
Greenwood Indústria e Comércio Ltda	Merchandise
Total Pack Indústria e Comércio Ltda	Merchandise
Belgo Bekaert	Wire
Suzhou Fine Chemicals Co. Ltda	Saccharin
Metalgrafica Rojek Ltda	Cans
C A S Importação e Exportação Ltda	Various products
Manuchar Comércio Exterior Ltda	Sulphate
American Chemical	Chemical sulphate
Adopac Indústria e Comércio de Plásticos Ltda	Tubes and lids
Impressora Paranaense S/A	Cardboard
Bertin S.A	Cans

Supplier	Production Inputs
Itap Bemis Ltda	Polyethylene film
Companhia Metalúrgica Prada	Cans
Symrise Aromas e Fragrancias Ltda	Fragrances
Peeqflex Embalagens Ltda	Flexible packaging
JT Indústria e Comércio Ltda	Tubes
Scs Comercial e Servicos Chemicals	Chemicals
Gerresheimer Plásticos São Paulo Ltda	Tubes
Corn Products Brasil-Ingredientes	Chemicals
Owens Illinois do Brasil S.A	Glass packaging
Sumitomo Chemical	Active ingredients
Orsa Celulose Papel e Emb S/A	Cardboard boxes
Akzo Nobel Ltda	Chemicals
Alcan Embalagens do Brasil Ltda	Aluminum
Vedat Tampas Hermeticas Ltda	Lids
Brasilata S/A Embalagens Metálicas	Cans
Magistral Impressora Indl Ltda	Flexible packaging
Gráfica e Editora Brogota Ltda	Instructions for medicine use
Novozymes Latin América Ltda	Enzymes
Inapel Embalagens Ltda	Laminates
Gráfica Editora Sarapui Ltda	Cardboard
Fmc Foret S/A	Chemicals
Sweetmix Ind. Com. Importação e Exportação Ltda	Aspartame
Ciel Confiança Importação e Exportação Ltda	Lactose
Liquigas Distribuidora S/A	Gases
Graficos Sangar Ltda	Instructions for medicine use
Klockner Pentaplast do Brasil Ltda	Laminates
Ipiranga Petroquímica S/A	Resin
Dav Química do Brasil Ltda	Chemicals
Naturale Alim. Ltda	Frozen vegetables
Una Prosil Usina Nova América Ind	Chemicals
Vicunha Textil S/A	Viscose and sulfate
Ansac EUA	Sodium carbonate
American Safety Razor do Brasil Ltda	Razor blades, razors and depilation devices

We purchase tomatoes *in natura* from various small agricultural producers.

In the three-month period ended on March 31, 2009, the goods supplied by Provider Indústria e Comércio Ltda. represented approximately 11.6% of our total gross revenue.

Insurance Policies

We have insurance policies to cover damages to our assets that may occur at our industrial complexes in Porto Alegre, Goiânia, Itajaí, Barueri, São Paulo and Taboão da Serra. Most of these policies include coverage for the following events: (i) fire, lightning and explosions; (ii) electrical damages; (iii) severe winds and smoke damages; (iv) theft and robbery of goods; (v) loss and damages caused to certain equipment and assets arising out of external factors, subject to certain restrictions; (vi) damages to stationary equipment; and (vii) civil liability insurance, all of which are subject to the conditions provided for in the respective policies.

In addition to the aforementioned insurance policies, we have an insurance policy covering domestic transportation and another policy covering international transportation both of which assure the payment of indemnifications for loss or damages caused to the transported goods.

We believe that our policies, all of which purchased from reputable insurance companies, contain the usual market terms and are consistent with the standard coverage of the industry in which we operate, reflecting the scope and amount of coverage deemed adequate by our management and insurance consultants.

Although we keep insurance policies that are within normal industry practices, there are specific types of risk that may not be covered by such policies, such as war, acts of God and force majeure events, or the interruption of certain activities.

Accordingly, should any of the foregoing events not included in our insurance coverage occur, we may be forced to incur additional costs to replace and repair damaged equipment and property. In addition, we cannot guarantee, even when an event covered by our policy occurs, that the insurance payment will be sufficient to cover the damage arising from the loss.

11.02 MARKETING PROCESSES, DISTRIBUTION, MARKETS AND EXPORTS

Sales and Distribution

Distribution of our Products

The distribution of our products is carried out by means of the pharmaceutical channel, which includes large pharmaceutical chains, and the food retail channel, which includes wholesalers, hypermarkets, supermarkets and small retailers in all of the Brazilian regions.

The delivery of our products to establishments that compose the pharmaceutical channel or the food retail channel is carried out either directly by us and through our intermediary distributors (an indirect channel), who purchase our products and resell them to the retailers that will sell them to the end consumer.

Distribution by means of intermediary distributors (indirect channel) is our main mode of distribution, accounting for a significant portion of our aggregate revenues for the three-year period ended on March 31, 2009.

Furthermore, whenever we distribute our products directly to the commercial establishments composing the pharmaceutical channel or the food retail channel, we use a fully outsourced fleet of road trucks.

Our Sales Force

We possess a solid sales force, which includes: (i) our sales team, whose members are our own employees registered as such under the applicable employment law in force (the "CLT"); (ii) our sales promoters, who are also our own employees registered as such under the applicable employment law; (iii) demonstrators who are also our own employees registered as such under the applicable employment law, and (iv) outsourced representatives that sell our products on a non-exclusive basis whose remuneration is based upon a commission for each sale.

The salesperson of our own sales team is responsible for the sale of our products directly to establishments composing the pharmaceutical channel and the food retail channel, while the sales promoter is responsible for the continuous supply of our products to the store shelves of the establishments composing those channels. The demonstrator is responsible for demonstrating our products to the channels in which we operate. The outsourced representative sells our products on a non-exclusive basis and receives a commission for each sale accomplished.

Our sales force is active in all of our four business lines and distributes our products through the pharmaceutical and food retail channels. It is supported by our merchandising and trade marketing teams so as to guarantee the best presentation of our products at our points of sale.

Set forth below are the distribution channels we use for our different product lines:

(i) our medicament products are distributed exclusively through the pharmaceutical channel;

(ii) our cosmetics and personal care products are distributed through the pharmaceutical and food retail channels;

(iii) our household cleaning products are distributed exclusively through the food retail channel;

(iv) our food products (with the exception of sweeteners) are distributed exclusively through the food retail channel; and

(v) our food products of the sweetener channel are distributed through the pharmaceutical and food retail channels.

Logistics

Our logistics operations are centralized by business line in order to enable us to better benefit from the synergies of our businesses and maintain our operational focus. Our logistics operate nationwide and assist us with the processing of products and information. Our logistics team is responsible for an estimated 16,813 deliveries every month, which represented approximately 15,712 tons per month of finished products as of March 31, 2009.

We use a network of outsourced transportation companies for customized services. Nine of these companies are regulated by ANVISA, as required by applicable regulation, and nine of them provide additional support services, completing the distribution framework. In the aggregate, we make approximately 2,759 shipments per month directly from our plants using a fleet focused on this operation. Today, the transportation of our products is entirely outsourced and made by ground transportation.

We have nine distribution centers, four of which are connected to our industrial complexes and represent a total of 40,700 m2 of built area. We also have two logistic operators that distribute our products. Such distribution centers are run by our own 200-person team of specialized and qualified personnel. The properties related to our medicaments, food products and cosmetics and personal care products comply with good manufacturing practices, or GMP, standards. All of our distribution centers are operating on the basis of an integrated SAP system to benefit from synergies.

Customer Credit, Default and Account Recovery Policy

Our credit policy aims at evaluating the level of credit to be granted to customers by analyzing information on their financial situation and level of liquidity in order to minimize the risks associated with granting credit. A good credit risk assessment contributes to the creation of new businesses and the optimization of the already existing ones.

Our analysis is primarily focused on the following: (i) the customer's full documentation; (ii) the customer's standing with public agencies, including relevant Brazilian federal tax authorities; (iii) the customer's corporate bylaws and recent amendments; and (iv) the customer's default history and any administrative proceedings instituted by SERASA, a credit checking company.

In addition, we block customers who: (i) have payment defaults registered against them ('protests"); (ii) have issued bad checks; (iii) are involved in bankruptcy and/or judicial recovery proceedings; (iv) are in default with us; (v) have unpaid invoices, outstanding interest, overdue taxes, outstanding address changes and/or have closed their businesses; and (vi) have pending proceedings with public authorities such as the Brazilian Federal Revenue Office, the Integrated Information System on Interstate Operations Involving Goods and Services (Sistema Integrado de Informações sobre Operações Interestaduais com Mercadorias e Serviços), or SINTEGRA, or the Superintendency of the Manaus Free Trade Zone (Superintendência da Zona Franca de Manaus), or SUFRAMA.

Marketing Policy

Our marketing policy is aimed at attracting and retaining our customers. To this end, we conduct integrated marketing campaigns that are specific to each product and region in which we operate and are structured for and directed at the target market for each product. Our marketing teams are media experts dedicated to developing quality marketing campaigns for our products and consumer.

We carry out our products marketing based on our knowledge of the target public using strategic internal guidelines as well as consumer research and market audits. Our marketing knowledge, along with our team's experience, allows our development committee, which consists of our marketing, research and development, production, and registration teams, to develop and customize our products.

We have developed marketing materials targeted to each of our customer profiles, distribution channels and products, which focus on specific target public and support point of sale marketing. Promotional and advertising campaigns and actions are carried out at our points of sale, where customers are approached directly through give-aways and drawings designed to attract and retain our customers.

We also have an internal advertising agency that centralizes our publicity campaigns and negotiations for media exposure. Because it works exclusively for us, this internal advertising agency has an in-depth knowledge of the products in our four business lines and maintains a direct and efficient relationship with our marketing department, enabling television and other media campaigns to be aligned with the strategic objectives of each business line and to target the appropriate market for each product.

In addition to supporting our strategic objectives, our products and our target markets, our internal marketing agency provides us with economies of scale both in preparing advertisements as well as in negotiating media exposure, giving us enhanced bargaining power to develop films.

As of the present date, we were the third largest advertiser of perishable consumer goods in Brazil, according to Grupo M&M. We have launched more than 40 publicity campaigns and invested more than R$180 million, produced 24 films and invested in a variety of advertising mediums and sources, such as magazines, newspapers, taxis, the São Paulo subway, city buses and clocks located in principal areas of São Paulo, in addition to billboards. We also participate as sponsors of large events in connection with TV Globo, such as the Beijing Olympics, Big Brother Brasil, soccer and Formula 1 racing.

Customers

As of March 31, 2009, our customer default rate was less than 0.7%.

We have maintained commercial relationships with some of our customers since we were incorporated. We constantly seek to diversify our portfolio to meet the market requirements while keeping pace with our strategies.

The table below sets forth our key customers, listed in order of their percentage share of our net sales for the years ended December 31, 2006, 2007 and 2008:

2006	2007	2008
Atacadão	Distribuidora de Medicamentos Santa Cruz	Distribuidora de Medicamentos Santa Cruz
Makro	Martins	Carrefour
Grupo Pão de Açúcar	Atacadão	Profarma
Martins	Profarma	Panarello
Carrefour	Panarello	Athos
Tenda	Grupo Pão de Açúcar	Drogacenter
Drogacenter	Drogacenter	Martins
Wal-Mart	Athos	Grupo Pão de Açúcar
Casas Guanabara	Carrefour	Wal-Mart
Cerealista Maranhão	Wal-Mart	Arcom S.a.

Other Post- Sale Services

Customer Service

We are in the process of centralizing our customer service center ("SAC") for all of our business units in the city of Barueri, state of São Paulo, with our own highly-trained own team having a specialized knowledge of our products, duly assisted by the Quality Division and by the Marketing Department of each line of business .

Research and Development and Quality Control

We rely on our Research and Development Division focused on the segments in which we are active. Within the scope of our research, we develop new and various products, including: (i) new flavors of our Salsaretti products, including our Italian porcini sauce; (ii) scented steel wool; and (iii) new fragrances for our hydrating creams and shampoos.

In addition, we have a technical center focused on the cosmetics and personal care products with strong expertise in the development and in the performance evaluation of our products in order to better serve our customers.

Our manufacturing process is subject to strict product quality standards involving quality control actions from the delivery of raw materials to the shipment of the final product. We control the quality of our products, as well as the inputs (raw materials and packaging) and utilities (water, gas and electric energy) used in the production process, also through our specialized laboratories.

11.03 POSITION AMONG THE COMPETITION

Competitors

The market segments in which we operate are highly competitive and we face competition from reputed companies that are present in national and international markets. These companies offer a variety of products in the segments in which we operate and compete with a majority of our products. We also face competition from small local producers that are well-established in their respective markets. Certain local producers operate in the informal market, which enables them to offer lower prices than ours.

Our competitors vary according to segment. The table below sets forth our main competitors in each of our business lines, along with their respective main trademarks.

Business line	Main Competitors	Main Competing Trademarks
Medicaments	Sanofi-Aventis	Dermacyd, Novalgina, Naturetti, Dorflex, Profenid, Bi-Profenid
	Aché	Tandrilax, Decongex Plus, Nisulid, Sorine
	Eurofarma	Proflam, Snif, Ebastel
	Nycomed	Neosaldina, Eparema, Xantinon
	Pfizer	Celebra, Feldene
Cosmetics and Personal Care Products	Unilever	Dove, Seda, Rexona
	Johnson & Johnson	Sundown
	Nívea	Nívea
	Natura	Natura
	Avon	Avon
	Impala	Impala
	L'Oréal	Inmédia, Preference, Nutrisse, FX Studio, Nutrisse and Colorama
	Niely	Cor&Ton
	Procter & Gamble	Kleston, Wellaton, Gillette
	Yamá	Yamafix
Household Cleaning Products	Bombril	Bombril, Mon Bijou
	Unilever	OMO, Surf, Comfort, Fofo e Brilhante
	Química Amparo	Ypê, Tixan
	Reckitt Benckiser	Vaja, SBP, Rodasol
	Ceras Johson	Raid, Baygon
Food Products	Unilever	Pomarola, Elefante, Knorr, Arisco
	Connie Express	Quero
	Jurema	Jurema
	Gold Nutrition	Gold, Doce Menor, Assurgin

Strengths

We believe that our main competitive strengths are:

Portfolio of traditional trademarks with established consumer demand and growth potential. We own a large and diversified portfolio of trademarks and products (including more than 160 commercial trademarks) which are well-known in Brazil and present, to varying degrees, diversified demand by the consumer public, solid cash generation and growth potential. The diversity of our portfolio mitigates the risks associated with our dependency upon a single supply chain and offsets the effects of seasonality on our sales during the year, as well as the life cycle of our products.

Proven ability and experience in identifying, acquiring and integrating business opportunities in the consumer goods industry. Since the beginning of our operations, we have pursued a growth and investment strategy to expand our portfolio of trademarks and products. Our strategic acquisitions enable us to obtain synergies with our distribution, sales, operational and administrative structures. Over the past years, we have successfully acquired and integrated 22 different businesses with growth potential, including companies, assets and trademarks in various segments of the consumer goods industry. This strategy is exemplified by our acquisition of DM in June 2007, at the time the second largest manufacturer of over-the-counter medicaments in

Brazil, according to IMS Health data, through which we entered the over-the-counter medicament segment and expanded our existing business in the cosmetics and personal care segment. We believe our experience in acquisitions allows us to identify opportunities in the consumer goods industry and develop profitable business plans. Accordingly, we also believe that we have the necessary experience and know-how to identify, acquire, integrate and benefit from synergies with companies within the Brazilian consumer goods industry, which is still a fragmented market. This strategy has allowed us to combine growth with capture of operational synergies, generating consistent and increasing returns as more trademarks and products are added to our portfolio.

Transformation of "dormant" trademarks into trademarks with high growth rates. We have transformed some "dormant" trademarks, such as *Assolan* and *Etti*, into successful high-selling trademarks through the implementation of our marketing strategies designed to capitalize on the untapped potential of these trademarks. Our trademarks and their related products undergo a renewal process whereby we redesign the packaging and labeling and launch new products. These products are then promoted through special offers at points of sale and receive significant media exposure through impacting advertising campaigns. Such campaigns are aimed at strengthening our trademarks and increasing sales of the related products. Our marketing expenditures (expenses relating to advertising and promotion) for the year ended December 31, 2008 were of R$269.9 million, representing 20.2% of our net sales for the same period, and focused both on strengthening "dormant" trademarks as well as on increasing and maintaining our trademarks reputation among customers.

Economies of scale and high levels of operating and cost efficiency. Our operational structure seeks to embrace the best managerial practices combined with the experience of our management in implementing operational improvements, relying on a streamlined and flexible staffing structure. This allows us to reduce costs by benefiting from economies of scale in every stage of the production and sales process, from the procurement of raw materials to the sale of our products to end consumers, as we have an integrated sales and distribution structure, purchases of raw material in bulk and an efficient low-cost manufacturing process, as well as from economies of scale in our marketing investments. Our operational structure helps us to develop new products quickly, be flexible when launching new products, control the quality of our products, and have a more competitive cost structure than our competitors. Following the acquisition of a business, we carry out a series of operational improvements to increase its capacity and productivity. Our manufacturing infrastructure consists of 16 production lines located in six different industrial plants and has the capacity to meet increased demand for most of our products without the need for any significant investments.

Growth opportunities in the segments in which we operate. We operate in the mass consumption goods segment, which presents unique growth and expansion opportunities. We own a portfolio of popular trademarks and products that targets almost all income classes and places us in a position to capture the evolving consumption habits of the lower-income classes. In recent years, these classes have experienced an increase in their purchasing power and expenditures. According to the data published by Target Marketing, the lower-income classes of the Brazilian population, with the lowest purchasing power, will increase their average expenditure in pharmaceuticals, food products, beverages, personal care and household cleaning products, all segments in which we operate, by approximately 9.5%, between 2008 and 2009. The consumer profile has changed considerably. The income class with the lesser purchasing power has decreased in relative size over the years, while the middle-income population has grown significantly, increasing their expenditures by approximately 19.6% between 2008 and 2009, according to research published by Target Marketing. In 2008, expenditures by the lower-income class on pharmaceutical, food, beverages, personal care and household cleaning products represented 27.4% of total consumption in Brazil, as compared to an estimated 27.9% for 2009. In addition, the percentage of the population in extreme poverty (defined as monthly income per capita of less than R$125) was of 18.1% in 2007 in Brazil, the lowest index since 1992 (35.2%), according to the FGV. Furthermore, according to a research carried out by Datafolha, the lower-middle-income and lower-income classes decreased from 46% of the total population in 2003 to 26% in 2008 while the middle-income class grew from 32% of the total population in 2003 to 49% in 2008.

Professional, dedicated and experienced management and controlling shareholders. We believe our experience and reputation in the market help us attract investment opportunities in new segments in order to strengthen our leading position in the industry. We have a professional and dedicated management composed of experienced executive officers with a deed knowledge of the consumer goods industry, marketing and development of new products and acquisitions, and fully focused on our strategies. In this connection since we went public until now we concluded four relevant acquisitions and recorded a strong organic growth. Our professional and experienced shareholders actively participate in our operations, acquisitions and business strategies providing us the support represented by their in-depth knowledge of the consumer goods industry and

their commitment to adopting best corporate governance practices, which helped us consolidate our leading position in the several markets in which we operate.

Strategy

Our main strategies are:

Continue to develop and expand our product and trademark portfolio. We continually analyze opportunities to acquire trademarks in new consumer goods segments, such as medicaments, cosmetics and personal care products, household cleaning products and food products. We seek to invest in consumer goods segments that we believe to offer growth opportunities and potential for high margins, which still lack innovation and/or are under-explored. We intend to continue to invest in the selective acquisition of "dormant" trademarks or trademarks with significant growth potential. We will seek opportunities that allow us to benefit from synergies with our existing distribution, operational and administrative structures, by identifying and investing in promising trademarks that do not have access to a national distribution network and present a non-explored potential of expansion to identify other products in other Brazilian regions. After acquiring a trademark, we intend to focus on increasing its sales, market share, and distribution by redesigning its packaging and labeling; on launching new products, or developing related products within the same line at low costs; on significantly investing in marketing efforts; on setting up partnerships with large and medium-size retailers; and on adjusting retail prices to end consumers. In our portfolio, we aim to maintain a variety of products and trademarks at different stages of maturity, thus combining growth with stable cash flow generation.

Offer products of greater value and quality in all segments in which we operate. Based upon market research and our experience in the consumer goods industry, we seek to identify the products that are the most adequate to our target market. Depending on the case, we offer products of equal or superior quality than those of our competitors at lower prices ("smart choice") or, alternatively, we attempt to implement a distinctive positioning by offering innovative products. Once we have determined how to position our products in the market, we implement strategies related to pricing, products, special offers, promotion and advertising that are consistent with our purposes.

Strengthen our sales and distribution platform. Our activities are dependent upon a wide and structured distribution platform. We intend to continue investing in the training and empowerment of our sales team and in acquiring advanced IT and communications systems. We seek to strengthen our sales and distribution structure by investing in promotion teams and displaying materials in the sales points, allowing us to expand our coverage and presence in the regions in which we operate, establish partnerships with large and medium-size retailers to promote special offers and for other marketing initiatives and adopt a unique logistics strategy, all aligned with our marketing and media strategy. These strategies are designed to increase the sales of products that currently have a limited distribution, obtain greater product shelf space and improve the efficiency of our promotional campaigns at points of sale.

Improve our operational efficiency. We focus on maintaining a low-cost but highly efficient operational structure. In our manufacturing process, we consistently invest in best production practices, machinery and equipment, and in acquiring valuable know-how. In our logistics, we take advantage of cargo synergies by using market players. In our supply chain, we take advantage of our large size to reduce the cost of our raw materials. In addition, as regards development of new products, we consistently invest in the formulation of new products, in quality control standards, and the infrastructure of our research and development facilities. We intend to continue to abide by our disciplined cost policy, consistently seeking to enhance our operational efficiency and achieve solid returns on each of our projects.

Continuously invest in the implementation of the best management practices. We intend to maintain a modern and flexible management structure, minimizing hierarchical levels and business units and allowing us to focus on a number of markets at the same time. We also intend to have and maintain modern IT systems and highly qualified professionals in order to render the decision-making process more efficient and expedited. In line with this strategy, we have implemented a SAP software system in order to improve our planning and management control processes, which we believe is likely to improve our overall decision-making processes.

12.01 RELEVANT PATENTS, TRADEMARKS AND FRANCHISES

Intellectual Property

Trademarks

Our trademarks are our main intellectual property. In Brazil, one can only acquire ownership to a trademark by means of a registration validly issued by the Brazilian Patent and Trademark Office, the INPI, the government agency in charge of registering patents and trademarks. Such registration gives the owner the exclusive right to use the trademark throughout Brazil for a determined renewable period. During the registration process, the applicant party has a mere expectation of right to use the trademarks applied for, to identify its products or services.

We are the owners, in our own name or through companies in our group, of various trademarks registrations and applications in Brazil in different presentations (word mark, design mark, composite mark - word + design, three-dimensional mark). Some of them have no administrative issue at the Brazilian INPI.

We believe that our most relevant registered trademarks, in accordance with our lines of business, are: (i) medicaments: *Benegrip, Doril, Lisador, Apracur* and *Tamarine*; (ii) household cleaning products: *Assolan, Assim, Sim, Help, Mat Inset, SaniFleur* and *Fluss*; (iii) food products: (a) in the tomato products segment: *Etti, Salsaretti* and *Cajamar*; and (b) in the sweeteners segment: *Finn, Zero-cal* and *Adocyl*; and (iv) cosmetics and personal care products: *Risqué, Paixão, Monange, Bozzano, Leite de Colônia, Biocolor, Éh!* and *NY Looks*.

We are defendants in two lawsuits challenging our use of the *Assim* trademark, filed by Procter & Gamble Industrial and Comercial Ltda., or Procter & Gamble Brazil, a subsidiary of P&G, and Grupo Hospitalar do Rio de Janeiro Ltda. Despite these pending lawsuits, the INPI recently granted registration to our *Assim* trademark in four different classes of products. Another four applications to register this same trademark are still pending, three of which have been opposed by third-parties and are await INPI's decision on such oppositions, and the fourth is currently held in abeyance awaiting the outcome of a previous third party application.

Some of our various trademark applications for registration have also yet to be approved by the INPI due to objections filed by third-parties forfeiture actions and suspension of prosecution issues owing to the existence of prior applications filed by third parties. The registration of the *Rastro* and *Adocyl* trademarks in some classes of product is still pending a decision by the INPI, and the validity of the registration of the *Zero-cal* trademark is being challenged by the owner of a similar trademark ("*Zero"*).

Notwithstanding the foregoing objections, as regards trademarks that were subject to any challenge by third parties we emphasize that since we have already secured registrations on these trademarks in other classes of product, our likelihood of obtaining approval despite third parties' objections is high. Even if our applications for registrations shall ultimately be rejected, we will be allowed to continue using these trademarks in a variety of activities.

In January 2008, the applications for registration of the *Éh!* trademark were assigned from Phábrica Moda e Beleza Ltda to the Company. The recordal of such assignment is still pending at the INPI. Recently, some of the applications for registration of the *Éh!* trademark were rejected by the INPI on the grounds that this trademark is similar to previously registered trademarks belonging to unrelated third parties or that it can not be registered by virtue of being constituted by a necessary, common or vulgar word, which is non-dissociable from the technical effect (in the case of three-dimensional trademarks). We have appealed these rejections and are currently awaiting a decision to be rendered in connection with our appeal.

We have also filed an applicant for registration of the *No Inset* trademark. The application was initially rejected as it was considered to be a generic name. We appealed this decision and, since we own the registration of the *Mat Inset* trademarks, we believe that our chances of success are good. However, if rejection of the application is sustained, we may have to cease using the *No Inset* trademark.

Our application for registration of the trademarks acquired from NY Looks were subject to a lawsuit, which was ruled in our favor and the relevant decision has already become final (meaning that it is no longer subject to appeal). For this very reason, the applications for registration of the trademarks acquired from NY Looks are still being analyzed by the INPI.

Industrial Design Rights, Patents, Agreements and Domains

We own several registrations and pending applications to register industrial designs before the INPI. These industrial design rights are drawings and presentations of the packaging of our products.

As of the present date, we have not licensed any of our intellectual property rights to third-parties.

We own several domain names in Brazil, including “hypermarcas.com.br,” “assolan.com.br” and “finn.com.br.” We also own two domain names outside Brazil, “niasi.com” and “assolan.com.”

01.01 - IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

13.01 – RELEVANT PROPERTIES

1 – ITEM	2 – TYPE OF PROPERTY					3 - ADDRESS				
4 – CITY		5 – UF	6 –TOTAL AREA (thousand M^2)	7 – BUILT AREA (thousand M^2)	8 – AGE (YEARS)	9 – INSURANCE	10 – MORTGAGE	11 – LEASED FROM THIRD PARTIES	12 – DATE OF THE LEASE AGREEMENT	13 – EXPIRATION OF THE LEASE
14 – REMARKS										
01	Industrial					Av.Afonso Pena, 1115, Chácara Retiro				
Goiânia		GO	31,500	258,400	0	YES	NO	NO		
02	Industrial					Rua César Augusto dal Coquio, 4.760				
Itajaí		SC	15,100	13,900	0	YES	NO	NO		
03	Industrial					Rua Francisco Vilela, 660, lado esquerdo				
Araçatuba		SP	201,800	36,100	0	YES	NO	NO		
05	Industrial					Avenida Piracema, 155				
Barueri		SP	136,000	57,000	0	YES	NO	YES	01/06/2007	01/06/2011
06	Industrial					Rua Nova York, 245				
São Paulo		SP	20,000	11,974	0	YES	NO	YES	18/12/2006	17/12/2011
07	Industrial					Rua Pedro Mari, 80				
Taboão da Serra		SP	54,975	17,820	0	YES	NO	YES	06/10/2008	05/10/2013

14.03 OTHER INFORMATION DEEMED RELEVANT FOR A BETTER UNDERSTANDING OF THE COMPANY

Risks Relating to Our Business and Industry

We may not be successful in our acquisitions of new businesses such as companies, trademarks and assets, which may have an adverse effect on our business, financial condition and results of operations.

We regularly assess opportunities of strategic growth through acquisitions. Since the beginning of our operations in 2001, we have conducted 22 acquisitions, including companies, assets and trademarks in various segments of the consumer goods industry with growth potential. Acquisitions may involve a series of risks and challenges that may have an adverse effect on our business, financial condition and results of operations, including the following:

- the acquisitions may not contribute to our business strategy or corporate image;
- the acquisitions may be subject to approval by the Brazilian antitrust authorities and may eventually not be approved;
- in our acquisitions, we may face contingent liabilities related to, among other things, civil, tax, employment, and social security proceedings, as well as other liabilities related to intellectual property, accounting practices, disclosure of financial statements or internal controls of the target companies, as well as other regulatory issues;
- the acquisition processes may be lengthy and to a certain extent may distract our management from our day-to-day operations;
- we may experience difficulties in integrating the business, staff, accounting, security and management information systems of the acquired companies with our own Company's;
- we may have to manager additional unforeseen costs related to the integration of target companies;
- our acquisitions may not generate the expected returns;
- the cost structure of the companies and/or trademarks acquired may be different from ours, and we may not be able to align these structures with those of our Company; and
- the acquisition price may generate goodwill, and the amortization of such goodwill may result in the reduction of our net profits and dividends.

These risks may be exacerbated by the acquisition of DM, Farmasa and the Niasi Group, since these companies were substantially larger than the other companies we have acquired in the past. Furthermore, the acquisitions of DM and Farmasa expanded our business into the medicaments segment, a segment in which we did not previously operate.

Pursuant to the agreement for the acquisition of DM, the amount of DM's contingencies prior to its acquisition by us will be calculated on an annual basis and shall, at the seller's election and subject to certain requirements set forth in the quota purchase agreement, be deposited in an escrow account or a guarantee letter will be presented in our favor. Additionally, the DM quota purchase agreement states that loss effectively occurred during, or related to, the period prior to the acquisition may be deducted from the outstanding balance of the acquisition price owed to the sellers, which as of March 31, 2009 was of R$637.33 million. In the event that we identify a potential loss or suffer an actual loss related to DM's activities prior to the date of the acquisition, we have no assurances that such amount will not be disputed, whether and when the guarantee will actually be constituted and if it will be available when we need it. In addition, we cannot guarantee that the possible deduction from the balance of the acquisition price will not be subject to challenge.

We also acquired Farmasa by means of the incorporation of shares representing 100% of its capital stock by our Company, with the consequent issuance of common shares by our Company, allocated to Farmasa's former shareholder, which shares represented, at that time, 20,0% of our aggregate capital stock. The agreement for the acquisition of Farmasa requires Farmasa's former shareholders to indemnify us in the event we suffer loss attributable to Farmasa's operations prior to the execution of the agreement. In the event that we identify a potential loss or suffer an actual loss related to Farmasa's activities prior to the date of execution of the agreement, we have no assurances that the expended amounts will actually be reimbursed, or be subject to any other type of indemnification.

In addition, on October 6, 2008, we acquired the entirety of the quotas representing the capital stock of the Niasi Group for the economic value of the integrating companies, namely, R$366,0 million that, after deducting the Niasi Group's net indebtedness, resulted in an acquisition value of R$328.4 million. Of the acquisition price, R$232.3 million was paid on demand and the remaining amount is to be paid by us in up to five years. The agreement provides for an indemnification to the Company in the event of any violation of the representations, warranties and guarantees made therein, as well as on account of facts, acts, omissions, activities, liabilities or business occurred until the date of execution of the agreement. However, in the event that we identify a potential loss or suffer an actual loss related to the Niasi Group's activities prior to the date of execution of the agreement, we have no assurances that the expended amounts will actually be reimbursed, or be subject to any other type of indemnification. If the effects of any actual loss shall persist after October 06, 2008, the amount of indemnification due and payable to the Company shall be proportional to the period of time expired on that date.

Furthermore, we may need additional funds to pursue our expansion strategy. If we are unable to obtain adequate financing to conclude any potential acquisition and to implement our expansion plans, we will not be able to fully implement our growth strategy.

We may not be able to fully execute our business strategy.

Our ability to implement our main growth-oriented actions depends on a series of factors, including our ability to:

- protect and strengthen our trademarks and the quality of our products;
- achieve sustainable growth and profitable rates in our current markets and successfully identify new market opportunities;
- expand our network of sales representatives and promoters in Brazil;
- successfully develop new product concepts, identify new ingredients and technologies, and manufacture products that meet changing market demands;
- improve our operational efficiency from the already existing structures; and
- continue to expand our client base focusing on middle, lower-middle and lower income customers (Classes B, C and D).

We cannot guarantee that any of these objectives will be successfully accomplished. A critical element of our strategy is our ability to reform and expand our portfolio of trademarks and products. If we are unable to successfully identify changing market demands; if the quality of our products decreases; if intellectual property rights of our competitors prevent us from offering generic trademarks of products in high demand; or if legal requirements impose limits on raw materials and technologies that we may use, we may face difficulties in manufacturing products that are attractive to our end consumers. Any impact on the development of our products may have an adverse effect on our business, financial condition and results of operations.

Our historical financial statements do not reflect the accounting effects of our acquisitions.

Between January 1, 2008 and the present date, we have acquired Farmasa, Ceil, the Niasi Group and certain trademarks from Brasil Global and NY Looks. We have consolidated the operational results of each of such acquired entities only as of the date of each respective acquisition by us. We have not presented pro-forma

financial statements to illustrate the effects of these acquisitions in our historical financial statements, nor have we presented individual financial statements of each of the acquired entities for periods ended prior to or after the date in which we acquired each of these entities.

Accordingly, it is not possible to identify what would be the effect of our acquisitions en out past financial statements.

Our sales are subject to changes in consumer preferences and our success depends on our ability to predict, identify and interpret these changes and to develop and offer new products or adapt existing products to meet changing demands.

While we have a portfolio of traditional trademarks with established demand in the Brazilian perishable goods market, our success depends largely on our ability to predict, identify and interpret changing consumer preferences. If we are unable to offer new products or to adapt our existing products to meet consumers' changing needs, our sales and market share may be adversely affected.

In addition, we face a constant challenge of having to identify which changes in consumer behavior are temporary, which have a medium term of duration and which are permanent. If we are unsuccessful in this process, and do not improve or adapt our current products or launch new ones that meet consumers' demands, our sales may be adversely affected.

We operate in highly competitive segments and our competitors range from small companies to multinational companies. This highly competitive environment may have an adverse effect on our business, financial condition and results of operations.

The segments in which we operate are highly competitive and we face competition from other strong companies with significant presence both in the domestic and international markets, such as Unilever and Procter & Gamble Company, or P&G. These companies offer a wide variety of products in the segments in which we operate and compete with us in most of our product lines. We also face competition from small local producers that are well-established in their respective markets. Certain local producers operate in the informal market, which enables them to offer lower prices than ours, which may lower our sales and/or force us to reduce our prices, resulting in lower margins. Furthermore, new competitors may also enter our markets. Any of these factors may cause a material adverse effect our business, financial condition and results of operations.

On a global scale, some of our competitors have substantial financial and marketing resources, easier access to capital, a larger consumer base and a larger variety of products. In addition, our current and future competitors may be successful in particular product lines or regions in which we operate, and may have more financial resources or better marketing campaigns, which may reduce our market share. In order to protect our existing market share or capture increased market share in this highly competitive environment, we may also have to increase our spending on marketing, advertising and new product innovation, reduce our prices, adapt existing products and/or launch new products. These measures are subject to risks, including uncertainties about consumer acceptance. As a result, these measures may not maintain or enhance our market share and could result in our reduced profitability, which could cause a material adverse effect our business, financial condition and results of operations.

We currently depend on intermediary distributors to place our food and pharmaceutical products in their respective channels, exposing us to commercial and operational risks that may have an adverse effect on our business, financial condition and results of operations.

The sales and distribution structures that we use are material to maintain our competitive advantage of a wide presence in the Brazilian retail market, particularly in specific product segments of our portfolio.

Our dependence on intermediary distributors (indirect channel) limits our ability to place our food and pharmaceutical products at the points of sale of their respective channels.

The use of intermediary distributors and an outsourced logistics structure exposes us to risks including possible delays and interruptions in the delivery of our products and damages from improper handling of our products during transportation. In addition, owing to the inexistence of formal agreements with our intermediate

distributors, there is always the possibility that they might choose not to purchase our products in a certain month, which would force us to seek other intermediary distributors to distribute and sell our products.

The increasing consolidation of the retail sector in Brazil may put pressure on our margins and adversely affect us.

Many of our main customers are Brazilian retailers, a segment that has undergone significant consolidation in recent years. This consolidation process has resulted in larger and more sophisticated retailers. As a result, retailers have greater bargaining power and are able to operate with a reduced product stock, resist price increases, and demand lower prices and more special offers. Moreover, they may substitute our products with their own trademark or generic products on the store shelves. If we are not able to efficiently respond to these trends, our sales growth rate may decrease or we may be forced to reduce prices or increase our marketing expenses, which could adversely affect the results of our operations.

We believe that trademark recognition is essential for the success of our business. If we are unable to efficiently use or protect any of our trademarks, our business, financial condition and results of operations may be materially and adversely affected.

We believe that our trademarks have a significant value and are essential to maintain and improve our competitiveness in the market. In recent years, we have made substantial investments to improve our trademark recognition. These investments include acquisitions, diversifying our product portfolio, launching new products, enlarging our current product lines, improving the quality of our products, enhancing the presentation of our trademarks and packaging, and launching advertising and promotional campaigns.

We distribute our products under more than 160 trademarks and most of them are registered with the Brazilian Institute of Industrial Property (Instituto Nacional da Propriedade Industrial), or INPI. However, we cannot guarantee that third-parties will not infringe our trademarks, or that any of our pending applications for registration of trademarks will be approved by the INPI or not challenged by third-parties, or even that the validity of any of our already granted registrations will not challenged by third parties. In the event any of our trademarks is subject to legal proceedings and an unfavorable decision is rendered against us, our use or the validity of our trademarks, we may be prohibited from continuing to use that trademark. Any events affecting the value of our trademarks may have a material adverse effect on our business, financial condition and results of operations.

In addition, our trademarks and corporate identity may be diminished if our corporate image is damaged for any reason. Consumer purchasing decisions are affected by factors such as trademark recognition, product quality and performance, prices and personal preferences. In the event that (i) our marketing strategy, including our publicity and advertising campaign, is unsuccessful; (ii) we are unable to deliver new products that meet market demands or that present innovative technologies; (iii) we do not successfully manage opportunities to introduce new products or generate higher returns; or (iv) by any other reasons, our end consumers believe that our competitors' products are more attractive, our business, financial condition and results of operations may be adversely and materially affected.

Our exposure to the volatility of costs and other events related to our inputs may have a material adverse effect on our business, financial condition and results of operations.

The primary raw materials that we use in the production, packaging and transportation of our main products are subject to substantial price fluctuations that may cause a material adverse effect on our business, financial condition and results of operations. The prices of our raw materials are influenced by several factors over which we have little or no control at all, including, without limitation, the weather, agricultural production, international and domestic economic conditions, the costs of transportation and processing, regulations and governmental policies, and global supply and demand. In addition, we may not be able to immediately pass on input and raw material cost increases to our end customer, which may cause a reduction in our profit margin and have a material adverse effect on our business, financial condition and results of operations.

Packaging prices are relatively volatile as they are linked to international prices that are based on the U.S. dollar.

We may be held liable if a consumer has an adverse health reaction to a product we sell or manufacture.

The use of household cleaning products, cosmetic and personal care products, food products and over-the-counter medicaments may result in adverse health reactions to our consumers. Any incidents involving our products may have a material adverse effect on our business, financial condition and results of operations. Lawsuits including product liability or administrative proceedings on such grounds may be filed against us claiming that our products were spoiled, tampered with, contaminated, did not meet the product descriptions, or did not contain appropriate disclosure information on possible side-effects or risks f interaction with other substances, among other things. These lawsuits and proceedings may result in significant expenses due to product recalls. Any actual or potential health risk associated with our products, including negative publicity on such risks, may cause our consumers to lose their trust in the safety, efficiency and quality of our products. Even if products manufactured by our Company are not contamined, our industry may suffer from negative publicity products if manufactured by third-parties harm consumers, which could decrease demand for our products of the affected category. Any such claim against our products is likely have a material adverse effect on our business, financial condition and results of operations.

We are subject to the extensive regulation of the Brazilian pharmaceutical industry and food industry. Any changes in regulatory requirements to obtain and renew licenses, permits or product registrations may have a material adverse effect on business, financial condition and results of operations.

We are subject to numerous Brazilian federal, state and local laws and regulations regarding permits and requirements for product registrations, including operational and safety standards imposed by the Brazilian Health Ministry ("Ministério da Saúde"), or the Health Ministry, the National Health Inspection Agency (Agência Nacional de Vigilância Sanitária), or ANVISA, the Ministry of Agriculture, Livestock and Food Supply (Ministério da Agricultura, Pecuária e Abastecimento), or MAPA, and the state and municipal health and agriculture agencies. We are also subject to ANVISA's certification regarding best industry practices. Regulations on the Brazilian pharmaceutical and food industries include rules governing the approval of products and industrial units, advertising and sales visits with doctors, and advertising directly to end consumers. We cannot guarantee that public authorities will not change the requirements to obtain or renew licenses, permits or product registrations for third-party products or for products that we manufacture. Furthermore, we cannot guarantee that these authorities will not delay the issuing of these licenses, permits, product registrations, or certifications. In the event we fail to comply with the requirements set forth by ANVISA or MAPA, that is, if we do not keep our operating permits in force or do not renew any of them, or if we fail to comply with the applicable sector legislation, we may be subject to civil and criminal liability, as well as to other administrative penalties provided for in Law No. 6,437 of August 20, 1977, such as formal warnings, fines or penalties, the cancellation of governmental licenses or authorizations and the prohibition to operate our industrial complexes. In addition, the Health Ministry may at any time order us to suspend the manufacture and sale of any medicament subject to the rules set forth in Law No. 6,390 of September 23, 1976, as amended, ("Law No. 6,360") that is suspected to harm human health. Any significant change in these requirements or our inability to comply with them, or delays in the issuance of licenses, permits or registrations by public authorities, may prevent us from manufacturing, selling or distributing a particular product, cause delays in launching new products or may increase our costs, which could have a material adverse effect on our business, financial condition and results of operations.

Changes in the laws and regulations applicable to the pharmaceutical sector, especially with respect to the promotion and advertising of these products, could adversely affect our company.

The pharmaceutical market is highly regulated. We are subject to several local, state and federal laws and regulations, including the operating and safety standards of the Ministry of Health and ANVISA. Changes in these laws and regulations could adversely affect several of our regulated operations, especially the sales and marketing activities of the pharmaceutical products.

Alterations in the regulations relative to advertising, publicity, information and other practices of disclosure or commercial promotion of medicines, as occurred in the case of ANVISA's Resolution RDC 96/2008, which created stricter rules for the advertising of over-the-counter medicines, can have a negative effect on the company's activities and results.

Additionally, among the current priorities on ANVISA's regulatory agenda, for 2009, is the publication of the Technical Regulation of Good Pharmaceutical Practices in Pharmacies and Drugstores. This appeared in Public Consultation 69/2007, which defines criteria for the health control of the sale of medicines, correlated items and foods, as well as for the provision of other pharmaceutical services to the population. If this Regulation is published, the pharmaceutical regulatory environment will be altered, which will result in restricting our current operations, limiting the expansion of our business and the regulation of areas of our business that were not previously regulated. This could significantly affect the company's profitability and operating results.

A significant portion of medicament on the market, including ours, is subject to price control regulations. Such control may limit our margins and our ability to pass on cost increases to our customers, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to Brazilian federal legislation that imposes price controls over most of the pharmaceutical products we manufacture and sell. Such price controls limit increases and inflation adjustments to only once a year, in accordance with a cap based on the National Broad Consumer Price Index (Índice Nacional de Preços aos Consumidores Amplo), or IPCA, a productivity factor and an adjustment factor, all of which are calculated as percentages per year. These price controls have resulted in a reduction in profit margins. We cannot guarantee that we will be able to maintain our profit margins in the future or that the Brazilian government will not change the existing ones or impose additional or more restrictive price control policies, or create new factors or mode of calculation to set a price cap, which may have a material adverse effect on our business, financial condition and results of operations.

Product safety concerns may jeopardize our ability to sell our products, and the resulting additional governmental regulation on the safety of food products, sanitation products or medicaments may increase our costs and expenses and have a material adverse effect on our business, financial condition and results of operations.

We are subject to the risks affecting the food and medicament sectors, including contamination, spoilage, nutrition and health issues, product liability claims, product tampering, unavailability and cost of insurance, and the potential cost of product recalls. In addition, some of our products, such as insecticides, aerosols and bleach, are made with the use of hazardous materials. Any actual or potential health risk associated with our products, including negative publicity on such risks, may cause our consumers to lose their trust in the safety and quality of our products. Even if products manufactured by our Company are not contamined, our industry may suffer from negative publicity products if manufactured by third-parties harm consumers, which could decrease demand for our products of the affected category. Our compliance system of government rules may not be fully able to mitigate risks related to product safety. Any product contamination may cause a material adverse effect on our business, financial condition and results of operations.

In addition, the growing regulation of food and pharmaceutical product regulation may increase our costs and have a material adverse effect on our activities, results of operations and financial condition. Our industrial premises and products are subject to comprehensive Brazilian federal, state and local regulations on food safety, including governmental controls applicable to food processing. Any changes in these regulations may require us to make additional investments or to incur in additional expenses to comply with new specifications applying to our products. Additionally, other Brazilian governmental restrictions on the health, food products or medicament industries may cause us to incur in additional costs, which may have a material adverse effect on our business, financial condition and results of operations.

Changes in our senior management and/or controlling shareholders may adversely affect our growth capacity.

In designing and executing our business strategy, we rely heavily on the presence of our senior management and controlling shareholders so as to be able to benefit from their broad experience in identifying and pursuing acquisition opportunities, in integrating our new acquisitions in our Company, thereby allowing our continuous growth. The loss of any of such individuals may materially impair our growth strategy. Furthermore, our inability to attract qualified management personnel and the loss of any member of our senior management may have a material adverse effect on our business, financial condition and results of operations.

Our acquisitions may be restricted or not approved by the Brazilian antitrust authorities.

Under Brazilian Law No. 8,884 of June 11, 1994, as amended ("Law No. 8,884"), any transaction that affects the Brazilian market and results in a company's market share increasing to more than 20% of the relevant market, or involving any company or group of companies having an annual revenue equal to or exceeding R$400,0 million, must be approved by the Brazilian antitrust authorities ("Sistema Brasileiro de Defesa da Concorrência").

The Brazilian antitrust authorities will decide if a transaction may negatively affect the competitiveness of the market in which we operate and, consequently, adversely affect the respective consumers. The Brazilian antitrust authorities may not approve our future acquisitions, or may impose limiting conditions to approve acquisitions that we shall make, or impose burdensome conditions for approval of such transactions, such as the sale of part of our operations, or restrictions on our business activities or on the use of specific trademarks, which could have a material adverse effect on our business, financial condition and results of operations.

We are currently awaiting the decisions of the respective Brazilian antitrust authorities regarding antitrust proceedings concerning Farmasa and Ceil, as well as trademarks acquired from Brasil Global and NY Looks.

Fires or other natural disasters could affect our production, facilities and cost structure, which could have a material adverse effect on our business, financial condition and results of operations.

Fires, damages caused by other natural disasters or environmental damages may impair or destroy our industrial centers and facilities, raw materials or product inventories. Long-lasting interruptions in the supply of electrical energy or shortage of gasoline or diesel oil in our manufacturing facilities may cause significant increases in our costs, which may have a material adverse effect on our business, financial condition and results of operations. In addition, such losses may not be fully covered by our insurance policies, causing additional adverse effect on our business, financial condition and results of operations.

We benefit from various Brazilian federal and state tax incentives, and the suspension, cancellation or non-renewal of these incentives, as well as adverse changes in tax legislation may have a material adverse effect on our business, financial condition and results of operations.

We benefit from various Brazilian federal and state tax incentives providing us with tax reductions, as well as the option to defer payment of the ICMS in some cases. We cannot guarantee that such tax incentive programs from which we benefit will remain in force until their legal expiration date; that we will be able to renew or replace these incentives in the future; that new taxes will not be imposed or the current tax rates applicable to our products will not be increased. In addition, if we are unable to comply with the several requirements under such tax incentive program such as compliance with labor, social security and environmental laws; not to use the cash generated by tax incentives to distribute dividends; annually submission of the required information to the competent authorities; or maintenance of the required liquidity and indebtedness ratios, or if the legality of these tax incentives is questioned by third-parties such as the Brazilian Federal Prosecution Office other Brazilian entities or other government authorities, now or in the future, and as a result there shall be filed proceedings against us, our incentives may be cancelled and we may be forced to retroactively pay all of the benefits that we have enjoyed until the date of judgment, subject to the statute of limitation rules. Furthermore, it is possible that a tax reform may prevent, interrupt or change the use of tax incentives granted by the states. We cannot guarantee that the tax incentives will be fully maintained.

Any suspension, accelerated maturity, repayment or inability to renew tax incentives, as well as changes to the tax legislation, may have a material adverse effect on our business, financial condition and results of operations.

Changes in environmental laws and regulations may require increasing expenditures for compliance, which may have a material adverse effect on our business, financial condition and results of operations.

We are subject to extensive Brazilian federal, state and local environmental laws, regulations, and authorizations. Compliance with such legislation is monitored by governmental agencies with the power to impose administrative sanctions, including fines, revocation of licenses, and even temporary or permanent

suspension of our business activities. As environmental laws and the application thereof become more stringent in Brazil, the amount and timing of future expenditures required to comply with these regulations may substantially vary vis-à-vis the current forecasts. The expenditures required for purposes of compliance with environmental regulations may lead us to reduce our strategic investments and, consequently, reduce our profits Any relevant and unforeseen environmental costs may have a material adverse effect on our business, financial condition, results of operations and prospects.

Additionally, if we do not comply with environmental regulations, we could be subject to criminal sanctions without prejudice to the obligation of indemnifying any damages eventually caused. Criminal sanctions may include, among other things, imprisonment of the offenders, restrictions on or the revocation of tax incentives, the cancellation or suspension of credit facilities granted by official credit establishments, as well as a prohibition to execute agreements with any government entity, which may adversely affect our revenues and make it difficult or even impossible for us to raise funds in the financial market.

Without prejudice to the foregoing, in the event that we fail to comply with environmental regulations or to meet the obligations imposed onto us by reason of the licensing of our industrial complexes or under conduct adjustment deeds or settlement agreement, our revenues and results of operations may be adversely affected.

We develop our activities with a focus on social and environmental issues, including sustainable development, product safety and renewable resources. If we fail to comply with applicable standards or to meet expectations with respect to such issues, our reputation could be damaged and our business adversely affected.

We operate in an industry with a focus on social and environmental issues, including sustainable development and the use of renewable resources. Additionally, our trademarks increase our exposure to the public. If we do not successfully meet the expected excellence standard in respect of product safety, social, environmental and ethical issues in all operations and activities, our reputation could be damaged, leading to the rejection of our products by consumers, damage to our trademarks and diversion of our management time.

Our financial agreements and other debt instruments require us to comply with certain obligations. Any default in respect of such obligation may have a material adverse effect on our business, financial condition and results of operations.

As of March 31, 2009, our aggregate outstanding indebtedness balance was R$448.3 million and the outstanding balance of notes payable was R$880.3 million, referring to our acquisitions of DM, the Niasi Group, Sulquímica, Finn, Éh Cosméticos S.A., or Éh Cosméticos, Quimivale Industrial Ltda., or Quimivale, Ceil, Barrene Indústria Farmacêutica, certain trademarks from Brasil Global and NY Looks, and the right to use the *Personna* trademark. Some of the financial agreements to which we are a party, which are primarily related to our acquisitions, require us to maintain certain financial ratios and to comply with other specific obligations. Any default in respect of these obligations that is not cured or waived by the respective creditor could lead the creditor to declare the accelerated maturity of the debt and result in the accelerated maturity of other financial agreements (cross-defaults). Our assets and cash flow may not be sufficient to fully pay the outstanding balance of such obligations.

Economic recessions may reduce or interrupt our sales and lead consumers to replace our products with less expensive ones.

Most of our products are intended for consumption by the lower- and middle-income segments of the population (Classes B, C and D). While these socioeconomic classes may present greater potential for consumer growth, under favorable economic conditions such socioeconomic classes are also the most vulnerable during economic downturns.

The willingness of consumers to purchase our products is directly related to local and general conditions in Brazil, to the actual income of our target consumers, to the GDP growth, as well as to increases in the consumer purchase power resulting from monetary policies that affect interest rates and inflation. During periods of economic instability or downturn, demand for our products from lower- and middle-income consumers may diminish significantly. Any change in monetary policy that causes an increase in interest rates

or decreases in the purchase power of lower- and middle-income consumers may have an adverse effect on their income levels, consequently affecting their consumption habits. Any such changes may have an adverse effect on our sales and consequently on our financial condition and results of operations.

We are subject to risks related to the current credit crisis.

The current uncertainty of the global economy resulting from the recent crisis of the world credit markets generated a risk for the economy in general, which could have an impact on the demand for our products, as well as our ability to administer our commercial relations with our consumers, suppliers and creditors, including financial institutions. If the current situation significantly worsens, our activities could be negatively affected, including a reduction in the demand for our products due to the deceleration of the global economy, the breach of contracts with suppliers and purchasers as a result of the lack of credit in the market and also the temporary interruptions of our ability to conduct our day-to-day business through our financial intermediaries, involving the payment to, or the collection of funds from, our consumers, sellers or suppliers.

Risks Relating to Brazil

The Brazilian government exercises significant influence over the Brazilian economy. This involvement, as well as Brazilian political and economic conditions, could adversely affect us.

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policy and regulations. The Brazilian government's actions to control inflation as well as other policies and regulations have often involved price controls, currency devaluations, capital controls and limits on imports and changes in interest rates, as well as other measures, such as the freezing of bank accounts in 1990.

As a consumer products company, we are highly susceptible to changes in consumer demand. Consequently, the Brazilian government's economic measures may have an adverse effect on our business, financial condition and results of operations and other entities in Brazil. For example, in the past, the Brazilian government has maintained domestic price controls, including controls on prices of consumer goods. We cannot guarantee that these price controls will not be imposed again in the future. We may be adversely affected by changes in the Brazilian government's policies, as well as other economic factors such as:

- inflation;
- economic stagnation;
- variations in the exchange rate and currency devaluation;
- changes in interest rates;
- liquidity of the securities market and the availability (or lack) of credit in Brazil and abroad;
- political and social instability;
- price instability;
- shortage of electric power and rationing programs (as occurred in 2001);
- environmental control policy; and
- other political, social and economic developments in or affecting Brazil.

Historically, the political situation in Brazil has influenced the performance of the economy. In the past, political crises and scandals damaged the trust of investors and the public in general, adversely affecting the development of the economy and the trading prices of shares issued by Brazilian public companies.

Inflation and efforts by the Brazilian government to curb inflation may contribute significantly to economic uncertainty in Brazil and could adversely affect our business and operations and the market price of our common shares.

Brazil has in the past experienced extremely high rates of inflation. Inflation, along with the Brazilian government's measures to curb inflation, (combined with public speculation on eventual measures to be adopted by the government) had significant negative effects on the Brazilian economy, contributing to economic uncertainty in Brazil and increasing the volatility of the Brazilian securities markets. The annual rate of inflation, as measured by the General Market Price Index (Índice Geral de Preços – Mercado), or IGP-M, has decreased from 20.1% in 1999 to 9.8% in 2008. The Brazilian government's measures to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and reducing economic growth.

More recently, the annual interest rate in Brazil as measured by reference to the IGP-M dropped from 20.1% in 1999 to 9.8% in 2008. The official Brazilian interest rate (SELIC) at the end of 2006, 2007 and 2008, as set by the Brazilian Committee on Monetary Policy (Comitê de Política Monetária), or COPOM, was 13.25%, 11.25% and 13.75%, respectively. In June 2009, the official interest rate in Brazil was 9.25%. Measures taken by the Brazilian government, including interest rate adjustments, intervention in the foreign exchange market and actions to adjust or fix the value of the real, may increase inflation. In the event of an increase in inflation rates in Brazil, our results of operations will be adversely affected.

Unstable interest rates may have an adverse effect on our activities and operating results.

The Central Bank of Brazil ("BACEN") establishes the basic interest rate of the Brazilian financial system by reference to the level of economic growth, the level of inflation and other indicators. From February to July 2002, BACEN reduced the basic interest rate from 19% to 18%. From October 2002 to February 2003, BACEN increased the basic interest rate by 8.5 percentage points, until it reached 26.5% on February 19, 2003. The basic interest rate continued to increase until June 2003, when it began to fall. Subsequently, the basic interest rate experienced several variations and, on March 31, 2009, reached 11.25%. At March 31, 2009, approximately 24.2% of our total indebtedness, 41.3% of our outstanding loans and financing and approximately 15.5% of our securities and other accounts payable were denominated in Reals or subject to the rate fluctuations of the TJLP and the CDI. Any increase in the interest rates could raise the cost of our loans, reduce the demand for our products or have a significant impact on our financial expenses and operating results.

Unstable exchange rates could have a material adverse effect on the Brazilian economy, on the market price of the Shares and on our business, financial condition and results of operations.

As a result of inflationary pressures, the Brazilian currency has occasionally weakened during the past ten years. During this period, the Brazilian government implemented various economic plans and utilized a number of exchange rate policies, including sudden devaluations, periodic mini-devaluations ranging from daily to monthly adjustments, floating exchange rate systems, and exchange controls. Although the long-term devaluation of the real is generally related to inflation, short-term depreciation has significantly affected the exchange rate between the real, the U.S. dollar and other currencies. In 2002, the real devaluated 34.7% against the U.S. dollar, partially due to political uncertainties surrounding the presidential elections and the slowdown of the global economy. The real has fluctuated significantly against the U.S. dollar over the last few years, but notwithstanding it having appreciated by 13.4% in 2005, 9.5% in 2006 and 20.7% in 2007, and depreciated by 24.2% in 2008, there can be no assurance that the real will not fluctuate further in relation to the U.S. dollar in the future. Furthermore, depreciation of the real vis-à-vis the U.S. dollar in 2008 was due to the current global economic crisis. The PTAX-800 exchange rate as disclosed by the Central Bank on March 31, 2009 was of R$2.3152 for each US$1.00.

The depreciation of the real against the U.S. dollar or other foreign currencies may also create inflationary pressures due to a general increase in the price of imported products and the implementation of recessionary government policies to contain aggregate demand. On the other hand, the strengthening of the real against the U.S. dollar could worsen the current account and balance of payments in Brazil, as well as to obstruct the growth stimulated by exports. There is no certainty of future exchange rate fluctuations or how the Brazilian government might respond. As a result, our ability to finance future operations by accessing international capital markets may be adversely affected, which may affect such ability including to the extent that such instability leads to government intervention, with the implementation of recessive policies. Accordingly, instability of the

exchange rates may cause a material adverse effect on our business, financial condition and results of operations, as indicated herein below:

- as of March 31, 2009, our debt denominated in or linked to the variation of the U.S. dollar (including short- and long-term debt financings in foreign currency , the financing of machinery and equipment through the Special Industrial Financing Agency (Agência Especial de Financiamento Industrial), or FINAME and other loans) represented R$255.68 million, or 7.1% of our total liabilities and our indebtedness represented by notes payable linked to the same currency amounted to R$685.76 million, or 19.0% of our total liabilities. This latter is mostly due to installment payments related to our acquisition of DM and of certain trademarks from Brasil Global and NY Looks;

- we estimate that for the year ended December 31, 2008, approximately 17.7% of the raw materials we acquired were denominated in or linked to the U.S. dollar; and

- for the year ended December 31, 2008, 0.6% of our consolidated gross sales were made to the international market.

We cannot guarantee that we will manage to hedge all or substantially all of our foreign exchange exposure in the future. Fluctuations of the real against the U.S. dollar may affect our financial expenses, operational costs and net revenues from exports, which could have a material adverse effect on our business, financial condition and results of operations.

Events and the perception of risk in other countries, particularly in emerging countries, may adversely affect the market value of Brazilian companies and respective share prices.

The market value of securities of Brazilian companies is affected, to varying degrees, by economic and market conditions in other countries, including other Latin American and other emerging market countries. Although economic conditions in these countries may differ significantly from economic conditions in Brazil, investors' reactions to developments in these countries may have an adverse effect on the market value of securities of Brazilian companies, including their shares. Crises in other emerging market countries may diminish investor interest in the securities of Brazilian companies, including ours. These events may adversely affect the market price of our common shares, and, consequently, hinder or even prevent our access to capital markets to finance future operations.

Furthermore, the 2008 global financial crisis caused by the mortgage sub prime credits in the United States has had significant consequences throughout the world, specially in the United States and European countries, generating several reflexes that directly or indirectly affect the Brazilian securities market and economy in general, such as stock and credit market volatility, unavailability of credit, general slowdown of the world economy, volatile exchange rates, and inflationary pressure, among others, which may directly or indirectly adversely affect our financial position and the results of our operations.

Risks Related to Our Common Shares

The volatility and the lack of liquidity of the Brazilian securities market may substantially limit the investors 'ability to sell shares at the price and time they wish.

Investments in securities traded in emerging markets such as Brazil frequently involve greater risk than other international securities markets. Investments in emerging markets are generally considered to be more speculative in nature. The Brazilian securities market is substantially smaller, less liquid, more concentrated and can be more volatile than the main securities markets throughout the world. On May 31, 2009, the BM&FBOVESPA had a market capitalization of R$1.8 trillion, and, from March 31, 2008 to March 31, 2009, an average daily trading volume of US$4.7 billion. On May 31, 2009, the ten largest companies in terms of market capitalization represented approximately 55.7% of the aggregate market capitalization of all companies listed on the BM&FBOVESPA. We can not guarantee that there will be a significant increase of liquidity of our Shares, which may considerably limit the investors' ability to sell such shares at the price and time they wish.

The interests of our controlling shareholders may conflict with the interests of other holders of our common shares.

Our controlling shareholders have the power to, among other things, elect the majority of the members of our board of directors and determine the result of any resolution that requires shareholders' approval, including related party transactions, corporate reorganizations, asset allocations, partnerships, sales, and the timing of payment of any future dividends, subject to the mandatory dividend payment requirements imposed by Brazilian law. Our controlling shareholders may be interested in our Company pursuing acquisitions and dispositions of assets, partnerships, asset allocations, or seeking financing or similar operations which may conflict with the interests of other holders of our common shares, which may cause a material adverse effect on our business, financial condition and results of operations.

Holders of our common shares may not be able to receive dividends

In accordance with Brazilian Company Law and our Corporate By-Laws, we need to pay dividends to our shareholders amounting to at least 25% (twenty five percent) of our annual net profit, as determined and adjusted. These adjustments of net profit, for the purpose of calculation of the basis of the dividends, include contributions to several reserves that effectively reduce the amount available for the payment of dividends. Despite the requirement of the obligatory dividend, we can opt not to pay dividends to our shareholders in any tax year if our Board of Directors determines that these distributions would not be advisable in view of our financial condition.

SHARE OWNERSHIP

02143-1 **HYPERMARCAS S.A.** **02.932.074/0001-91**

14.03 – OTHER INFORMATION DEEMED RELEVANT FOR A BETTER UNDERSTANDING OF THE COMPANY

CONTROLLING SHAREHOLDERS' AND MANAGERS' CONSOLIDATED SHARE OWNERSHIP AND OUTSTANDING SHARES
Position on 7/21/2009

	Commons Shares		Preferred Shares		Total	
	Number	**%**	**Number**	**%**	**Number**	**%**
Controlling Shareholder	**151,054,286**	**67.7**		**0.0**	**151,054,286**	**67.7**
Managers	**1,523,564**	**0.7**		**0.0**	**1,523,564**	**0.7**
Board of Directors	761,835	0.3		0.0	761,835	0.3
Executive Officers	761,729	0.3		0.0	761,729	0.3
Fiscal Council[1]	**-**	**0.0**		**0.0**	**-**	**0.0**
Treasury Shares	**-**	**0.0**		**0.0**	**-**	**0.0**
Other shareholders	**70,522,847**	**31.6**		**0.0**	**70,522,847**	**31.6**
Total	**223,100,697**	**100.0**		**0.0**	**223,100,697**	**100.0**
Outstanding shares	**70,522,847**	**31.6**		**0.0**	**70,522,847**	**31.6**

CONTROLLING SHAREHOLDERS' AND MANAGERS' CONSOLIDATED SHARE OWNERSHIP AND OUTSTANDING SHARES
Position on 7/21/2008

	Commons Shares		Preferred Shares		Total	
	Number	**%**	**Number**	**%**	**Number**	**%**
Controlling Shareholder	**161,054,286**	**81.1**		**0.0**	**161,054,286**	**81.1**
Managers	**1,524,564**	**0.8**		**0.0**	**1,524,564**	**0.8**
Board of Directors	761,835	0.4		0.0	761,835	0.4
Executive Officers	762,729	0.4		0.0	762,729	0.4
Fiscal Council[1]	**-**	**0.0**		**0.0**	**-**	**0.0**
Treasury Shares	**-**	**0.0**		**0.0**	**-**	**0.0**
Other shareholders	**36,021,847**	**18.1**		**0.0**	**36,021,847**	**18.1**
Total	**198,600,697**	**100.0**		**0.0**	**198,600,697**	**100.0**
Outstanding shares	**36,021,847**	**18.1**		**0.0**	**36,021,847**	**18.1**

ARBITRATION CHAMBER

In accordance with the company's corporate by-laws, disputes and controversies arising from or related to the corporate by-laws, the Regulations of the Novo Mercado, the provisions of Law 6404/76, the rules established by the National Monetary Council, by the Central Bank of Brazil and by the Brazilian Securities Commission, the Regulations of BOVESPA and the other rules applicable to the operation of the capital markets in general, should be resolved by arbitration, to be conducted according to the Regulations of the Arbitration Chamber of the Market, as established by BOVESPA.

Employees and Human Resources Policy

As of March 31, 2009, our staff was comprised of 3,679 employees. Our operational sector accounted for 2,230 employees and our administrative sector for 1,449.

The table below shows the number of employees as of December 31, 2006, 2007 and 2008, and as of the three-month period ended March 31, 2009, divided by administrative and operational functions:

	Year Ended December 31,			Three-month period ended March 31,
	2006	2007	2008	2009
Administrative employees	588	789	1,556	1,449
Operational employees	973	1,847	2,413	2,230
Total number of employees	1,561	2,636	3,969	3,679

Our average number of employees for the years ended December 31, 2006, 2007 and 2008, and for the three-month period ended March 31, 2009, was 1,193, 2,099, 3,007 and 3,865, respectively.

The table below sets forth the number of our employees organized by geographical location of our industrial complexes.

	Year Ended December 31,			Three-month period ended March 31,
Industrial Complexes (IC) and Distribution Centers (DC)	2006	2007	2008	2009
Itajaí (IC)	83	77	105	112
Araçatuba (IC)	498	336	243	234
Goiânia (IC)	980	905	820	772
Barueri (IC)	—	1,242	1,510	1,432
Barueri (DC)	—	—	136	125
Cachoeirinha (IC)	—	76	20	—
São Paulo (IC)	—	—	277	277
São Paulo (DC)	—	—	23	22
Taboão da Serra (IC)	—	—	489	368
Taboão da Serra (DC)	—	—	51	50
Pouso Alegre (DC)	—	—	20	19
Curitiba (DC)	—	—	51	41
Maceió (DC)	—	—	69	62
Porto Alegre (DC)	—	—	—	18
Contagem (DC)	—	—	78	73
Fortaleza (DC)	—	—	29	27
Rio de Janeiro (DC)	—	—	48	47
Total number of employees	1,561	2,636	3,969	3,679

Collective Labor Rules

We have collective bargaining agreements in place with all of our workers at each industrial complex under varying terms, depending on the unit. Generally, however, these agreements concern salary increases, work hours, and meal and rest breaks. We have experienced no stoppage or losses to our activities due to strikes.

Collective Bargaining Agreements

In March 2009, we entered into a collective bargaining agreement with the food workers' union of Araçatuba at our industrial complex in Araçatuba, São Paulo state, which establishes rules about the implementation of a profit-sharing program. ("Araçatuba Collective Agreement").

We believe that we have good relationships with the unions which represent our employees.

Compensation

We seek to compensate our employees according to their professional incumbencies and to adopt a compensation policy focused on individual growth and values. Our employees' salaries are calculated based on the requirements set forth by law and are comprised of a base salary and, depending on the respective employee's position, a bonus.

Profit Sharing Program

Within the scope of the Araçatuba Collective Agreement, we will homologate a profit sharing program ("PPR") with the Food Workers' Union , which program is available to the workers of the Araçatuba industrial complex, who will be eligible to participate in the profit sharing plan only if they meet certain goals as set forth in the respective programs. The amount granted under this program is calculated based on the nominal salary of each employee.

We also entered into a profit sharing program (i) for the years 2005 2006 and 2007 applicable to workers of the Goiânia industrial complex, in the state of Goiás, and (ii) for the years 2006 and 2007 applicable to workers of the Itajaí industrial complex in Itajaí, state of Santa Catarina. Under these programs, the amount distributed to each eligible employee will be calculated by applying the percentage corresponding to the targets reached by such employee to his nominal salary as per the rules set forth in the respective program.

Benefits

Our employees are eligible for a variety of benefits, depending on their position, such as a health insurance plan, dental assistance plan, and meal, food and transport vouchers.

Health and Safety

We take a proactive attitude in promoting workplace safety and preventing occupational hazards. We rely on the basic principle of respect for individuals, including preserving their health and physical integrity. We also believe that preventive action is a key part of employee satisfaction and productivity, as well as organizational growth. We believe that we comply with all governmental requirements relating to workplace safety and occupational hazards at each of our industrial plants, which have led to a low rate of workplace accidents. For the year ended December 31, 2008, our industrial plant registered 48 accidents, none of which are considered serious.

Labor Outsourcing

IN ADDITION TO THE ACTIVITIES PERFORMED BY OUR EMPLOYEES, WE OUTSOURCE CERTAIN ACTIVITIES NOT RELATED TO OUR CORE BUSINESS, SUCH AS SECURITY, CLEANING, GARDENING AND CAFETERIA SERVICES. REGULATORY ASPECTS PERTAINING TO THE CONDUCTION OF OUR ACTIVITIES

Companies that intend to extract, produce, manufacture, transform, synthesize, purify, divide, package, repackage, import, export, store or ship medicaments, pharmaceutical inputs and related items, hygiene products, cosmetics, perfumes and domestic sanitary disinfectants must be authorized for operation by ANVISA, which is the Brazilian federal agency which regulates the industrial activity, nature and type of such products, and verifies the company's technical, scientific and operational capacity to manufacture these products, as well as other applicable requirements.

In addition to Brazilian federal authorization, companies must be licensed by the relevant local health authority for all industrial and/or commercial establishments that manufacture or sell the products mentioned above.

Operating without the registrations mentioned above or without the presence of a professional responsible for the oversight of technical operations, as well as any violation of the laws and regulations related to Brazilian federal, state or municipal public health requirements, may subject the company to penalties such as warnings, fines, suspension of activity and cancellation of permits or registrations with the public health authorities.

As of the present date, we are in compliance with all ANVISA rules, our establishments are properly authorized by ANVISA and by state and municipal public health authorities that have jurisdiction over us, and all registrations for our products are in effect and were validly issued.

Goiânia, Goiás State

Our industrial complex in Goiânia, Goiás state, has been inspected and duly licensed by the relevant local public health authority by means of the issuance of a permit to manufacture, import and distribute sanitizing products, as well as to distribute cosmetics, which is valid until December 31, 2009.

We have an operating license, registered with ANVISA under No. 1.07.287-6 to store, distribute, package, ship, manufacture, produce, repackage, transform medicaments and import raw materials to manufacture medicaments in our industrial complex in Goiânia, Goiás state.

Itajaí, Santa Catarina State

Our industrial complex in Itajaí, Santa Catarina state, has been inspected and licensed by the relevant public health authority by means of the issuance of a permit to manufacture, import and distribute sanitizing products. Such permit is valid until June 30, 2009.

Araçatuba, São Paulo State

Our industrial complex located in the city of Araçatuba, state of São Paulo, has been inspected and is duly licensed by the relevant public health authority by means of the issuance of a permit. Such permit does not have an expiration date.

The company has a permit registered at ANVISA under No. 6.05.441-5 to manufacture food products in that industrial complex

Additionally, Etti has an operating permit, registered at ANVISA under No. 4.00.599-4, to manufacture, produce, package and transport food products at this industrial complex.

Barueri, São Paulo State

Our industrial complex in Barueri, São Paulo State, has been inspected and duly licensed by the relevant public health authority by means of the issuance of a permit to manufacture medicaments. Such permit is valid until February 20, 2010.

The company has a permit registered at ANVISA under No. 6.06.381-4 to manufacture food products in that industrial complex

DM has certain operating permits for the industrial complex of Barueri, all properly registered at ANVISA under Nos. 1.02.283-1 and 6.05.933-5, the first being a permit to store, distribute, package, ship, export, manufacture, import, produce, repackage and transport medicaments, diet products and pharmaceutical inputs; and the second one being a permit to manufacture food products, both of which in this same complex.

City of São Paulo, São Paulo State

Our industrial complex in the city of São Paulo, São Paulo State, has been inspected and licensed by the relevant public health authority by means of the issuance of permits to manufacture cosmetics and personal care products until January 27, 2010 and to manufacture medicaments until October 23, 2009.

We have three operating permits for the industrial complex of São Paulo, all properly registered with ANVISA under Nos. 2.04.641-7, 6.06.391-9 and 3.02.817-1, as follows: (i) the first one is a permit to store, distribute, package, ship, export, manufacture, repackage and transport cosmetics and personal care products; (ii) the second is a permit to manufacture food products, and (iii) the third is a permit to store, distribute, package, ship, export, manufacture, import, repackage and transport household cleaning products., all of which in the industrial complex located in Vila Nova Conceição, in the city of São Paulo.

Farmasa has five similar operating permits duly registered at ANVISA under Nos. 1.20.091-8, 1.00.394-0, Y9738Y8L83M1, 4.09.835-5 and 2.03.350-5 the first one being a special authorization to store, distribute, package, ship, export, manufacture, repackage, import and transport pharmaceutical inputs and medicaments; the second is a permit to store, distribute, package, ship, export, manufacture, repackage, import and transport medicaments, diet products and pharmaceutical inputs; the third is a permit to store, distribute, package, ship, export, manufacture, repackage, import and transport other health-related products, the fourth is a permit to store, distribute, package, ship, export, manufacture, repackage, import and transport food products and the last, a permit to store, distribute, package, ship, export, manufacture, repackage, import and transport cosmetics , perfumes and personal care products.

Ceil has obtained an operating license from ANVISA registered under No. 2.00.017-7 authorizing our industrial complex located in Itaim Bibi, in the city of São Paulo, state of São Paulo, to export, manufacture and import cosmetics and personal care products.

Taboão da Serra, São Paulo State

Our industrial complex in Taboão da Serra, São Paulo State, has been inspected and licensed by the relevant public health authority by means of the issuance of permit to manufacture cosmetics and personal care products. Our license is valid until December 30, 2009.

We have obtained an operating license from ANVISA registered under No. 2.00.003-8 authorizing our industrial complex to export, manufacture and import cosmetics and personal care products in the city of Taboão da Serra, state of São Paulo.

Material Agreements

We present herein below a description of our main transactions related with the acquisition of companies, assets and trademarks.

New Acquisitions

Acquisition of Prátika Industrial Ltda.

On October 17, 2001, our indirect controlling shareholder Monte Cristalina entered into a subscription agreement with Unilever, pursuant to which subject to the fulfillment of certain contractual conditions precedent, we acquired Prátika Industrial Ltda. on December 27, 2001, including all of its assets and rights relating to the production of steel wool and synthetic sponges for domestic use. Prátika's corporate name was later changed to Assolan Industrial Ltda., a company active in the household cleaning market.

Through the acquisition of Prátika, we acquired a variety of assets relating to the production of steel wool and synthetic sponges, including the company's equipment, machines and trademarks relating to the production of steel wool and synthetic sponges for household use. The total value of these assets was of approximately R$2.5 million, net of depreciation expenses as determined on October 17, 2001, the date on which we executed the above-mentioned subscription agreement.

Acquisition of Trademarks and Assets Relating to Steel Wool

Acquisition of the Help, Kelã, Rasp, Solução *and* Fácil *trademarks.*

On January 2, 2002, our indirect controlling shareholder Monte Cristalina entered into a Trademark Assignment and Transfer and Other Covenants Agreement with Help Industrial Ltda., by means of which it acquired the *Help, Kelã, Rasp* and *Solução* trademarks as well as the rights relating to the applications for registration of the *Fácil* and *Help* trademarks for approximately R$7 million. According to this agreement, the acquired rights and trademarks were subsequently assigned to us and duly recorded by the INPI, so that the foregoing trademarks are now registered in our Company's name, with the exception of the *Fácil* trademark, the application for registration of which was rejected by the INPI and is currently under appeal. Pursuant to a contractual collateral granted by the seller to Monte Cristalina, we are held harmless from and against any loss eventually arising out as a consequence of the assignment of any rights related to trademarks *Help, Kelã, Rasp, Solução* and *Fácil* to our Company.

Acquisition of the Brilmis *and* Brilman *trademarks.*

On April 26, 2002, our indirect controlling shareholder Monte Cristalina entered into a share subscription agreement with Brilhopar Indústria e Comércio de Produtos de Aço Ltda., by means of which it acquired the *Brilmis* and *Brilman* trademarks for R$2.4 million. According to this agreement, the *Brilmis* and *Brilman* trademarks were subsequently assigned to us and duly recorded by the INPI, so that the foregoing trademarks are now registered in our Company's name. Pursuant to a contractual collateral granted by the seller to Monte Cristalina, we are held harmless from and against any loss eventually arising out as a consequence of the assignment of any rights related to the foregoing trademarks to our Company.

Acquisition of the Multilã, Seara, Milli *and* Dular *trademarks.*

On February 26, 2002, our indirect controlling shareholder Monte Cristalina entered into a Trademark Assignment and Transfer Agreement with Peixoto Barbosa Indústria e Comércio de Abrasivos Ltda. and Multilã Indústria e Comércio de Abrasivos Ltda, pursuant to which it acquired the rights related to the applications for registration of the *Multilã, Seara, Milli,* and *Dular* trademarks for approximately R$0.4 million. According to this agreement, the trademarks applications were subsequently transferred to the Company and are duly recorded with the INPI. The foregoing trademarks are now registered in the name of our Company with the exception of the *Milli* trademark, the application for registration of which was rejected by the INPI and is currently under appeal. Pursuant to a contractual collateral granted by the seller to Monte Cristalina, we are held harmless from and against any loss eventually arising out as a consequence of the assignment of any rights related to the foregoing trademarks to our Company.

Acquisition of the Rainox *trademark.*

On March 24, 2002, our indirect controlling shareholder Monte Cristalina entered into with Luiza Machado Firma Mercantil Individual, which at that time was the owner of the right to use the tradename *Rainox*, an Agreement for the Assignment and Transfer of Rights and Other Covenants under which it acquired the rights to use such tradename as well as the right to file an application for registration of the *Rainox* trademark at the INPI, for an approximate aggregate amount of R$0.1 million. Pursuant to a contractual collateral granted by the seller to Monte Cristalina, we are held harmless from and against any loss eventually arising out as a consequence of the assignment of any rights related to the foregoing trademarks to our Company.

Acquisition of the Sulbrilho *and* Sulpalha *trademarks.*

On May 7, 2002, our indirect shareholder Monte Cristalina entered into with Sulpalha Indústria e Comércio de Produtos de Aço Ltda. an Agreement for the Assignment and Transfer of Rights and Other Covenants under which it acquired the rights to use the Sulbrilho and Sulpalha tradenames, as well as the right to file applications for registration of the *Sulbrilho* and *Sulpalha* trademarks at the INPI, for an approximate aggregate amount of R$0.1 million. According to this agreement, the trademarks applications were subsequently transferred to the Company and are duly recorded with the INPI. The foregoing trademarks are now registered in the name of our Company. Pursuant to a contractual collateral granted by the seller to Monte Cristalina, we are held harmless from and against any loss eventually arising out as a consequence of the assignment of any rights related to the Sulbrilho and Sulpalha tradenames to our Company.

Acquisition of the Fisibra *trademark.*

On October 2, 2003, our indirect controlling shareholder Monte Cristalina entered into an Agreement for the Assignment and Transfer of Rights with Fisibra Sintéticas do Brasil Ltda., under which it acquired the right to register the *Fisibra* trademark, which was subject to an application for registration under examination by the INPI at the time the agreement was executed. This agreement had a total value of R$0.9 million. According to this agreement, the trademark application in question was subsequently transferred to our Company as recorded at the INPI. Pursuant to a contractual collateral granted by the seller to Monte Cristalina, we are held harmless from and against any loss eventually arising out as a consequence of the assignment of any rights related to the *Fisibra* trademark to our Company.

Acquisition of the Kamby Fibras Sintéticas Ltda.

On October 2, 2003, our indirect shareholder Monte Cristalina entered into a Quota Sale and Purchase Agreement with Kalcha Comercial Ltda. and Mr. Kalman Elia, by means of which it acquired all of the capital stock of Kamby Fibras Sintéticas Ltda. along with the rights to register the *Izi Super* trademark, which was subject to an application for registration under examination by the INPI at the time the agreement was executed. The total amount of this agreement was R$0.9 million. Pursuant to a contractual collateral granted by the seller to Monte Cristalina, we are held harmless from and against any loss eventually arising out as a consequence of the assignment of any rights related to the *Izi Super* trademark to our Company. The rights related to the *Izi Super* trademark were assigned to us on November 1, 2003.

Acquisition of the Sim, Pinho Sim, Limp Sim, Brilho Sim, *and* Desentop Sim *trademarks.*

On January 21, 2005, we entered into an Agreement for the Exercise of Purchase Option to Acquire Trademarks Through Assignment and Transfer of Registrations and Pending Applications and Other Covenants with SIM Sociedade Industrial Ltda., under which we acquired the rights to the *Sim* trademark and *Sim* related trademarks (*Pinho Sim, Limp Sim, Brilho Sim,* and *Desentop Sim* trademarks), which are being processed by the INPI, for R$2.6 million. Pursuant to a contractual collateral granted by the seller to our Company, we are held harmless from and against any loss eventually arising out as a consequence of the assignment of any rights related to the foregoing trademarks to our Company.

Other Acquisitions

Liquid Cleaners Plant.

On February 19, 2004, we entered into a Quota Purchase and Sale Agreement with Unilever, under which we acquired all quotas representing the capital stock of Castro Verde Participações Ltda., a company that owned a land of approximately 150,000 m2 adjacent to our steel wool plant in the city of Goiânia, for approximately R$0.5 million. Castro Verde Participações Ltda. was subsequently incorporated by our Company and we became the owner of the said land. On the same date, we executed an Equipment Purchase and Sale Agreement also with Unilever, under which we acquired the machinery and equipment existing in an inactive liquid detergents and multi-use cleaners manufacturing plant located at the property then owned by Castro Verde Participações Ltda. for R$5.3 million. By virtue of a contractual collateral granted by the seller, we are held harmless from and against any loss arising out of

acts, facts, omissions, activities, liabilities, events or businesses occurred prior to the date of execution of the foregoing agreements.

Acquisition of Quimivale and Distribuidora Clean.

On February 8, 2005, we executed with Viviane Klann Victorino, Juliano D' Almeida Victorino and Joine D' Almeida Victorino the Second Addendum and Reratification of the Quota Option Agreement, pursuant to which we acquired all quotas representing the capital stock of Quimivale, Distribuidora Clean, and Baule Participações Ltda., which was then the controlling shareholder of Quimivale and Distribuidora Clean, for R$34.7 million. At the time of the acquisition, Quimivale was the owner of the industrial plant in Itajaí, Santa Catarina State, now responsible for our activities in the powder laundry detergent segment. By virtue of contractual collateral, we are held harmless from and against any loss arising out of acts, facts, omissions, activities, liabilities, events or businesses occurred prior to the date of execution of the foregoing agreement.

Acquisition of Etti Tomato and Vegetable Products Division.

On January 26, 2006, we entered into a Share Purchase and Sale Agreement with Parmalat Brasil S.A., Indústria de Alimentos, or Parmalat Brasil, at that time under court-supervised reorganization, in the amount of R$71.4 million, relating to the purchase and sale of the shares of Bessan, the company to which the assets and employees of Parmalat Brasil's tomato and vegetable products division were transferred, including then industrial plant in Araçatuba, São Paulo state, as well as Parmalat Brasil's trademarks related to its food product lines including, *Etti, Salsaretti, Cajamar* and *Puropurê*, as approved by the Court-Supervised Reorganization Plan. After all conditions precedent to the closing of the transaction had been fulfilled, among which was the obtaining of a court authorization to dispose of the Tomato and Vegetable Products Division, on March 24, 2006, the transfer of all of Bessan's shares to our Company was given effect. Such shares are not subject to any liens or encumbrances or to the succession provisions contained in Arts. 50, 60, 141, II and 144 of Law No. 11,101/05. Although the purchase agreement did not contain an indemnification clause, pursuant to the Brazilian Civil Code the sellers have an obligation to indemnify us for losses arising from events that occurred prior to the acquisition of the mentioned assets.

The aforementioned transaction was approved by the Brazilian antitrust authorities ("CADE") without any restrictions on April 12, 2006 (Concentration Act No. 08012.000973/2006-15).

Acquisition and Formation of Éh Cosméticos.

On July 10, 2006, our indirect controlling shareholder Monte Cristalina established a joint venture by means of the subscription of shares representing 50% of Éh Cosméticos' aggregate and voting capital stock, while the other 50% remained with Bisa Participações Ltda., a holding company controlled by Ms. Cristiana Arcangeli. On the same date, Monte Cristalina executed a shareholders' agreement with Bisa Participações Ltda. governing the management of the company, the exercise of voting rights by its shareholders and rights with respect to the disposal of shares in Éh Cosméticos. On March 30, 2007, we entered into an agreement with Monte Cristalina, pursuant to which we were assigned the shares representing 50% of the capital stock of Éh Cosméticos on account of the credit we held against Monte Cristalina, in the approximate aggregate amount of R$13.8 million, of which R$12.8 million were settled by means of the transfer of equity interests abovementioned. On the same date, as a consequence of the acquisition of Éh Cosméticos' shares, we executed the Second Addendum to Éh Cosméticos Shareholders Agreement, so as to conform such agreement to the new share ownership of Éh Cosméticos. With the constitution of Éh Cosméticos, we began to develop a new line of cosmetics sold under the *Éh!* trademark, which began its operations with a line of hair care products that includes shampoos, conditioners and styling creams. Monte Cristalina is exempted from any indemnification obligation by virtue of having transferred its shares in held in Éh Cosméticos..

This joint venture transaction was approved by the Brazilian antitrust authorities (CADE) without any restrictions on October 25, 2006 (Concentration Act No. 08012.007575/2006-20).

On January 30, 2008, we entered into a Share Purchase and Sale Agreement with Ms. Cristiana Arcangeli, who was then the holder of the equity interests originally held by Bisa Participações Ltda. Through such agreement, we irrevocably agreed to acquire all of the shares held by Ms. Arcangeli in Éh Cosméticos for the aggregate amount of R$13.5 million, of which R$12.5 million had already been paid and R$1 million is due in four installments of R$ 260,0 thousand each, due and payable every six months until April 2011.

In addition to the purchase and sale of shares, the agreement also provides for the continued provision of consulting services by Ms. Cristiana Arcangeli to Éh Cosméticos or to its lines of business, in exchange for which we shall pay a total amount of R$1.44 million, in 36 equal monthly and consecutive installments of R$40,0 thousand each, as adjusted by reference to the CDI rate. As of June 25, 2009, the outstanding debt under this agreement was R$1.4 million.

Pursuant to the terms of the agreement, the seller shall remain liable for potential contingencies within the period in which she was a shareholder of the company, in proportion to the equity interest directly or indirectly held by her at that time.

On the same date, we entered into an agreement for the assignment and transfer of a trademark with Phábrica Moda e Beleza Ltda., under which we acquired the rights relating to the applications to register trademark *Éh!*, for the total amount of R$50,0 thousand.

The acquisition of Cristiana Arcangeli's shares was approved by the Brazilian antitrust authorities without any restrictions on April 9, 2008 (Concentration Act. No. 08012.001233/2008-68).

Acquisition of an equity interest in Sulquímica Ltda. ("Sulquímica") and Acquisition of Fluss Indústria e Comércio Ltda. ("Fluss")

On January 26, 2007, we entered into Quota Purchase Agreements with Martin Ewaldo Streibel, Mariane Streibel and Anna Luise Martha Streibel, in accordance with which we agreed to acquire quotas representing 75% of Sulquímica's capital stock, subject to the fulfillment of the pertinent conditions precedent. The agreements became effective on March 6, 2007. On January 30, 2007, we executed a Quota Purchase Agreement with Henrique Ewaldo Streibel, under which we agreed to purchase quotas representing 15% of Sulquímica's capital stock and quotas representing 0.5% of Fluss's capital stock, subject to the fulfillment of the pertinent conditions precedent. . The agreements became effective on March 6, 2007.

Also on January 30, 2007, we executed with Henrique Ewaldo Streibel a Stock Option Agreement, among other instruments, pursuant to which Mr. Streibel was granted and option to sell and we were granted an option to purchase, his remaining equity interests in Sulquímica. On September 27, 2007, we exercised this option and became the holder of all of the quotas representing Sulquímica's capital stock. Accordingly, we completed the acquisition of control of the companies Sulquímica and Fluss, leaders in the household cleaners and insecticides segments in the household cleaning products market in the Brazilian Southern Region.

In accordance with the Quota Purchase Agreement between our Company and Mr. Streibel, we will be indemnified for any losses resulting from acts, facts, events or businesses that occurred prior to the effective date of the transfer of quotas. In addition, in the event that five years after the date of our acquisition of Mr. Streibel's quotas there shall have been no contingencies for which we may request indemnification, we agreed to make an additional payment of up to R$5 million, adjusted by reference to the CDI rate. In the event that we face contingencies amounting to less than R$5 million, we will have to pay the difference between the amount of the contingencies and R$5 million. Furthermore, in accordance with the Stock Option Agreement, we opened a bank account in the Company's name in which we deposited R$5.2 million due and payable by us to Mr. Henrique Ewaldo Streibel, which amount will be released to him in five annual installments, at each anniversary of the quota transfer date, in the event that there shall be no contingencies for which Mr. Streibel should indemnify our Company. Should there be any such contingencies, Mr. Streibel will receive the difference between the amount of the contingency and the amount due and payable by our Company.

This transaction was approved by the Brazilian antitrust authorities (CADE) without any restrictions on May 9, 2007 (Concentration Act No. 08012.001314/2007-87.

Acquisition of Finn's Sweeteners Division.

The acquisition of the Finn's sweeteners division was carried out by means of a Purchase and Sale Agreement entered into on March 30, 2007 by and between, on one side, our Company and Monte Cristalina and, on the other side, and Boehringer Ingelheim do Brasil Química e Farmacêutica Ltda. ("Boehringer Ingelheim do Brasil") and Solana Agro Pecuária Ltda. ("Solana"), with Finn as intervening party. The purchase price relating to the quotas was composed by two portions: one relating to the purchase and sale of Finn's quotas and the other relating to the purchase and sale of assets and product inventories). The portion relating to the purchase and sale of the quotas, in the aggregate amount of R$27.4 million was paid as follows: R$11.95 million were paid in cash and on demand, and the remaining R$15.5 million shall be paid in 36 equal monthly installments of R$429,166.67 as adjusted by reference to the variation of the CDI rate calculated *pro rata die* since March 30, 2007 until the date of the actual payment. The first installment was due on April 30, 2007 with the remaining installments due in subsequent months. The portion of the purchase price relating to the sale of assets and product inventory was of R$3.5 million and was fully paid on April 16, 2007. As collateral to the indemnity obligations assumed by the sellers under the agreement, we have the option to withhold future installment payments in order to offset potential contingencies arising out prior to the acquisition date, March 30, 2007. Any indemnifications for loss resulting from any of the sellers' obligations prior to March 30, 2007 shall be assumed by them.

In addition, on March 31, 2009, we obtained with the Leading Coordinator a bank surety for the benefit of Boehringer Ingelheim do Brasil. in respect of such acquisition in the amount of R$15.4 million with a term of 36 months, effective April 30, 2007. Such bank surety is governed by an instrument known as Private Instrument of Acknowledgment of Obligations and Other Covenants, or "IPRO-Finn", as amended, entered into by and between the Company and the Leading Coordinator on March 30, 2007, under which we assumed a number of obligations, among which we highlight the following, in summary: (i) not to encumber or transfer a substantial part of our assets; (ii) not to carry out or participate in any corporate restructuring; and (iii) not to pay any dividends above those required by the applicable legislation, unless we have complied with all of the obligations set forth in the IPRO Finn. As collateral to these obligations, we issued a promissory note in the amount of R$15.6 million. The Leading Coordinator's compensation in respect of this transaction is equivalent to 1.20% per year based upon the value of the bank surety. The bank surety agreement does not provide for early termination.

Under the IPRO Finn, we must comply with the following financial ratios: (i) a debt to EBITDA ratio, as calculated for each quarter, equal to or lesser than (a) 5.5x for the fiscal year of 2007 and for the first three quarters of 2008. Until June 30, 2008, for purposes of such calculation, the results of DM's EBITDA prior to its acquisition by us and consolidated with our EBITDA results will be used; (b) 4.0x for the fourth quarter of 2008 and the first three quarters of 2009; and (c) 3.0x for the fourth quarter of 2009 and the following years; and (ii) the interest coverage ratio shall be equal to or greater than 2.0x for each year ended.

In addition, on March 30, 2007, we entered into three agreements within the scope of the transaction between the Company and Boehringer Ingelheim do Brasil:

The first of these three agreements is a Distribution Agreement pursuant to which we granted Boehringer Ingelheim do Brasil a non-exclusive right to distribute in Brazil products under the *Finn* trademark through the pharmaceutical distribution channel, that is, through pharmacies and drugstores. According to the agreement, while we establish the sales terms, Boehringer Ingelheim do Brasil is entitled to a remuneration of 3.5% of the products' net sale price. The initial term of this agreement is of 12 months and it may be renewed by mutual agreement of the parties. We may terminate the agreement at any time upon a 30-day prior notice and by either party in the event of breach of any of the contractual provisions if such breach is not cured within 30 days from the notice to this effect.

The second agreement is a Manufacturing Agreement pursuant to which the Company agreed with Boehringer Ingelheim do Brasil the manufacture and packaging of products bearing the *Finn*

trademark in accordance with a production plan furnished by the Company. In connection with the manufacture of products in powder form, Boehringer Ingelheim do Brasil will be entitled to a monthly remuneration equivalent to the production cost for each box of products, multiplied by the number of boxes actually produced, plus a premium of R$125,598.00. For liquid products and tablets, Boehringer Ingelheim do Brasil will be entitled to a monthly remuneration equivalent to the production cost of each box multiplied by the number of boxes actually produced. With respect to products in powder form, the initial term of this agreement is of 12 months, and for liquid products or tablets, the initial term of this agreement is of 18 months. In both cases, the agreement may be renewed by mutual agreement of the parties. We may terminate the agreement at any time upon a 30-day prior notice and by either party in the event of breach of any of the contractual provisions if such breach is not cured within 30 days from the notice to this effect.

The third agreement is a Machinery Free Lease Agreement. By means of this agreement we granted Boehringer Ingelheim do Brasil a free lease of the necessary equipment and machinery to produce the products under the Manufacturing Agreement described above. The initial term of this agreement is of 12 months, which may be renewed subject to the patties' agreement. We may terminate this agreement at any time upon 30-day prior notice.

The acquisition of the Finn's sweeteners segment was approved by the Brazilian antitrust authorities (CADE) without any restrictions on April 11, 2007 (Concentration Act No. 08012.000793/2007-14).

Acquisition of DM Indústria Farmacêutica Ltda. ("DM")

On June 1st, 2007, we acquired all quotas representing the capital stock of DM, a company acting in the segments of Food, Cosmetics and Personal Care Products, and Over-the-Counter Medicaments, by means of a Quota Purchase Agreement entered into by and between our Company and Mr. Yoshimi Morizono. The acquisition price was split in two portions: Installment A amounting to R$1,132.9 million and Installment B amounting to R$57.8 million. Installment A is being paid as follows: (i) R$375.1 million were paid in cash on demand; (ii) R$111.9 million were paid on June 2, 2008; (iii) R$111.9 million were paid on June 1, 2009; (iv) R$151.6 million shall be paid on June 1, 2010; (v) R$191.2 million shall be paid on June 1, 2011; and (vi) R$191.2 million shall be paid on June 1, 2012. None of such payments is subject to adjustment or updating. At the time of payment of any portion of Installment A, an additional payment may be effected, to be determined by reference to the variation of the real-dollar exchange rate, based upon an exchange rate of R$1.9812 per US$1.00 established in the agreement. If at the time of any payment, the exchange rate is lesser than the contractual parameter, we will be entitled to receive an additional payment in the amount of the difference of the actual exchange rate and the contractual exchange rate. At our discretion, we may offset such amount against amounts still to be paid by us. By contrast, if at the time of payment the exchange rate exceeds R$1.981, we will be obligated to make such additional payments to the seller.

Installment B is being paid as follows: (i) R$8.5 million were paid on June 2, 2008; (ii) R$8.5 million were paid on June 1st, 2009; (iii) R$11.5 million shall be paid on June 1st, 2010; (iv) R$14.5 million shall be paid on June 1, 2011; and (v) R$14.5 million shall be paid on June 1, 2012. None of such payments is subject adjustment or updating. To guarantee the obligations assumed by Mr. Yoshimi Morizono under this agreement, including indemnification obligations, we may at our discretion withhold payments of installments or require Mr. Yoshimi Morizono to provide a bank surety. Under the agreement, any indemnification for losses relating to DM's obligations prior to the date of acquisition of the quotas shall be fully borne by Mr. Yoshimi Morizono. Accordingly, we are held harmless from and against any losses resulting from acts, facts, omissions, activities, liabilities, events or business occurred prior to the date of execution of the agreement.

Installments to become due as aforementioned are secured by a bank surety in the amount of R$918 million, divided among a bank syndicate formed by the Leading Coordinator (R$218 million), Banco ABN AMRO REAL S.A. (R$150 million), Banco HSBC Bank Brasil S.A. - Banco Múltiplo (R$50 million), Banco Safra S.A. (R$100 million), Banco Bradesco S.A. (R$200 million) and Banco Votorantim S.A. (R$200 million) (the "Lenders"). In exchange for the surety, the syndicated banks are entitled to a quarterly fee varying between 2.125% and 0.875% per year, based upon the amount of the

surety letter to be determined in accordance with the net-debt-to-EBITDA ratio. Such bank surety is governed by an instrument known as Private Instrument of Acknowledgment of Obligations and Other Covenants, or "IPRO", as amended, entered into by and between the Company, Monte Cristalina and the Leading Coordinator on June 13, 2007, under which we assumed a number of obligations, among which we highlight the following, in summary:, (i) not to encumber, dispose of, transfer or sell any of our assets and/or receivables, as well as not to grant or assume any security obligations with third-parties and/or companies within the same group; (ii) not to conduct or participate in any corporate restructuring; (iii) not to change our current corporate form and/or control structure; (iv) no to materially amend or alter our current corporate purpose; (v) not to declare or pay any dividends or interests over shareholder's own capital or any other type of profit sharing, whether provided in the law or in our by-laws or by our bylaws in effect at the time the agreement was executed, or pursuant to the bylaws we may adopt if we go public and in accordance with BM&FBOVESPA Novo Mercado rules. As collateral to the obligations provided for in the IPRO, the Company delivered a promissory in the aggregate amount of the surety, already replaced with other notes of lesser values but totaling the aggregate amount, to all of the banks participating in the syndicated surety.

Furthermore, on June 13, 2007, we entered into an agreement for the conditional assignment of rights in accounts held in trust ("Instrumento Particular de Contrato de Cessão Fiduciária de Direitos Sobre Contas Vinculadas e Outras Avenças") with the Leading Coordinator and DM to further secure the IPRO. By means of this agreement and until the full release of the entirety of the obligations provided for in the IPRO, our Company conditionally assigned to the Lenders *pro rata* to each Lender's share in the syndicated surety governed by the IPRO the rights resulting from and/or available in accounts established in our name and held in trust, in which there shall be a minimum monthly inflow of at least R$50 million, in addition to keeping available, during 30 calendar days after each maturity date, 110% of the amount of each installment due and payable to the seller of DM's quotas. The Lenders may accelerate the maturity of the debt in the event, among others, (i) of the accelerated maturity of any of our obligations in an amount exceeding R$40 million; (ii) that we do not substitute or reinforce the security granted to guarantee the obligations assumed in the IPRO which eventually have their value and/or effectiveness diminished; or (iii) of a direct or indirect change of our controlling structure.

In addition, as set forth n the IPRO we must comply with the following financial ratios: (i) the total debt-to-EBITDA ratio, as calculated quarterly, shall be equal to or lesser than (a) 5.5x for the fiscal year of 2007 and for the first three quarters of 2008. Until June 30, 2008, for purposes of such calculation, the results of DM's EBITDA prior to its acquisition by us and consolidated with our EBITDA results will be used; (b) 4.0x for the fourth quarter of 2008 and the first three quarters of 2009; and (c) 3.0x for the fourth quarter of 2009 and the following years; and (ii) the interest coverage ratio (EBITDA to interest expense)

The guarantee does not cover, however, additional payments for the offsetting of foreign exchange variations which we may be obligated to make in accordance with the Quota Purchase Agreement, as described above, and is secured by our indirect controlling shareholder, Monte Cristalina, by means of an obligation undertook in an agreement executed with the seller.

This transaction was approved by the Brazilian antitrust authorities without any restrictions on July 10, 2008 (Concentration Act No. 08012.009107/2007-71.

Incorporation of Shares of Laboratório Americano de Farmacoterapia S.A. - Farmasa.

On June 27, 2008, to reaffirm our expansion process and consolidate our activity in the over-the-counter medicament segment, we acquired all shares representing the capital stock of Farmasa. The acquisition resulted in a significant economy of scale gain that strengthened the market position of both companies.

The transaction was carried out through an exchange of 100% of Farmasa's shares for 39,720,140 of common shares newly issued by us, in the total amount of R$873.4 million, all of which were attributed to the former Farmasa shareholders at a ratio of 0.428 common share of our Company for each share of Farmasa, corresponding at the time to 20% of our capital stock.

When the transaction was completed, Farmasa became our wholly-owned subsidiary and was later merged into us. As a result of the share exchange, the former shareholders of Farmasa became part of our controlling group by means of the execution of a shareholders' agreement.

The share exchange agreement contains an indemnity clause by which Farmasa's former shareholders undertake to indemnify and hold harmless both us and our subsidiaries from any loss arising from, among other things: (i) any liability in connection with acts, facts or omissions caused, determined or incurred before the acquisition, and (ii) any breach of the representations or warranties from Farmasa's former shareholders set forth in the share exchange agreement. We can only claim indemnification, however, when the cumulative amount of losses incurred by us, adjusted by reference to the inflation on a monthly basis, shall exceed R$5 million. In the event that the indemnification in question exceeds the minimum amount, the full amount shall be indemnified (without excluding the R$ 5 million). Certain losses for which we have a right of recourse against a third party, provided that we have taken all necessary judicial and extrajudicial actions to safeguard such right, shall only be deemed actually suffered for purposes of calculation of the foregoing amount from the moment in which all reasonable judicial and extrajudicial measures against the third party shall have been exhausted, or if such third party is not financially capable of fulfilling the payment in question.

This transaction is still pending approval from the Brazilian antitrust authorities (CADE) (Concentration Act No. 08012.006805/2008-03).

Acquisition of Ceil Comércio e Distribuidora Ltda. ("Ceil").

On July 28, 2008, to complement our portfolio of cosmetics and personal care products and as a consequence of increased opportunities in this segment, we acquired all quotas representing the capital stock of Ceil, an indirect subsidiary of Revlon in Brazil and owner of the *Bozzano*, *Juvena*, *Campos do Jordão*, and rights in certain trademarks registered by other companies controlled by Revlon, including the *Aquamarine* trademark, for an acquisition price in reais equivalent to US$104 million, or R$173.4 million, plus the amount held in cash by Ceil on the acquisition date (US$3.6 million). The acquisition price was paid in full with our own funds and on demand.

The purchase and sale agreement contains an indemnity clause by which the sellers undertake, jointly and severally, to indemnify and hold harmless both us and Ceil from any loss arising from, among other things: (i) any breach of the representations or warranties from the sellers set forth in the purchase and sale agreement; (ii) any liability arising from acts, facts or omissions by Ceil prior to the acquisition, and (iii) certain outstanding debt at the time of the acquisition, including, among other things, any short-term bank loans stated on the balance sheet as of June 30, 2008, and on the balance sheet as of the date of the acquisition.

This transaction is still pending approval from the Brazilian antitrust authorities (CADE) (Concentration Act No. 08012.008944/2008-63.

Acquisition of the trademarks belonging to Brasil Global Ltda. ("Brasil Global") and NY.Looks Indústria e Comércio Ltda. ("NY Looks").

Also on July 28, 2008, aiming at reinforcing our growth plan in the cosmetics and personal care segment, we acquired the rights to the *NY Looks, Bia Blanc* and *Radical* trademarks from Brasil Global and NY. Looks, associated with gel and hairspray product lines including the *Radical Gel, Gel Summer Look, Hidratante Corporal Bia Blanc* and *Cremes de Tratamento Bia Blanc* trademarks, as well as industrial designs owned by Alexandre de Andrade Roméro. The acquisition involved only the purchase of assets, including the trademarks and other rights to intellectual property relating to the trademarks. We did not acquire an ownership interest in Brasil Global or NY Looks, which continue to operate in their respective business segments under their management and controlling shareholders. The transaction was concluded for the amount of R$60 million, of which (i) R$12 million were paid on demand; (ii) R$12 million were credited to an escrow account as collateral to the settlement of contingent or absolute obligations of any nature; and (iii) R$36 million converted into US dollars at a rate of R$1.5745 for each US$1.00 to be paid in 5 equal annual installments, the first one due and payable on July 30, 2009 and the

last on July 30, 2013. As collateral to those installments, we presented a bank surety in the amount of R$36 million in favor of the trademarks assignor.

The purchase and sale agreement contains an indemnity clause by which Brasil Global and NY Looks undertake to, jointly and severally, indemnify and hold us harmless from any loss arising from, among other things: (i) any liability in connection with any act or omission that occurred prior to or on the date of the acquisition; and (ii) any breach of the representations or warranties from the sellers set forth in the purchase and sale agreement and (iii) any and all of the assignors' active obligations, whether contingent or absolute, of whatsoever nature, including commercial, civil, environmental, social security, tax and labor issues, in any case resulting from acts, activities, omissions, facts or businesses occurred, agreed to or conducted at any time, whether or not disclosed to the assignee.

Additionally, we may also deduct from future installments due to the sellers certain potential losses, whether known or unknown, original or by virtue of succession, even if not yet materialized, resulting from, among others, (i) any breach of the representations and warranties made by Brasil Global or NY Look in the agreement; (ii) any default in respect of any obligation or covenant undertaken by Brasil Global or NY Look; (iii) any and all of the Brasil Global's and NY Look' active obligations, whether contingent or absolute, of whatsoever nature, including commercial, civil, environmental, social security, tax and labor issues, in any case resulting from acts, activities, omissions, facts or businesses occurred, agreed to or conducted at any time, whether or not disclosed to Brasil Global or NY Look; (iv) the assignment of trademarks, industrial designs and rights pertaining to industrial property rights; (v) any contingencies.

This transaction is still pending approval from the Brazilian antitrust authorities (CADE) (Concentration Act No. 08012.008943/2008-19).

Acquisition of Niasi Indústria de Cosméticos Ltda. and Aprov Comércio de Cosméticos Ltda.

On October 6, 2008, continuing our expansion plan and as a consequence of increased opportunities in the cosmetics and personal care segment, we acquired all quotas representing the capital stock of the Niasi Group for the economic value of the companies, appraised in R$366 million, which, after deducting the Niasi Group's net debt, resulted in an acquisition value of R$328.4 million. Of the acquisition price, R$232.4 million was paid in cash on demand and the remaining amount is to be paid by us in up to five years. As collateral granted by the parties, we obtained a bank surety in the amount of R$50 million for the benefit of the sellers and received, in exchange, a first priority mortgage on the real estate of Merano Participações Ltda., located in the city of Taboão da Serra in the state of São Paulo, which will remain in place and for our benefit until October 6, 2013. On December 19, 2008, Niasi changed its corporate name to Hypermed Industrial Ltda. and, on April 9, 2009, was incorporated as a corporation under the name of Cosmed Indústria de Cosméticos e Medicamentos S.A.

The Niasi Group operates in the hair coloring, nail polish, shampoo, conditioner, hair treatment, hair color remover and deodorant segments and manufactures and sells the *Biocolor* line of hair color products and the *Risqué* line of nail polishers, the market leader with a market share of approximately 44% in Brazil, according to ACNielsen. With this acquisition, we entered the nail polisher and hair coloring market and strengthened our cosmetics line. Aprov was the exclusive distributor of the Niasi products.

The purchase and sale agreement contains an indemnity clause by which the sellers undertake to, jointly and unlimitedly, indemnify and hold harmless both us and the Niasi Group from any loss arising out of or related with: (i) any breach of the representations and warranties made by the sellers in the purchase and sale agreement; (ii) any breach of any of the sellers' obligations or covenants undertaken in the purchase and sale agreement; (iii) any act, fact, omission, activities, liabilities, events or businesses occurred prior to or on the present date, whether known or unknown, including without limitation eventual effects resulting from the payment of dividends referring to the period prior to the present date, even if the payment occurs on or after such date; and (iv) any act, fact, omission, activities, liabilities, events or businesses occurred prior to or on the present date, whether known or unknown, including without limitation, those already known and disclosed by the sellers.

So as to secure the payment of eventual losses, the amount of potential loss as calculated annually, in whole or in part, shall be deposited in an escrow account. The deposited amounts may only be released upon a joint notification by the parties to the collateral agent, within five days after a final and unappealable decision is served to the parties, and the release shall only be due if the deposited amount, after deduction of the value in question, shall be equal to or higher than the amount of the potential losses determined theretofore.

Additionally, we can deduct any loss or potential loss from the last installment due and payable by the Company to the former owners of the Niasi Group on October 6, 2013, in the amount of R$50 million.

This transaction was approved by the Brazilian antitrust authorities (CADE) without any restrictions on April 15, 2009 (Concentration Act No. 08012.009980/2008-44).

Acquisition of Equipment from British Indústria e Comércio Ltda.

On November 28, 2008, with the goal of vertically integrating our production and reducing our manufacturing costs, we acquired five pieces of equipment from British Indústria e Comércio Ltda. for R$2.6 million, of which R$2.2 million was paid in cash at the time of the acquisition and the remaining balance was paid in full on January 20, 2009.

On the same date we also executed with British Indústria e Comércio Ltda. an agreement for the supply of and transfer of know-how relating to the production of synthetic cloth for a period of three years. The total value of the transaction was R$3.1 million, of which R$2.7 million was paid in cash at the time of the purchase and the remaining balance we paid in monthly installments.

The purchase and sale agreement contains an indemnity clause by which the sellers undertake to indemnify, defend and hold us harmless from any loss incurred as a result of: (i) any liability or other obligation of whatsoever nature (including, without limitation, civil, environmental, tax and labor issues) whether cumulative or fixed, absolute or contingent, disclosed or undisclosed, relating to the acquired assets arising out of or related with any act or omission occurred before or on the date of execution of the agreement, (ii) any of the seller's liabilities or other obligations of whatsoever nature (including, without limitation, civil, environmental, tax and labor issues) whether cumulative or fixed, absolute or contingent, disclosed or undisclosed, arising out of or related with any act or omission occurred before or on the date of execution of the agreement and relating to the acquired assets; and/or (iii) any inaccuracy in or breach of the representations or warranties given or made by the sellers as set forth in the purchase and sale agreement.

Financial Agreements

Operational Agreements

Electric Power Supply Agreements

The development of our activities, both industrial and administrative, consumes electric power supplied by regional concessionaires to our industrial manufacturing plants and offices. In this connection, owing to the fact that we have a substantial monthly consumption of electric power, we have negotiated supply agreements with the concessionaires to reduce operational costs through benefits such as the application of privileged tariffs or the financing of the costs to install the distribution network necessary for large industrial plants. Our main energy suppliers are Companhia Energética de Goiás (CELG), Centrais Elétricas de Santa Catarina S.A. (CELESC) and Eletropaulo Metropolitana Eletricidade de São Paulo S.A. (AES Eletropaulo).

Our expenses with energy supply represent approximately 0.4% of our net revenue in the year ended December 31, 2008.

Sales Representation Agreements

We have several sales representation agreements with commercial sales representation companies in order to sell our products in all of the Brazilian regions. In general terms, each company hired is responsible for serving and maintaining our customer base in its respective region, as well as for prospecting new customers subject to the limits provided for in the pertinent agreement.

The relevant representation agreements executed with the representation companies aim at intensifying our sales force on a national level allowing and immediate and effective support to all of our sales channels, thereby increasing our sales volume. Commercial representation agreements are generally worded in a standardized form and provide mainly for the compensation to be received by the representatives, which is always by means of commissions on the amount of sales effected by each representative to our customers.

Our expenses with sales representation commissions represented less than 0.2% of our net revenues in 2008.

Supply Agreements

In order to further increase our sales, we execute with strategic clients agreements for the supply of merchandises and products, also known as commercial agreements,.

Strategic clients are those usually ordering large volumes of purchases, or which purchase on a frequent basis, or give our products increased visibility, regardless of whether they are large retail or wholesale networks or medium-size or small companies.

We require the execution supply agreements as a condition to the supply of products to any of our clients. In these agreements, we undertake to deliver and our clients undertake to purchase our products in the form, within the time frame and in the quantity stated in the agreement and to pay the amounts due for such purchases. These agreements also provide for other obligations and mutual advantages between the parties.

In addition to purchasing our products in pre-established quantities and to committing to pay the agreed amounts, the clients also undertake to promote the products purchased under the agreement through various activities intended to directly or indirectly increase our product sales. Such activities comprise the display or the inclusion of our products in advertising campaigns made by our clients, the grant of discounts on our product prices during certain periods or at given dates, the grant of exclusive selling rights for our products at the sales points ; and the placing of our products in highly visible locations at the points of sale. In exchange for such activities, we offer our clients some type of remuneration for the promotion of our products, including by way of payment of fees and contribution on certain specific dates, by way of bonuses or by means of discounts on the purchase price of our products.

Seeing as such agreements refer solely to amounts agreed with our clients on account of the promotion activities focused on the sales of our products, we cannot estimate in advance the amounts we will have to pay under our supply agreements, as such amounts are variable and dependent upon the specific conditions set forth in the relevant agreement, the unique features of each of our clients and their respective market segments , as well as the counterparts to be offered in our benefit and our own business strategy, which may at a given time reflect a smaller or a greater interest in enhancing the presence of our products with a certain client or market.

In the fiscal years ended December 31, 2006, 2007 and 2008, and the three-month period ended March 31, 2009, our expenses related to commercial agreements with our clients amounted to R$16.2 million, R$17.9 million, R$30.1 million and R$8.6 million, respectively.

We currently supply several corporate clients under this type of agreement, including: Companhia Brasileira de Distribuição or CDB; Carrefour; Makro; Assai; Bom Preço; Wal-Mart/Sams Club; Supermercados Sonda; Mambo Supermercados; Supermercados Zaffari; G.Barbosa; Martins;

Atacadão; Atakarejo; Econ Supermercados; Savegnago Supermercados; Supermercado Bergami; Condor SuperCenter; Unisuper Distribuidora; Supermercados Nagumo; Supermercados Cobal, Saito Supermercados (Ki-Preço, Goiás state); Super Vieira de Bauru (Bauru, São Paulo state); Casa Avenida (Assis; São Paulo state); Araujo Hipermercados (Minas Gerais state); Supermercados Confiança (Baum, São Paulo state); Grupo Aliança Supermercados; Tenda Atacado; Cooperativa de Consumo dos Funcionários da Volkswagem; Supermercados IMEC; Supermercados Comper; Supermercados Docelar; Grupo Roldão; Megafort Distribuidora; and Fran's Café, among others.

Supply Agreement with American Safety Razor do Brasil Ltda. ("ASR")

On November 17, 2008, we entered into a Supply and Non-Compete Agreement with American Safety Razor do Brasil Ltda., or ASR, providing for the exclusive supply of the razor blades, razors and wax depilation devices distributed by ASR to the Company, to be resold in Brazil. This agreement is valid until December 31, 2018, and may be renewed indefinitely if the parties do not notify otherwise by December 31, 2016. Prices of the supplied products were fixed until June 30, 2009, after which they may be changed in the event that the real- U.S. dollar exchange rate is outside the range R$1.60/US$1.00 to R$1.90/US$1.00, in addition to an annual increase of 1.25% effective every January beginning on January 1, 2010, plus an inflation update calculated by reference to the arithmetic average of the IGP-M and IPCA inflation indexes between January 1 and December 31 of the relevant year.

Under this agreement, we paid ASR R$6 million and will pay an additional R$9 million in five installments for the non-compete undertaking. We also assumed the obligation not to acquire razor blades, razors and wax depilation devices from other competing manufacturers, except under exceptional circumstances preventing the distribution by ASR. We may terminate the agreement with ASR for commercial reasons upon prior notice. In connection with the payment of the non-compete undertaking, we issued five promissory notes in ASR's favor in the amount of approximately R$1.8 million, with maturity dates between November 17, 2009 and November 17, 2013.

Tax Incentives

Fomentar

We currently participate in Fomentar, a tax incentive program sponsored by the state of Goiás to promote investments in the state. The program is designed to require payment of the first 30% of the amount of ICMS tax due by a taxpaying entity while allowing the taxpayer to defer payment of the remaining 70% of the ICMS tax by subscribing loans with the state of Goiás that have a 20-year term and bear interest at 2.4% per year, creating a tax credit in favor of the government. The state of Goiás may, from time to time, auction such tax credits at a discount of up to 89%.

Considering (i) the frequency of these auctions in recent years, (ii) the possibility that we may exercise our right to acquire such tax credits at a discount, and (iii) Law No. 11,638 requirement for companies to record long-term assets and liabilities by their present value, and (iv) that our ICMS tax obligations financed by the Fomentar program were of R$13.9 million for the year ended December 31, 2006, R$10.7 million for the year ended December 31, 2007, R$15.4 million for the year ended December 31, 2008 and R$2.4 million for the three-month period ended March 31, 2009, respectively, the potential tax savings as of March 31, 2009 would have been R$2.3 million, assuming full pre-payment of our tax credits had we exercised such rights on that date.

Produzir

The Goiás Industrial Development Program (Programa de Desenvolvimento Industrial de Goiás), or Produzir, aims at contributing to the expansion, modernization and diversification of the industry in Goiás. The beneficiaries of this program are private agents, corporate entities or non-governmental organizations that implement projects for the industrial development of the state of Goiás, in addition to industrial companies that carry out business activities in the state of Goiás. In accordance with Produzir, up to 73% of ICMS taxes owed by beneficiaries may be loaned to them by the State.

On April 5, 2005, we executed a Loan Agreement with Agência de Fomento de Goiás S/A, guaranteed by Monte Cristalina and João Alves de Queiroz Filho, Cirillo Marcos Alves and Maria da Conceição Cavalheiro Alves de Queiroz, pursuant to which we are entitled to receive Produzir financing in the amount of R$285.9 million. This financing was used to increase our working capital of our industrial unit in Goiânia, Goiás state. The financing is subject to monthly interest rates applied to the outstanding balance of the loan at a rate of 0.2% per month. The outstanding balance will be repaid in annual installments during the month subsequent to that in which the annual enjoyment period shall commence. The debt must be fully repaid off until December 31, 2020.

We comply with all legal requirements related to Produzir (Decree No. 5,265 of July 31, 2000) as well as with our labor, social security, tax and social obligations. Our benefit may be terminated in the event of default in respect of any state tax obligations, introduction of any changes in the industrial complex project without prior notice to the Produzir Executive Secretariat, reduction the number of employees involved in the project without reasonable grounds, behavior that is damaging to the environment or suspension of our activities. Furthermore, the benefit will be terminated in the event of deviation of purpose of the project or misuse of the financing proceeds, or the ceasing of the project activities. Maturity of the agreement will be accelerated in case of breach of any of our obligations.

Other Tax Agreements - Term of Agreement to Several Privileged Regimes

On June 4, 2002, we entered into Term of Agreement to Privileged Regime with the Goiás State Treasury under which we are not subject to the incidence of the ICMS on the exit of goods manufactured by us and intended for exports only. This privileged treatment was granted to us indefinitely, but it may be suspended, revoked or amended should it become inconsistent with future legislation.

On September 30, 2003, we entered into a Term of Agreement to Privileged Regime with the Goiás State Treasury, pursuant to which we undertook to pay up to a limit of R$244.3 million related to ICMS taxes under the Produzir program and Law No. 13,591, of January 18, 2000. We were granted the privileged regime in respect of the ICMS tax for a period of 15 years.

On December 5, 2005, we entered into an agreement with the Goiás State Treasury. In view of the implantation of our industrial complex in the city of Goiânia, state of Goiás, we were granted a Produzir benefit in connection with the payment of the ICMS tax of up to R$285.9 million as per the Loan Agreement executed with the Agência de Fomento de Goiás S.A..

On August 22, 2006, we entered into a Term of Agreement to Privileged Regime with the Goiás State Treasury, for the purposes of receiving raw materials through a transaction where the goods used in the industrial process are paid at a fixed price and the related tax is paid by the end user of the goods.

We are authorized to use this payment method for goods received from industrial complexes in the Brazilian states of Alagoas, Bahia, Ceará, Espírito Santo, Maranhão, Minas Gerais, Paraná, Paraiba, Pernambuco, Rio de Janeiro, Rio Grande do Norte, Rio Grande do Sul, Santa Catarina, São Paulo and Sergipe. The Privileged Regime was granted to us indefinitely, but may be suspended, revoked or amended should it become inconsistent with new legislation.

On September 10, 2007, we were granted partial deferral by the Minas Gerais State Treasury of the payment of the ICMS tax on goods produced by us and distributed from our distribution center to a wholesaler in Minas Gerais state. The privilege may be amended, terminated or revoked in the event that we breach its terms and conditions, or if a tax lawsuit is instituted against us on the basis of non issuance of proper tax documentation, transportation of goods without proper tax documents, fraudulent tax documentation or lack of ICMS payment. The benefit is valid until September 30, 2009.

Legal and Administrative Proceedings

General

We are the defendants in civil legal and administrative proceedings, tax, labor and administrative regulatory proceedings, totaling approximately R$156.3 million. Of this total amount; (i) R$57.8 million are contingencies arising from the acquisition of DM; (ii) R$51.3 million are contingencies arising from the acquisition of Ceil; (iii) R$11.3 million are contingencies arising from the acquisition of Farmasa; (iv) R$4.2 million are contingencies arising from the acquisition of Niasi (now Cosmed); and (v) R$0.2 million are contingencies arising from the acquisition of Aprov.

In the future, there may be unlimited claims from third parties, employees (own employees or those of service providers) and from federal, state or municipal bodies, arising from operations and procedures carried out by the acquired companies. However, even though these claims may be brought against us, there is the prevision of indemnification and responsibility on the part of the selling shareholders of the acquired companies, under the terms of the signed acquisition contracts.

As of March 31, 2009, the total amount of our contingencies where the possibility of loss is probable, was R$43.2 million. This can be identified as follows; (i) R$7.2 million of tax contingencies; (ii) R$3.0 million of civil contingencies, (iii) R$8.7 million of labor contingencies, (iv) R$1.3 million of administrative regulatory contingencies; and (v) R$23.0 million of contingencies, where the total amount was already provided for in the financial statements of the companies that we acquired.

On these grounds, at March 31, 2009, based on the opinion of our external legal counsel, we had a provision with a total amount of R$29.5 million. This was comprised of R$23.0 million that was already provided for in the financial statements of the companies that we acquired and R$6.5 million that was provided for by our company. We opted not to make a provision for contingencies amounting to a total of R$13.7 million, where the forecast is of probable loss, which are relative to the companies acquired in the period prior to their acquisition. In the possibility of these losses materializing, we can discount them from the balance payable or seek compensation from the sellers for losses relative to the period prior to the respective acquisition, in case the balance of the installment payments, which were given to us as a guarantee, have been settled or are insufficient for the total payment of the contingencies. Accordingly, the contingency to which we are subject is guaranteed, under the terms of the acquisition contracts.

We do not believe that any individual, pending, legal action or administrative proceeding, if decided unfavorably, would cause a material, adverse effect on our financial situation or on our operational results.

For additional information on our provision for contingencies, see the explanatory note 23 in our Quarterly Information at March 31, 2009.

Tax Proceedings

As of March 31, 2009, we were defendants in legal and administrative tax proceedings totaling R$76.5 million According to the opinion of our external legal counsel, approximately R$7.2 million represented proceedings where the possibility of loss is probable, for which we made a provision of R$3.6 million. (i) R$1.4 million of this amount was provisioned by Hypermarcas and (ii) R$2.2 million was previously provisioned by the acquired companies for non-materialized contingences, referring to divergences in the collection of PIS, COFINS and IPI declared and paid by Sulquímica, as well as arising from the use of federal tax credits by DM, in the periods before their acquisition. In relation to the other proceedings, where the probability of loss is probable, amounting to R$3.6 million, a provision was not made because they originate from the acquired companies and we have contractual mechanisms of indemnification and responsibility for contingent liabilities by the sellers of these companies.

Our tax proceedings principally deal with the improper use of ICMS credits.

As of March 31, 2009, among the most relevant procedures, we highlight two state tax proceedings, in the name of DM, at an estimated total amount of R$5.2 million. These refer to a supposed improper use of an ICMS credit paid under a tax substitution program. The aforesaid tax proceedings are guaranteed by an amount of approximately R$4.5 million, of which R$1.8 million is by lien on equipment and R$2.7 million by bank surety. In the opinion of our external legal counsel, the forecast of loss in these procedures is probable. However, because these tax proceedings refer to DM in the period prior to their acquisition and are fully guaranteed, we have not made an accounting provision.

We also highlight two federal tax proceedings in the name of Ceil, whose adjusted value, up to March 31, 2009, amounted to R$27.6 million. There is no judicial bond for either of these proceedings. Our external legal counsel has evaluated the forecast of loss to be remote for these two proceedings. In the eventuality of any loss materializing in these proceedings, the company has a contractual mechanism of indemnification with the responsible selling shareholders for these contingencies.

We are also party to a tax proceedings brought by the INSS, which seeks the collection of a debit referring to the incidence of social security contributions on the payroll, amounting to R$ 5.3 million. Our external legal counsel evaluate that the possibility of loss is remote. There was a partially favorable decision made in our favor and we are currently awaiting the hearing of the appeal at the Regional Federal Court of the 3rd Region.

We have also been assessed (i) for the non-collection of ICMS due to the State of Goiás, amounting to R$5.0 million, for lack of evidence of the entry of goods sold or sent to companies located in the Manaus Free-Trade Zone, (ii) also by the State of São Paulo for the non-collection of ICMS amounting to R$5.1 million; and (iii) by the Secretary of the Federal Revenue of Brazil for a collection amounting to R$5.0 million for COFINS. Our external legal counsel evaluated the possibility of loss as remote. Currently, we are awaiting the hearing of an appeal that did not allow an Extraordinary Appeal to the Supreme Federal Court.

We have also filed an annulment action of a tax debit with respect to two unfavorable decisions, which refer to administrative proceedings with the State of Goiás. The stipulated value of the cause is R$4.0 million, which is secured by a personal guarantee. Our external legal counsel believes that the forecast should be classified as a remote loss.

Ceil is involved in an action of undue payment in which it pleads for the restitution of amounts paid as a contribution to FINSOCIAL. Approximately R$5.9 million has already been compensated with COFINS debts. Our external legal counsel classifies the claim as a remote loss in relation to the principal and a probable loss in relation to the remaining interest. If any contingency materializes, we have a contractual prevision of indemnification and of responsibility by the selling Ceil shareholders.

Quimivale and Distribuidora Clean were assessed with respect to taxes administered by the Federal Revenue Office. However, we challenged the assessment and, in September 2006, we agreed to the Exceptional Installment program – PAEX, by which the debt of approximately R$21.2 million is settled in 130 installments, with the last installment due in May 2017. At March 31, 2009, the balance provided for this installment program was R$15.2 million.

Civil Proceedings

As of March 31, 2009, we were defendants in civil legal proceedings amounting to a total of R$20.0 million. This amount included actions involving both Hypermarcas and the acquired companies. According to the opinion of our external legal counsel, of this amount, approximately R$3.0 million represents proceedings where the possibility of loss is probable. We have made an accounting provision for these proceedings amounting to R$2.5 million, taking into account that the remaining R$0.5 million arises from the acquired companies, against which we have contractual mechanisms of indemnification and of responsibility for contingent liabilities on the part of the sellers of these companies.

In general, our civil proceedings relate to the following matters: compensation for product use, suspension of protest and nullity of titles, collection, execution of titles and actions linked to intellectual property (use of trademarks and internet domain names).

We are defendants in two actions that dispute the use of the trademark *Assim*, brought by Procter & Gamble Industrial e Comercial Ltda., a subsidiary of the Procter & Gamble Company ("Procter & Gamble Brasil") and the Grupo Hospitalar do Rio de Janeiro Ltda., amounting to a total value of approximately R$697,000, at March 31, 2009, as described below.

Procter & Gamble Brasil disputed the use of the trademark Assim in coexistence with the slogan of the trademark ACE, which it owned. It requested the granting of an anticipated judgment to make us abstain from using the trademark Assim and also for the award of material and moral damages. The application for anticipated judgment was rejected and the action was judged groundless. At the present time, the appeal lodged by Procter & Gamble Brasil is awaiting judgment by the Court of Appeals of São Paulo. According to the opinion of our external legal counsel, the possibility of loss is remote and, therefore, we have not made a provision.

Grupo Hospitalar do Rio de Janeiro Ltda. alleges that it is known by the trading name "ASSIM – Assistência Médica Integrada" and requests that we abstain from using the trademark Assim, as well as the indemnification for the damages of violation of intellectual property right and unfair competition. The action was judged groundless; however, the decision was reversed by the 2nd Instance Court, which granted the appeal that we abstain from the use of the trademark Assim. Our appeal to the Superior Court is pending. According to the opinion of our external legal counsel, the possibility of loss is possible and, therefore, we have not made a provision.

On July 14, 1999, L.R. Companhia Brasileira de Produtos de Higiene e Toucador ("LR") brought an action against DM, in which the plaintiff alleged that the defendant, in manufacturing the product "Leite de Colônia", had imitated the packaging and external appearance of the product soled by the plaintiff, "Leite de Rosas", which had caused it economic damages due to the supposed misleading of consumers. In view of this, LR requested (i) the prohibition of the production, stocking, disclosure and commercialization of the products containing the pink and white colors that were similar to those of the plaintiff; (ii) the payment of compensation for moral damages, at an adjusted amount of R$4.2 million; and (iii) the payment of compensation for material damages to be calculated in the settlement of the judgment and calculated based on the Law of Industrial Property, equivalent to 10% on the total amount of the net sales of the product sold by the defendant, during the period of use of the packaging similar to the plaintiff's product. The action was judged groundless and judgment is awaited of the appeal lodged by the plaintiff. Based on the positioning of the Superior Court of Justice and according to the opinion of our external legal counsel, the estimated amount of compensation for moral damages, in this case, is R$5,000 (this amount is considered by the company for the calculation of civil contingencies). According to the opinion of our external legal counsel, the possibility of loss in the case is remote and, therefore, we have not made a provision.

Finally, we are also defendants in a class action brought by Sinomil Soares da Rocha and others against the Governor of Goiás, the Secretary of the Treasury and the Secretary of Industry and Trade of Goiás, brought with the objective of: (i) the recognition of the unconstitutional and illegal nature of Law 13436, dated December 30, 1998, as amended, which establishes the possibility of the advance settlement, with a discount, of financing contracts derived from the Fund of Participation and Supply to the Industrialization of the State of Goiás - FOMENTAR, by a public offer of the aforesaid State; (ii) the suspension of the auctions that were begun on July 12, 1999; and (iii) the sentencing of the defendants to reimburse the supposed damages caused to the Goiás State Treasury. According the plaintiffs, the advance settlement, with discount, is equivalent to a tax waiver. We, along with other beneficiary companies of the auction, were included as defendants, in 2007, as the successor of Prátika Industrial Ltda. According to the opinion of our external legal counsel, up to the present date, it has not been possible to calculate the value involved in this action and the forecast is of possible loss and, therefore, we have not made a provision. However, it is emphasized that the possible outcome of the action would result in the obligation of the State of Goiás to reimburse the amounts paid by the company as advance settlements and the balance of the settled loan to be reconstituted to the Goiás Fomento finance agency.

Labor Proceedings

At March 31, 2009, we were defendants in labor claims brought by former employees and by our service provider employees, in which we were sued as being subsidiary liable, for a total amount of R$52.9

million. According to the opinion of our external legal counsel, approximately R$8.7 million represents proceedings where the possibility of loss is probable and for which an accounting provision of R$2.5 million was made, taking into account that the remaining R$6.2 million arises from the acquired companies, against which we have contractual mechanisms of indemnification and of responsibility for contingent liabilities on the part of the sellers of these companies.

Our labor proceedings refer to the following matters: payment of labor rights (severance pay, overtime, bonuses for hazardous and unhealthy work), compensation and subsidiary liability.

Administrative Aspects

ANVISA

As of March 31, 2009, we were defendants in administrative proceedings in progress before ANVISA and the Regulation Chamber of the Market of Medicines - CAMED, for a total amount of approximately R$6.9 million, disputing the supposed non-compliance of rules relative to the advertising and publicity of our products, the supposed commercialization of our products to a company that did not have the lawful operating authorization, as well as the supposed unlawful increase of prices of medicines sold by us.

Among the most relevant proceedings, we highlight the administrative proceeding 25351-192611/2004-58, which refers to the investigation of the unlawful price increase of several medicines, in the name of DM, in progress before CAMED, for an estimated, updated total of R$4.6 million. The aforesaid proceeding has been awaiting judgment of the administrative appeal since March 27, 2007.

***Brazilian Antitrust Authorities* - CADE**

We currently have three monopolistic actions under investigation by the antitrust authorities. These monopolistic actions refer to the approval of the acquisitions of Farmasa, Ceil and the trademarks of Brasil Global and of NY Looks.

All these proceeding are with the SEAE, the primary body responsible for the examination of monopolistic actions in Brazil. There is no determinate time period for the judgment of these proceedings before the CADE, which is the body that, by the Brazilian legislation, has the competence to approve this type of operation.

Remuneration

Base Remuneration

Under Brazilian Corporate Law, it is the responsibility of our shareholders, to set annually, at an annual general shareholders' meeting, the aggregate compensation of the members of our board of directors and our board of executive officers. The distribution of this aggregate compensation among our directors and executive officers is decided upon at the discretion of our board of directors.

On February 1, 2008, at an extraordinary general shareholders' meeting, our shareholders set the total annual remuneration for our managers at R$10 million for the year ended December 31, 2008.

On December 29, 2008, at an extraordinary general shareholders' meeting, our shareholders approved an individual monthly compensation of R$1,0 thousand to the members of our board of directors for the year ending December 31, 2009.

Management Long-Term Benefits

Taking into consideration all the options already granted under our stock option plans, as described in "— Stock Option Plans" below, that is, 5,301,106 common shares representing approximately 2.7% of our capital stock, our management would be entitled to additional indirect

compensation of R$59.7 million until November 2013, calculated on the basis of the immediate dilution model.

The "immediate dilution" model shows the amount obtained by our management as a result of the exercise of the option to buy or subscribe for our common shares by subtracting the exercise price of each option from the share's market value, and then multiplying this amount by the total number of options exercised.

Accordingly, our management would be entitled to an aggregate additional compensation of R$59.7 million until November 2013, including the Plans as described in "— Stock Option Plans" below.

Stock Option Plans

At an extraordinary general shareholders' meeting held on March 24, 2008, our shareholders approved general guidelines for a stock option plan ("Plan I"). On May 30, 2008, within the context of Plan I, we approved a stock option plan to specified beneficiaries in accordance with the terms and conditions stated below.

On December 29, 2008, our shareholders at an extraordinary general shareholders' meeting approved: (i) the creation of a new stock option plan for our shares, or Plan II (and together with Plan I, "the Plans"), and (ii) the ratification of the partial application of Plan I, which can be exercised by its beneficiaries in accordance with its terms and conditions. On December 29, 2008, our board of directors approved the 2008 Stock Option Program, or Program, within the scope of Plan II, which was amended on February 6, 2009.

Under both of our stock option plans, the right to buy or subscribe for our common shares may expire and their exercise term and conditions may be amended if an individual's employment is terminated for any reason whatsoever, or upon termination of the service agreement, resignation or removal from office, retirement, disability or death of the respective beneficiary.

In the event of exercise of the option to purchase our common shares, our board of directors must approve the issuance of new shares, within the limit of the authorized capital stock or, to the extent previously authorized by the CVM, approve the transfer of our common shares held in treasury. If exercise of the option to purchase or subscribe for our common shares is effected through the issuance of new common shares, our capital stock will increase and our shareholders will not have a right of first refusal in the subscription of such shares, as provided for in the Brazilian Corporate Law and in our by-laws. Therefore, their respective ownership interests in our capital stock will be diluted.

The common shares acquired by virtue of the exercise of options granted under our stock option plans will retain all of the rights pertaining to their class, except as otherwise resolved by our board of directors. Notwithstanding the aforesaid, no beneficiary under our stock option plans will be entitled to any shareholder rights until his stock option id fully exercised under the Plans and in accordance with the terms and conditions of the relevant option agreement.

The specific provisions of each plan, as well as a description of the grants made so far are set forth herein below.

Plan I

Plan I is directed to our management, employees holding command positions and service providers or entities controlled by them ("Plan I Beneficiaries"). The terms and conditions pertaining to Plan I were approved by our Board of Directors or Committee. Plan I currently applies only to those options approved on May 30, 2008.

Pursuant to the Plan I, which is managed by our Board of Directors or, at the board's discretion, by a committee composed of three members, at least one of which must necessarily be a member of the

Board of Directors, Plan I Beneficiaries were granted options to purchase our common shares, which could cause a dilution of 0.45% of our total capital stock as of the date of grant of the options.

Our Board of Directors or the designated committee, as the case may be, will periodically establish stock option programs that will define: (i) the Plan I Beneficiaries; (ii) the total number of our common shares that are the subject matter of the grant, and eventually the allocation thereof in lots; (iii) the exercise price; (iv) the vesting and exercise periods and the deadlines for total or partial exercise of the option and on which the rights deriving from the options shall expire; and (v) potential targets related to our employees' or our managers' performance, so as to establish objective criteria for the election of beneficiaries and the determination of the number of options.

Options granted under the Plan for the purchase of our common shares are personal and non-transferable, and may not be assigned, transferred or otherwise disposed of.

In the event of transactions involving corporate reorganization such as a combination, merger, incorporation or spin-off involving the Company, our Board of Directors and the entities involved in such corporate transactions may, at their sole discretion, determine (i) the replacement of the shares subject to the stock options under the Plan I for shares of a successor of our Company, (ii) the acceleration of the expiration the vesting period, so as to assure the inclusion of the corresponding shares in the transaction in question, and/or (iii) the payment in cash of the sum to which the Beneficiary would be entitled under Plan I, provided that if a Plan I Beneficiary were to be dismissed without cause within the 24-month period following a change of the Company's control, any rights granted under Plan I not yet exercised on the date of his dismissal will become immediately exercisable by virtue of acceleration of the expiration of the vesting period.

Our board of directors is responsible for determining the beneficiaries of the stock options to be granted under the Plan I, the number of shares that may be purchased under each exercised option, the exercise price of each option and the payment terms, the deadlines and conditions of the exercise of each option and any other conditions relating to such options.

In this connection, on May 30, 2008, our board of directors approved the election of certain beneficiaries under the Plan I, who may acquire up to 901,106 common shares. Because this was the first grant approved under the Plans, the stock exercise price was based on the offering price at the initial public offering of the Company's common shares conducted on April 17, 2008. The exercise price, therefore, has been set at R$17.00 per common share, adjusted by reference to the IPCA from the grant of the option until the actual payment. The exercise price will be paid pursuant to the terms of the Private Instrument for the Grant of Options to Purchase Shares ("Stock Option Agreement") to be entered into with the beneficiaries. The deadline within which the option must be exercised will be on the last business day of the 96th month after the grant date.

The option may be exercised by the Plan I Beneficiary as follows: (i) up to 20% after the 25th month from the date of grant; (ii) up to 50% after the 37th month from the date of grant; and (iii) 100% after the 49th month from the date of grant. There are no restrictions to the trading of the common shares acquired by the Beneficiaries by virtue of the exercise of the options granted under Plan I.

As of the present date, there were 901,106 outstanding options to purchase or to subscribe for our common shares for an exercise price of R$17.00, none of which is yet vested.

Plan II

Plan II is directed to the managers, employees and service providers of the Company or of entities under our control designated by the Board of Directors or by the Committee, as applicable

According to Plan II, which is managed by our board of directors or, at its discretion, by a committee comprised of up to three members, of which at least one must be a member of our board of directors, the beneficiaries may be granted stock options up to a limit of 2.55% of the aggregate shares of

our capital stock without giving effect to the potential dilution resulting from the exercise of all options granted but not yet exercised.

Our board of directors or the designated committee, as the case may be, will periodically create stock option programs that will define: (i) the Plan II Beneficiaries; (ii) the total number of our common shares that we would have to issue under a grant; (iii) the exercise price; (iv) the vesting and exercise periods; (v) potential restrictions on the transfer of shares subscribed for or purchased as a result of the exercise of the option; and (vi) potential targets related to our, our employees' or our managers' performance, so as to establish objective criteria for the election of beneficiaries and the setting of the number of options.

Should we choose to use treasury shares instead of new shares, the issue price or the purchase price of the shares to be acquired by Plan II Beneficiaries as a result of the exercise of the options will be equivalent to the arithmetic average of the 20 trading sessions immediately preceding the date on which the option was granted. The exercise price may be updated by reference to the inflation based on the variation in a price index plus interests at a rate to be determined by the board of directors or by a designated committee, as applicable. In addition, a designated committee or our board of directors, as appropriate may, when establishing the exercise price for each program, provide for an increase or decrease of up to 10%. In exceptional and adequately justified cases, the board of directors or the designated committee, as applicable, may establish higher adjustment percentages.

On December 29, 2008, our board of directors approved the 2008 Stock Option Program, which was amended on February 6, 2009. The Programs includes as Plan II Beneficiaries some of our officers and directors, who may acquire up to 4,400,000 common shares, or 2.22% of our capital stock in the individual proportions set forth in the Stock Option Agreement. The option exercise price has been set at R$10.72 per common share, which is equivalent to the arithmetic average of the 20 trading sessions immediately before November 1, 2008, as adjusted by reference to the IPCA from the date of grant of the option until the actual payment. The exercise price will be paid in cash upon the subscription or purchase of the common shares resulting from the exercise of the option.

The option may be exercised by the Plan II Beneficiary as follows: (i) up to 10% after November 1, 2008; (ii) up to 20% one year after the grant; (iii) up to 40% two years after the grant; (iv) up to 60% three years after the grant; (v) up to 80% four years after the grant, and (vi) 100% five years after the grant. The annual lots may always be exercised: (i) within up to 30 days from the receipt of the gratuity, bonus or profit sharing distributed by us to the Plan II Beneficiary each year, or (ii) within up to 210 days from the bonus payment date.

Except the first lot of shares, the stock options of which vested on November 2008, Plan II Beneficiaries must use at least 50% of their respective bonuses to subscribe for or acquire common shares under Plan II. Any purchases of our common stock under Plan II by these beneficiaries using their own funds may be deducted from the amount required to be subscribed for or acquired with their bonuses. Any purchases of our common stock in the market by these beneficiaries using their own funds may be deducted from the amount required to be subscribed for or acquired with their bonuses.

All common shares subscribed for and/or acquired by a Plan II beneficiary will remain unavailable for disposition for a period of one year after the expiration of the respective exercise period. The company will have a right of first refusal to acquire the common shares that a Plan II Beneficiary intends to sell, assign, transfer or otherwise dispose of, including whenever in the event of termination of the Beneficiary's employment contract with the Company for any reason.

In the event there is a change in the Company's control or if we decide to delist our common shares from the Novo Mercado segment of the BM&FBOVESPA, any options granted under Plan II, at the sole discretion of our Board of Directors, (i) may have their vesting period accelerated, rendering such options immediately exercisable, (ii) may be assigned to a successor of our Company, or (iii) may be reimbursed by the Company and the Beneficiary may receive a payment in cash or stock for the sum he would be entitled to under the Plan II. If a Plan II Beneficiary were to be dismissed without cause within up to 2 years after the Company's change of control event, all of his stock options under the Plan II would vest and become immediately exercisable.

As of the present date, there were 4,400,000 outstanding stock options to purchase or subscribe for our common shares for an exercise price of R$10.72 per common share, of which 440,000 have already vested and could be exercised under the Plan II.

Under CPC Statement 10 “Payments Based on Shares,” we record the expenses related to the common shares under the stock option Plans, between the date on which the options were granted and the date on which the options may be exercised, based on the fair market value of the stock options on the date of grant. In the three-month-period ended March 31, 2009, we did not record any expenses in connection with our stock option plans. According to CPC Statement 10, exercised options do not have any effect in the Company’s Statement of Income, because expenses are recognized during the stock option vesting period.

The tables below show for each period the compensation of the key members of our management including directors and officers designated in our by-laws or without specific designation:

Fiscal year ended on December 31, 2008

	Remuneration			Grant of Options	
	Fixed	Variable	Total	Options Balance	Average Exercise Price
Board of Directors	0	0	0	-	-
Officers Designated in Our By-Laws	1.351.164,00	3.486.569,00	4.837.733,00	-	-
Officers Without Specific Designation	1.102.291,14	668.288,00	1.770.579,14	-	-
Total	**2.453.455,14**	**4.154.857,00**	**6.608.312,14**	**-**	**-**

Fiscal year ended on December 31, 2007

	Remuneration			Grant of Options	
	Fixed	Variable	Total	Options Balance	Average Exercise Price
Board of Directors	0	0	0	-	-
Officers Designated in Our By-Laws	645.308,10	0,00	645.308,10	-	-
Officers Without Specific Designation	600.747,80	38.168,00	638.915,80	-	-
Total	**1.246.055,90**	**38.168,00**	**1.284.223,90**	**-**	**-**

Fiscal year ended on December 31, 2006

	Remuneration			Grant of Options	
	Fixed	Variable	Total	Options Balance	Average Exercise Price
Board of Directors	0	0	0	-	-
Officers Designated in Our By-Laws	515.029,56	0,00	515.029,56	-	-
Officers Without Specific Designation	154.989,00	0,00	154.989,00	-	-
Total	**670.018,56**	**0,00**	**670.018,56**	**-**	**-**

Shareholders' Agreement

On July 30, 2008 our controlling shareholders Igarapava, Maiorem, PEPC, GPCP4 and the Samaja Family collectively ("Parties" or, each one, a "Party") entered into a shareholders' agreement, which is duly on file at our registered office , pursuant to the provisions of Art. 118 of the Brazilian Corporate Law.

The shareholders' agreement, among other customary provisions in this type of arrangement, governs the exercise of voting rights of the holders of the shares that are subject to the agreement including the right to elect members to our board of directors and the right of first refusal in the event of transfer of such common shares.

According to the terms of the shareholders' agreement, the shares subject to such agreement are all common shares with voting rights issued by us and held by the Parties as of the date of execution of the shareholders' agreement, as well as (i) additional shares issued by us as a result of a split, distribution or bonus; (ii) subscription rights relating to these shares; and (iii) securities conferring rights in or convertible into our shares, all of which are considered "Control Block Shares" for the purposes of the agreement. No share other than the those embraced by the aforementioned description, eventually acquired by the Parties directly at the stock exchange or from any third-parties, or through the exercise of a right of first refusal by any Party, directly or indirectly, or in the context of any subscriptions for new share issuances, shall be considered a Control Block Share. In addition, any Control Block Share transferred to third-parties by any Party shall be automatically excluded from the shareholders' agreement.

The Parties shall always vote as a block, jointly exercising the control of the Company, and will have the power to decide any and all matters incumbent upon the shareholders meeting by virtue of the provisions of Brazilian Corporate Law, the corporate bylaws or by the shareholders' agreement. Except for special cases provided for by the Brazilian Corporate Law, all resolutions of the shareholder meeting shall be approved by a majority of votes of the shareholders present at the meeting.

Accordingly, the Parties undertook: (i) to use their best efforts to attend all of our shareholder meetings; and (ii) to exercise their rights in accordance with the provisions contained in the shareholders' agreement so as to: (a) maximize our long-term value, in accordance with the principles established in the sales and business plan, and (b) always seek the highest levels of efficiency, productivity, competitiveness and profitability.

The Parties must hold preliminary meetings no later than four and no earlier than six days before any shareholder meeting in order to decide the vote to be cast by the Parties. The decisions made in these meetings will require the affirmative vote of the Parties representing at least 50% plus one Control Block Share of the aggregate Control Block Shares, except in cases where a qualified quorum is required under the shareholders' agreement.

The agreement also provides for the appointment of members of the board of directors by the Parties, as follows: (i) three members designated by Igarapava, one of which shall be the Chairman of our board of directors; (ii) two members designated by Maiorem; (iii) two members designated jointly by GPCP4 and the Samaja Family; and (iv) the two remaining members elected in accordance with the Brazilian Corporate Law and the Novo Mercado Rules. At least two members must be Independent Directors.

If for any reason, including in the event that the minority shareholders exercise their rights under article 141 of the Brazilian Corporate Law, the Parties are unable to appoint the requisite number of members of the board of directors, each Party shall have the right to appoint, among the members (excluding the Independent Directors) to be appointed by the Parties, a number of members in the proportion of their respective ownership of the aggregate Control Block Shares.

No later than two days prior to any meeting of the board of directors, the Parties shall hold a preliminary meeting to decide the votes to be cast by each Director they designated in respect of each of the matters submitted for discussion in the meeting in question. The decisions made in the preliminary

meeting will require the affirmative vote of the Parties representing 50% plus one Control Block Share of the aggregate Control Block Shares, except if a qualified quorum is required.

The agreement also contains provisions governing the right to transfer, in whole or in part, the Control Block shares such as a right of first refusal of the other Parties in the event of a share transfer. The right of first refusal shall be exercised in the proportion of the respective shareholding of the aggregate number of Control Block Shares, excluding the offeror's Control Block Shares.

The offer for the exercise of the right of first refusal must be made by written notice with a copy to the Chairman of the board of directors in the event that: (i) the offering Party receives a firm bona fide offer from any third-party, or (ii) the offering Party intends to remove the offered shares from the control block and from the agreement. The transfer of the offered shares to any third-party that is not a Party to the agreement will not result in the transfer of any rights provided for in the agreement, nor will it result in any third-party adhering to the terms of the agreement.

Any Party holding 10% or less of the Control Block Shares will be automatically excluded from the agreement.

The agreement became effective on June 27, 2008 simultaneously with the subscription for 39,720,140 shares by GPCP4, PEPC and the Samaja Family, then represented by Paresi Holdings S.A., and will remain in full force and effect for 10 years thereafter. The term of validity of the agreement will be automatically renewed for additional 10-year periods so long as none of the Parties send a written notice to the other Parties of its decision not to renew the agreement, which notice must be delivered at least six months in advance.

Dividends and Dividend Policy

Amounts available for Distribution

At each annual shareholders' meeting, our board of directors is required to advise our shareholders on how to allocate our net income for the preceding year. The allocation is subject to approval by our shareholders. Brazilian Corporate Law defines net income for any fiscal year as the results in a given year after the deduction of accumulated losses from prior years, income and social contribution taxes for that year, and any amounts allocated to profit-sharing payments to the employees and management.

Reserve Accounts

In accordance with the Brazilian Corporate Law, a company's financial statements usually present two main reserve accounts: profit reserve accounts and capital reserve accounts.

Profit Reserves

Legal Reserve. Under Brazilian Corporate Law, we are required to maintain a legal reserve to which we must allocate 5% of our net income for each fiscal year until the aggregate amount of the reserve equals 20% of our capital stock. However, we are not required to make any allocations to our legal reserve in a year in which the legal reserve, when added to our other established capital reserves, exceeds 30% of our capital stock. The purpose of the legal reserve is to ensure the integrity of a company's capital stock. The amounts allocated to such reserve must be approved by our shareholders in a shareholders' meeting, and may only be used to increase our capital stock or to offset net losses. Therefore, they are not available for the payment of dividends. As of March 31, 2009, we did not have a legal reserve account.

Statutory Reserve. Pursuant to Brazilian Corporate Law, we may allocate part of our net income to discretionary reserve accounts that may be established in accordance with our bylaws, which must also indicate the purpose, allocation criteria and maximum amount of the reserve. The allocation of our net income to discretionary reserve accounts may not be made if it prevents the payment of the minimum mandatory dividend. As of March 31, 2009, we did not have a statutory reserve account.

Expansion Reserve. According to our bylaws, at each fiscal year the unrealized profits exceeding the amounts allocated to our unrealized profit reserve shall be placed in an expansion reserve. Amounts placed in the expansion reserve will be reverted and made available to the shareholders meeting upon realization of the income. The shareholders meeting shall, based upon recommendations from our corporate bodies, resolve on the allocation of such amounts. The expansion reserve may not surpass our total unrealized income or our capital stock. The purpose of the expansion reserve is to: (i) preserve the integrity of our shareholders' equity and our equity interest in our subsidiaries and affiliated companies, avoiding decapitalization resulting from the distribution of unrealized profits; and (ii) afford funds to finance additional applications of fixed and current capital and the expansion of corporate activities. As of March 31, 2009, we did not have an expansion reserve account.

Contingency Reserve. Pursuant to Brazilian Corporate Law, the shareholders may deliberate in a meeting and upon a proposal submitted by our senior management the allocation of a percentage of our net income to a contingency reserve for anticipated losses that are deemed probable in coming years, if their amount may be estimated. Any amount so allocated must be reversed in the year in which loss that had been anticipated fails to occur as forecasted. As of March 31, 2009, we did not have a contingency reserve account.

Retained Profit Reserve. Pursuant to Brazilian Corporate Law, our shareholders may resolve at the annual general shareholders' meeting to retain a portion of our net income to be applied in investments by the Company as provided for in a previously approved capital expenditure budget. The allocation of funds to this reserve is revised annually and cannot be approved in detriment of the payment of the minimum mandatory dividends. As of March 31, 2009, we had no balance in our retained profit reserve account.

Unrealized Profit Reserve. Pursuant to Brazilian Corporate Law, , the shareholders may deliberate in a meeting and upon a proposal submitted by our senior management that the amount by which the mandatory dividend exceeds the realized portion of the net income in a certain fiscal year be allocated to the unrealized profit reserve account, and the mandatory dividends may be limited to the realized portion of the net income. Brazilian Corporate Law defines "realized" net income as the amount by which our net income exceeds the sum of (i) our net positive results, if any, from the equity method of accounting; and (ii) the profit, gains or returns resulting from transactions that occurred in the relevant fiscal year but that will be received by us after the end of the next year. Profit allocated to the unrealized profit reserve, if realized and not absorbed by losses in subsequent years, must be added to the next mandatory dividend distributed after the profits have been realized. As of March 31, 2009, we did not have an unrealized profit reserve.

Capital Reserve. Pursuant to Brazilian Corporate Law, we may maintain capital reserves in which we may record goodwill paid in connection with the subscription of our shares, mergers, sales of warrants or debentures, tax incentives, gifts and grants. The amounts allocated to such capital reserves are not taken into account for purposes of determination of the mandatory dividend and may only be used by us to increase our capital, to offset losses that exceed accumulated earnings and revenue reserves to redeem, repay or repurchase our own common shares. As a consequence of the Company having gone public and adhered to the Novo Mercado Rules, we may no longer issue founders' shares. As of March 31, 2009, our capital reserve amounted to R$521.1 million.

The payment of dividends may be limited to the amount of net profits that have been realized, as long as the difference is registered as unrealized profit reserve, as discussed below. Calculation of our net profit for the purposes of distributing dividends is made in accordance with the Brazilian GAAP, which differs in some material aspects from the U.S. GAAP.

Under Brazilian Corporate Law, and based on our bylaws, we must maintain legal reserves to which we must allocate 5% of our profits for each fiscal year until such amount reaches 20% of the paid-in capital stock. We are not obligated to allocate any amount to the legal reserves in any fiscal year in which such reserve, when added to others, is equal to or greater than 30% of our aggregate capital stock. Accumulated losses, if any, may be offset against the legal reserve. If not used for these purposes, the legal reserve may only be used to increase our capital.

The legal reserves are subject to approval by the general shareholders' meeting, and may be transferred to our capital. The legal reserves are not available to pay dividends in subsequent years. Our calculation of net profit and allocation to reserves for any particular fiscal year are determined on the basis of the annual, non-consolidated financial statements prepared pursuant to Brazilian Corporate Law.

Under Brazilian Corporate Law, part of a company's net profits may be allocated for the creation of discretionary or bylaw reserves, which must be described in our bylaws, stating the precise and full purpose, the criteria to determine the annual portion of the net profits that will be allocated to the creation of the reserves and its maximum limit.

In accordance with the decision of the general shareholders' meeting, based on a proposal presented by our management, part of our net profits from the year may be allocated to create reserves for contingencies aimed at offsetting, in the next year, the reduction in profits arising from losses judged to be probable and the value of which may be estimated. Hence, the amount available for distribution may be increased by reversion of the reserves for contingencies for probable losses, created in previous years but not realized.

Pursuant to Brazilian Corporate Law, the amount of the mandatory dividend that exceeds the portion of the net profits in any fiscal year may be allocated to unrealized profit reserves, and the payment of the mandatory dividend may be limited to the amount of the net profit from the fiscal year that has occurred. Unrealized profits in any fiscal year are constituted by adding: (i) the positive net profit from the equity adjustment in the year in question, if any, and (ii) profits arising from operations whose due dates occur after the end of the following fiscal year. To the extent that amounts allocated for the profit reserves are realized in later fiscal years, these amounts must be added to the dividend payments for the year in which they were realized. Profits registered in the unrealized profit reserves, when realized and if they have not been absorbed by losses in future fiscal years, must be added to the first dividend that is declared after the profits have been realized.

Pursuant to Brazilian Corporate Law, a portion of the net profits from the fiscal year may be retained by the general shareholders' meeting, according to a provision in the capital budget prepared and previously approved by our management for expansion of our installations and other fixed asset or working capital investments. After the relevant investment projects are concluded, we may retain the reserves until our shareholders approve the full or partial transfer of the reserves to our capital or our accumulated profits reserves. Pursuant to Brazilian Corporate Law, if a project for which part of the capital reserves were allocated extends for more than one year, the budget for this project must be submitted for approval at the general shareholders' meeting in each fiscal year until the project is concluded.

Brazilian Corporate Law states that all allocations of net profits, including to the unrealized profit reserve, must be approved by shareholders in a general shareholders' meeting. They may be used to increase our capital stock or to pay dividends in later years.

The balance of the profit reserve accounts, except in the contingency reserves and the unrealized profit reserve, must not exceed our capital stock. If this occurs, shareholders at a general shareholders' meeting must decide if the excess amount will be used to pay capital subscribed for but not paid in or for the distribution of dividends.

Brazilian Corporate Law states that net profits not allocated to the above-mentioned accounts must be distributed as dividends.

Mandatory Dividends

Brazilian Corporate Law allows the bylaws of a Brazilian company to specify a minimum percentage of the aggregate amount available for purposes of the annual distribution of dividends in each year, also known as mandatory dividend, which may also be paid to shareholders as interest on shareholders' equity.

The basis of the mandatory dividend is a percentage of the net income, as adjusted not lesser than 25% of the , instead of a fixed monetary value per share. Under our bylaws, a minimum of 25% of our adjusted net income should be made available for distribution and payment of the annual mandatory dividend.

Brazilian Corporate Law, however, allows a company to suspend such dividend distribution if its board of directors reports at our annual shareholders' meeting that the distribution would be inadvisable given the company's financial condition. The fiscal council, if in place at the time, should review any suspension of the mandatory dividend. In addition, our management should submit a report to the CVM setting forth the reasons for the suspension within five days of the annual shareholders' meeting. Net income not distributed by virtue of a suspension is allocated to a separate reserve and, if not absorbed by subsequent losses, is required to be distributed as dividends as soon as the financial condition of the company should permit such payment.

Distribution of Dividends

We are required by Brazilian Corporate Law and our bylaws to hold an annual shareholders' meeting no later than April 30 of each year, at which time the distribution of the annual dividend is discussed, among other matters.

In addition, our board of directors may declare intermediate dividends. Any payment of intermediary dividends must be set at the minimum mandatory dividend amount. All holders at the time of the declaration of intermediary dividends are eligible for the dividends. Dividends on depositary shares will be paid to the depositary for distribution.

Any holder of record of shares at the time a dividend is declared is entitled to receive dividends. Under Brazilian Corporate Law, dividends are generally required to be paid within 60 days following the date on which the dividend is declared, unless the shareholders' resolution established another payment date, which, in any event, must occur before the end of the year in which the dividend is declared. Dividends allocated to shareholders but not claimed shall neither bear interests not be subject to monetary adjustment, and shall be forfeited by reason of lapse of time in favor of the Company three years after they were made available to the shareholders.

Shareholders have a three-year period from the date of the dividend payment to claim the dividends or interest on shareholders' equity with respect to their shares, after which the aggregate amount of any unclaimed dividend legally reverts to us.

Interest on Shareholders' Equity

Since January 1, 1996, Brazilian companies have been authorized to pay interest on shareholders' equity to shareholders, and to treat those payments as a deductible expense for purposes of calculating corporate income tax and, since 1998, social contribution on net profits as well. The tax deduction cannot surpass (i) 50% of our net income (after the deduction of social contribution on net profits but before taking into account the provision for corporate income tax and interest on shareholders' equity) for the period in which the payment is made; and (ii) 50% of our accumulated profits and profit reserves at the beginning of the period in which the payment is made.

Payments of interest on shareholders' equity, net of withholding income tax, may be considered as part of the mandatory dividend distribution. The rate applied in calculating interest on shareholders' equity cannot exceed the daily variation of the Brazilian long-term interest rate, or TJLP. Under applicable law, we are required to pay to our shareholders an amount sufficient to ensure that the net amount they receive in respect of interest on shareholders' equity, after payment of any applicable withholding tax, plus the amount of distributed dividends, is at least equivalent to the minimum mandatory dividend amount.

For accounting purposes, although being reflected in the statement of income to be eligible for deduction, the charge is reverted before the calculation of the net income of the financial statements and

deducted from the shareholders' equity similarly to the dividends. Payments of interest on shareholders' equity to our shareholders, whether or not residing in Brazil, are subject to Brazilian withholding tax at the rate of 15%, provided that a tax rate of 25% applies if the shareholder receiving such interest on shareholders' equity is a resident of a Low or Nil Taxation Jurisdiction.

Dividend Policy

Our board of directors will recommend to the general shareholders' meeting that it distribute, in each fiscal year, dividends and/or interest on shareholders' equity at a minimum amount equivalent to 25% of our adjusted net profits, calculated under articles 189 et seq. of Brazilian Corporate Law, according to Brazilian GAAP and CVM rules, preferably in two payments per year.

Notwithstanding the abovementioned distribution of dividends, we may distribute dividends or interest on equity for an amount less than 25% (twenty five per cent) of our adjusted net profit in any financial year, when this is required by a legal or regulatory provision or when recommendable in view of our financial situation and/or future outlook, macroeconomic conditions, regulatory changes, growth strategy, contractual limitations and other factors considered to be relevant by our Board of Directors and our shareholders.

As mentioned above, the annual declaration of dividends, including the payment of dividends above the minimum mandatory dividend, requires approval in an Ordinary General Meeting by a majority of votes of our shareholders, not counting the blank votes, and will depend on several factors. Among these factors are our operational results, financial condition, cash requirements, future outlook and other factors that our Board of Directors and shareholders judge to be relevant. Within the context of our tax planning, in the future, the payment of interest on own equity will be beneficial.

There has been no dividend distribution or interest on own equity in the last three fiscal years.

Social Responsibility, Sponsorship And Cultural Incentive

Our Policy of Social Responsibility comprises of the development of the profile of the citizen company, through social actions that stimulate the respect, the ethics, the solidarity, the personal growth, the balance and the conservation of the environment.

In this context, we have adopted, among other socially responsible measures, the development and training of employees, the support of culture, social inclusion and the conservation of the environment.

Listed below are details of the principal actions realized since our foundation.

Commitment With Culture

During 2003 and 2004, we sponsored several cultural events, highlighted by the spectacle of the "Passion of Christ", in the State of Pernambuco, and the film "Lisbela and the Prisoner", by Guel Arraes.

Commitment With Health

The actions developed for the health sector included the sponsorship of the Project for the Restoration and Modernization of the Faculty of Medicine of the University of São Paulo and the support for projects related to the technological advancement of important centers of research and care units. Among the beneficiaries were: (i) Hospital das Clínicas; (ii) Hospital São Paulo; (iii) Professor Agostinho Bettatello Center of Studies and Development in Gastroenterology (Faculty of Medicine of USP); (iv) Hospital Sírio Libanês, with the donation of Center of Oncology for the treatment and care of children with cancer; (v) Danielle de Uberaba Support House, which provides care for cancer patients; and (vi) the Association of Combating Cancer, in the State of Goiás.

We also offer our collaborators health plans and promote a daily program of work exercise.

Annually, we promote the Internal Week of Prevention of Work Accidents, through theatrical plays, lectures and debates that, as well as providing information about the prevention of accidents, also deal with health related matters, such as: (i) the prevention of sexually transmitted diseases; (ii) the importance of vaccines; (iii) dietary habits; (iv) alcoholism and tobacco addiction; (v) loss of hearing; (vi) the importance of work exercise; (vii) hygiene and cleanliness; (viii) interpersonal relationships; and (ix) overcoming obstacles.

Commitment With Social Inclusion And Initial Employment

We promote social inclusion through contracting persons with special needs, the young apprentice program and the trainee program.

Commitment With Children And Adolescents From All Brazil

We sponsored the event "Christmas of Dreams 2006", a project developed by the Pastoral do Menor, in partnership with the Globo Network, which collected toys to donate to children in need.

In August 2007, we made donations to the Criança Esperança program (a Globo Network Project in partnership with UNESCO) contributing to the development of children and adolescents from all Brazil.

Commitment With The Environment

We consider that the respect for nature is an essential factor for the evolution of life and fundamental for the growth of the company. Accordingly, we have implemented the Environmental Management Program, which includes environmental education and conservation of the environment. In the context of this Program, we perform the selective collection of residuals and the recycling and incineration of hazardous waste. We also promote lectures and events in order to encourage respect for the environment.

Additional Information to Item 03.03

The controlling shareholders Private Equity Partners C, LLC ("PEPC") and GPCP4 – Fundo de Investimento em Participações ("GPCP4"), have controlling companies, administrators and managers, which are controlled directly or indirectly by GP Investments, Ltd., an issuing company of BDRs (Brazilian Depositary Receipts) duly registered with the CVM. The operation of the administrators and management of PEPC and GPCP4, controlled by GP Investments, Ltd. is of a fiduciary nature and with discretionary powers to take management decisions and to administer these shareholders on their account and order, including the right to vote arising from their direct participation in the Company.

None of the shareholders of PEPC or of GPCP4 hold, in isolation, indirect participation in the Company equal to or exceeding 5%.

Private Equity Partners C, LLC ("PEPC")

PEPC is a company incorporated and existing in accordance with the laws of the State of Delaware, the United States of America, with headquarters at 2711 Centerville Road, suite 400, Wilmington, Delaware, 19808. Its corporate purpose is to participate in companies (investment holding) and it began its operations on 02 July 2007.

Its share capital is held by Private Equity Partners C (Cayman) Ltd., which, in turn, is owned by GP Capital Partners IV, L.P., an investment fund incorporated as a limited partnership under the laws of the Cayman Islands, administered by its general partner GP Investments IV, Ltd., a wholly-owned subsidiary of GP Investments, an issuing company of BDRs (Brazilian Depositary Receipts) duly registered with the CVM.

PEPC is presently one of our controlling shareholders by means of a Shareholders' Agreement.

GPCP4 – Fundo de Investimento em Participações ("GPCP4")

GPCP4 is an investment fund incorporated as a private equity fund, under the terms of CVM Instruction nº 391. It is administered and managed by GP Investimentos S.A., a corporation incorporated and existing in accordance with the laws of Brazil, with headquarters in the city of São Paulo, State of São Paulo, at Av. Brigadeiro Faria Lima, 3,900, 7th floor. It is an issuing company of BDRs (Brazilian Depositary Receipts) duly registered with the CVM.

GPCP4 is presently one of our controlling shareholders by means of a Shareholders' Agreement.

Environment

Legal Issues

Our activities are subject to comprehensive Brazilian federal, state and municipal environmental legislation.

Non-compliance with environmental legislation may constitute an environmental crime, exposing our Company and managers to liability and/or criminal penalties. Non-compliance may result in administrative penalties, including fines up to R$50 million, which may be doubled or tripled upon reoccurrence, and temporary or permanent suspension of our activities. Sanctions are applied independently of the obligation to repair the damage caused to the environment.

In the civil law sphere, environmental damage is subject to strict liability. Thus, the obligation to repair any environmental damages may be imposed on all persons directly or indirectly involved in the violation, regardless of their culpability. Although we outsource certain parts of our operations to third-parties, such as waste disposal, this does not exempt us from liability for any potential environmental damage caused by these third-parties.

Environmental Licensing

Brazilian environmental law states that activities which may actually or potentially pollute the environment, or which may otherwise cause harm to the environment, require prior environmental licensing. Prior environmental licensing is necessary for the installation and operation of production units as well as for any subsequent expansions. Our environmental licenses must be renewed periodically. Activities with a significant environmental impact require a Preliminary Environmental Impact Study and an Environmental Impact Report (Estudo Prévio de Impacto Ambiental/Relatório de Impacto Ambiental), or EIA/RIMA, and require the implementation of measures to mitigate and compensate for such environmental effects. With respect to these compensatory measures, the relevant environmental law imposes an obligation on the respective parties to allocate resources to the creation and maintenance of conservation areas, which must be proportionate to the environmental impact caused by the activities performed. The resources dedicated to such conservation areas will be set by the IBAMA, ranging from 0% to 0.5% of the total estimated cost required to implement the business activity.

The Brazilian Environmental Protection Agency (Instituto Brasileiro do Meio-Ambiente), or IBAMA, is responsible for the licensing of business activities that have a national or regional environmental impact. In other cases, licenses are required from state or municipal environmental bodies.

The environmental licensing process requires the issuance of three licenses with different validity terms: preliminary licenses, installation licenses and operating licenses. Each license is issued at a different implementation phase. The validity of each license depends on the fulfillment of preconditions imposed by the environmental licensing body. The lack of an environmental license, regardless of whether or not the business activity is causing actual damage to the environment, constitutes an environmental crime, subject to administrative penalties which, at the federal level, may total up to R$10 million (doubled or tripled upon reoccurrence) and temporary or permanent suspension of activities.

A delay or refusal by the environmental licensing body to issue or renew our environmental licenses, as well as our potential inability to meet requirements during the environmental licensing process may, depending on the case, adversely affect us or prevent the installation and operation of our production units.

Pursuant to environmental legislation, we are also required, among other things, to dispose of waste in an environmentally safe manner and to obtain authorizations to capture water and discharging effluents.

We are supervised by environmental authorities in the states where our industrial complexes are located, namely in: Goiás, Santa Catarina, São Paulo and Rio Grande do Sul. The most important environmental authorities which regulate our activities are IBAMA, the Santa Catarina State Foundation for the Environment (Fundação do Meio Ambiente do Estado de Santa Catarina), or FATMA, the São Paulo State Water and Electric Energy Department (Departamento de Água e Energia Elétrica do Estado de São Paulo), or DAEE, Company of Environmental Sanitation Technology (Companhia de Tecnologia de Saneamento Ambiental), or CETESB, and the Environmental Agency of the state of Goiás (Agência Ambiental de Goiás), or AAG.

Environmental Licensing of the Goiânia Industrial Complex

On April 27, 2009, we obtained an environmental license from the Secretary of the Environment and Hydro-Resources of the state of Goiás (Secretaria do Meio Ambiente e dos Recursos Hídricos do Estado de Goiás) authorizing our industrial complex to operate in the city of Goiânia, state of Goiás until December 14, 2014.

Environmental Licensing of the Itajaí Industrial Complex

On April 27, 2006, the Brazilian Federal Public Prosecutor filed a public civil action against us seeking to bring our industrial unit in Itajaí, Santa Catarina state, into compliance with environmental regulations. On April 16, 2007, we signed a settlement agreement for this lawsuit under which we are required to demolish some of the buildings of the industrial complex that are located in natural preservation areas and to install a treatment station for the effluents our activities generate, along with implementing various other environmental improvements at the industrial complex. As of December 10, 2007, we have fulfilled our requirements under this agreement and, therefore, a judge has acknowledged compliance with the requirements as set forth in the agreement. On August 14, 2008, we obtained an environmental license from The Environmental Foundation of the state of Santa Catarina (Fundação do Meio Ambiente do Estado de Santa Catarina) authorizing our industrial complex to operate in the city of Itajaí, state of Santa Catarina, until August 14, 2012.

Environmental Licensing of the Araçatuba Industrial Complex

On October 1, 2007, the CETESB issued a license authorizing us to operate our complex in Araçatuba, São Paulo state. This license is valid until October 1, 2009.

The prior owner of our Araçatuba industrial complex signed a Change of Conduct Agreement (Termo de Ajustamento de Conduta), or TAC, which includes our obligation to pay for the use of the preservation areas on which our complex is located and construct an effluent treatment facility. The previous owner of the property, informed us that the reforestation project has already been completed, pending planting progress reports presented periodically to the state's Department of Natural Resource Protection (Departamento Estadual de Proteção aos Recursos Naturais), or DEPRN. With regard to the proposed effluent treatment facility, the previous owner informed us that it is expected to be installed according to the established timeline set forth by the local environmental authorities. As such, we believe that we have no other obligations pending under the TAC.

Environmental Licensing of the Barueri Industrial Complex

On June 3, 2009, we obtained an environmental license from CETESB authorizing our industrial complex to operate in the city of Barueri, state of São Paulo until June 3, 2010.

Environmental Licensing of the São Paulo Industrial Complex On October 2, 2008, we obtained an environmental license from CETESB authorizing our industrial complex to operate in the city of São Paulo, state of São Paulo until October 2, 2010.

Environmental Licensing of the Taboão da Serra Industrial Complex

On November 18, 2008, we obtained an environmental license from CETESB authorizing our industrial complex to operate in the city of Taboão da Serra, state of São Paulo until November 18, 2010.

Our Environmental Policy

We place significant importance on the need to maintain and support the environment. Accordingly, we have implemented an Environmental Management Program, which provides for environmental education and preservation. Under this program, we collect waste, recycle and incinerate hazardous materials, and offer lectures and events to promote environmental awareness.

Though being diligent in our efforts to protect the environment and aware of our responsibilities as demonstrated above, we do not adhere to any international environmental policy standards.

01.01 - IDENTIFICATION

1. CVM CODE	2. CORPORATE NAME	3. CNPJ
02143-1	HYPERMARCAS S.A.	02.932.074/0001-91

16.01 – COURT ACTION INVOLVING AMOUNTS EXCEEDING 5% OF THE SHAREHOLDER S' EQUITY OR OF THE NET INCOME

1 – ITEM	2 – DESCRIPTION	3 - % SHAREHOLDERS EQUITY	4 - % NET INCOME	5 – PROVISION	6 – PROVISIONED AMOUNT (Reais thousand)	7 – TOTAL VALUE OF THE SHARES (Reais thousand)
8 – REMARKS						
01	LABOR	0,00	0,00		0	0
02	TAX	0,00	0,00		0	0
03	OTHERS	0,00	0,00		0	0

17.01 RELATER PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS

We present herein below a description of the agreements that we entered into with related parties. In summary, our transactions refer to the rendering of collateral security by Monte Cristalina and by our Managers in financial agreements executed by us.

Agreements entered into by and between the Company and Banco Safra S.A.

On March 1, 2007, we issued a bank credit note (cédula de crédito bancário) in favor of Banco Safra S.A. relating to a foreign loan in the amount of US$28.3 million, bearing interest at a rate of approximately 7.2982% per year. The loan is guaranteed by João Alves de Queiroz Filho and Monte Cristalina S.A., or Monte Cristalina. Repayment of the principal amount of the debt shall be made on February 17, 2010. As of March 31, 2009, the outstanding balance of this agreement was R$66.1 million.

On March 21, 2007, we executed an addendum to the foregoing bank credit note in favor of Banco Safra S.A. representing US$9.3 million, bearing interest at a rate of approximately 7.2981% per year, which is guaranteed by João Alves de Queiroz Filho and Monte Cristalina. Repayment of the principal amount of the debt shall be made on September 8, 2009. As of March 31, 2009, the outstanding balance of this addendum to the note was R$21.6 million.

Between the years of 2004 and 2007, we issued 21 bank credit notes in favor of Banco Safra S.A. related to a FINAME machinery and equipment financing with similar terms and conditions, of which 20 remain effective interests ranging from 2% to 13.95% per year, including a spread ranging from 1.5% to 3.95% per year apply to the outstanding balance of the agreements in force. Such agreements are secured by the conditional assignment of the ownership of the assets described therein. Carlos Roberto Scorsi, one of our executive officers, is the depositary of such assets. In addition, we are bound to comply with the Provisions Applying to BNDES Agreements and General Conditions Governing FINAME Transactions. As of March 31, 2009, the outstanding balance under these agreements was R$2.7 million.

The agreements described above contain standard payment acceleration clauses, including in the event of: (i) the assignment, transfer or disposition of our shareholder control and/or of companies that are affiliated, controlled, or interrelated with us or our subsidiaries, and/or of guarantors that are corporate entities; (ii) our corporate restructuring, acquisition, merger or spin-off and/or that of companies that are affiliated, controlled, or, interrelated with us or our subsidiaries, and/or of the guarantors that are corporate entities, without the express consent of Banco Safra S.A.; and (iii) a default in respect of any other obligation with any affiliate of Banco Safra S.A.

Agreements entered into by and between the Company and Banco Bradesco S.A.

On March 21, 2006, we issued an industrial credit note in favor of Banco Bradesco S.A. relating to a foreign loan, in the amount of US$37.2 million (equivalent at the time to R$80 million), which is guaranteed by Monte Cristalina. The principal and interest for this note shall be repaid by September 3, 2009, including additional amounts of a 0.05% fee on the amount of the note as of the date of its issuance and interest of 7.13% per year on the outstanding balance. Banco Bradesco S.A. has the right to accelerate the maturity of this loan if, among other things: (i) we transfer, without the prior and express consent of Banco Bradesco S.A., the rights and obligations resulting from this agreement; (ii) certain of our obligations are legally challenged, we are defendants in a legal collection proceeding or an unappealable judgment is rendered against us, or we are defendants in a legal collection proceeding in which the claim is equal to or greater than R$7 million; (iii) there is a change of control; (iv) we undertake transactions involving a spin-off, merger or corporate restructuring; or (v) we default in our

payments to or are in breach of any other obligations with Banco Bradesco S.A. or any other bank. As of March 31, 2009, the outstanding balance of this note was R$86.4 million.

Agreements entered into by and between the Company and Banco do Brasil S.A.

On April 12, 2007, we issued an industrial credit note in the amount of R$3.8 million in favor of Banco do Brasil S.A., which is guaranteed by João Alves de Queiroz Filho and Monte Cristalina, The principal amount shall be repaid in 60 monthly installments, beginning on January 1, 2008 and ending on April 1, 2013. The outstanding balance of the loan is subject to an interest rate of 11.5% per year. This note is secured by a conditional sale of assets in the amount of R$530 thousand. As of March 31, 2009, the outstanding balance of this note was R$3.2 million.

On March 23, 2007, we entered into a credit facility with Banco do Brasil S.A. for a fixed loan to finance the acquisition of goods and services in the amount of 1.1 billion yen (equivalent at the time to R$20 million), which is guaranteed by Monte Cristalina. The principal amount shall be repaid on March 8, 2010. The outstanding balance of the loan is subject to an interest rate of 5.82% per year. Banco do Brasil S.A. may accelerate the maturity of the debt if, among other things, we transfer our control, substitute any of our managers or amend our bylaws without Banco do Brasil's prior written consent.

With respect to this agreement, on March 23, 2007, we executed a swap agreement in the amount of R$20 million with Banco do Brasil S.A., effective until March 8, 2010. This swap agreement involves the swap of the financial results from the change in the value of the yen, plus an interest rate of 5.82% per year, for the change in the value of the U.S. dollar, plus an interest rate of 7.08% per year. As of March 31, 2009, the outstanding balance of this agreement was R$25.7 million.

On August 1, 2003, we issued an industrial credit note in the amount of R$8.0 million in favor of Banco do Brasil S.A., which is guaranteed by João Alves de Queiroz Filho, Maria da Conceição Cavalheiro Alves Queiroz, Cirillo Marcos Alves and Monte Cristalina. The principal amount of this note shall be paid in 126 monthly installments, with the final installment due on July 1, 2013. The outstanding balance is subject to a variable interest rate indexed to the TJLP, which was 10.0% per year on March 31, 2009. In addition, we assigned and transferred to Banco do Brasil S.A. the amounts arising from credits related to our sales representing approximately R$1.5 million. The note is guaranteed by: (i) a first priority real state mortgage; (ii) a second priority lien on machinery and equipment; and (iii) a first priority lien on furniture and tools, in the amount of R$48,800. As of March 31, 2009, the outstanding balance of this note was R$2.7 million.

On May 5, 2003, we issued an industrial credit note in the amount of R$3.9 million in favor of Banco do Brasil S.A., which is guaranteed by João Alves de Queiroz Filho, Maria da Conceição Cavalheiro Alves Queiroz, Cirillo Marcos Alves and Monte Cristalina. The principal amount of the note shall be repaid in 203 monthly installments, with the final installment due on May 1, 2013. The outstanding balance is subject to a variable interest rate indexed to the TJLP, which was 10.0% per year on March 31, 2009. The note is also guaranteed by a first lien on machinery and equipment representing approximately R$11 million. In addition, we assigned and transferred to Banco do Brasil the amounts arising from credits related to our sales representing approximately R$490 thousand. As of March 31, 2009, the outstanding balance of this note was R$1.9 million.

On January 25, 2005, we issued an industrial credit note in the amount of R$5.6 million in favor of Banco do Brasil S.A., which is guaranteed by João Alves de Queiroz Filho, Maria da Conceição Cavalheiro Alves Queiroz, Cirillo Marcos Alves and Monte Cristalina. The principal amount of this note shall be repaid in 84 monthly installments, with the final installment due on February 1, 2013. The outstanding balance bears a variable interest rate indexed to the TJLP, which was 10% per year on March 31, 2009. The note is guaranteed by (i) first and second priority mortgages on property described in the note; and (ii) a first priority lien on assets acquired with the credit representing approximately R$3.3 million. In addition, we assigned and transferred to Banco do Brasil S.A. the amounts arising from credits related to our sales representing approximately R$5 million. As of March 31, 2009, the outstanding balance of this note was R$2.5 million.

With the exception of the agreements mentioned above in which there is an explicit reference to acceleration clauses, at his sole discretion Banco do Brasil S.A. has the right to accelerate maturity of the debt, among other reasons, in the event that: (i) we are subject to a lawsuit or tax proceeding that could put us at risk of not complying with our obligations under the agreement with Banco do Brasil S.A.; (ii) we are in breach of other obligations we have assumed with Banco do Brasil S.A.; and (iii) we deplete, in whole or in part, the assets given as collateral for the obligations we have incurred.

Agreements entered into by and between the Company and Banco Itaú BBA S.A.

On January 23, 2008, Farmasa obtained a bank guarantee from Banco Itaú BBA S.A. in the amount of R$28.0 million in connection with a financing in the same amount obtained from BNDES on November 28, 2007. The bank guarantee expires on June 15, 2016. We are paying Banco Itaú BBA S.A. an annual commission of 1.5% of the amount being guaranteed, and have also issued a promissory note in the amount of R$35.0 million to Banco Itaú BBA S.A. Our promissory note has been guaranteed by Mr. Dino Samaja and Mr. Gianni Franco Samaja.

Agreements entered into by and between the Company and Banco Citibank S.A.

On June 13, 2007, we and Monte Cristalina entered into a bank surety agreement ("IPRO") with Banco Citibank S.A., or Citibank, in the amount of R$918 million, pursuant to which Citibank guarantees the debt incurred in connection with the acquisition of DM on June 1, 2007. The guarantee agreement has a five-year term with the following annual amortization payments: (i) R$124.3 million on June 2, 2008; (ii) R$127.1 million on June 1, 2009; (iii) R$176 million on June 1, 2010; (iv) R$226.8 million on June 1, 2011; and (v) R$263.9 million on June 1, 2012. The debt was divided among a bank syndicate formed by the Leading Coordinator (R$218 million), Banco ABN AMRO REAL S.A. (R$150 million), Banco HSBC Bank Brasil S.A. - Banco Múltiplo (R$50 million), Banco Safra S.A. (R$100 million), Banco Bradesco S.A. (R$200 million) and Banco Votorantim S.A. (R$200 million) (the "Lenders") and the Leading Coordinator remained as the guarantor of R$218 million, as of December 31, 2007. Citibank S.A receives a quarterly fee ranging from 0.875% to 2.125% per year, calculated on the outstanding amount of the bank surety letter, to be determined in accordance with the net debt-to-EBITDA ratio.

The IPRO prohibits us from, among other things, (i) encumbering, transferring, or selling any of our assets and or receivables, as well as creating or assuming any guarantee obligations to third-parties and/or companies within our group; (ii) undertaking any corporate restructuring; (iii) changing our current corporate form and/or control structure; (iv) materially amending or altering our corporate purpose; or (v) declaring or paying any dividends or interests on shareholders' equity, or sharing profits, in excess of the mandatory minimum, as established by law or by our bylaws in effect at the time the agreement was executed or that may be adopted by reason of we having gone public in accordance with the Novo Mercado Rules.

As collateral to the obligations provided for in the IPRO, the Company delivered a promissory in the aggregate amount of the surety, already replaced with other notes of lesser values but totaling the aggregate amount, to all of the banks participating in the syndicated surety. on June 13, 2007, we entered into an agreement for the conditional assignment of rights in accounts held in trust ("Instrumento Particular de Contrato de Cessão Fiduciária de Direitos Sobre Contas Vinculadas e Outras Avenças") with the Leading Coordinator and DM to further secure the IPRO. By means of this agreement and until the full release of the entirety of the obligations provided for in the IPRO, our Company conditionally assigned to the Lenders *pro rata* to each Lender's share in the syndicated surety governed by the IPRO the rights resulting from and/or available in accounts established in our name and held in trust, in which there shall be a minimum monthly inflow of at least R$50 million, in addition to keeping available, during 30 calendar days after each maturity date, 110% of the amount of each installment due and payable to the seller of DM's quotas. The Lenders may accelerate the maturity of the debt in the event, among others, (i) of the accelerated maturity of any of our obligations in an amount exceeding R$40 million; (ii) that we do not substitute or reinforce the security granted to guarantee the obligations assumed in the IPRO which eventually have their value and/or effectiveness diminished; or (iii) of a direct or indirect change of our controlling structure.

The guarantee does not cover, however, additional payments for the offsetting of foreign exchange variations above R$1.9812 which we may be obligated to make in accordance and is secured by our indirect controlling shareholder, Monte Cristalina, by means of an obligation undertook in an agreement executed by him.

In addition, as set forth n the IPRO we must comply with the following financial ratios: (i) the total debt-to-EBITDA ratio, as calculated quarterly, shall be equal to or lesser than (a) 5.5x for the fiscal year of 2007 and for the first three quarters of 2008. Until June 30, 2008, for purposes of such calculation, the results of DM's EBITDA prior to its acquisition by us and consolidated with our EBITDA results will be used; (b) 4.0x for the fourth quarter of 2008 and the first three quarters of 2009; and (c) 3.0x for the fourth quarter of 2009 and the following years; and (ii) the interest coverage ratio (EBITDA to interest expense) equal to or higher than 2x0 at the end of each fiscal year.

In addition, under DM's acquisition agreement, t the time of payment of any portion of Installment A, an additional payment may be effected, to be determined by reference to the variation of the real-dollar exchange rate, based upon an exchange rate of R$1.9812 per US$1.00 established in the agreement. The guarantee does not cover, however, such additional payments for the offsetting of foreign exchange variations above R$1.9812 which we may be obligated to make in accordance and is secured by our indirect controlling shareholder, Monte Cristalina, by means of an obligation undertook in an agreement executed with the seller.

Furthermore, during the last three fiscal years ended on December 31, 2008, we conducted the following transactions with relater parties:

As of December 31, 2006, we had accounts receivable in the amount of R$5.2 million with Monte Cristalina, one of our indirect controlling shareholders. Such balance was settled by means of the transaction to transfer equity interests held in Éh Cosméticos.

As of December 31, 2008, we had advertising expenses associated with the promotion of our products in the amount of R$1.7 million and expenses associated with rent payments pertaining to our administrative activities in the city of Goiânia en the amount of R$0.4 million, both with TV Serra Dourada Ltda., one of our affiliates.

Agreements entered into by and between the Company and BBR – Banco de Brasília S.A.

On July 11, 2005, Farmasa issued a commercial credit note in favor of BBR – Banco de Brasília S.A. in the amount of R$46.8 million, bearing interest at a rate equivalent to 25% of the IGP/DI inflation index plus 0.2% per month. This commercial credit note has been guaranteed by Mr. Gianni Franco Samaja and Mr. Dino Samaja, as well as by a pledged of CDBs issued by the Bank. The principal amount of such note shall be repaid in 180 monthly installments from April 15, 2020 to May 15, 2035.

Agreements entered into by and between the Company and Banco Nacional de Desenvolvimento Econômico e Social — BNDES

On September 27, 2007, Farmasa entered into a financing agreement with the Brazilian Development Bank (Banco Nacional de Desenvolvimento Econômico e Social), or BNDES, by means of a credit facility No. 07.2.0668.1 in the amount of R$50.7 million in connection with its acquisition of Barrene Indústria Farmacêutica Ltda. The funds under the loan shall be made available in installments, based on the needs of the project, but in no event exceeding a term of 27 months. The principal amount shall be repaid in 66 monthly and successive installments plus interests of 3% per annum above the TJLP, the first of which is due and payable on May 15, 2010. On March 31, 2009, the outstanding debt balance on this loan was R$47.5 million. This loan has been secured by surety granted by Banco Votorantim S.A. and Banco Bradesco S.A.. We executed the surety agreement No. 10053756 with Banco Votorantim S.A. securing the payment of 49.3%, or R$25.0 million referring to the main portion of the agreement subject to an interest rate of 1.25% per annum. The surety agreement provides for a counter-guarantee in favor of guarantor Banco Votorantim S.A., by means of a promissory note in the amount of R$35.5 million issued by the controlling shareholders Dino Samaja and Gianni Franco Samaja. We executed with Banco Bradesco S.A. a private deed of constitution of guarantees No. 2.026.296-6 securing the payment of

507.%, or R$25.7 million, referring to the main portion of the agreement subject to an interest rate of 1.40% per annum. The surety agreement provides for a counter-guarantee in favor of guarantor Banco Bradesco S.A., by means of a promissory note in the amount of R$38.5 million issued by Dino Samaja, Gianni Franco Samaja, Sonia Marques Samaja and Thereza Cavalcanti Samaja.

On November 28, 2007, Farmasa entered into a financing agreement with the BNDES upon a credit facility No. 07.2.0712.1 in the amount of R$28 million in order to update its industrial complex. The funds under the loan shall be made available in installments, based on the needs of the project, but in no event exceeding a term of 24 months. The principal amount shall be repaid in 66 monthly and successive installments plus interests of 1.5% per annum above the TJLP, the first of which is due and payable on July 15, 2010. On March 31, 2009, the outstanding debt balance on this loan was R$10.6 million. This loan has been secured by surety granted by Banco Itaú BBA S.A.. We executed the surety agreement No. 100408010012300 with Banco Itaú BBA S.A. securing the payment of 100.0%, or R$28.0 million referring to the main portion of the agreement subject to an interest rate of 1.50% per annum. The surety agreement provides for a counter-guarantee in favor of guarantor Banco Itaú BBA S.A., by means of a promissory note in the amount of R$35.0 million issued by the controlling shareholders Dino Samaja and Gianni Franco Samaja.

For additional information on the transactions we entered into with related parties, see explanatory note No. 17 to our accounting statements for the fiscal year ended on December 31, 2008.