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Company Information / Capital Breakdown

Number of Shares (units)	Current Quarter 03/31/2011
Paid in Capital	
Common	99,679
Preferred	158,094
Total	257,773
Treasury Shares	
Common	233
Preferred	0
Total	233

Individual Financial Statements / Balance Sheet - Assets

R$ (in thousands)

Code	Description	Current Quarter 03/31/2011	Previous Year 12/31/2010
1	Total Assets	16,060,711	16,023,603
1.01	Current Assets	4,821,231	4,687,886
1.01.01	Cash and Cash Equivalents	1,941,991	1,757,576
1.01.03	Accounts Receivable	538,806	880,370
1.01.03.01	From Customers	538,806	880,370
1.01.04	Inventories	1,745,902	1,573,254
1.01.06	Recoverable Taxes	413,836	363,762
1.01.06.01	Current Recoverable Taxes	413,836	363,762
1.01.07	Prepaid Expenses	177,820	109,765
1.01.08	Other Current Assets	2,876	3,159
1.01.08.03	Other	2,876	3,159
1.02	Noncurrent Assets	11,239,480	11,335,717
1.02.01	Long-Term Assets	1,775,189	1,775,195
1.02.01.03	Accounts Receivable	53,566	52,785
1.02.01.03.02	Other Accounts Receivable	53,566	52,785
1.02.01.06	Deferred Taxes	341,579	374,583
1.02.01.06.01	Deferred Income and Social Contribution Taxes	341,579	374,583
1.02.01.07	Prepaid Expenses	32,442	36,540
1.02.01.08	Receivables from Related Parties	828,018	804,556
1.02.01.08.02	Receivables from Subsidiaries	798,642	776,117
1.02.01.08.04	Receivables from Other Related Parties	29,376	28,439
1.02.01.09	Other Noncurrent Assets	519,584	506,731
1.02.01.09.03	Receivables From Securitization Fund	119,453	117,613
1.02.01.09.04	Recoverable Taxes	119,747	119,802
1.02.01.09.05	Deposits for Court Appeals	280,384	269,316
1.02.02	Investments	3,912,918	4,088,102
1.02.02.01	Equity Interest	3,912,918	4,088,102
1.02.02.01.02	Interest in Subsidiaries	3,912,913	4,088,097
1.02.02.01.04	Other Equity Interest	5	5
1.02.03	Property, Plant and Equipment	4,888,757	4,801,998
1.02.03.01	In operation	4,235,336	4,057,168
1.02.03.02	Financial Leases	216,452	219,442
1.02.03.03	Construction In Progress	436,969	525,388
1.02.04	Intangible Assets	662,616	670,422
1.02.04.01	Intangible Assets	662,616	670,422

Individual Financial Statements / Balance Sheet – Liabilities

R$ (in thousands)

Code	Description	Current Quarter 03/31/2011	Previous Year 12/31/2010
2	Total Liabilities	16,060,711	16,023,603
2.01	Current Liabilities	3,920,047	4,761,610
2.01.01	Payroll and Labor Liabilities	215,532	264,606
2.01.01.01	Payroll Liabilities	29,891	36,249
2.01.01.02	Labor Liabilities	185,641	228,357
2.01.02	Accounts Payable	2,048,273	2,219,699
2.01.02.01	Domestic Accounts Payable	1,978,572	2,170,234
2.01.02.02	Foreign in currency Accounts Payable	69,701	49,465
2.01.03	Tax Liabilities	206,436	195,366
2.01.03.01	Federal Tax Liabilities	206,436	195,366
2.01.03.01.02	Other (PIS, COFINS, IOF, INSS, Funrural)	206,436	195,366
2.01.04	Debt	987,528	1,228,030
2.01.04.01	Debt	462,258	686,566
2.01.04.01.01	In Local Currency	47,854	284,568
2.01.04.01.02	In Foreign Currency	414,404	401,998
2.01.04.02	Debentures	505,436	520,675
2.01.04.03	Liabilities from Financial Lease	19,834	20,789
2.01.05	Other Liabilities	462,278	853,909
2.01.05.01	Liabilities with Related Parties	159,329	513,820
2.01.05.01.01	With Associated Companies	4,348	5,320
2.01.05.01.02	With Subsidiaries	139,847	491,076
2.01.05.01.04	With Other Related Parties	15,134	17,424
2.01.05.02	Payables	302,949	340,089
2.01.05.02.01	Dividends and Interest on Equity Payable	114,629	114,654
2.01.05.02.04	Public Utilities	3,257	3,450
2.01.05.02.05	Rent	20,796	22,887
2.01.05.02.06	Advertising	35,288	31,396
2.01.05.02.07	Onlending to Third Parties	5,313	7,622
2.01.05.02.08	Financing from Purchase of Assets	14,211	14,211
2.01.05.02.09	Other Accounts Payable	109,455	145,869
2.02	Noncurrent Liabilities	4,905,116	4,163,404
2.02.01	Debt	3,254,007	2,523,960
2.02.01.01	Debt	1,741,470	1,390,359
2.02.01.01.01	In Local Currency	1,401,845	1,059,583
2.02.01.01.02	In Foreign Currency	339,625	330,776
2.02.01.02	Debentures	1,450,999	1,067,472
2.02.01.03	Liabilities from Financial Lease	61,538	66,129
2.02.02	Other Liabilities	1,289,606	1,269,246
2.02.02.02	Other	1,289,606	1,269,246
2.02.02.02.03	Taxes payable in Installments	1,289,606	1,269,246
2.02.03	Deferred Taxes	31,597	34,392
2.02.03.01	Deferred Income and Social Contribution Taxes	31,597	34,392
2.02.04	Provisions	316,339	326,857
2.02.04.01	Tax, Social Security, Labor and Civil Provisions	316,339	326,857
2.02.04.01.01	Tax Provisions	57,695	56,693
2.02.04.01.02	Social Security and Labor Provisions	58,272	55,682

Individual Financial Statements / Balance Sheet – Liabilities

R$ (in thousands)

Code	Description	Current Quarter 03/31/2011	Previous Year 12/31/2010
2.02.04.01.03	Provision for Benefits to Employees	43,937	39,765
2.02.04.01.04 03	Civil Provisions	156,435	174,717
2.02.06	Backlog Revenues	13,567	8,949
2.02.06.02	Backlog Revenues	13,567	8,949
2.03	Shareholders' Equity	7,235,548	7,098,589
2.03.01	Paid-in Capital	6,106,434	5,579,259
2.03.02	Capital Reserves	364,392	463,148
2.03.02.02	Special Goodwill Reserve from acquisition	238,930	344,605
2.03.02.04	Granted Options	118,064	111,145
2.03.02.07	Capital Reserve	7,398	7,398
2.03.04	Profit Reserve	720,197	1,141,697
2.03.04.01	Legal Reserve	212,339	212,339
2.03.04.05	Retention of Profits Reserve	44,605	86,755
2.03.04.10	Expansion Reserve	463,253	842,603
2.03.05	Retained Earnings/ Accumulated Losses	-167,513	-299,913
2.03.06	Equity Valuation Adjustments	212,038	214,398

Individual Financial Statements / Statement of Income

R$ (in thousands)

Code	Description	Accrued in Current Year 01/01/2011 to 03/31/2011	Accrued in Previous Year 01/01/2010 to 03/31/2010
3.01	Gross Revenue from Goods and/or Services	3,858,868	3,853,715
3.02	Cost of Goods and/or Services Sold	-2,780,853	-2,862,048
3.03	Gross Income	1,078,015	991,667
3.04	Operating Income/Expenses	-789,364	-716,106
3.04.01	General and Administrative Expenses	-610,878	-571,509
3.04.02	Selling Expenses	-138,769	-143,155
3.04.04	Other Operating Income	-5,278	330
3.04.04.01	Income from fixed Assets	514	330
3.04.04.02	Other Operating Income	-5,827	0
3.04.04.03	Noncurrent Income	35	0
3.04.05	Other Operating Expenses	-71,099	-64,664
3.04.05.01	Depreciation / Amortization	-71,132	-64,664
3.04.05.02	Other Operating Expenses	33	0
3.04.06	Equity in Earnings of Subsidiaries and Associated Companies	36,660	62,892
3.05	Income before Financial Result and Taxes	288,651	275,561
3.06	Financial Result	-123,774	-60,846
3.06.01	Financial Income	78,040	57,059
3.06.02	Financial Expenses	-201 ,814	-117,905
3.07	Income before Taxes	164,877	214,715
3.08	Income and Social Contribution Taxes	-32,477	-39,839
3.08.01	Current	-889	5,864
3.08.02	Deferred	-31,588	-45,703
3.09	Net Income	132,400	174,876
3.11	Income for the Period	132,400	174,876
3.99	Earnings per Share - (Reais / Share)		

Individual Financial Statements / Statement of Comprehensive Income

R$ (in thousands)

Code	Description	Accrued in Current Year 01/01/2011 to 03/31/2011	Accrued in Previous Year 01/01/2010 to 03/31/2010
4.01	Net Income/Loss for the Period	132,400	174,876
4.03	Comprehensive Income for the Period	132,400	174,876

Individual Financial Statements / Statement of Cash Flows – Indirect Method

R$ (in thousands)

Code	Description	Accrued in Current Year 01/01/2011 to 03/31/2011	Accrued in Previous Year 01/01/2010 to 03/31/2010
6.01	Net Cash from Operating Activities	-435,470	-401,098
6.01.01	Cash Generated from operating Activities	300,235	282,159
6.01.01.01	Net Income for the period	132,400	174,876
6.01.01.02	Deferred Income Tax (Note 17)	31,588	45,703
6.01.01.03	Income from fixed Assets disposed	15,152	1,454
6.01.01.04	Depreciation / Amortization	71,132	64,664
6.01.01.05	Interest and Exchange rate Variation	84,563	41,393
6.01.01.06	Adjustment to Present Value	-28	0
6.01.01.07	Equity in Earnings of Subsidiaries and Associated Companies	-36,660	-62,892
6.01.01.08	Provision for Contingencies (Note 16)	9,007	9,193
6.01.01.09	Provision for Write-offs and Losses in Property, Plant and Equipment	0	-359
6.01.01.10	Share-Based Payment	-6,919	8,127
6.01.02	Changes in Assets and Liabilities	-735,705	-683,257
6.01.02.01	Accounts Receivable	136,151	-2,927
6.01.02.02	Inventories	-172,648	-25,319
6.01.02.03	Recoverable Taxes	-46,968	-68,651
6.01.02.04	Other Assets	-63,674	-71,686
6.01.02.05	Related Parties	-387,424	-138,733
6.01.02.06	Deposits for court appeals	-40,998	-10,872
6.01.02.07	Accounts Payable	-173,162	-262,192
6.01.02.08	Payroll Charges	-49,074	-61,608
6.01.02.09	Taxes and Social Contributions Payable	31,430	-7,605
6.01.02.10	Contingencies	0	-7,492
6.01.02.11	Other Accounts Payable	30,662	-26,172
6.02	Net Cash from Investment Activities	47,020	-207,535
6.02.01	Capital Increase in Subsidiaries	211,880	-28,577
6.02.02	Acquisition of fixed asset	-167,309	-169,276
6.02.03	Increase in Intangible Assets	2,449	-10,460
6.02.04	Sale of fixed asset	0	778
6.03	Net Cash from Financing Activities	572,865	-51,293
6.03.01	Capital Increase	0	3,311
6.03.02	Funding and Refinancing	951,100	0
6.03.03	Debt Payments	-326,639	-18,446
6.03.04	Interest Paid	-51 ,571	-36,154
6.03.05	Payment of Dividends	-25	-4
6.05	Increase (Decrease) in Cash and Cash Equivalents	184,415	-659,926
6.05.01	Opening Balance of Cash and Cash Equivalents	1,757,576	1,928,437
6.05.02	Closing Balance of Cash and Cash Equivalents	1,941,991	1,268,511

Individual Financial Statements / Statement of Changes in Shareholders' Equity / DMPL – 01/01/2011 to 03/31/2011

R$ (in thousands)

Code	Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profit/Losses	Other Comprehensive Income	Shareholders' Equity
5.01	Opening Balances	5,579,259	463,148	1,056,182	0	0	7,098,589
5.03	Adjusted Opening Balance	5,579,259	463,148	1,056,182	0	0	7,098,589
5.04	Capital Transactions with shareholders	527,175	-98,756	-421,500	0	0	6,919
5.04.03	Options from share base payments exercises	0	6,919	0	0	0	6,919
5.04.08	Reserve for Capitalization	527,175	-105,675	-421,500	0	0	0
5.05	Total Comprehensive Income	0	0	0	132,400	0	132,400
5.05.01	Net Income for the Period	0	0	0	132,400	0	132,400
5.06	Internal Changes of Shareholders' Equity	0	0	-2,360	0	0	-2,360
5.06.04	Equity Valuation Adjustments	0	0	-2,360	0	0	-2,360
5.07	Closing Balances	6,106,434	364,392	632,322	132,400	0	7,235,548

Individual Financial Statements / Statement of Changes in Shareholders' Equity / DMPL – 01/01/2010 to 03/31/2010

R$ (in thousands)

Code	Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profit/Losses	Other Comprehensive Income	Shareholders' Equity
5.01	Opening Balances	5,374,751	647,232	602,237	0	0	6,624,220
5.03	Adjusted Opening Balance	5,374,751	647,232	602,237	0	0	6,624,220
5.04	Capital Transactions with shareholders	3,311	7,484	4,040	0	0	14,835
5.04.03	Options from share base payments exercises	0	7,484	0	0	0	7,484
5.04.04	Reserve for Capitalization	0	0	4,040	0	0	4,040
5.04.08	Total Comprehensive Income	3,311	0	0	0	0	3,311
5.05	Net Income for the Period	0	0	0	170,351	0	170,351
5.05.01	Internal Changes of Shareholders' Equity	0	0	0	170,351	0	170,351
5.07	Equity Valuation Adjustments	5,378,062	654,716	606,277	170,351	0	6,809,406

Individual Financial Statements / Statement of Added Value

R$ (in thousands)

Code	Description	Accrued in Current Year 01/01/2011 to 03/31/2011	Accrued in Previous Year 01/01/2010 to 03/31/2010
7.01	Revenues	4,287,212	4,284,080
7.01.01	Sales of Goods, Products and Services	4,275,339	4,264,422
7.01.02	Other Revenues	15,554	21,422
7.01.04	Allowance for/Reversal of Doubtful Accounts	-3,681	-1,764
7.02	Goods Acquired from Third Parties	-3,549,403	-3,460,031
7.02.01	Costs of Products, Goods and Services Sold	-3,201,397	-3,116,431
7.02.02	Materials, Energy, Outsourced Services and Other	-348,006	-343,600
7.03	Gross Added Value	737,809	824,049
7.04	Retention	-71,132	-64,664
7.04.01	Depreciation, Amortization and Depletion	-71,132	-64,664
7.05	Net Added Value Produced	666,677	759,385
7.06	Added Value Received in Transfers	114,700	119,951
7.06.01	Equity in Earnings of Subsidiaries and Associated Companies	36,660	62,892
7.06.02	Financial Income	78,040	57,059
7.07	Total Added Value to Distribute	781,377	879,336
7.08	Distribution of Added Value	781,377	879,336
7.08.01	Personnel	345,191	321,001
7.08.01.01	Direct Compensation	235,434	225,392
7.08.01.02	Benefits	81,606	70,360
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	21 ,255	19,682
7.08.01.04	Other	6,896	5,567
7.08.02	Taxes, Fees and Contributions	18,966	189,090
7.08.02.01	Federal	18,418	103,320
7.08.02.02	State	-20,870	68,350
7.08.02.03	Municipal	21 ,418	17,420
7.08.03	Value Distributed to Providers of Capital	284,820	194,369
7.08.03.01	Interest	201,814	117,905
7.08.03.02	Rentals	83,006	76,464
7.08.04	Value Distributed to Shareholders	132,400	174,876

Consolidated Financial Statements / Balance Sheet - Assets

R$ (in thousands)

Code	Description	Current Quarter 03/31/2011	Previous Year 12/31/2010
1	Total Assets	30,228,825	29,932,748
1.01	Current Assets	14,881,928	14,716,365
1.01.01	Cash and Cash Equivalents	3,587,926	3,817,994
1.01.02	Marketable Securities	367,229	608,002
1.01.02.01	Marketable Securities at fair Value	367,229	608,002
1.01.02.01.01	Securities for Trading	367,229	608,002
1.01.03	Accounts Receivable	4,243,157	4,047,234
1.01.03.01	From Customers	4,243,157	4,047,234
1.01.04	Inventories	4,848,072	4,823,768
1.01.06	Recoverable Taxes	1,100,986	888,355
1.01.06.01	Current Recoverable Taxes	1,100,986	888,355
1.01.07	Prepaid Expenses	681,590	436,985
1.01.08	Other Current Assets	52,968	94,027
1.01.08.03	Other	52,968	94,027
1.02	Noncurrent Assets	15,346,897	15,216,383
1.02.01	Long-Term Assets	3,358,109	3,398,483
1.02.01.02	Marketable Securities Evaluated at Cost	2,020	0
1.02.01.02.01	Securities Held to Maturity	2,020	0
1.02.01.03	Accounts Receivable	592,925	611,630
1.02.01.03.01	Customers	516,872	611,630
1.02.01.03.02	Other Accounts Receivable	76,053	0
1.02.01.06	Deferred Taxes	1,358,366	1,392,509
1.02.01.06.01	Deferred Income and Social Contribution Taxes	1,358,366	1,392,509
1.02.01.07	Prepaid Expenses	32,536	54,204
1.02.01.08	Receivables from Related Parties	143,269	176,241
1.02.01.08.04	Receivables from Other Related Parties	143,269	176,241
1.02.01.09	Other Noncurrent Assets	1,228,993	1,163,899
1.02.01.09.04	Recoverable Taxes	201 ,582	213,506
1.02.01.09.05	Deposits for Court Appeals	611,407	534,389
1.02.01.09.06	Option Fair Value - Bartira	416,004	416,004
1.02.02	Investments	228,859	232,540
1.02.02.01	Equity Interest	228,859	232,540
1.02.02.01.04	Other Equity Interest	228,859	0
1.02.03	Property and Equipment	6,861,785	6,703,595
1.02.03.01	In operation	6,003,683	5,708,306
1.02.03.02	Financial Leases	335,906	294,347
1.02.03.03	Construction In Progress	522,196	700,942
1.02.04	Intangible Assets	4,898,144	4,881,765
1.02.04.01	Intangible Assets	4,898,144	4,881,765

Consolidated Financial Statements / Balance Sheet – Liabilities

R$ (in thousands)

Code	Description	Current Quarter 03/31/2011	Previous Year 12/31/2010
2	Total Liabilities	30,228,825	29,932,748
2.01	Current Liabilities	10,057,987	10,816,898
2.01.01	Payroll and Labor Liabilities	530,471	595,558
2.01.01.01	Payroll Liabilities	100,127	120,825
2.01.01.02	Labor Liabilities	430,344	474,733
2.01.02	Accounts Payable	4,864,379	5,306,349
2.01.02.01	Domestic Accounts Payable	4,781,558	5,190,645
2.01.02.02	Foreign in currency Accounts Payable	82,821	115,704
2.01.03	Tax Liabilities	358,375	353,894
2.01.03.01	Federal Tax Liabilities	358,375	353,894
2.01.03.01.02	Other (PIS, COFINS, IOF, INSS, Funrural)	358,375	353,894
2.01.04	Debt	3,432,539	2,977,505
2.01.04.01	Debt	2,868,608	2,392,363
2.01.04.01.01	In Local Currency	1,933,838	1,935,028
2.01.04.01.02	In Foreign Currency	934,770	457,335
2.01.04.02	Debentures	505,436	520,675
2.01.04.03	Liabilities from Financial Lease	58,495	64,467
2.01.05	Other Liabilities	872,223	1,583,592
2.01.05.01	Liabilities with Related Parties	19,909	274,291
2.01.05.01.04	With Other Related Parties	19,909	274,291
2.01.05.02	Payables	852,314	1,309,301
2.01.05.02.01	Dividends and Interest on Equity Payable	116,262	116,287
2.01.05.02.04	Public Utilities	6,095	5,383
2.01.05.02.05	Rent	67,969	68,226
2.01.05.02.06	Advertising	38,329	33,614
2.01.05.02.07	Onlending to Third Parties	139,558	201,224
2.01.05.02.08	Financing from Purchase of Assets	14,211	14,211
2.01.05.02.09	Other Accounts Payable	407,040	682,162
2.01.05.02.10	Acquisitions of other Companies	62,850	188,194
2.02	Noncurrent Liabilities	10,463,224	9,532,080
2.02.01	Debt	6,123,194	5,591,936
2.02.01.01	Debt	4,582,515	4,423,366
2.02.01.01.01	In Local Currency	4,130,829	3,742,950
2.02.01.01.02	In Foreign Currency	451 ,686	680,416
2.02.01.02	Debentures	1,450,999	1,067,472
2.02.01.03	Financing by Leasing	89,680	101,098
2.02.02	Other Liabilities	1,657,854	1,376,788
2.02.02.02	Other	1,657,854	1,376,788
2.02.02.02.03	Taxes payable in Installments	1,401,143	1,376,788
2.02.02.02.04	Other Accounts Payable	32,199	0
2.02.02.02.05	Companies Acquisitions	224,512	0
2.02.03	Deferred Taxes	1,312,818	1,325,333
2.02.03.01	Deferred Income and Social Contribution Taxes	1,312,818	1,325,333
2.02.04	Provisions	675,517	697,806
2.02.04.01	Tax, Social Security, Labor and Civil Provisions	675,517	697,806
2.02.04.01.01	Tax Provisions	174,001	161,491
2.02.04.01.02	Social Security and Labor Provisions	113,162	108,843
2.02.04.01.03	Provisions for Employee Benefits	58,688	52,857

Individual Financial Statements / Balance Sheet – Liabilities

R$ (in thousands)

Code	Description	Current Quarter 03/31/2011	Previous Year 12/31/2010
2.02.04.01.04	Civil Provisions	329.666	374.615
2.02.06	Backlog Revenues	693.841	540.217
2.02.06.02	Backlog Revenues	693.841	540.217
2.03	Consolidated Shareholders' Equity	9.707.614	9.583.770
2.03.01	Paid-in Capital	6.106.434	5.579.259
2.03.02	Capital Reserves	364.392	463.148
2.03.02.02	Special Goodwill Reserve from aquisition	238.930	344.605
2.03.02.04	Granted Options	118.064	111.145
2.03.02.07	Capital Reserve	7.398	7.398
2.03.04	Profit Reserve	720.197	1.141.697
2.03.04.01	Legal Reserve	212.339	212.339
2.03.04.05	Profit Retention Reserve	44.605	86.755
2.03.04.10	Expansion Reserve	463.253	842.603
2.03.05	Retained Earnings/ Accumulated Losses	-167.513	-299.913
2.03.06	Equity Valuation Adjustments	212.037	214.398
2.03.09	Non-Controlling Interest	2.472.067	2.485.181

Consolidated Financial Statements / Statement of Income

R$ (in thousands)

Code	Description	Accrued in Current Year 01/01/2011 to 03/31/2011	Accrued in Previous Year 01/01/2010 to 03/31/2010
3.01	Gross Revenue from Goods and/or Services	10,868,794	6,972,793
3.02	Cost of Goods and/or Services Sold	-8,020,396	-5,301,738
3.03	Gross Income	2,848,398	1,671,055
3.04	Operating Income/Expenses	-2,425,217	-1,342,791
3.04.01	Selling Expenses	-1,887,504	-1,012,729
3.04.02	General and Administrative Expenses	-378,078	-232,026
3.04.04	Other Operating Income	2,354	26,983
3.04.04.01	Income from fixed Assets	486	-341
3.04.04.02	Other Operating Income	1,834	27,324
3.04.04.03	Noncurrent Income	34	0
3.04.05	Other Operating Expenses	-172,536	-147,223
3.04.05.01	Depreciation / Amortization	-158,151	-110,598
3.04.05.02	Other Operating Expenses	-14,385	-36,625
3.04.06	Equity in Earnings of Subsidiaries and Associated Companies	10,547	22,204
3.05	Income before Financial Income and Taxes	423,181	328,264
3.06	Financial Result	-325,725	-101,240
3.06.01	Financial Income	133,372	77,617
3.06.02	Financial Expenses	-459,097	-178,857
3.07	Income before Taxes	97,456	227,024
3.08	Income and Social Contribution Taxes	13,394	-56,673
3.08.01	Current	-18,159	-7,964
3.08.02	Deferred	31,553	-48,709
3.09	Net Income	110,850	170,351
3.11	Consolidated Net Income for the Period	110,850	170,351
3.11.01	Attributed to controlling shareholders	132,400	174,876
3.11.02	Attributed to Non-Controlling Shareholders	-21,550	-4,525
3.99	Earnings per Share - (Reais / Share)		

Individual Financial Statements / Statement of Comprehensive Income

R$ (in thousands)

Code	Description	Accrued in Current Year 01/01/2011 to 03/31/2011	Accrued in Previous Year 01/01/2010 to 03/31/2010
4.01	Net Income/Loss for the Period	132,400	174,876
4.03	Comprehensive Income for the Period	132,400	174,876
4.03.01	Attributed to controlling shorehlders	110,850	170,351
4.03.02	Attributed to Non-Controlling Shareholders	21,550	4,525

Consolidated Financial Statements / Statement of Cash Flows – Indirect Method

R$ (in thousands)

Code	Description	Accrued in Current Year 01/01/2011 to 03/31/2011	Accrued in Previous Year 01/01/2010 to 03/31/2010
6.01	Net Cash from Operating Activities	-1,454,446	-562,479
6.01.01	Cash Generated from operation e activates	513,096	466,658
6.01.01.01	Net Income for the period	132,400	174,876
6.01.01.02	Deferred Income Tax (note 17)	-31,553	48,709
6.01.01.03	Income from fixed Assets disposed	7,089	-2,330
6.01.01.04	Depreciation / Amortization	158,151	110,598
6.01.01.05	Interest and Exchange Variation	264,227	101,695
6.01.01.06	Adjustment to Present Value	-4,216	0
6.01.01.07	Equity in Earnings of Subsidiaries and Associated Companies	-10,547	-22,204
6.01.01.08	Provision for Contingencies	26,712	51,712
6.01.01.09	Provision for Write-offs and Losses in Property and Equipment	-698	0
6.01.01.10	Share-Based Payment	-6,919	8,127
6.01.01.11	Minority Interest	-21,550	-4,525
6.01.02	Changes in Assets and Liabilities	-1,967,542	-1,029,137
6.01.02.01	Accounts Receivable	-420,350	25,336
6.01.02.02	Inventories	-20,088	-35,836
6.01.02.03	Recoverable Taxes	-193,699	-103,527
6.01.02.04	Other Assets	-196,190	-102,229
6.01.02.05	Related Parties	-13,510	-11,144
6.01.02.06	Deposits for court appeals	-117,510	-21,336
6.01.02.07	Accounts Payable	-692,873	-602,377
6.01.02.08	Payroll Charges	-65,087	-103,726
6.01.02.09	Taxes and Social Contributions Payable	41,037	-46,368
6.01.02.10	Contingencies	-6,575	-48,897
6.01.02.11	Other Accounts Payable	84,532	20,967
6.01.02.12	Marketable Securities	-367,229	0
6.02	Net Cash from Investment Activities	-264,107	-263,403
6.02.01	Acquisitions of companies	0	-28,546
6.02.02	Capital Increase in Subsidiaries	82,008	0
6.02.03	Acquisition of Property and Equipment	-286,664	-222,385
6.02.04	Increase in Intangible Assets	-59,451	-13,654
6.02.05	Sale of fixed asset	0	1,182
6.03	Net Cash from Financing Activities	880,483	289,315
6.03.01	Capital Increase	0	3,311
6.03.02	Funding and Refinancing	2,127,086	386,137
6.03.03	Debt Payments	-1,188,862	-62,167
6.03.04	Interest Paid	-57,716	-37,962
6.03.05	Payment of Dividends	-25	-4
6.05	(Decrease) in Cash and Cash Equivalents	-838,070	-536,567
6.05.01	Opening Balance of Cash and Cash Equivalents	4,425,996	2,344,200
6.05.02	Closing Balance of Cash and Cash Equivalents	3,587,926	1,807,633

Individual Financial Statements / Statement of Changes in Shareholders' Equity / DMPL – 01/01/2011 to 03/31/2011

R$ (in thousands)

Code	Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profit/Losses	Other Comprehensive Income	Shareholders' Equity	Non-Controlling Interest	Consolidated Shareholders' Equity
5.01	Opening Balances	5,579,259	463,148	1,056,182	0	0	7,098,589	2,485,181	9,583,770
5.03	Adjusted Opening Balance	5,579,259	463,148	1,056,182	0	0	7,098,589	2,485,181	9,583,770
5.04	Capital Transactions with shareholders	527,175	-98,756	-421,500	0	0	6,919	0	6,919
5.04.03	Options from share base payments exercises	0	6,919	0	0	0	6,919	0	6,919
5.04.08	Reserve from Capitalization	527,175	-105,675	-421,500	0	0	0	0	0
5.05	Total Comprehensive Income	0	0	0	132,400	0	132,400	-21,550	110,850
5.05.01	Net Income for the Period	0	0	0	132,400	0	132,400	-21,550	110,850
5.06	Internal Changes of Shareholders' Equity	0	0	-2,360	0	0	-2,360	8,436	6,076
5.06.04	Equity Valuation Adjustments	0	0	-2,360	0	0	-2,360	0	-2,360
5.06.07	Non-Controlling Interest	0	0	0	0	0	0	8,436	8,436
5.07	Closing Balances	6,106,434	364,392	632,322	132,400	0	7,235,548	2,472,067	9,707,615

Individual Financial Statements / Statement of Changes in Shareholders' Equity / DMPL – 01/01/2010 to 03/31/2010

R$ (in thousands)

Code	Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profit/Losses	Other Comprehensive Income	Shareholders' Equity	Minority Interest	Consolidated Shareholders' Equity
5.01	Opening Balances	5,374,751	647,232	602,237	0	0	6,624,220	32,505	6,656,725
5.03	Adjusted Opening Balance	5,374,751	647,232	602,237	0	0	6,624,220	32,505	6,656,725
5.04	Capital Transactions with shareholders	3,311	7,484	4,040	0	0	14,835	-31 ,357	-16,522
5.04.03	Options from share base payments exercises	0	7,484	0	0	0	7,484	0	7,484
5.04.04	Acquired Treasury Shares	0	0	4,040	0	0	4,040	0	4,040
5.04.08	Reserve from Capitalization	3,311	0	0	0	0	3,311	0	3,311
5.04.09	Non-Controlling Interest	0	0	0	0	0	0	-31,357	-31,357
5.05	Total Comprehensive Income	0	0	0	170,351	0	170,351	4,525	174,876
5.05.01	Net Income for the Period	0	0	0	170,351	0	170,351	4,525	174,876
5.07	Closing Balances	5,378,062	654,716	606,277	170,351	0	6,809,406	5,673	6,815,079

Comments on the Company's Performance

Consolidated Financial Statements / Statement of Value Added

R$ (in thousands)

Code	Description	Accrued in Current Year 01/01/2011 to 03/31/2011	Accrued in Previous Year 01/01/2010 to 03/31/2010
7.01	Revenues	12,361,134	7,833,180
7.01.01	Sales of Goods, Products and Services	12,373,212	7,784,930
7.01.02	Other Revenues	27,167	56,341
7.01.04	Allowance for of Doubtful Accounts	-39,245	-8,091
7.02	Goods Acquired from Third Parties	-9,463,606	-6,364,257
7.02.01	Costs of Products, Goods and Services Sold	-8,320,901	-5,776,2 18
7.02.02	Materials, Energy, Outsourced Services and Other	-1,142,705	-588,039
7.03	Gross Added Value	2,897,528	1,468,923
7.04	Retention	-164,122	-110,598
7.04.01	Depreciation, Amortization and Depletion	-164,122	-110,598
7.05	Net Added Value Produced	2,733,406	1,358,325
7.06	Added Value Received in Transfers	143,919	99,82 1
7.06.01	Equity in Earnings of Subsidiaries and Associated Companies	10,547	22,204
7.06.02	Financial Income	133,372	77,617
7.07	Total Added Value to Distribute	2,877,325	1,458,146
7.08	Distribution of Added Value	2,877,325	1,458,146
7.08.01	Personnel	1,197,559	523,811
7.08.01.01	Direct Compensation	916,697	378,380
7.08.01.02	Benefits	180,329	106,171
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	88,440	31,967
7.08.01.04	Other	12,093	7,293
7.08.01.04.01	Interest	12,093	7,293
7.08.02	Taxes, Fees and Contributions	842,954	423,190
7.08.02.01	Federal	310,262	241,988
7.08.02.02	State	484,646	147,021
7.08.02.03	Municipal	48,046	34,181
7.08.03	Value Distributed to Providers of Capital	725,962	340,794
7.08.03.01	Interest	459,097	178,857
7.08.03.02	Rentals	266,865	161,937
7.08.04	Value Distributed to Shareholders	-21,550	-4,525
7.08.04.04	Non-Controlling Interest in Retained Earnings	-21,550	-4,525
7.08.05	Other	132,400	174,876
7.08.05.01	Company's Shareholders	132,400	174,876

Comments on the Company's Performance

Sales Performance

GPA Food's gross same-store terms sales increased by 8.4% in the first four months of 2011

GPA FOOD

(R$ million)	1Q11 GPA Food	1Q10 GPA Food	Chg.
Gross Sales	6,640.2	6,342.2	4.7%
Net Sales	5,984.4	5,715.3	4.7%

It is worth noting that, particularly in the case of GPA Food, the 1Q11 year-on-year sales comparison was jeopardized by the seasonal effect of Easter. In 2010, Easter fell at the beginning of April (April 4), benefiting March's sales; in 2011, however, it fell at the end of the month (April 24) benefiting April's sales.

In order to show this tendency and neutralize the seasonal impact, we are also presenting (in this section only) the sales performance for the first four months of the year.

Also to ensure better comparability, the sales of Extra Eletro and Extra.com.br were removed from GPA Food and transferred to Globex in line with the Company's new reporting structure.

In the first quarter of 2011, GPA Food recorded gross and net sales of R$6,640.2 million and R$5,984.4 million, respectively.

It is worth noting that excluding Extra Eletro and Extra.com.br, as mentioned above, gross and net sales would increase by 9.7% over 1Q10. Gross and net sales in the first four months totaled R$9,163.8 million and R$8,243.4 million, 12.6% and 12.5% up year-on-year, respectively.

In same-store terms, both gross and net sales increased by 5.7% year-on-year. Between January and April, gross sales climbed by 8.4% and net sales by 8.3%, respectively. In real terms, i.e. deflated by the IPCA consumer price index[(2)], gross sales moved up by 2.0%.

Also on a same-store basis, non-food sales climbed by 11.6% over 1Q10, led by electronics/household appliances and textiles, while food sales grew by 3.6%. In 4M11, food and non-food sales moved up by 6.9% and 14.4%, respectively.

The Group's best-performing formats in the 4M11 were Extra Supermercado and Assaí, which posted gross same-store sales growth above the Group's format's average.

CONSOLIDATED

(R$ million)	1Q11 GPA Consolidated (1)	1Q10 GPA Consolidated (2)	Chg.
Gross Sales	12,373.2	7,784.9	58.9%
Net Sales	10,868.8	6,972.8	55.9%

(1) Nova Casas Bahia is included

(2) Nova Casas Bahia is not included

In the first qbusinesses, increased by 58.9% over the same period last year to R$12,373.2 million, while net sales climbed by 55.9% to R$10,868.8 million. Excluding Casas Bahia, gross and net sales totaled R$8,704.8 million and R$7,806.1 million, respectively, 11.8% and 11.9% up on 1Q10.

In same-store terms (i.e. stores that have been operational for at least 12 months, therefore excluding the Casas Bahia stores), gross and net sales grew by 6.8%.

It is worth noting that all comparisons are impacted by the consolidation of Casas Bahia in the 1Q11, non-existent in the 1Q10.

[(2)] Like ABRAS (the Brazilian Supermarket Association), the Company has adopted the IPCA consumer price Index as its inflation indicator, since it gives a more accurate reflection of the Company's product and brand mix. The 12-month IPCA used was 6.51%.

Comments on the Company's Performance

Gross Profit

GPA Food gross margin widened by 110 bps over 1Q10

GPA FOOD

(R$ million)	1Q11 GPA Food	1Q10 GPA Food	Chg.
Gross Profit	1,536.8	1,405.8	9.3%
Gross Margin - %	25.7%	24.6%	110 bps

In the first quarter accompanied by a gross margin of 25.7%, 110 bps more than in 1Q10. This result was obtained despite the greater contribution from Assaí (13.9% of gross sales, versus 10.6% in 1Q10), which operates with lower margins. Excluding Assaí, GPA's gross margin would have come to 27.6%, 180 bps higher than the 25.8% recorded in 1Q10.

The main factors contributing to the year-on-year improvement were:

(i) the improved product mix, with a higher share of perishables and general merchandise, whose margins are higher;

(ii) more advantageous negotiations with suppliers;

(iii) improved operational and sales management; and

(iv) implementation of a pricing management tool.

CONSOLIDATED

(R$ million)	1Q11 GPA Consolidated (1)	1Q10 GPA Consolidated (2)	Chg.
Gross Profit	2,848.4	1,671.1	70.5%
Gross Margin - %	26.2%	24.0%	220 bps
Adjusted Gross Profit	2,856.8	1,671.1	71.0%
Adjusted Gross Margin - %	26.3%	24.0%	230 bps

(1) Nova Casas Bahia is included

(2) Nova Casas Bahia is not included

In the first quarter, consolidated gross profit came to R$2,848.4 million, with a gross margin of 26.2%, 220 bps more than the 24.0% recorded in 1Q10. In addition to the above-mentioned gains by GPA Food, this result was positively impacted by Globex, whose 1Q11 gross margin stood at 26.2%, 170 bps up on the 24.5% recorded in 4Q10, basically due to gains from negotiations with suppliers. It is worth noting that Globex's gross profit was impacted by a

Comments on the Company's Performance

non-recurring R$ 8.4 million from the Ponto Frio stores, due to the adoption of a more appropriate mix and store assortment resulting in an adjusted margin of 23.3%.

It is worth noting that all comparisons are impacted by the consolidation of Casas Bahia in the 1Q11, non-existent in the 1Q10.

Total Operating Expenses

Total GPA Food operating expenses represented 18.5% of net sales in the quarter

GPA FOOD

(R$ million)	1Q11 GPA Food	1Q10 GPA Food	Chg.
Selling Expenses	928.8	830.1	11.9%
Gen. Adm. Exp.	176.8	175.2	0.9%
Total Operating Expenses	1,105.6	1,005.3	10.0%
% of Net Sales	18.5%	17.6%	90 bps

In the first quarter, total operating expenses (including selling, general and administrative expenses) came to R$1,105.6 million, equivalent to 18.5% of net sales:

(i) the impact of the greater dilution of expenses in 1Q10 due to Easter seasonality, representing around 40 basis points;

(ii) appropriation of operational expense with outsourcing in the 1Q11 (classified as CAPEX in 2010), whose impact was equivalent to 30 bps; and;

(iii) operating expense of newly opened stores equivalent to 20 bps.

CONSOLIDATED

(R$ million)	1Q11 GPA Consolidated (1)	1Q10 GPA Consolidated (2)	Chg.
Selling Expenses	1,853.6	1,012.7	83.0%
Gen. Adm. Exp.	385.4	224.7	71.5%
Total Operating Expenses	2,239.0	1,237.5	80.9%
% of Net Sales	20.6%	17.7%	290 bps

(1) Nova Casas Bahia is included

(2) Nova Casas Bahia is not included

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Globex which operates with higher operational expense and was not consolidated in the 1Q10.

Comments on the Company's Performance

EBITDA

GPA Food's EBITDA margin stood at 7.2% in the first quarter, 20 bps more than in 1Q10

GPA FOOD

(R$ million)	1Q11 GPA Food	1Q10 GPA Food	Chg.
EBITDA	431.2	400.5	7.7%
EBITDA Margin - %	7.2%	7.0%	20 bps

In the first quarter, GPA Food EBITDA totaled R$431.2 million, 7.7% up year-on-year, due to improved gross margin management, thanks to a more advantageous product mix, improved commercial management and the implementation of a pricing management tool.

The EBITDA margin stood at 7.2%, 20 bps more than the 7.0% posted in 1Q10.

CONSOLIDATED

EBITDA

(R$ million)	1Q11 GPA Consolidated (1)	1Q10 GPA Consolidated (2)	Chg.
EBITDA	609.4	433.6	40.5%
EBITDA Margin - %	5.6%	6.2%	-60 bps
Adjusted EBITDA	617.8	433.6	42.5%
Adjusted EBITDA Margin - %	5.7%	6.2%	-50 bps

(1) Nova Casas Bahia is included

(2) Nova Casas Bahia is not included

In the first quarter, consolidated EBITDA totaled R$609.4 million, 40.5% up on 1Q10, with a margin of 5.6%, 60 bps down on the 6.2% posted in 1Q10. Excluding the non-recurring gross profit impact, adjusted EBITDA would come to R$ 617.8 million, 50 bps down compared to 1Q10.

It is worth noting that all comparisons are impacted by the consolidation of Casas Bahia in the 1Q11, non-existent in the 1Q10.

Net Financial Result

Financial result corresponded to 2.7% of 1Q11 net sales

GPA FOOD

(R$ million)	1Q11 GPA Food	4Q10 GPA Food	1Q10 GPA Food
Financ. Revenue	81.2	85.4	72.9
Financ. Expenses	(242.8)	(216.6)	(147.1)
Net Financial Income	(161.7)	(131.2)	(74.2)
% of Net Sales	2.7%	2.0%	1.3%

Comments on the Company's Performance

In the first quarter, the Company recorded a net financial expense of R$161.7 million, equivalent to 2.7% of net sales, chiefly due to the period upturn in the SELIC base rate (see "Net Debt") and to the restatement of other assets and liabilities.

The net financial expense of R$161.7 million in 1Q11 was the result of the following factors:

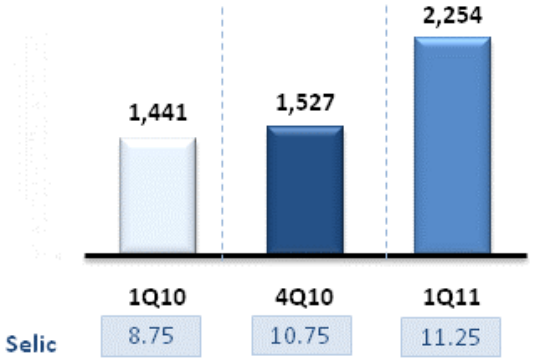
(i) interest on the net bank debt totaling R$76.2 million, equivalent to 1.3% of net sales, the same level as in 4Q10 (1.2%);

(ii) the cost of discounted receivables was R$47.8 million, equivalent to 0.8% of net sales, higher level than in 4Q10 due to the period upturn in the SELIC base rate.

(iii) other assets and liabilities restated by the CDI rate totaling R$37.7 million, equivalent to 0.6% of net sales, a R$21.2 million variance on 4Q10, due to: (i) R$10 million derived from court deposits and taxes paid in installments; (ii) R$6.0 million reduction in assets charges and R$3.0 million reduction in liabilities charges.

Net Debt

The increase in net debt, shown in the graph below, was mainly due to: (i) seasonal effect of a R$375 million working capital need, and (ii) R$223.0 million in payments for the acquisitions.



(1) end of period

GPA Food's net debt is calculated as follows:

(R$ million)	1Q11 GPA Food	4Q10 GPA Food	1Q10 GPA Food
Total Debt	**(4,694.6)**	**(3,995.1)**	**(3,146.0)**
Loans and Financing (ST e LT)(1)	(2,738.2)	(2,407.0)	(1,644.9)
Debentures	(1,956.4)	(1,588.1)	(1,501.1)
Cash and banks	2,440.5	2,468.2	1,704.9
Net Debt	**(2,254.1)**	**(1,526.9)**	**(1,441.1)**

(1) ST = Short Term; LP = Long Term

In the first quarter, GPA posted a consolidated net financial expense of R$325.7 million, equivalent to 3.0% of net sales. In addition to the GPA Food upturn, explained above, part of

Comments on the Company's Performance

this increase was due to Globex's higher financial expense as a percentage of sales, essentially due to the nature of its business.

It is worth noting that all comparisons are impacted by the consolidation of Casas Bahia in the 1Q11, non-existent in the 1Q10.

(R$ milhões)	1Q11 GPA Consolidated (1)	4Q10 GPA Consolidated (3)	1Q10 GPA Consolidated (2)
Financ. Revenue	133.4	109.9	77.6
Financ. Expenses	(459.1)	(467.7)	(178.9)
Net Financial Income	(325.7)	(357.8)	(101.2)
% of Net Sales	3.0%	3.2%	1.5%

(1) Nova Casas Bahia is included

(2) Nova Casas Bahia is not included

(3) Nova Casas Bahia is included only in November and December

Equity Income

FIC's result (in equity income) came to R$10.5 million in the quarter

CONSOLIDATED

In the first quarter, FIC (Financeira Itaú CBD), including Globex's operations, accounted for 12.1% of total sales, closing the period with 8.2 million clients. Default remained under control, thanks to a rigorous credit-granting policy.

As a result, FIC's equity income came to R$10.5 million in the quarter, R$7.5 million of which went to GPA and R$3.0 million to Globex.

This performance was in line with the Group's strategy of increasing the FIC card's share of sales, making it the best payment option in the stores and e-commerce operations, with exclusive benefits and advantages for card-holders.

Only for comparison purposes, the adjusted result was R$ 9.8 million.

Net Income

GPA Food's net income totaled R$135.6 million in 1Q11

GPA FOOD

(R$ million)	1Q11 GPA Food	1Q10 GPA Food	Chg.
Net Income	135.6	176.3	-23.1%
Net Margin - %	2.3%	3.1%	-80 bps
Total não recorrente	19.8	(12.0)	-
Equity Income	-	(12.0)	-
Intangible amortization	30.0	-	-
Income Tax on Adjustment	(10.2)	-	-
Adjusted Net Income	**155.4**	**164.3**	**7.0%**
Adjusted Net Margin - %	**2.6%**	**2.9%**	**-30 bps**

In the first quarter, net income came to R$135.6 million, with a net margin of 2.3% in the quarter. Two adjustments are needed for net income comparison: intangible amortization expense in the amount of R$ 30.0 million resulted from the association with Nova Casas Bahia and IFRS adjustment in equity income in the amount of R$ 12.0 million. Excluding such effects, the net income would have come to R$ 155.4 million with margin of 2.6% in the 1Q11, a reduction of 5.4% compared to 1Q10. This reduction was primarily due to the increase in the financial expenses, explained in the financial result section.

Comments on the Company's Performance

CONSOLIDATED (R$ million)

	1Q11 GPA Consolidated (1)	1Q10 GPA Consolidated (2)	Chg.
Net Income	110.8	170.4	-34.9%
Net Margin - %	1.0%	2.4%	-140 bps
Total Non-recurring result	29.8	(12.0)	-
Gross Profit	8.4	-	-
Equity Income	-	(12.0)	-
Other Operating Expenses	6.8	-	-
Nova Casas Bahia Goodwill	30.0	-	-
Income Tax on Adjustment	(15.4)	-	-
Adjusted Net Income	**140.7**	**158.4**	**-11.2%**
Adjusted Net Margin - %	**1.3%**	**2.3%**	**-100 bps**

(1) Nova Casas Bahia is included

(2) Nova Casas Bahia is not included

In the first quarter, consolidated net income totaled R$110.8 million, with a net margin of 1.0%. It is worth noting that this result was impacted by those effects explained in the GPA Food net income section, besides the two non-recurring items: R$ 8.4 million from gross profit and R$ 6.8 million in expenses from the restructuring of Globex, recognized in the other operating expenses line. Excluding these effects net of taxes, net income would have come to R$ 140.7 million, with a margin of 1.3%.

It is worth noting that all comparisons are impacted by the consolidation of Casas Bahia in the 1Q11, non-existent in the 1Q10.

Assaí Atacadista

Gross sales totaled R$ 910.3 million in 1Q11, 35.1% up on 1Q10

In the first quarter, Assaí posted gross sales of R$ 910.3 million, including the stores in São Paulo, Ceará, Rio de Janeiro, Pernambuco and Tocantins, 35.1% up on 1Q10, fueled by organic growth, the conversion of existing stores and the format's improved operating result. Net sales also grew by 35.1%, accompanying gross sales.

Globex Utilidades S.A.

Same-store gross sales moved up 10.9% in the quarter

In the first quarter, Globex recorded consolidated gross sales increased by 297.4% over 1Q10 to R$5,733.0 million, while net sales climbed by 288.4% to R$4,884.4 million. Same-store gross sales moved up by 10.9% (for more details see Globex's release).

Investments

GPA Food invested R$263.2 million in 1Q11

GPA FOOD

In the first quarter, GPA Food invested R$263.2 million, versus R$207.0 million in 1Q10, allocated as follows:

Comments on the Company's Performance

- R$78.9 million to the opening and construction of new stores and the acquisition of strategic sites;
- R$136.1 million to store renovations and conversions;
- R$48.2 million to infrastructure (technology and logistics) and others.

Three new stores were opened in the quarter:

- two Assaí stores and 1 Extra Fácil store in São Paulo.

In addition, there were 23 conversions:

- 19 CompreBem stores in São Paulo, 17 of which converted into the Extra Supermercado format and two into the Extra Hipermercado format;
- 4 Sendas stores in Rio de Janeiro, two of which were converted into the Pão de Açúcar format and two into the Extra Hipermercado format.

CONSOLIDATED

Consolidated investments totaled R$295.8 million, R$ 32.0 million operating which went to Globex.

Dividends

R$22.5 million to be paid as dividends in the quarter

On May 11, 2011, the Board of Directors approved the prepayment of interim dividends totaling R$22.5 million in accordance with the Company's Dividend Payment Policy, approved by the Board of Directors' Meeting of August 3, 2009, equivalent to R$0.09 per preferred share and R$ 0.081818181818 per common share.

As for the fourth quarter, after the end of the fiscal year and the approval of the corresponding financial statements, the Company will pay shareholders the minimum mandatory dividends, calculated in accordance with Corporate Law, less the amounts prepaid throughout 2010.

Dividends in relation to the first quarter of 2011 will be paid on May 27, 2011. Shareholders registered as such on May 19, 2011 will be entitled to receive the payment. As of May 20, 2011, shares will be traded ex-dividends until the payment date.

Breakdown of Gross Sales by Format (R$ thousand)

1st Quarter	2011	%	2010	%	Var.(%)
Pão de Açúcar	1,211,884	9.8%	1,126,787	14.5%	7.6%
Extra Hipermercado (1)	2,958,259	23.9%	2,875,117	36.9%	2.9%
Extra Supermercado (2)	1,231,779	10.0%	1,217,745	15.6%	1.2%
Extra Eletro	-	0.0%	119,963	1.5%	-
Assaí	910,337	7.4%	673,612	8.7%	35.1%
Globex(3)	5,732,999	46.3%	1,442,684	18.5%	297.4%
Other business (4)	327,953	2.7%	329,023	4.2%	-0.3%
GPA Consolidated	**12,373,212**	**100.0%**	**7,784,930**	**100.0%**	**58.9%**
GPA Food	**6,640,213**	**-**	**6,342,246**	**-**	**4.7%**

(1)Includes Extra Fácil sales
(2)Includes Extra Supermercado; CompreBem and Sendas sales
(3)Includes Novas Casas Bahia; Nova.com and Extra Eletro sales
(4)Includes Drugstore and Gas station sales

Comments on the Company's Performance

Breakdown of Net Sales by Format (R$ thousand)

1st Quarter	2011	%	2010	%	Var.(%)
Pão de Açúcar	1,091,080	10.0%	1,016,982	14.6%	7.3%
Extra Hipermercado (1)	2,623,210	24.1%	2,545,620	36.5%	3.0%
Extra Supermercado (2)	1,118,527	10.3%	1,103,386	15.8%	1.4%
Extra Eletro	-	0.0%	111,032	1.6%	-
Assaí	826,746	7.6%	612,023	8.8%	35.1%
Globex(3)	4,884,407	44.9%	1,257,471	18.0%	288.4%
Other business (4)	324,825	3.0%	326,279	4.7%	-0.4%
GPA Consolidated	**10,868,794**	**100.0%**	**6,972,793**	**100.0%**	**55.9%**
GPA Food	**5,984,387**	**-**	**5,715,322**	**-**	**4.7%**

(1)Includes Extra Fácil sales

(2)Includes Extra Supermercado; CompreBem and Sendas sales

(3)Includes Novas Casas Bahia; Nova.com and Extra Eletro sales

(4)Includes Drugstore and Gas station sales

Sales Breakdown (% of Net Sales)

	2011	2010
	1st Quarter GPA Consolidated	1st Quarter GPA Consolidated
Cash	41.9%	46.1%
Credit Card	46.8%	46.5%
Food Voucher	4.9%	6.8%
Credit	6.4%	0.6%
Post-dated Checks	0.1%	0.2%
Installment Sales	6.3%	0.4%

	2011	2010
	1st Quarter GPA Food	1st Quarter GPA Food
Cash	53.2%	49.5%
Credit Card	39.0%	41.9%
Food Voucher	7.6%	8.4%
Credit	0.2%	0.3%
Post-dated Checks	0.2%	0.3%
Installment Sales	0.0%	0.0%

Comments on the Company's Performance

1Q11 Results Conference Call

Friday, May 13, 2011

Conference Call in Portuguese with simultaneous translation into English:

11:00 a.m. – Brasília time | 10:00 a.m. – New York time | 9:00 a.m. – London time

Dial-in: +55 (11) 3127-4971

Code: GPA

A live webcast is available on the Company's site:

www.grupopaodeacucar.com.br/ri/gpa. The replay can be accessed after the end of the Call by dialing +55 (11) 3127-4999 – Code: 75826849

Statements contained in this release relating to the business outlook of the Group, projections of operating and financial results and relating to the growth potential of the Group, constitute mere forecasts and were based on the expectations of Management in relation to the future of the Company. These expectations are highly dependent on changes in the market, on Brazil's general economic performance, on the industry and on international markets, and are therefore subject to change.

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Grupo Pão de Açúcar operates 1,592 stores, 82 gas stations and 148 drugstores in 19 states and the Federal District. The Group's multi-format structure comprises supermarkets (**Pão de Açúcar, Extra Supermercado, CompreBem** and **Sendas**), hypermarkets (**Extra**), electronics/household appliance stores (**Ponto Frio** and **Nova Casas Bahia**), convenience stores (**Extra Fácil**), 'atacarejo' (cash &

Explanatory Notes

Companhia Brasileira de Distribuição

Notes to the interim financial statements
March 31, 2011
(In thousands of Reais, except when otherwise stated)

1. Corporate information

Companhia Brasileira de Distribuição, and subsidiaries ("Company" or “GPA”) operates in the food as retailer, clothing, home appliances and other products segment through its chain of hypermarkets, supermarkets, specialized and department stores principally under the trade names "Pão de Açúcar", "Comprebem", "Extra", "Extra Eletro", “Extra Perto”, “Extra Fácil”, “Sendas”, “Assai”, “Ponto Frio,” “Casas Bahia," “Casas Bahia.com,” “Extra.com” and “Ponto Frio.Com”. The registered office is located at São Paulo, SP, Brazil.

Founded in 1948, the Company has 143,931 employees, 1,592 stores in 20 Brazilian states and the Federal District and a logistics infrastructure comprised of 28 warehouses located in seven states as of march 31, 2011.

The Company’s shares are traded on the Level 1 special Corporate Governance segment of the São Paulo Stock Exchange (“BOVESPA”) and New York Stock Exchanges (ADR level III).

The Diniz and the Casino’s Group share’s the Company’s control through their ownership of the holding company named Wilkes Participações S.A., pursuant to an agreement entered into in May 2005.

2. Basis of preparation

The quarterly financial information for the three-month period ended March 31, 2011 were approved by the Board of Directors on May 12, 2011.

The consolidated quarterly financial information was prepared and has been presented according to the technical pronouncement CPC 21 Interim Financial Statements and pursuant to the international standard IAS 34, observing the provisions contained in the Official Circular Letter – CVM/SNC/SEP 003/2011 of April 28, 2011.

In the individual quarterly financial information, the investments in subsidiary are evaluated by the equity method, while for the purposes of international accounting standards issued by IASB, these would be evaluated by cost or fair value.

However, there is no difference between the shareholders’ equity and consolidated result reported by the Company and the shareholders’ equity and results of the controlling entity in its individual quarterly financial information.

3. Basis for consolidation

a) Subsidiaries

The consolidated financial statements include the financial statements of all subsidiaries over which the parent company exercises control either directly or indirectly.

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies and generally holds shares of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control. Meanwhile, subsidiaries are de-consolidated from the date that control ceases.

The consolidated financial statements of the subsidiaries are prepared as of the same closing date as those of the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

Gains or losses resulting from changes in equity interest in subsidiaries, not resulting in loss of control are directly recorded in shareholders' equity.

Losses are attributed to the non-controlling interest, even that if results in a deficit balance.

The main direct or indirect subsidiaries, included in the consolidation and the percentage of the company's interest comprise:

Novasoc

Although the Company's interest in Novasoc Comercial Ltda. ("Novasoc") represents 10% of its shares, Novasoc is included in the consolidated interim financial statements as the Company effectively has voting control oxen a 99.98% of the entity's voting rights, pursuant to the shareholders' agreement. Moreover, under the Bylaws of Novasoc, the appropriation of its net income does not need to be proportional to the shares of interest held in the company.

3. Basis for consolidation - Continued

a) Subsidiaries (continued)

PAFIDC and Globex FIDC

The Company consolidates the interim financial statements of Pão de Açúcar Fundo de Investimentos em Direitos Creditórios ("PAFIDC") and Globex Fundo de Investimentos em Direitos Creditórios ("Globex FIDC"), special purpose entities organized with the exclusive purpose of conducting the securitization of receivables of the Company and its subsidiaries. The consolidation is justified by the fact that most of the risks and benefits related to the fund are linked to subordinated shares owned by the Company and its subsidiaries.

Globex

The Company consolidates the interim financial statements of Globex, a subsidiary that concentrates the Group home appliance products electric and electronic products, operating under the banners "Ponto Frio", "Extra-Eletro", and as of November 2010, "Casas Bahia".

Sendas

The Company consolidates indirectly holds 100% of Sendas Distribuidora's capital, its wholly-owned subsidiary, which operates in retail trade and cash-and-carry segments, mainly in the State of Rio de Janeiro. For further information on the acquisition of non-controlling interest, see Note 15 (a).

Explanatory Notes

Companhia Brasileira de Distribuição

Notes to the interim financial statements
March 31, 2011
(In thousands of Reais, except when otherwise stated)

3. Basis for consolidation - Continued

a) Subsidiaries (continued)

	Interest in investees - % - at March 31, 2011												
Holdings	**CBD**	**Novasoc**	**Sé**	**Barcelona**	**CBD Holland**	**Sendas Distribuidora**	**Bellamar**	**ECQD**	**Lake Niassa**	**Globex**	**Nova Casa Bahia**	**PontoFrio.com**	**PontoCred**	**Ponto Frio Adm**
SUBSIDIARIES:														
Novasoc	10,00	-	-	-	-	-	-	-	-	-	-	-	-	-
Sé	93,10	6,90	-	-	-	-	-	-	-	-	-	-	-	-
Sendas Distribuidora	18,33	-	50,50	29,17	-	-	-	-	-	-	-	-	-	-
PA FIDC	9,58	0,75	0,37	-	-	-	-	-	-	-	-	-	-	-
P.A Publicidade	99,99	-	-	-	-	-	-	-	-	-	-	-	-	-
Barcelona	-	-	100,00	-	-	-	-	-	-	-	-	-	-	-
CBD Holland	100,00	-	-	-	-	-	-	-	-	-	-	-	-	-
CBD Panamá	-	-	-	-	100,00	-	-	-	-	-	-	-	-	-
Xantocarpa	-	-	-	-	-	100,00	-	-	-	-	-	-	-	-
Vedra	99,99	-	-	-	-	-	-	-	-	-	-	-	-	-
Bellamar	0,01	-	99,99	-	-	-	-	-	-	-	-	-	-	-
Vancouver	100,00	-	-	-	-	-	-	-	-	-	-	-	-	-
Dallas	99,99	-	-	-	-	-	-	-	-	-	-	-	-	-
Bruxellas	99,99	-	-	-	-	-	-	-	-	-	-	-	-	-
Monte Tardelli	99,00	-	-	-	-	-	-	-	-	-	-	-	-	-
GPA 1	99,99	-	-	-	-	-	-	-	-	-	-	-	-	-
GPA 2	99,99	-	-	-	-	-	-	-	-	-	-	-	-	-
GPA 4	99,00	-	-	-	-	-	-	-	-	-	-	-	-	-
GPA 5	99,00	-	-	-	-	-	-	-	-	-	-	-	-	-
GPA 6	99,99	-	-	-	-	-	-	-	-	-	-	-	-	-
ECQD	100,00	-	-	-	-	-	-	-	-	-	-	-	-	-
API SPE Imobiliarios	100,00	-	-	-	-	-	-	-	-	-	-	-	-	-
Lake Niassa	-	-	-	-	-	-	-	-	-	99,99	-	-	0,01	-
Globex Utilidades	52,41	-	-	-	-	-	-	-	-	-	-	-	-	-
Globex Adm.e Serviços Ltda	-	-	-	-	-	-	-	-	-	99,99	-	-	-	0,01
Globex - FIDC	-	-	-	-	-	-	-	-	-	13,70	-	-	-	-
Nova Casa Bahia S.A.	-	-	-	-	-	-	-	-	-	100,00	-	-	-	-
Ponto Frio Adm.e Import. de Bens Ltda	-	-	-	-	-	-	-	-	-	99,99	-	-	-	-
Rio Expresso Comércio Atacadista Eletro Ltda	-	-	-	-	-	-	-	-	-	100,00	-	-	-	-
Globex Adm.de consórcio Ltda	-	-	-	-	-	-	-	-	-	99,99	-	-	0,01	-
Pontocred Negócios de Varejo Ltda.	-	-	-	-	-	-	-	-	-	99,50	-	-	-	0,50
Nova Extra Eletro	0,01	-	-	-	-	-	-	-	-	99,99	-	-	-	
PontoFrio.Com Comércio Eletrônico S.A.	39,05	-	-	-	-	-	-	4,85	-	50,10	-	-	-	-
E - HUB Consult.Particip.e Com. S.A.	-	-	-	-	-	-	-	-	-	-	-	100,00	-	-
ASSOCIATED COMPANIES:														
Financeira Itaú CBD - FIC	-	-	-	-	-	-	35,76	-	14,24	-	-	-	-	-
GPA - FIDC	9.47%	0.74%	0.37%	-	-	-	-	-	-	-	-	-	-	-
Industria de Móveis Bartira Ltda	-	-	-	-	-	-	-	-	-	-	25,00	-	-	-
Banco Investcred Unibanco	-	-	-	-	-	-	-	-	50,00	-	-	-	-	-

Explanatory Notes

Companhia Brasileira de Distribuição

Notes to the interim financial statements
March 31, 2011
(In thousands of Reais, except when otherwise stated)

3. Basis for consolidation - Continued

a) Subsidiaries (continued)

	Interest in investees - % - at December 31, 2010												
Holdings	CBD	Novasoc	Sé	Barcelona	CBD Holland	Sendas Distribuidora	Bellamar	ECQD	Lake Niassa	Globex	Nova Casa Bahia	PontoFrio.com	PontoCred	Ponto Frio Adm
SUBSIDIÁRIAS :														
Novasoc	10,00	-	-	-	-	-	-	-	-	-	-	-	-	-
Sé	93,10	6,90	-	-	-	-	-	-	-	-	-	-	-	-
Sendas Distribuidora	14,86	-	42,57	-	-	-	-	-	-	-	-	-	-	-
PAFIDC	9,58	0,75	0,37	-	-	-	-	-	-	-	-	-	-	-
P.A Publicidade	99,99	-	-	-	-	-	-	-	-	-	-	-	-	-
Barcelona	-	-	100,00	-	-	-	-	-	-	-	-	-	-	-
CBD Holland	100,00	-	-	-	-	-	-	-	-	-	-	-	-	-
CBD Panamá	-	-	-	-	100,00	-	-	-	-	-	-	-	-	-
Xantocarpa	-	-	-	-	-	100,00	-	-	-	-	-	-	-	-
Vedra	99,99	-	-	-	-	-	-	-	-	-	-	-	-	-
Bellamar	0,01	-	99,99	-	-	-	-	-	-	-	-	-	-	-
Vancouver	100,00	-	-	-	-	-	-	-	-	-	-	-	-	-
Dallas	99,99	-	-	-	-	-	-	-	-	-	-	-	-	-
Bruxellas	99,99	-	-	-	-	-	-	-	-	-	-	-	-	-
Monte Tardelli	99,00	-	-	-	-	-	-	-	-	-	-	-	-	-
GPA 1	99,99	-	-	-	-	-	-	-	-	-	-	-	-	-
GPA 2	99,99	-	-	-	-	-	-	-	-	-	-	-	-	-
GPA 4	99,00	-	-	-	-	-	-	-	-	-	-	-	-	-
GPA 5	99,00	-	-	-	-	-	-	-	-	-	-	-	-	-
GPA 6	99,99	-	-	-	-	-	-	-	-	-	-	-	-	-
ECQD	100,00	-	-	-	-	-	-	-	-	-	-	-	-	-
API SPE Imobiliarios	100,00	-	-	-	-	-	-	-	-	-	-	-	-	-
Lake Niassa	-	-	-	-	-	-	-	-	-	99,99	-	-	0,01	-
Globex Utilidades	52,41	-	-	-	-	-	-	-	-	-	-	-	-	-
Globex Adm.e Serviços Ltda	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Globex - FIDC	-	-	-	-	-	-	-	-	-	99,99	-	-	-	0,01
Nova Casa Bahia S.A.	-	-	-	-	-	-	-	-	-	13,70	-	-	-	-
Ponto Frio Adm.e Import. de Bens Ltda	-	-	-	-	-	-	-	-	-	100,00	-	-	-	-
Rio Expresso Comércio	-	-	-	-	-	-	-	-	-	99,99	-	-	-	-
Atacadista Eletro Ltda	-	-	-	-	-	-	-	-	-	100,00	-	-	-	-
Globex Adm.de consórcio Ltda	-	-	-	-	-	-	-	-	-	99,99	-	-	0,01	-
Pontocred Negócios de varejo Ltda.	-	-	-	-	-	-	-	-	-	99,5	-	-	-	0,5
Nova Extra Eletro	0,01	-	-	-	-	-	-	-	-	99,99	-	-	-	
PontoFrio.Com Comércio Eletrônico S.A.	39,05	-	-	-	-	-	-	4,85	-	50,10	-	-	-	-
E - HUB Consult.Particip.e Com. S.A.	-	-	-	-	-	-	-	-	-	-	-	100,00	-	-
ASSOCIATED COMPANIES:														
Financeira Itaú CBD - FIC GPA - FIDC	-	-	-	-	-	-	35,76	-	14,24	-	-	-	-	-
Industria de Móveis Bartira Ltda	-	-	-	-	-	-	-	-	-	-	25,00	-	-	-
Banco Investcred Unibanco	-	-	-	-	-	-	-	-	50,00	-	-	-	-	-

3. Basis for consolidation - Continued

b) Associates – BINV and FIC

The Company's investments in its associates (FIC – Financeira Itaú CBD and BINV – Banco Investcred, both are the entities that finance sales directly to GPA customers, and are result of an association among Banco Itaú Unibanco with GPA and Globex) are accounted for using the equity method. An associate is an entity in which the Company has significant influence, but not the control.

Prevailing decisions related to the operational and financial management of FIC and BINV lies with Itaú – Unibanco. Therefore, the Company poses material influence on its investments and recognized them by the equity method.

Under the equity method, the investment in the associate is carried at cost plus posts acquisitions changes in the companies' shares in the statement. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and discloses it, when applicable, in the statement of changes equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The share of associates profit is shown on the face of the income statement as equity in earning of subsidiaries and associates, corresponding to the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates. The interim financial statements of the associates are prepared for the same reporting period of the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

3. Basis for consolidation - Continued

b) Associates – BINV and FIC (continued)

After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss due to non-recoverability on the Company's investment in its associates. The Company determines at each balance date whether there is any objective evidence that the investment in the associate is impaired reporting. If this is case, applicable, the Company calculates the amount impairment as the difference between the investment recoverable value of the associate and its carrying amount and recognizes the loss in the income statement.

Upon loss of significant influence over the associate, the Company measures and recognizes any remaining investment at its cost. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss retaining write-off are recognized in the income for the period.

c) Participation in joint venture – Bartira

The Company has an interest in a joint venture with a jointly-owned subsidiary named Indústria de Móveis Bartira Ltda. ("Bartira"), in which the participants (GPA through Nova Casa Bahia S.A. ("NCB"), with 25% and Klein family with 75%) have an agreement that stabilizes joint control over the entity's economic activities of the entity.

The agreement requires the unanimous resolution of participants in the financial and operational decision among the ventures. The Company recognizes its interest in the joint venture using the proportional consolidation method. The group, it combines the proportional amount of each asset, liabilities, income and expenses of the joint venture with similar items– line by line – in its consolidated interim financial statements. The joint venture interim financial statements are prepared for the same reporting period by the Company. Adjustments are made when necessary to bring the accounting policies in line with those of the company.

Explanatory Notes

Companhia Brasileira de Distribuição

Notes to the interim financial statements
March 31, 2011
(In thousands of Reais, except when otherwise stated)

4. Main accounting practices

a) Financial instruments

Financial instruments are recognized as of the date on which the Company enters into the contract. When recognized, these are recorded at their fair value plus the transaction costs that are directly attributable to their acquisition or issuance. Their subsequent measurement occurs every balance sheet date according to the rules established for each type of financial asset and liability.

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of CPC 38 (IAS 39) are classified as financial assets at their fair value through profit or loss, loan receivables, held to maturity investments or as derivatives designated as hedge instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value, and in the case of investments not at fair value through profit or loss, plus directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (negotiations under regular conditions) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and cash equivalents, trade and other receivables, related party receivables and judicial deposits. The Company does not have any available-for-sale investments as of March 31, 2011 and December 31, 2010.

4. Main accounting practices - Continued

a) Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement

The assets are classified among categories mentioned below, according to the purpose to which they were acquired or issued:

- Financial assets at fair value through profit or loss: these financial assets are measured at their fair value at each balance sheet date. Interest rates, monetary restatement, exchange rate variation and variations deriving from the valuation at fair value are recognized in the income statement when incurred as financial revenues or expenses. The financial assets are classified as available-for-sale if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedge instruments, as defined by CPC 38 (IAS 39). Derivatives, including embedded derivatives, are also classified in this group, unless they are designated as effective hedge instruments. Financial assets measured by fair value through income statement are recorded at fair value with changes recognized in financial income or financial expense. The Company has not designated any financial assets upon initial recognition as at fair value through income statement other than derivatives and cash and cash equivalents.

- Loans granted and receivables: these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After the initial recognition, these are measured using amortized cost through the effective interest rate method. Interest income, monetary restatement, exchange variation, less impairment losses, where applicable, are recognized in the income statement when incurred as financial income or expenses.

Explanatory Notes

Companhia Brasileira de Distribuição

Notes to the interim financial statements
March 31, 2011
(In thousands of Reais, except when otherwise stated)

4. Main accounting practices - Continued

a) Financial instruments (continued)

(i) Financial assets (continued)

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations retained by the Company.

4. Main accounting practices - Continued

a) Financial instruments (continued)

(i) Financial assets (continued)

Impairment of financial asset (continued)

On the balance sheets dates, the Company verifies if there is any indication of impairment of an asset or group of financial assets. The impairment of an asset or group of financial assets is only considered if there are objective pieces of evidence resulting from one or more events occurred after the asset initial recognition (“loss event”), and if said event affects the estimated future cash flows of asset or group of financial assets, which can be safely estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or the financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Held-to-maturity financial assets

Referring to the held-to-maturity financial assets, the Company firstly verifies if there is objective evidence of impairment individually for the financial assets which are individually relevant or collectively for the assets, which individually, are not relevant. If the Company determines the non-existence of objective evidence of impairment of a financial asset evaluated on an individual basis, whether or not this loss is material, the Company classifies it into a group of financial assets with similar credit risk characteristics, which are evaluated collectively. The assets evaluated on an individual basis as to impairment or to which the impairment is (or still is) recognized are not included in the loss collective evaluation.

In the event of objective evidence of impairment, the corresponding loss amount is calculated as the difference between the carrying amount of assets and the present value of estimated cash flows (excluding estimated credit losses and not incurred yet). The present value of estimated cash flows is discounted at the financial assets original interest rate. If a financial asset bears variable interest rates, the discount to measure eventual impairment will be the interest rate effective at the present date.

4. Main accounting practices - Continued

a) Financial instruments (continued)

(i) Financial assets (continued)

Held-to-maturity financial assets (continued)

The asset's carrying amount of the asset is reduced through an allowance account and the amount of the loss is recognized in the income statement. The financial income is still accumulated over the carrying amount less the interest rate used to discount the future cash flows in order to measure the impairment. In addition, the interest income is recorded as part of the financial result in the income statement. Loans and receivables, together with respective provisions, are written off when there is no real estimation of future recovery and all guarantees have been realized or transferred to the Company.

If in the subsequent year, the amount of estimated loss of recoverable value suffers any variation due to an event occurred after its recognition, an adjustment is made in the allowance account. If a future write-off is later recovered, it is credited to financial expenses in the income statement.

Trade accounts receivable

Trade accounts receivable are non-derivative financial assets with fixed payments or that may be calculated, without quote on the active market. After initial measurement, these financial assets are subsequently measured at the amortized cost according to the effective interest rate method ("EIR"), less impairment. The amortized cost is calculated taking into account eventual discounts or premiums over the acquisition or costs composing the EIR. The EIR amortization is included in the net financial result in the income statement. Impairment expenses are recognized in the income statement in the financial expenses line.

The Company securitizes its accounts receivable with special purpose entities, the PAFIDC and Globex FIDC (See Note10).

Accounts receivable deriving from business agreements are related to bonus and rebates granted by vendors, contractually established and calculated over purchase volumes, marketing actions, freight cost reimbursements, etc.

4. Main accounting practices - Continued

a) Financial instruments (continued)

(i) Financial assets (continued)

Trade accounts receivable (continued)

Non-derivative financial assets with fixed payments or determinable and fixed maturities are classified as held to maturity when the Company has the intention and the capacity to hold them to maturity. After initial measurement, the held-to-maturity investments are measured and amortized at cost using the effective interest rate method, less impairment. The amortized cost is calculated including any discount or premium on the acquisition and rates or costs composing the effective interest rate. The effective interest rate amortization is included in the financial result under the income statement. The impairment losses are recognized in the income statement under financial expenses.

(ii) Financial liabilities

The financial liabilities under the scope of CPC 38 (IAS 39) are classified as financial liabilities measured at fair value through the income statement, debt or derivatives designated as hedge instruments in an effective hedge, where applicable. The Company defines the classifications of its financial liabilities upon initial recognition.

All financial liabilities are recognized initially at fair value, and in the case of debt, directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdraft accounts, debt, debentures and derivative financial instruments.

4. Main accounting practices - Continued

a) Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement

The measurement depends on the classification of liabilities as follows:

- Financial liabilities measured at fair value through income statement*:* these include financial liabilities that are usually traded before maturity, liabilities designated in their initial recognition at fair value through income and derivatives, except for those designated as hedge instruments. These are measured at fair value at each balance sheet date. Interest expense, monetary restatement, exchange rate variation and variations deriving from fair value valuation, where applicable, are recognized in the statement of income when incurred.

- Debt: After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

4. Main accounting practices - Continued

a) Financial instruments (continued)

(ii) Financial liabilities (continued)

Put options granted to noncontrolling shareholders

- The classification of equity instruments issued by the Company in equity or debt depends on each instrument's specific characteristics. An instrument is deemed to be an equity instrument when the following two conditions are met: (i) the instrument does not contain a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; and (ii) in the case of a contract that will or may be settled in the Company's own debt instruments, it is either a non-derivative that does not include a contractual obligation to deliver a variable number of the Company's own equity instruments, or a derivative that should be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

Accordingly, instruments that are redeemable at the Company's discretion and for which the remuneration depends on the payment of a dividend are classified in shareholders' equity.

When the Company has a present ownership interest in the shares subject to an option agreement, no non-controlling interest is recorded and the shares subject to the instrument are accounted for as own shares. The Company's policy is to treat any liability associated with the instrument as a liability under CPC 15 (IFRS 3) with changes recognized as contingent consideration against goodwill. Changes to the liability related to the passage of time such as the unwinding of a discount rate or monetary restatement are recognized in the finance expense.

4. Main accounting practices - Continued

a) Financial instruments (continued)

(ii) Financial liabilities (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if and only if there is a currently enforceable a legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 18.

Reclassification of debt and equity instruments

In order to reclassify debt and equity instrument, the Company shall record them as follows:

- an equity instrument (shareholders' equity) shall be reclassified as debt instrument (financial liability) as of the date the instrument no longer shows all its characteristics and conditions necessary to support its recognition. The financial liability shall be measured at fair value of the instrument on the reclassification date. The Company shall recognize in shareholders' equity any difference between the carrying amount of equity instrument and the fair value of financial liability on the reclassification date;

- a debt instrument shall be reclassified as equity instrument (shareholders' equity) as of the date it shows all the characteristics and meets all the conditions related to its recognition, as set forth by CPC 39 (IAS 32). The equity instrument shall be measured by carrying amount of debt instrument on the reclassification date.

4. Main accounting practices - Continued

a) Financial instruments (continued)

(ii) Financial liabilities (continued)

Hedge accounting

The Company enters in derivative financial instruments such as, interest rate or cross-currency swap such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives are taken directly to income statement.

For the purposes of hedge accounting, hedges are classified as fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting treatment and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine if they actually have been highly effective throughout the periods for which they were designated.

4. Main accounting practices - Continued

a) Financial instruments (continued)

(ii) Financial liabilities (continued)

Hedge accounting (continued)

Hedges that meet the criteria for hedge accounting are accounted for as fair value hedges, observing the following procedures:

- The change in the fair value of an interest rate hedging derivative is recognized as financial result. The change in the fair value of the hedged item is recorded as a part of the carrying amount of the hedged item and is also recognized in the income statement.

- For fair value hedges relating to items carried at amortized cost, the adjustment to carrying amount is amortized in the income statement over the remaining term to maturity. Effective interest rate amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

- If the hedge item is derecognized, the unamortized fair value is recognized immediately in the income statement.

b) Cash and cash equivalents

In accordance with CPC 3 (IAS 7), cash and cash equivalents consist of cash, investments that are short-term, highly liquid, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value with an original maturity of three months or less. Bank overdrafts are included within current liabilities on the statements of financial position.

4. Main accounting practices - Continued

c) Inventories

Inventories are carried at the lower of cost or net realizable value. The cost of inventories purchased is recorded at average cost, including warehouse and handling costs, to the extent these costs are necessary to make inventories available for sale in the Company's stores.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Inventories are also reduced by allowance for losses and breakage, which are periodically reviewed and evaluated as to it is adequacy.

d) Present value adjustment of assets and liabilities

Noncurrent monetary assets and liabilities and current assets and liabilities, when relevant, are adjusted to their present value. The present value adjustment is calculated taking into account contractual cash flows and the respective explicit or implied interest rates.

Embedded interest rates on revenues, expenses and costs associated with said assets and liabilities are adjusted to the appropriate recognition in conformity with the accrual basis of accounting. The present value adjustment is recorded in those items, with a corresponding entry in financial result applied. The discount rate applied is the same of the impairment test.

4. Main accounting practices - Continued

e) Impairment of non-financial assets

The Company assesses at each balance date whether there is an indication that an asset may be impaired. When impairment indicators exist, or when there is the annual impairment testing for an asset, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the highest between an asset's or the value in use of its cash-generating unit's (CGU) fair value; the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognized in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each balance date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in previous periods. Such reversal is recognized in the income for the period.

4. Main accounting practices - Continued

e) Impairment of non-financial assets (continued)

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually (as of December 31) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than its carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. Recoverable amount is the higher of a CGU's fair value less costs to sell and its value in use.

Intangible assets

The intangible assets with indefinite useful lives are not amortized, but tested annually in relation to impairment losses, individually or at the level of the CGU. The evaluation of indefinite useful life is reviewed annually in order to determine if this evaluation is still justifiable. Otherwise, the change in the indefinite useful life to definite useful life occurs prospectively.

Gains and losses resulting from the write-off of an intangible asset are measured as the difference between the net amount obtained from the sale and the asset's carrying amount and recognized in the income statement upon the asset write-off.

4. Main accounting practices - Continued

f) Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation or accumulated impairment losses, if any. Such amount includes the cost of replacing a component of the equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant components of property and equipment are replaced, the Company recognizes such components as individual assets with specific useful lives and depreciation. Likewise, when a major replacement is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

Asset category	Annual depreciation rate % – before January 1, 2010	Annual depreciation rate % – after January 1, 2010
Buildings	3.3	2.5
Improvements	6.7	4.2
Data processing equipment	10.0 to 33.0	10.0 to 50.0
Installations	20.0 to 25.0	4.2 to 10.0
Furniture and fixtures	10.0	8.3 to 33.3
Machinery and equipment	10.0	2.8 to 50.0
Vehicles	20.0	20

Items of property and equipment and any significant part are derecognized when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is written-off.

4. Main accounting practices - Continued

f) Property and equipment (continued)

Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized software development costs, are not capitalized and the expenditure is reflected in the income statement when incurred.

Intangible assets consist mainly of purchased software, software developed for internal use and commercial rights (stores' right to use), list of customers, call option of Bartira's controlling shareholders, profitable lease agreements, profitable supply agreements of furniture and banners.

Intangible assets with finite lives are amortized by the straight-line method. Assets with definite useful lives represented by profitable lease agreement and profitable supply agreement of furniture are amortized according to the economic benefits raised by agreements and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method is reviewed at least at each end of period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with definite useful lives is recognized in the income statement in the corresponding category consistent with the function of the intangible asset.

Computer software development costs recognized as assets are amortized over their estimated useful lives. Software is amortized over five years.

4. Main accounting practices – Continued

g) Intangible assets (continued)

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment at each year-end or whenever there is an indication that their carrying amount cannot be recovered, either individually or at the cash generating unit level. The assessment is reviewed annually to determine whether the indefinite useful life continues to be valid. If not, the change in useful life from the indefinite to definite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is recognized.

h) Classification of assets and liabilities as current and non-current

Assets (excluding deferred income and social contribution tax assets) that are expected to be realized in or are intended for sale or consumption within twelve months after the balance sheet date, are classified as current assets. Liabilities (excluding deferred income and social contribution tax liabilities) that are expected to be settled within twelve months as of the balance sheet date are classified as current. All others assets and liabilities (including deferred taxes) are classified as “noncurrent”.

All deferred tax assets and liabilities are classified as noncurrent assets or liabilities.

i) Leases

The determination of whether an arrangement is, or contains, leasing is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use an asset.

4. Main accounting practices – Continued

i) Leasing (continued)

Company as a lessee

Financial lease agreements, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the agreement at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are allocated between finance charges and reduction of liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the agreement term, the asset is depreciated over the shortest of the estimated useful life of the asset and the lease term.

Lease agreements are classified as operating leasing when there is no transfer of risk and benefits incidental to ownership of the leased item.

The installment payments of leasing (excluding costs of services, such as insurance and maintenance) classified as operating lease agreements are recognized as expenses on a straight-line basis during the term of the lease term.

Company as a lessor

Lease agreements where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the agreement term on the same bases as rental income.

Contingent rents are recognized as revenue in the period in which they are earned.

4. Main accounting practices – Continued

j) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement, net of any potential reimbursement.

k) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the interim financial statements at the end of period, based on the minimum mandatory dividends established by the statutory law. Any amount above to that is only recorded at the date on which such incremental dividends are approved by the Company's shareholders.

l) Pension plan

The pension plan is funded through payments to insurance companies, which are classified as defined contribution plans according to CPC 33 (IAS 19). A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and previous periods.

4. Main accounting practices – Continued

m) Shareholders' equity

Ordinary and preference shares are classified as equity.

When any related party purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from capital of Company's shareholders until the shares are cancelled or reissued. When such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in capital to the Company's shareholders. No gain or loss is recognized on the purchase, sale, issuance or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognized in other reserves.

n) Share-based payment

Employees (including senior executives) of the Company receive remuneration in the form of share-based payment, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the Company as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable goods or services received at the grant date. This is then capitalized or expensed as appropriate.

Equity-settled transactions

When any related party buys the Company's shares (treasury shares) the amount paid, including any directly attributable cost is deducted from shareholders' equity until the shares are cancelled or issued. When these shares are subsequently issued again, any amount paid, net of attributable transaction costs are included in the shareholders' equity. There is no gain or loss recognized in the acquisition or sale in the issue or cancellation of equity instruments. Any difference between the carrying amount and the consideration paid is recorded as capital reserve.

4. Main accounting practices – Continued

n) Share-based payment (continued)

Equity-settled transactions (continued)

The cost of equity-settled transactions is recognized, together with a corresponding increase in shareholders' equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity instruments at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments to be acquired.

The expense or income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period. No expense is recognized for services that do not complete its acquisition period, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where an equity instrument is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity instrument is cancelled, it is treated as if it totally vested on the date of cancellation, and any expense not yet recognized for the premium is recognized immediately. This includes any premium where non-vesting conditions within the control of either the Company or the employee are not met. However, if the cancelled plan is replaced by another plan and designated as a replacement grants on the date that it is granted, the cancelled grant and new plan are treated as if they were a modification of the original premium, as described in the previous paragraph. All cancellations of equity-settled transaction are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (See Note 29).

4. Main accounting practices – Continued

o) Customer loyalty programs

These are used by entities in order provide incentives to its customers on the sale of products or services. If customer buys products or services, the Company grants credits thereto. Customer may redeem the credits free of charge or discounting from the amount of products or services.

The Company estimates the fair value of points granted according to the “Programa Mais” loyalty plan, applying statistical techniques, considering the maturity of plans defined in the regulation.

p) Earnings per share

Basic earnings per share are calculated based on the weighted average number of shares outstanding during the period, excluding shares issued in payment of dividends and treasury shares.

Diluted earnings per share are calculated by the treasury stock method, as follows:

- numerator: earnings for the period;
- denominator: the number of shares is adjusted to include potential shares corresponding to dilutive instruments (stock options), less the number of shares that could be bought back at market, if applicable.

Equity instruments that will or may be settled in Company’s shares are included in the calculation only when their settlement would have a dilutive impact on earnings per share.

Explanatory Notes

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4. Main accounting practices – Continued

q) Determination of net income

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements, except for those referring to extended warranty. Specifically in these cases, the Company operates as an agent, and revenue is recognized in a net basis, which reflects the commission received by insurance companies. The following specific recognition criteria must also be met before revenue is recognized:

(i) Revenue

a) Sales of goods

Revenues are recognized at the fair value of the consideration received or receivable for the sale of goods and service. Revenues from the sale of products are recognized when their value can be measured reliably, all risks and benefits inherent to the product are transferred to the buyer, the Company no longer has the control or responsibility over the goods sold and the economic benefits generated to the Company are probable. Revenues are not recognized if their realization is uncertain.

b) Interest income

For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate, which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in the financial result under the income statement.

4. Main accounting practices – Continued

q) Determination of net income (continued)

(ii) Gross profit

Gross profit corresponds to the difference between net sales and the cost of goods sold. The cost of goods sold comprises the cost of purchases net of discounts and bonuses received from vendors, changes in inventory and logistics costs.

Cash bonus received from vendors is measured based on contracts signed with vendors.

Cost of sales includes the cost of logistics operations managed or outsourced by the Company, comprising all warehousing, handling and freight costs incurred after goods are first received at one of the Company stores or warehouses. Transport costs are included in purchase costs.

(iii) Selling expenses

Selling expenses consist of all store expenses, such as salaries, marketing, occupancy, maintenance, etc.

(iv) General and administrative expenses

General and administrative expenses correspond to overheads and the cost of corporate units, including the purchasing and procurement, IT and finance functions.

(v) Other operating expenses, net

Other operating income and expense correspond to the effects of major events occurring during the period that do not meet the Company's definition for the other income statement lines.

4. Main accounting practices – Continued

q) Determination of net income (continued)

(vi) Financial result

Finance expenses include all expenses generated by net debt and the receivables securitization during the period offset by capitalized interest, losses related to the new measurement of derivatives at fair value, losses on disposals of financial assets, finance charges on lawsuits and taxes interest charges on financial lease, and discounting adjustments.

Finance income includes income generated by cash and cash equivalents and judicial deposits, gains related to the measurement of derivatives at fair value, purchase discounts obtained from vendors.

r) Taxation

Current income and social contribution taxes

Current income and social contribution tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

The taxation on income comprises the Corporate Income Tax (“IRPJ”) and Social Contribution on Net Income (“CSLL”) and is calculated based on taxable income (adjusted income), at rates applicable according to the prevailing laws – 15% over taxable income and 10% surcharge over the amount exceeding R$ 240 in taxable income yearly for IRPJ and 9% for CSLL.

4. Main accounting practices – Continued

r) Taxation (continued)

Deferred income and social contribution taxes

Deferred income and social contribution taxes are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income and social contribution tax assets are recognized for all deductible temporary differences, and unused tax losses, to the extent that it is probable that taxable profit will be available against which to deduct the temporary differences and unused tax credits and losses except where the deferred income and social contribution tax assets relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor tax profit or loss.

With respect to deductible temporary differences associated with investments in subsidiaries and associates, deferred income and social contribution taxes are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income and social contribution tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income and social contribution taxes to be utilized. Unrecognized deferred income and social contribution tax assets are reassessed at the balance sheet date and are recognized to the extent that it has become probable that future taxable profits will allow these assets to be recovered.

Deferred income and social contribution tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet dates.

4. Main accounting practices – Continued

r) Taxation (continued)

Deferred tax (continued)

Deferred taxes related to items directly recognized in shareholders' equity are also recognized in equity and not in the income statement. Deferred tax items are recognized according to the transaction that originated it, in the income statement for the period or directly in equity.

Deferred income and social contribution tax assets and liabilities are reported net if there is a legal or contractual right to offset the tax assets against the tax liability and deferred taxes refer to the same taxed entity and submitted to the same tax authority.

Other taxes

Revenues from sales and services are subject to taxation by State Value-Added Tax ("ICMS"), Services Tax ("ISS"), Social Contribution Tax on Gross Revenue for the Social Integration Program ("PIS") and Social Contribution Tax on Gross Revenue for Social Security Financing ("COFINS") at rates prevailing in each region and are presented as deductions from sales in the income for the period.

The amounts recoverable derived from non-cumulative ICMS, PIS and COFINS are deducted from cost of goods sold.

Taxes recoverable or prepaid taxes are shown in the current and noncurrent assets, in accordance with the estimated timing of their realization.

4. Main accounting practices – Continued

r) Taxation (continued)

Sales taxes

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable;

- Receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

s) Business combinations and goodwill

Business combinations are accounted using the acquisition method. The cost of an acquisition is measured as the aggreagate the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquired. For each business combination, the acquirer measures the non-controlling interest in the acquired either at fair value or at the proportional share of the in acquired company's identifiable net assets. The acquisition costs incurred are treated as expense and included in the administrative expenses.

When the Company acquires a business, it assesses financial assets and liabilities assuned for appropriate classification and designation in accordance according to contractual terms, economic circumstances and relevant conditions as at the acquisition date. This includes the separation of derivatives embedded in host contracts by the acquired company.

If the business combination is achieved in stages, the fair value on the acquisition date of the acquirer's previously held equity interest in the acquire profit or loss is remeasured to fair value on the acquisition date through.

4. Main accounting practices – Continued

s) Business combinations and goodwill (continued)

Any contingent payment to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes in fair value of contingent payment considered as an asset or liability will be recognized under CPC 38 (IAS 39) through income statement or as change in other comprehensive income. If the contingent payment is classified as equity, it will not be adjusted until it is finally settled within equity.

Goodwill is initially measured at cost and is the excess between payment transferred and the amount recognized for minority interest over identified net assets acquired and liabilities assumed. If this payment is lower than the fair value of net assets of the acquire, the difference is recognized in the income statement.

After initial recognition, the goodwill is measured at cost, less eventual impairment losses. For the purposes of impairment test, the goodwill acquired in a business combination is, as of the acquisition date, allocated to each one of the Company's cash generating units which shall reap the business combination benefits, regardless if other assets or liabilities of the acquired company will be assigned to these units.

If the goodwill composes a cash generating unit and part of the operation at this unit is sold, the goodwill related to the sold operation is included in the calculation profit or loss earned with the sale of operation is calculated. This goodwill disposed is then measured based on the sold operation-related amounts and part of the cash generating unit which was maintained.

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5. Standards issued but not yet effective

There are no CPCs issued which are not effective yet, but there are IFRS issued to which there is no change in CPCs effective it is expected that the Brazilian standards will be in conformity with the international standards until the effective date thereof. Below a summary of the main standards issued but not effective yet, as well as our expectations of their impacts on the Company's interim financial statements:

IFRS 9 – Financial Instruments – Classification and Measurement - IFRS 9 concludes the first part of the replacement project of "IAS 39 Financial Instruments: Recognition and Measurement". IFRS 9 uses a simple approach to determine if a financial asset is measured at the amortized cost or fair value, based on how management manages administers its financial instruments (business model) and the contractual cash flow, of the financial assets. The standard also requires the adoption of only one method to determinate asset impairment. This standard will be effective for the fiscal years starting after January 1, 2013. The Company does not expect that this change will impact affect its financial statements.

IASB issued clarifications on the IFRS standards and amendments applicable after April 1, 2011, as follow:

- IAS 12 – Income Tax;
- IFRS 1 – First-Time Adoption of the International Financial Reporting Standards
- IFRS 7 – Disclosure of Financial Instruments;
- IFRS 9 – Financial Instruments - Measurement and Classification

The Company will evaluate the impacts on the quarterly financial information due to the adoption of these pronouncements and interpretations and does not expect adversely impact in the quarterly financial information.

There is no other standards or interpretation issued that has not been adopted that according to Management's opinion, may adversely impact the Company's results or equity.

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6. Significant accounting judgments, estimates and assumptions

The preparation of the Company's interim consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Company's accounting policies, Management has made the following judgments, which have the most significant impacts on the amounts recognized in the quarterly financial information:

a) Operating lease commitments – Company as lessor

The Company has entered into commercial property leases and determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and benefits of ownership of these properties and accounts them as operating leases.

b) Goodwill impairment

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 4 and CPC 1 (IAS 36). The recoverable amounts of cash-generating units have been determined based on recoverable amount and market quotes calculations. These calculations require the use of estimates, which are disclosed in Note 15.

c) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the nature and complexity of Company's business, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to income tax and expense already recorded. The Company records provisions, based on reasonable estimates, for eventual consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

6. Significant accounting judgments, estimates and assumptions - Continued

c) Income taxes (continued)

Deferred income and social contribution tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred income and social contribution tax assets that can be recognized, based upon the profit estimates and the level of future taxable profits, based on the business plan approved by the Board of Directors.

The Company has tax loss carry forwards amounting to a tax benefit of R$745,677 on March 31, 2011 (R$720,530 in 2010). These losses do not have limitation periods and relate to subsidiaries that have tax planning opportunities available to support a portion of these balances. The Company recorded a valuation allowance on deferred tax assets in the amount of R$79,196 on March 31, 2011.

Further details on taxes are disclosed in Note 24.

d) Fair value of derivatives and other financial instruments

Where the fair value of financial assets and financial liabilities recorded in the interim financial statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair value of financial instruments that are actively traded on organized markets is determined based on the market quotes, on the balance sheet dates, without any deduction for transaction costs. For financial instruments that are not actively traded, the fair value is based on valuation techniques defined by the Company and compatible with usual practices on the market. If there is no active market, then the market value is determined through valuation techniques. These techniques include the use of recent market arm's length transactions between independent parties, benchmark to the fair value of similar financial instruments, analysis of discounted cash flows or other valuation models.

6. Significant accounting judgments, estimates and assumptions - Continued

d) Fair value of derivatives and other financial instruments (continued)

When the fair value of financial assets and liabilities recorded in the statement of financial position cannot be from in active markets, these are determined by valuation techniques, including the discounted cash flow model. These models are collected from the market, where applicable, when these observations are not possible, judgment is required to determine the fair value. This judgment includes considerations on inputs, such as: liquidity risk, credit risk and volatility. Changes in these factors assumptions may affect the financial instruments fair value.

e) Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock options, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 25.

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7. Cash and cash equivalents

Financial investments at March 31, 2011 and December 31, 2010 earn interest mainly at the Interbank Deposit Certificate ("CDI") rate. Financial investments readily available for withdrawal and in bank accounts are classified as financial assets measured at fair value through the income statement.

		Parent Company	
	CDI	03.31.2011	12.31.2010
Current			
Marketable securities			
Itaú	100.5%	**478,432**	**279,058**
Banco do Brasil	100.2%	**690,576**	**568,741**
Bradesco	100.9%	**506,472**	**564,809**
Santander	101.0%	**54,869**	**53,443**
ABN AMRO	103.0%	**8**	**-**
Unibanco	104.1%	**5,067**	**4,931**
CEF	98.0%	**2,738**	**2,668**
Votorantim	101.1%	**100,029**	**97,476**
Safra	101.3%	**57,827**	**49,849**
Other	101.4%	**2,827**	**35,884**
Total current		**1,898,845**	**1,656,859**
Cash and bank accounts		**43,146**	**100,717**
Cash and cash equivalents		**1,941,991**	**1,757,576**

		Consolidated	
	CDI	03.31.2011	12.31.2010
Current			
Marketable securities			
Itaú	100.5%	**1,352,987**	**1,727,488**
Banco do Brasil	100.2%	**758,874**	**696,331**
Bradesco	100.9%	**752,306**	**674,633**
Santander	101.0%	**153,220**	**70,087**
ABN AMRO	103.0%	**485**	**-**
Unibanco	104.1%	**5,067**	**4,931**
CEF	98.0%	**2,738**	**2,668**
Votorantim	101.1%	**104,925**	**104,766**
Safra	101.3%	**173,811**	**53,750**
Other	101.4%	**5,421**	**65,779**
Total current		**3,309,833**	**3,400,433**
Cash and bank accounts		**278,093**	**417,561**
Cash and cash equivalents		**3,587,926**	**3,817,994**

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8. Marketable securities

		Consolidated	
	CDI	**03.31.2011**	**12.31.2010**
Banco do Brasil	101.00%	**96,568**	315,332
Banco Bradesco		**121,388**	-
Banco Santander	100.50%	**54,373**	190,307
Banco Safra	101.25%	96,920	102,363
		369,249	608,002
Total current		**367,229**	608,002
Total noncurrent		**2,020**	-

The NCB subsidiary is restricted to use the balance of R$96,568 (R$155,912 on December 31, 2010) invested in Banco do Brasil, referring to Consumer Direct Credit through Dealer ("CDCI"). Out of this balance, R$94,548 can be withdrawn by means of payment of restricted loan during the next 12 months, and R$2,020 recognized in non-current assets, will be available after April 1, 2012.

9. Trade accounts receivable

a) Breakdown

	Parent Company	
	03.31.2011	**12.31.2010**
Current		
Resulting from sales through:		
Credit card companies	**92,093**	305,075
Sales vouchers and others	**45,570**	43,673
Sales with post-dated checks	**1,747**	2,027
Own credit card – interest free installment	**10,672**	15,127
Accounts receivable from related parties	**152,477**	180,917
Accounts receivable from vendors	**236,247**	333,551
Total current	**538,806**	880,370
Noncurrent		
Other accounts receivable	**58,283**	59,087
Allowance for doubtful accounts	**(4,717)**	(6,302)
Total noncurrent	**53,566**	52,785

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9. Trade accounts receivable

a) Breakdown (continued)

	Consolidated	
	03.31.2011	**12.31.2010**
Current		
Resulting from sales through:		
Credit card companies	**383,247**	425,581
Sales vouchers and others	**361,825**	158,166
Consumer finance	**1,404,424**	1,520,670
Sales with post-dated checks	**5,695**	6,294
Trade note receivable from wholesale clients	**27,997**	13,233
Own credit card – interest free installment	**10,672**	15,127
Accounts receivable from related parties	**5,954**	-
Allowance for doubtful accounts	**(192,075)**	(172,901)
Adjustment to present value	**(21,319)**	(7,062)
Accounts receivable from vendors	**302,242**	421,097
	2,282,707	2,380,205
Accounts receivable – FIDCs	**1,960,449**	1,667,029
Total current	**4,243,157**	4,047,234
Noncurrent		
Accounts receivable – Paes Mendonça	**431,275**	420,570
Consumer finance	**85,597**	101,503
Other accounts receivable	**87,110**	105,859
Allowance for doubtful accounts	**(11,058)**	(16,302)
Total noncurrent	**592,925**	611,630

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business.

b) Credit card companies

Credit card sales are receivable from the credit card companies. In the subsidiaries Globex, Casas Bahia and PontoFrio.com, credit card receivables, related to the sale of home appliances, are receivable in installments not exceeding 18 months.

Through its subsidiaries Globex, Ponto Frio and Nova Casa Bahia, the Company sells or deducts its credit card receivables to banks or credit card companies, in order to obtain working capital.

9. Trade accounts receivable - Continued

c) Consumer credit

The balances of “accounts receivable from payment vouchers” refer to consumer direct credit through dealer (“CDCI”) which can be paid in 24 installments.

The Company maintains agreements with financial institutions where it is referred to as intervening party of these operations.

Until November 2010, NCB subsidiary maintained an operating agreement with Banco Bradesco (“Bradesco”), through its subsidiary Finasa, for the granting of credit to its customers aiming at making feasible the acquisition of its goods at stores. As a result of credit granted to customers, the Company receives the principal amount financed by Bradesco on the first business day following the sale date.

According to this agreement, the Company is liable for the extrajudicial collection of defaulting customers, bearing the corresponding expenses. After elapsing 45 days of the initial maturity of overdue installments, the Company acquires the credit by means of assignment. Within this context, as required by CPC 38 (IAS 39) – Financial Instruments: Recognition and Measurement, the risks and benefits related to accounts receivable assigned to Bradesco are not substantially transferred to the counterparty, which is recognized in the Company’s balance sheet against debt.

The outstanding balance of these receivables under Globex’s responsibility at March 31, 2011 was R$377,717 (R$657,097 at December 31, 2010).

d) Accounts receivable - FIDCs

The Company carries out securitization operations of its receivables, represented by credit sales with food voucher and credit card company receivables, with the Receivables Securitization Fund, or PAFIDC. The volume of operations stood at R$2,390,481 at March 31, 2011 (R$2,543,974 at December 31, 2010) for PAFIDC, in which the responsibility for services rendered and subordinated interests was retained. The consolidated securitization costs of such receivables amounted to R$162,575 (R$29,807 at March 31, 2010), recognized as financial expenses in income statement for the period.

9. Trade accounts receivable - Continued

d) Accounts receivable – FIDCs (continued)

Services rendered, which are not remunerated, include credit analysis and the assistance by the collection department to the fund's manager.

The outstanding balances of these receivables in PAFIDC at March 31, 2011 and December 31, 2010 were R$1,960,449 and R$1,667,029 respectively, net of allowance for losses.

e) Accounts receivable – Paes Mendonça

The accounts receivable from Paes Mendonça relate to amounts deriving from the payment of third party liabilities by the subsidiaries Novasoc and Sendas. Pursuant to contractual provisions, these accounts receivable are monetarily restated and guaranteed by commercial leasing rights of certain stores currently operated by the Company, Novasoc and Sendas. Maturity of accounts receivable is linked to the lease agreements.

f) Accounts receivable from vendors

Accounts receivable from vendors includes rebates and discounts obtained from vendors. These amounts are established contractually and include amounts for volume purchase discounts, joint marketing programs, freight reimbursements, and other similar programs.

9. Trade accounts receivable - Continued

g) Allowance for doubtful accounts

The allowance for doubtful accounts is based on average historical losses complemented by Company's estimates of probable future losses:

	Parent Company	
	03.31.2011	**12.31.2010**
At the beginning of the period	**(6,302)**	(5,948)
Allowance for doubtful accounts	**(1,482)**	(10,932)
Recoveries and provision written off	**3,067**	10,578
At the end of the period	**(4,717)**	(6,302)
Other accounts receivable	**(4,717)**	(6,302)
	(4,717)	(6,302)

	Consolidated	
	03.31.2011	**12.31.2010**
At the beginning of the period	**(189,203)**	(17,237)
Allowance for doubtful accounts	**(45,829)**	(596,885)
Recoveries and provision written off	**31,899**	424,919
At the end of the period	**(203,133)**	(189,203)
Credit sales with post-dated checks	**(4)**	
Corporate sales	**(192,071)**	(172,901)
Other accounts receivable	**(11,058)**	(16,302)
	(203,133)	(189,203)
Total current	**(192,075)**	(172,901)
Total noncurrent	**(11,058)**	(16,302)

			Past due but not accrued for losses			
	Total	**Not past due**	**<30 days**	**30-60 days**	**61-90 days**	**>90 days**
03.31.2011	4,243,157	4,083,235	110,014	23,167	13,544	13,197
12.31.2010	4,047,234	3,741,698	229,411	16,497	53,090	6,538

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10. Receivables Securitization Fund

a) Receivables Securitization Fund - Pão de Açúcar

PAFIDC is a receivables securitization fund created for the purpose of acquiring the Company and its subsidiaries' trade receivables, arising from sales of products and services to their customers, except for receivables from installment sales and post-dated checks. The fund has a defined term to se settle an December 7, 2012.

The capital structure of the fund, at March 31, 2011, is composed of 10,295 senior shares held by third parties in the amount of R$1,127,869 (R$1,096,130 at December 31, 2010), which represent 89.42% of the fund's equity (89.30% at December 31, 2010) and 2,864 subordinated shares, held by the Company and subsidiaries in the amount of R$133,429, which represent 10.58% of the fund's equity (10.70% at December 31, 2010).

The subordinated quotas were imputed to the Company and are recorded in non-current assets, as interest in the receivables securitization fund, with a balance of R$119.453 at March 31, 2011 (R$117,613 at March 31, 2010). The interest held in subordinated quotas represents the maximum exposure to the securitization operations losses.

The interest rates of senior shares are shown below:

		03.31.2011		12.31.2010	
Quotaholders	**Amount**	**CDI Rate**	**Balance redeemable**	**CDI Rate**	**Balance redeemable**
Senior A	5,826	**109.5%**	**692,344**	105%	**672,861**
Senior B	4,300	**109.5%**	**189,466**	105%	**184,135**
Senior C	169	**109.5%**	**246,059**	105%	**239,134**
			1,127,869		**1,096,130**

10. Receivables Securitization Fund - Continued

a) Receivables Securitization Fund - Pão de Açúcar (continued)

Subordinated quotas are registered and non-transferable, and were issued in a single series. The Company will redeem the subordinated quotas only after the redemption of senior quotas or at the end of the fund's term. Once the senior quotas have been remunerated, the subordinated quotas will receive the balance of the fund's net assets after absorbing any losses on receivables transferred and any losses attributed to the fund. Their redemption value is subject to credit, prepayment, and interest rate risks on the transferred financial assets.

The holders of senior quotas have no recourse against the other assets of the Company in the event customers' default on the amounts due. As defined in the agreement between the Company and PAFIDC, the transfer of receivables is irrevocable, irreversible and definitive.

b) Globex Receivables Securitization Fund – Globex FIDC

Globex FIDC is a receivables securitization fund created to acquire the accounts receivable of Globex (mainly credit card), originated from the sale of products and services to its customers. This fund was created on November 11, 2010 with an indeterminate term.

The fund equity structure at March 31, 2011 is composed of 11,666 senior shares held by third parties, amounting to R$1,218,125 (R$1,166,600 at December 31, 2010), representing 86.3% of the fund equity (87.5% at December 31, 2010) and 169 subordinated shares (1,667 at December 31, 2010), held by the Company and its subsidiaries, amounting to R$192,926 (R$166,700 at December 31, 2010), accounting for 13.7% of the fund's net assets (12.5% at December 31, 2010).

Below, the interest rates of senior shareholders:

		03.31.2011		12.31.2010	
Shareholders	**Amount**	**CDI Rate**	**Balance**	**CDI Rate**	**Balance**
Senior - 1st Series	11,666	**107.75%**	**1,218,125**	107.75%	1,184,387

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11. Inventories

	Parent Company	
	03.31.2011	**12.31.2010**
Stores	**1,020,315**	999,835
Warehouses	**766,478**	623,223
Inventor Allowances	**(40,891)**	(49,804)
	1,745,902	1,573,254

	Consolidated	
	03.31.2011	**12.31.2010**
Stores	**2,948,515**	2,638,904
Warehouses	**2,005,083**	2,291,445
Provision for inventor allowances	**(101,310)**	(97,942)
Present Value Adjustment	**(4,216)**	(8,639)
	4,848,072	4,823,768

Allowances on inventories in the parent company mainly refer to provisions on unrealized bonuses in inventories amounting to R$36,814 (R$40,883 in 2010). In the consolidated, the allowances for inventories are mainly composed of provisions for unrealized vendor's bonuses in inventories amounting to R$56,703(R$51,344 in 2010), besides breakage provisions in Globex amounting to R$31,313 (R$25,422 in 2010).

The adjustment to present value of inventories refers to the corresponding entry of adjustment to present value of the subsidiary Globex's vendors.

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12. Recoverable taxes

The balances of recoverable taxes refer to credits from Withholding Income Tax, ("IRRF"), Social Contribution Tax on Gross Revenue for the Social Integration Program ("PIS"), Social Contribution Tax on Gross Revenue for Social Security Financing ("COFINS") and recoverable State Value-Added Tax ("ICMS"):

	Parent Company	
	03.31.2011	**12.31.2010**
Current		
Taxes on sales	**296,336**	263,936
Income tax and others	**117,968**	100,286
Present value adjustment	**(468)**	(460)
	413,836	363,762
Noncurrent		
Taxes on sales	**111,812**	111,812
ICMS and others	**15,525**	15,494
Present value adjustment	**(7,590)**	(7,504)
	119,747	119,802
Total of recoverable taxes	**533,583**	483,564

	Consolidated	
	03.31.2011	**12.31.2010**
Current		
Taxes on sales	**791,873**	612,956
Income tax and others	**309,665**	275,946
Present value adjustment	**(552)**	(547)
	1,100,986	888,355
Noncurrent		
Taxes on sales	**194,531**	189,097
ICMS and others	**20,480**	33,320
Present value adjustment	**(13,429)**	(8,911)
	201,582	213,506
Total of recoverable taxes	**1,302,568**	1,101,861

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13. Property and equipment

	Parent Company					
	Balance at 12.31.2010	**Additions**	**Depreciation**	**Sales**	**Transfers**	**Balance at 03.31.2011**
Land	820,088	**-**	**-**	**-**	**-**	**820,088**
Buildings	1,795,262	**3,163**	**(13,903)**	**(10)**	**81,873**	**1,866,385**
Leasehold improvements	986,222	**13**	**(17,382)**	**(1,991)**	**61,733**	**1,028,595**
Equipment	363,139	**16,509**	**(21,468)**	**(1,285)**	**41,121**	**398,016**
Facilities	92,104	**2,606**	**(2,233)**	**(123)**	**5,536**	**97,890**
Furniture and fixtures	160,883	**3,681**	**(6,123)**	**(1,109)**	**19,161**	**176,493**
Vehicles	15,193	**306**	**(1,075)**	**(245)**	**362**	**14,541**
Construction progress	421,480	**132,742**	**-**	**(10,389)**	**(208,935)**	**334,898**
Other	120,989	**8,289**	**(1,377)**	**-**	**(2,070)**	**125,831**
	4,775,360	**167,309**	**(63,561)**	**(15,152)**	**(1,219)**	**4,862,737**
Financial leasing:						
It Hardware	3,665	**-**	**(276)**	**-**	**-**	**3,389**
Buildings	22,973	**-**	**(342)**	**-**	**-**	**22,631**
	26,638	**-**	**(618)**	**-**	**-**	**26,020**
Total property and equipment	4,801,998	**167,309**	**(64,179)**	**(15,152)**	**(1,219)**	**4,888,757**

	Parent Company					
	Balance at 12.31.2010	**Additions**	**Depreciation**	**Sales**	**Transfers**	**Balance at 03.31.2011**
Land	975,496			1,263		976,759
Buildings	1,904,501	3,585	(15,232)	214	89,107	1,982,175
Leasehold improvements	1,519,071	12,380	(29,952)	2,146	152,651	1,656,296
Equipment	640,573	50,346	(36,293)	(710)	63,548	717,464
Facilities	250,093	3,927	(7,395)	963	9,749	257,337
Furniture and fixtures	398,308	14,902	(12,352)	183	29,273	430,314
Vehicles	157,982	7,009	(7,690)	(368)	(1,310)	155,623
Construction progress	577,348	180,376		(10,389)	(346,853)	400,482
Other	146,378	14,008	(2,169)	(349)	(3,643)	154,225
	6,569,750	286,533	(111,083)	(7,047)	(7,478)	6,730,675
Financial leasing:						
Equipment	74,332	**-**	(1,162)	**-**	868	74,038
It Hardware	5,785	**-**	(4,052)	**-**	113	1,846
Facilities	1,087	**-**	(27)	**-**	(57)	1,003
Furniture and fixtures	12,811	**-**	(394)	**-**	(864)	11,553
Vehicles	12,556	**-**	490	**-**	2,789	15,835
Buildings	27,274	**-**	(439)	**-**		26,835
	133,845	-	(5,584)	-	2,849	131,110
Total property and equipment	**6,703,595**	**286,533**	**(116,667)**	**(7,046)**	**(4,629)**	**6,861,785**

13. Property and equipment - Continued

At March 31, 2011 and December 31, 2010 the Company and its subsidiaries had collateralized fixed assets and legal claims, as disclosed in Note 19 (f).

Provision for impairment was not recorded for the period ended March 31, 2011, an R$11 million provision for impairment of stores fixed assets was recorded on December 31, 2010.

Transfers refer to items transferred to other Group companies and intangible assets (software) carried through construction in progress account upon their acquisition.

a) Capitalization of loan interest

The capitalized borrowing costs are related to the constructions or significant refurbishment of approximately 370 stores.

The amount of borrowing costs capitalized during the period ended March 31, 2011 was 4,109 (R$4,920 at March 31, 2010), respectively. The rate used to determine the amount of borrowing costs eligible for capitalization was approximately 100% of CDI, which is the effective interest rate of the Company's borrowings.

14. Intangible assets

	Parent Company						
	Balance at 12.31.2010	Additions	Amortization	Acquisition of Subsidiary	Write-offs	Transfers	Balance at 03.31.2011
Goodwill - Home appliances	174.548	-	-	-	-	-	174.548
Goodwill – Cash and carry	300.614	-	-	-	-	-	300.614
Total goodwill	**475.162**	**-**	**-**	**-**	**-**	**-**	**475.162**
Intangible assets - NCB	-	-	-	-	-	-	-
Total intangible assets - NCB	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Commercial rights -Retail	-	-	-	-	-	-	-
Total commercial rights	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Software	195.260	347	(9.372)	-	-	1.218	187.454
Total software	**195.260**	**347**	**(9.372)**	**-**	**-**	**1.218**	**187.454**
Total intangibles	**670.422**	**347**	**(9.372)**	**-**	**-**	**1.218**	**662.616**

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14. Intangible assets - Continued

	Consolidated						
	Balance at 12.31.2010	Additions	Amortization	Acquisition of Subsidiary	Write-offs	Transfers	Balance at 03.31.2011
Goodwill – Cash and carry	428.762	-	-	-	-	-	428.762
Goodwill – Home appliances	279.851	-	-	-	-	-	279.851
Goodwill – Cash and carry	663.195	-	-	-	-	-	663.195
Total goodwill	**1.371.808**	**-**	**-**	**-**	**-**	**-**	**1.371.808**
Brand – Home appliances	399.719	6	(1.571)	-	-	-	398.154
Brand – E-commerce	1.615.417	-	-	-	-	-	1.615.417
Brand – Cash and carry	38.639	-	-	-	-	-	38.639
Total brand	**2.053.775**	**6**	**(1.571)**	**-**	**-**	**-**	**2.052.210**
Commercial rights – Home appliances	617.899	230	(1.927)	-	-	2.537	618.739
Commercial rights – Retail	-	-	-	-	-	-	-
Total commercial rights	**617.899**	**230**	**(1.927)**	**-**	**-**	**2.537**	**618.739**
Customer relations – Home appliances	24.845	-	-	-	-	-	24.845
Total customer relations	**24.845**	**-**	**-**	**-**	**-**	**-**	**24.845**
Profitable supply agreement – Bartira	274.542	-	(15.485)	-	-	-	259.057
Profitable supply agreement – Nova Casa Bahia	251.994	-	(15.479)	-	-	-	236.515
Profitable agreements	**526.536**	**-**	**(30.964)**	**-**	**-**	**-**	**495.572**
Software	286.902	62.915	(15.601)	-	(43)	798	334.971
Total other	**286.902**	**62.915**	**(15.601)**	**-**	**(43)**	**798**	**334.971**
Total intangible assets	**4.881.765**	**63.151**	**(50.063)**	**-**	**(43)**	**3.335**	**4.898.144**

a) Impairment testing of goodwill and intangibles

Goodwill and intangible assets are annually tested for impairment by the method described in Note 4 – “Significant Accounting Policies”.

Management made an estimate of recoverable amounts or values in use for all assets. The assumptions used are set out below.

As a result of the impairment tests carried out in 2010 and impairment indicators evaluation, the Company did not recognize impairment losses.

Impairment testing consists of determining the values in use of the cash generating units (CGUs) or groups of CGU to which the goodwill and intangible assets are allocated and comparing them with the carrying amounts of the related assets. Goodwill arising on the initial acquisition of companies is allocated to the groups of CGU in accordance with the classifications set out in Note 26 (Segment Information).

14. Intangible assets - Continued

a) Impairment testing of goodwill and intangibles

For internal valuation, impairment testing is carried out annually at the closing date and generally consists of determining the value in use of each CGU in accordance with the principles set out in Note 4. Value in use is determined by the discounted cash flows method, based on a pre-tax cash flow and using the following rates:

	Growth rate	Discount rate (i)
Cash flow	Between 3.9% and 4.9%	11.3%

(i) The discount rate is represented by the Company's average cost of capital in current Reais (Capital Assets Pricing Model - CAPM)

The future cash flow assumptions and growth prospects are based on the Company's annual budget and long-term business plans, approved by the Board of Directors, as well as comparable market data and they represent Management's best estimate of the economic conditions that exist during the economic useful life of group of the assets that generate cash flows.

Key assumptions used in the impairment analysis are outlined below:

1. Revenues – projected based on the annual budget of the following year and the Company's business plan comprising the period of 2011 to 2015;

2. Costs and operational expenses – projected based on the Company's business plan.

3. Capital investments – capital investments were estimated considering the infrastructure required to support the growth set forth in the business plan.

Key assumptions were estimated considering the Company's historical performance and based on reasonable macroeconomic assumptions and are compatible with external sources of information based on financial market projections, and are documented and approved by Company's Management.

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14. Intangible assets - Continued

b) Other intangibles

Software was tested for impairment following the same criteria established for property and equipment.

Other intangible assets, whose useful life is indefinite, were submitted to impairment test according to the same calculation criteria used in goodwill on investments.

Acquisitions in 2010

Referring to the business combinations occurred in 2010 (as described in Note 16), the Company acquired intangible assets with definite and indefinite useful lives, as follows:

- Indefinite useful life – brands and commercial rights;
- Definite useful life – profitable lease agreement (10 years), profitable furniture supply agreement (3 years) and customer relationship (5 to 7 years).

15. Investments

a) Breakdown of investments

	Parent Company							
	Sé	**Sendas**	**Novasoc**	**Globex**	**PontoFrio.com**	**NBC**	**Other**	**Total**
Balances at December 31, 2009	**1,591,637**	**52,194**	-	**803,936**	-	-	18,393	**2,466,160**
Additions	-	-	6,449	473,688	-	-	-	**480,137**
Acquisitions	-	-			18,895	1,015,547	-	1,034,442
Exchange variation	(13,391)	(18,343)	-	-	-	-	-	(31,734)
Write-off								
Equity pick-up	124,259	745	35,576	(14,221)	(2,077)	-	4,227	148,509
Dividends receivable	-	782	-	-	-	-	-	782
Transfer to capital deficiency								
Other	-	-	(11,984)	(1,622)	2,176	-	1,236	(9,807)
Balances at December 31, 2010	**1,702,505**	**35,378**	**30,041**	**1,261,781**	**18,994**	**1,015,547**	**23,856**	**4,088,102**
Exchange variation	**(152,074)**	**(36,655)**	**(11,271)**	**-**	**-**	**-**	**-**	**(200,000)**
Write-off								
Equity pick-up	**36,989**	**7,831**	**9,213**	**(12,692)**	**(425)**	**(4,256)**	**-**	**36,660**
Other	**-**	**-**	**-**	**(11,731)**	**(113)**	**-**	**-**	**(11,844)**
Balances at March 31, 2011	**1,587,420**	**6,554**	**27,983**	**1,237,358**	**18,456**	**1,011,291**	**23,856**	**3,912,918**

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15. Investments - Continued

a) Breakdown of investments (continued)

	Consolidated			
	FIC/ Miravalles	Binv/ Globex	Other	Total
Balances at December 31, 2009	**176,565**	**15,010**	**2,652**	**194,227**
Additions	-			-
Acquisitions (i)	-		(465)	(465)
Write-off	-	-	-	-
Equity pick-up	21,722	12,799	(22)	34,499
Dividends receivable	(7,925)	(3,155)		(11,080)
Law 11,638/07	16,011	(652)		15,359
Balances at December 31, 2010	**206,373**	**24,002**	**2,165**	**232,540**
Write-off	(13,670)	(553)		(14,223)
Equity pick-up	7,510	3,054	(22)	10,542
Balances at March 31, 2011	**200,213**	**26,503**	**2,143**	**228,859**

(i) Fair value of investment that NCB maintains in Bartira.

(i) FIC / Miravalles

The miravalles, a company organized in July 2004 and owner of exploitation rights of the Company's financial activities, received capital subscription from Itaú Unibanco Holding S.A., which now holds 50% equity interest of such company (the other 50% interest is held by CBD). Also in 2004, Miravalles incorporated Financeira Itaú Companhia S.A. ("FIC"). FIC is a company which structures and trades financial products and services exclusively to the Company's customers.

At August 28, 2009, the Company and Itaú Unibanco Holding S.A. ("Itaú Unibanco") amended the FIC partnership agreement, removing Itaú Unibanco's exclusivity obligation and extending the partnership agreement for additional 5 years, which shall be valid until August 28, 2029. Finally, the new partnership agreement includes all brands and formats of stores operated or owned by the Company, direct or indirectly, including supermarkets, hypermarkets, convenience stores, home appliance stores, cash and carry stores, gas stations, drugstores and e-commerce.

15. Investments - Continued

a) Breakdown of investments (continued)

(i) FIC / Miravalles (continued)

During 2009, there was a corporate restructuring involving the merger of Miravalles and FIC. After such restructuring, the Company still holds an interest of 50% in FIC. The operational management of FIC is under the responsibility of Itaú Unibanco.

The summarized financial information of FIC at March 31, 2011 and December 31, 2010 is as follows:

	Consolidated	
	03.31.2011	**12.31.2010**
Current assets	**3,331,432**	3,118,059
Non-current assets	**1,286**	289,963
Total assets	**3,363,371**	3,408,022
Current liabilities	**2,762,134**	2,783,045
Non-current liabilities	**27,628**	36,259
Shareholders' equity	**557,399**	588,718
Total liabilities and shareholders' equity	**3,363,371**	3,408,022
Operating results:		
Revenues	**203,585**	918,415
Operating income	**11,773**	145,756
Net income	**8,560**	93,302

(ii) Sendas

Acquisition of minority interest in Sendas Distribuidora

On January 5, 2007, Sendas S.A. notified the Company about the exercise of its right to swap its entire interest in Sendas Distribuidora with preferred shares of the Company. This share swap right would prevail if final decision on the arbitration proceeding filed by Sendas S.A at October 19, 2005 were unfavorable to Sendas S.A. The subject-matter of said arbitration proceeding was to recognize if the partnership between Diniz Group and Casino Group would represent a change of control, fact of which would enable to recognize the exercise of swap option of Sendas Distribuidora's shares by Sendas S.A.

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15. Investments - Continued

a) Breakdown of investments (continued)

(ii) Sendas (continued)

Acquisition of minority interest in Sendas Distribuidora (continued)

As at April 29, 2009, the Panel of Conciliation and Arbitration of FGV-RJ rendered an unfavorable decision to Sendas S.A., the swap of interest exercised at January 5, 2007 became legally valid, and as of this date, it is reasonable to define the swap option at the fair value.

As the fair value has been negotiated, under CPC 38 the Company's interim financial statements as of January 1, 2009 and for the fiscal year ended December 31, 2009 (including the full adoption of CPCs) reflected the exercise of swap option with Sendas S.A., estimated at R$128,096, by means of recognition of an equity instrument, determined by the number of preferred shares of CBD (3,566,000 shares) which would be delivered to Sendas S.A, using CBD's preferred share price on the exercise date of swap option, i.e., January 5, 2007.

Within this context, the Company fully consolidated Sendas Distribuidora in the interim financial statements of January 1, 2009 and December 31, 2009, not recognizing the corresponding non-controlling interest.

15. Investments - Continued

a) Breakdown of investments (continued)

(ii) Sendas (continued)

Acquisition of minority interest in Sendas Distribuidora (continued)

Sendas S.A. and Barcelona Comércio Varejista e Atacadista S.A. (Company's subsidiary) entered into a Stock Purchase Agreement and Other Covenants, according to which Sendas Distribuidora's shares held by Sendas S.A. may be transferred to Barcelona Comércio Varejista e Atacadista S.A. This minority interest acquisition was approved by the Board of Directors of CBD, however, this transaction is subject to approval of the Company's shareholders' general meeting, which is a suspensive condition for the operation to be valid. Once met this condition, Sendas S.A. will transfer to Barcelona Comércio Varejista e Atacadista S.A. its entire interest in Sendas Distribuidora, currently corresponding to 42.57% of the capital stock for R$377,000 to be paid as follows: R$59,000 upon the transfer of shares and the remaining amount of R$318,000 in 6 annual and consecutive installments of R$53,000, the first installment shall mature in July 2011, adjusted by IPCA (Extended Consumer Price Index) as of the fourth installment, and as July to December 2010 as reference basis. This present value of obligation assumed at March 31, 2011 is R$331,327 (R$324,350 at December 31, 2010).

Consolidated	**03.31.2011**	**12.31.2010**
Interest acquisition in Assai (i)	**15,035**	188,194
Interest acquisition in Sendas Distribuidora (ii)	**272,327**	324,350
	287,362	512,544
Current liabilities	**62,850**	297,484
Non-current liabilities	**224,512**	215,060

I. Accounts payable due to the acquisition of non-controlling interest in Assai, subsidiary that operates in the "cash and carry" segment for the Group. The accounts payable will be settled in 2011.

II. Accounts payable due to the acquisition of non-controlling interest in Sendas Distribuidora, which will be settled in 6 annual installments, and the last amortization will take place in December 2017.

16. Business combinations and acquisition of minority interest

a) Association with Nova Casa Bahia

Context of the partnership

At December 4, 2009, Casas Bahia Comercial Ltda. ("CB") and GPA entered into a Partnership Agreement ("Partnership Agreement") aiming at merging their retail trade of durable goods and electronic commerce of durable goods businesses.

At February 3, 2010 the parties signed a Provisional Agreement for the Maintenance of Operation Reversibility ("APRO") with the Administrative Council for Economic Defense ("CADE"), which determined that the following actions to be taken: (i) maintenance of "Casas Bahia" and "Ponto Frio" brands, as well as separate advertising campaigns, ensuring investments in propaganda and marketing at levels compatible with previous fiscal years, except for the assumptions resulting from the economic scenario; (iii) the maintenance of stores existing in 146 cities where both "Casas Bahia" and "Ponto Frio" are located; (iii) maintenance of respective warehouses and the Bartira's furniture plant; (iv) maintenance of respective loan policies; and (v) maintenance of separate procurement structures and their commercial contractual instruments, even though they may jointly operate in this segment. Except for these specific conditions, both Globex and NCB may adopt the measures necessary to merge their activities and capture the synergies resulting from this operation. This present operation is pending approval from CADE.

At July 1, 2010, NCB's shareholders entered into an addendum to the Partnership Agreement, in which the parties reviewed certain conditions of the partnership, as well as defined the actions required for their implementation.

As a preliminary phase of this businesses merger, at October 1, 2010, the operating assets of CB were transferred to NCB through a partial spin-off. This transfer included an equity interest of 25% in Bartira (remainder 75% still under the possession of CB).

Thus, as of October 1, 2010, NCB now operates under the "Casas Bahia" brand, which operates in 11 Brazilian states and in the Federal District, represented by 526 stores and 8 warehouses, selling a wide range of electronic products, home appliances and devices, such as furniture, electronic toys, office supplies, mobile phones, computers and accessories.

16. Business combinations and acquisition of minority interest - Continued

a) Association with Nova Casa Bahia (continued)

Context of the partnership (continued)

At November 9, 2010, as a preparatory phase of the process to merge NCB's shares into Globex, CDB centralized the retail trade of durable goods and the electronic commerce of durable goods in Globex.

Thus, the Company injected capital into its subsidiary Globex, used in this specific transaction as intervening party and of the consideration transferred to the acquisition, in the following amount: (i) net assets from the Company's electronic products operations, established by the "Extra-Eletro" brand, in the amount of R$89,826; (ii) financial investments of R$290,143; and (iii) receivables between the Company's subsidiaries, in the amount of R$375,550.

As a final phase of the process to merge the retail trade of durable goods, at November 9, 2010, all NCB's shares were merged into the capital of Globex at the carrying amount, thus, as of that date, NCB became a wholly-owned subsidiary and CBD's control was maintained. As a result of the share merger, GPA diluted its direct interest in Globex, now holding 52.41% of its capital stock, but maintaining the control of operating and financial decisions pertaining to Globex and its subsidiaries.

The share swap ratio was based on an economic valuation of NCB and Globex, at the reference date of June 30, 2010, duly supported by reports drafted by a specialized company.

Determination of the consideration transferred due to the takeover of NCB

With capital contributions established and as part of the merger process of NCB's shares into the shareholders' equity of Globex, GPA transferred approximately 47% of its entire investment in Globex to CB, which is determined as total consideration transferred for the takeover of NCB ("total consideration transferred").

16. Business combinations and acquisition of minority interest - Continued

a) Association with Nova Casa Bahia (continued)

Determination of the consideration transferred due to the takeover of NCB (continued)

Since Globex is a publicly held company, with its shares quoted and traded on the organized market (Bovespa) by independent purchasers and sellers and experts in electric/electronic products segment, for accounting purposes, the fair value of the consideration transferred was determined by the final price of Globex's common share traded on Bovespa at November 9, 2010, as follows:

	12.31.2010
Number of common shares held by CBD, corresponding to a 98.77% interest	168,927,975
Globex common share quote at November 9, 2010 - R$	15.00
Market value (Bovespa) of investment in Globex – 98.77%	2,533,920
47% of market value of investment in Globex assigned to CB's shareholders	1,193,082
Fixed mandatory dividends to Bartira's shareholders (i)	6,069
Assets received from CB considered as consideration transferred:	
Call option for controlling interest in Bartira, net of income and social contribution taxes(ii)	(274,563)
Non-controlling interest over assets received (v)	130,571
Value of total consideration transferred	1,055,159

(i) According to the Partnership Agreement, Bartira will disproportionally distribute mandatory dividends to its shareholders, in order to ensure that CB receives a total of R$12 million as dividends in the next three years. This mandatory minimum dividend that Bartira shall pay to the Klein family, as a disproportional sharing was considered according to CPC 15 and IFRS 3R, as part of the total consideration transferred for takeover of NCB;

(ii) Furniture supply agreement with Bartira: NCB has an exclusive supply agreement with Bartira. This agreement holds profitable conditions to NCB in the acquisition of furniture compared to the margins established in the sector. The amount was defined using information on comparable transactions in the market;

16. Business combinations and acquisition of minority interest - Continued

a) Association with Nova Casa Bahia (continued)

Determination of the consideration transferred due to the takeover of NCB (continued)

(iii) Profitable property lease agreement signed with CB: this refers to CB's properties, which include stores, warehouses and buildings. Yhe assets where deemed of operating leases by NCB. This the balance was measured according to information on comparable transactions in the market;

(iv) Fair value of Bartira's call option: the parties granted through the Partnership Agreement, call and put options for the interests held by GPA and CB in Bartira. The conditions are defined as follows:

- During the lock-up period defined in the Partnership Agreement as 36 months, NCB is eligible to sell is 25% interest in Bartira's capital stock for one real (R$1.00);

- During the period from the end of the lock-up period and the end of the 6th year of the agreement, NCB may acquire the remaining 75% interest in the capital stock of Bartira, currently held by CB, for a total of R$175,000, adjusted by IPCA (Extended Consumer Index Price);

- Should NCB do not exercise the aforementioned call option at the end of the 6th year, CB shall have to acquire the 25% interest from NCB for a total of R$58,500, adjusted by IPCA;

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16. Business combinations and acquisition of minority interest - Continued

a) Association with Nova Casa Bahia (continued)

Fair values of acquired identifiable assets and liabilities (continued)

The fair values of identifiable assets and liabilities acquired from NCB, on the date of business combination were as follows:

	IFRS – opening balance	(i) Fair value of investment held in Bartira	(ii) "Casas Bahia" banner	(iii) Commercial rights	(iv) Supply agreement in favorable conditions	(iii) Lease agreement in favorable conditions	Balance after provisional allocation of purchase price
Assets							
Cash and cash equivalents	64,957	-	-	-	-	-	64,957
Marketable securities	586,536	-	-	-	-	-	586,536
Trade accounts receivable	2,434,960	-	-	-	-	-	2,434,960
Inventories	1,360,420	-	-	-	-	-	1,360,420
Recoverable taxes	269,352	-	-	-	-	-	269,352
Deferred income tax	142,342	(46,770)	(549,242)	(136,344)	(47,971)	(87,075)	(725,060)
Prepaid expenses	58,498	-	-	-	-	-	58,498
Other	268,059	-	-	-	-	-	268,059
Investments in associates	-	137,560	-	-	-	-	137,560
Property and equipment	570,889	-	-	-	-	-	570,889
Intangible assets	57,217	-	1,615,417	401,011	141,092	256,103	2,470,840
	5,813,230	90,790	1,066,175	264,667	93,121	169,028	7,497,011
Liabilities							
Trade accounts payable	(1,063,178)	-	-	-	-	-	(1,063,178)
Debt	(1,438,859)	-	-	-	-	-	(1,438,859)
Taxes payable	(448,565)	-	-	-	-	-	(448,565)
Deferred revenues	(230,637)	-	-	-	-	-	(230,637)
Provision for contingencies	(33,796)	-	-	-	-	-	(33,796)
Other	(1,405,165)	-	-	-	-	-	(1,405,165)
	(4,620,200)	-	-	-	-	-	(4,620,200)
Net assets	1,193,030	90,790	1,066,175	264,667	93,121	169,028	2,876,811

16. Business combinations and acquisition of minority interest - Continued

a) Association with Nova Casa Bahia (continued)

Determination of the consideration transferred due to the takeover of NCB (continued)

(i) Fair value of investment held in Bartira (25%): it refers to the measurement of fair value of the investment currently held by NCB of 25% of Bartira's capital stock. It was measured by EBITDA multiples, obtained from market players.

(ii) "Casas Bahia" brand: Casas Bahia is a traditional, well recognized brand in the Brazilian retail trade and is considered one of the most valuable brands, according to specialized brand valuation companies. Considering the strength and recognition of this brand, a market participant should not discontinue it. Its measurement was based on the royalties relief methodology, which represents the remuneration practiced by the market for using the brand, if it were not acquired;

(iii) Commercial rights: points-of-sale, many of them are located in very busy and large shopping centers. Usually, shopping centers and street stores charge fees related to the assignment for the right to use the point-of-sale when this asset is transferred. These are measured according to information on comparable transactions in the market;

No contingent liabilities or assets were identified and recognized on the acquisition date, and even if positive, this would be Indemnified by CB or GPA, where applicable.

The fair value of the non-controlling interest was measured applying the interest, through the fair value of identifiable net assets of NCB on the business combination date, as follows:

	12.31.2010
Fair value of acquired net assets	2,614,662
Non-controlling interest	47.56%
Non-controlling interest – measured by the proportional amount method at fair value of acquired net assets	1,243,533

16. Business combinations and acquisition of minority interest - Continued

a) Association with Nova Casa Bahia (continued)

Gains due to bargain purchase

As a result of: (i) measurement of the total consideration transferred due to takeover of NCB; (ii) measurement of non-controlling interest; and (iii) measurement of identifiable assets and liabilities at fair value, the Company verified on an accounting basis a gain due to bargain price acquisition in the amount of R$453,569, recognized in the statement of income for the fiscal year ended December 31, 2010, under Other operating expenses as follows:

	12.31.2010
Total consideration transferred due to takeover of NCB	(917,699)
Non-controlling interest – measured by the proportional amount method at fair value of acquired net assets	(1,243,394)
Fair value of acquired net assets	2,614,662
Gain due to profitable purchase resulting from takeover of NCB	453,569

According to the accounting practices adopted in Brazil and international accounting standards issued by CPC 15 and IFRS 3R, the 47% interest in the capital stock of Globex assigned to CB as total consideration transferred shall be measured at fair value on the business combination date. Also referring to this standard, this measurement at fair value shall be guided by certain hierarchy, which requires that if shares are quoted on the organized market, they shall be regularly traded on an arm's length transaction and share quote shall be the information to be used in the measurement of the fair value of investment assigned as part of the total consideration transferred.

Thus, when Globex's common shares quote was used to calculate the total consideration transferred, the gain due to profitable purchase was determined and duly recognized in the Company's interim financial statements.

16. Business combinations and acquisition of minority interest - Continued

a) Association with Nova Casa Bahia (continued)

Gains due to bargain purchase (continued)

The referred gain obtained is justifies for CB mainly due to extremely positive future developments deriving from this partnership with GPA. This partnership will allow to NCB better accesses to financing and synergies in all areas, such as: trade, logistics, administrative and financial areas, among others.

In addition, the partnership with CB will position Globex into a new business level, thus, allowing higher nationwide coverage, scale gains and other benefits to be converted into the benefit of our customers and employees, which will possibly result in a more attractive future profitability, and accordingly, the appreciation of shares held by CB. With 47% interest in Globex, CB will continue actively participating in this operation, whether in the direct management or through the Board of Directors.

Subsequent measurement – provisional allocation of purchase price

The NCB takeover was accounted for according to the method of acquisition, pursuant to IFRS 3R and CPC 15. The Company did not obtain a final evaluation of the acquired net asset fair value, so that to conclude that the evaluation of gain due to profitable purchase, referring to the NCB takeover.

In compliance with IFRS 3R and CPC 15, the Company will conclude the collection of data and the evaluation of acquired net asset fair value, as well as the consideration transferred in 2011 over 12 months as of the business combination date.

The costs of the transactions, totaling R$100,100 were treated as expense and included in other operating expenses.

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17. Debt

(i) Breakdown of debt

		Parent Company	
	Note	**03.31.2011**	**12.31.2010**
Debentures			
Debentures	17c	508,049	523,574
Swap contracts	17a	625	598
Funding fees		(3,239)	(3,497)
		505,436	520,675
Local currency			
BNDES	17b	52,392	39,099
Financial lease	20	19,834	20,789
Swap contracts	17a		(3)
Funding fees		(4,538)	(4,525)
Anticipation of receivables		-	249,997
		67,688	55,357
Foreign currency			
Working capital	17a	359,066	366,592
Swap contracts	17a	55,665	35,778
Funding fees		(328)	(372)
		414,404	401,998
Total current		987,528	1,228,030

		Consolidated	
	Note	**03.31.2011**	**12.31.2010**
Debentures			
Debentures	17c	508,049	523,574
Swap contracts	17a	625	598
Funding fees		(3,239)	(3,497)
		505,436	520,675
Local currency			
BNDES	17b	91,710	80,905
Working capital	17a	1,841,986	1,604,525
Financial lease	20	65,425	71,277
Swap contracts			(439)
Funding fees		(6,788)	(6,770)
Anticipation of receivables		-	249,997
		1,992,333	1,999,495
Foreign currency			
Working capital	17a	815,561	414,140
Swap contracts	17a	120,040	43,856
Funding fees		(830)	(661)
		934,770	457,335
Total current		3,432,539	2,977,505

Explanatory Notes

Companhia Brasileira de Distribuição

Notes to the interim financial statements
March 31, 2011
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17. Debt - Continued

(i) Breakdown of debt (continued)

		Parent Company	
	Note	**03.31.2011**	**12.31.2010**
Debentures			
Debentures	17d	1,458,310	1,075,538
Funding fees		(7,311)	(8,066)
		1,450,999	1,067,472
Local currency			
Working capital	17a	1,013,870	703,049
Financial lease	20	61,538	66,129
Swap contracts	17a	19,603	7,967
Funding fees		(8,358)	(9,486)
		1,463,384	1,125,712
Foreign currency			
Working capital	17a	291,113	296,147
Swap contracts	17a	48,865	35,055
Funding fees		(353)	(426)
		339,625	330,776
Total noncurrent		3,254,008	2,523,960

		Consolidated	
	Note	**03.31.2011**	**12.31.2010**
Debentures			
Debentures	17d	1,458,310	1,075,538
Funding fees		(7,311)	(8,066)
		1,450,999	1,067,472
Local currency			
BNDES	17b	391,576	381,519
IBM		10,217	11,917
Working capital	17a	1,372,126	1,073,135
FIDCs	10	2,345,994	2,280,517
Financial lease	20	89,709	101,097
Swap contracts	17a	21,471	8,134
Funding fees		(10,584)	(12,272)
		4,220,510	3,844,047
Foreign currency			
BNDES	17b		-
Working capital	17a	391,509	617,826
Swap contracts	17a	60,538	63,059
Funding fees		(362)	(468)
		451,685	680,417
Total noncurrent		6,123,194	5,591,936

Explanatory Notes

Companhia Brasileira de Distribuição

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17. Debt - Continued

(ii) Noncurrent maturity

Year	Parent Company	Consolidated
From 13 to 24 months	75,839	1,331,715
From 25 to 36 months	1,022,030	2,633,280
From 37 to 48 months	1,645,837	1,646,305
From 49 to 60 months	144,888	140,746
Over 60 months	381,434	389,405
Subtotal	3,270,028	6,141,451
Funding cost	(16,021)	(18,257)
Total	3,254,007	6,123,194

a) Working capital financing

Obtained from local banks, mainly used to finance the Company's working capital. The loans have no collateral.

			Parent Company	
		Rate	03.31.2011	12.31.2010
Debt				
Local currency				
Brasil	CDI	12.0%	**1,013,870**	**703,049**
			1,013,870	**703,049**
Foreign currency				
ABN AMRO	YEN	1.69%	**124,068**	**129,154**
Santander	USD	5.94%	**234,998**	**237,438**
Itau BBA	USD	100.0%	**291,113**	**296,147**
			650,179	**662,739**
Swap agreements				
ABN AMRO	CDI	101.8%	**(10,158)**	**(17,037)**
Santander	CDI	101.6%	**65,824**	**52,814**
Itau BBA	CDI	100.0%	**48,865**	**35,055**
Brasil	CDI	103.5%	**19,604**	**7,964**
			124,135	**78,797**
			1,788,184	**1,444,585**

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Companhia Brasileira de Distribuição

Notes to the interim financial statements
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17. Debt- Continued

(ii) Noncurrent maturity (continued)

a) Working capital financing (continued)

			Consolidated	
		Rate	**03.31.2011**	**12.31.2010**
Debt				
Local currency				
Brasil	CDI	12.0%	1,392,589	1,310,708
Santander	CDI		276,860	190,317
Itaú Unibanco	CDI	1.5%	24	15
Safra	CDI		655,780	540,362
Bradesco	CDI		887,714	620,407
HSBC	CDI			4,811
Alfa	CDI	1.5%	1,143	11,040
			3,214,110	2,677,660
Foreign currency				
ABN AMRO	YEN	4.92%	247,951	252,556
Santander	USD	5.94%	333,436	337,693
Bradesco	USD		63,807	
Itaú BBA	USD	4.06%	291,113	296,147
Brasil	YEN		270,763	145,571
			1,207,070	1,031,967
Swap agreements				
ABN AMRO	CDI	104.2%	17,952	4,188
Santander	CDI	101.6%	80,205	56,560
Itaú BBA	CDI	100.0%	48,865	35,055
Bradesco	CDI		2,632	-
Brasil	CDI	103.6%	52,394	18,808
			202,048	114,612
			4,623,230	3,824,239

The Company uses swap transactions to exchange U.S. dollar-denominated and yen-denominated obligations and fixed interest rates to the Brazilian real pegged to CDI (floating) interest rate. The Company contracts swap operations with the same counterparty currency and interest rates swap transactions. The CDI annual benchmark rate at March 31, 2011 was 10.37% (9.87% at December 31,2010).

17. Debt- Continued

(ii) Noncurrent maturity (continued)

a) Working capital financing (continued)

The Company signed promissory notes and letters of guarantee in the amount of R$37,346 given as collateral for loans and borrowings with Banco IBM and Brazilian Development Bank (BNDES).

In the working capital, there is a balance of R$1,920,148 referring to subsidiary NCB, funds to finance working capital are raised with local financial institutions in local and foreign currencies and vendor operations. Vendor is a sales line of credit based on the credit assignment, executed between vendors and financial institutions, thus, allowing vendors to sell their products by installments and receive in cash. The Company applies the rate of up to 1.5% monthly and maximum terms of up to 60 days.
The Company signed promissory notes and letters of guarantee in amount corresponding to the loans and borrowings with Banco IBM and the Brazilian Development Bank (BNDES).

These refer to CDCI borrowings, deriving from financed amounts to the subsidiary NCB's customers, with sales made and monthly installments. The financial charges have an average rate of 12.14% p.a. over which the subsidiary has co-obligation with financial institutions, secured by promissory notes issued by subsidiary and by the assignment of receivables.

b) BNDES credit line

The line of credit agreements denominated in reais, with the Development Bank (BNDES), are subject to the indexation based on the TJLP rate (long-term rate), plus annual interest rates, or are denominated based on a basket of foreign currencies to reflect the BNDES' funding portfolio, plus annual fixed interest rates. Financing is paid in monthly installments after a grace period, as mentioned below.

17. Debt - Continued

(ii) Noncurrent maturity (continued)

b) BNDES credit line (continued)

The Company cannot offer any assets as collateral for loans to other parties without the prior authorization of BNDES and it must comply with certain financial ratios, calculated based on the consolidated balance sheet, as follows: (i) maintenance of a capitalization ratio (shareholders' equity/total assets) equal to or in excess of 0.30 and (ii) maintenance of a current ratio (current assets/current liabilities) equal to or in excess of 1.05. The Company controls and monitors these indexes.

At March 31, 2011, the Company was in compliance with the aforementioned clauses.

			Parent Company	
Annual financial charges	**Number of monthly installments**	**Maturity**	**03.31.2011**	**12.31.2010**
TJLP + 3.2%	60	Nov/12	**55,077**	63,339
TJLP + 2.7%	60	Nov/12	**7,956**	9,150
TLJP+ 4.5%	60	Dec/16	**40,000**	40,000
TLJP+ 4.5%	60	Dec/16	**41,000**	41,000
TLJP+ 4.5%	60	Dec/16	**98,987**	98,663
TLJP+ 4.5%	60	Dec/16	**45,000**	45,000
TLJP+ 4.5%	60	Dec/16	**100,000**	100,000
TLJP+ 4.5%	60	Dec/16	**20,000**	
TLJP+ 4.5%	60	Dec/16	**11,100**	
TLJP+ 4.5%	60	Dec/16	**10,000**	
			429,121	397,152

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17. Debt - Continued

(ii) Noncurrent maturity (continued)

b) BNDES credit line (continued)

			Consolidated	
Annual financial charges	**Number of monthly installments**	**Maturity**	**03.31.2011**	**12.31.2010**
TJLP + 3.2%	60	Nov/12	**55,077**	63,339
TJLP + 2.7%	60	Nov/12	**7,956**	9,150
TLJP + 4.5%	1	Jan/11		149
TJLP + 2.3%	11	Nov/11	**6,464**	8,889
TJLP + 2.3%	11	Nov/11	**690**	1,109
TLJP+ 2.3%	11	May/12	**3,672**	4,459
TLJP+ 2.3%	30	Jun/13	**37,897**	43,591
TLJP+ 2.8%	11	Nov/11	**3,042**	4,183
TLJP+ 2.8%	17	May/12	**2,244**	2,725
TJLP+ 4.5%	48	Dec/14	**157**	169
TJLP+ 4.5%	60	Dec/16	**40,000**	40,000
TJLP+ 4.5%	60	Dec/16	**41,000**	41,000
TJLP+ 4.5%	60	Dec/16	**98,987**	98,663
TJLP+ 4.5%	60	Dec/16	**45,000**	45,000
TJLP+ 4.5%	60	Dec/16	**100,000**	100,000
TJLP+ 4.5%	60	Dec/16	**20,000**	
TJLP+ 4.5%	60	Dec/16	**11,100**	
TJLP+ 4.5%	60	Dec/16	**10,000**	
			483,286	462,424

c) Redeemable PAFIDC quotas

As per CPC 38 (IAS 39), the Company records the amounts related to the senior quotas as Debt.

Explanatory Notes

Companhia Brasileira de Distribuição

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17. Debt - Continued

(ii) Noncurrent maturity (continued)

d) Debentures

	Parent Company and Consolidated					
	Type	**Outstanding debentures**	**Annual financial charges**	**Unit price**	**03.31.2011**	**12.31.2010**
6th Issue – 1st Series	No preference	54,000	CDI + 0.5%	10,458	**363,293**	**559,195**
6th Issue – 2ndSerie	No preference	23,965	CDI + 0.5%	10,458	**161,228**	**248,169**
7th Issue – 1st Series	No preference	200	119% of CDI	1,056,320	**243,412**	**234,979**
8th Issue – 1st Series	No preference	500	109.5% of CDI	1,003,959	**571,864**	**555,772**
6th Issue – 1st and 2ndSeries	Interest rate swap	-	104.96% of CDI	-	**625**	**598**
9th Issue – 1st Series		610	109.5% of CDI	1,027,153	**626,564**	
Funding cost					**(10,551)**	**(11,564)**
Current and noncurrent					**1,956,435**	**1,588,147**
Noncurrent liabilities					**1,450,999**	**1,067,472**
Current liabilities					**505,436**	**520,675**

(i) Breakdown of outstanding debentures

	Number of debentures	**Value**
At December 31, 2010	**777,965**	**1,588,147**
Interest and swap paid		**(42,534)**
Net interest payment and swap		**(199,177)**
9th Issue	**610,000**	**610,000**
At March 31, 2011	**1,387,965**	**1,956,435**

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Companhia Brasileira de Distribuição

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17. Debt - Continued

(ii) Noncurrent maturity (continued)

d) Debentures (continued)

(ii) Additional information

6th issue – On March 27, 2007, the Company's Board of Directors approved the issue of 77,965 debentures, corresponding to the total amount of R$ 779,650. The debentures issued within the scope of the 6th issue have the following characteristics:

Two series: 54,000 and 23,965 debentures were issued in the first and second series, respectively.

Class and convertibility: not convertible into shares issued by the Company.

Type: unsecured.

Issue date: March 1, 2007.

Term and maturity: seventy-two (72) months, thus maturing on March 1, 2013.

Remuneration: daily average rate of one-day DI – Interbank Deposits, known as "over extra group," expressed as annual percentage, based on a year of 252 days, calculated and disclosed by CETIP – Clearing House for the Custody and Financial Settlement of Securities, plus annual spread of 0.5%, of principal, due half-yearly, as of the issue date, always on March and September 1 every year.

Amortization: to be amortized in three (3) annual installments: March 1, 2011, March 1, 2012, and March 1, 2013. On each amortization payment date, 25,988 debentures will be paid.

Guarantee: not guaranteed.

17. Debt - Continued

(ii) Noncurrent maturity (continued)

d) Debentures (continued)

(ii) Additional information (continued)

Optional early redemption: as of the 18th month after the issue date, the Company may fully or partially redeem in advance the debentures by paying (i) the Unit Face Value plus Remuneration, calculated on a "pro rata temporis" basis, as of the issue date or the last date of payment of the Remuneration, where applicable, until the date of its effective payment; or (ii) reimbursement of premium corresponding to, at most, 1.5%, calculated on a "pro rata temporis" basis, decreasing over time. The partial redemption, if applicable, may occur through a draw, pursuant to paragraph 1 of Article 55 of Law 6,404 of December 15, 1976 ("Brazilian Corporation Law") and other applicable rules.

Financial ratios: calculated based on the Company's consolidated interim financial information in BR GAAP: (i) net debt (debt less cash and cash equivalents and accounts receivable) not exceeding the shareholders' equity; (ii) consolidated net debt/EBITDA ratio, lower or equal to 3.25. At March 31, 2011 the Company was in full compliance with all these ratios.

Utilization of funds: the funds raised through the series of the 6th issue of debentures will be used by the Company to strengthen working capital and to pay current debt.

7th issue – at June 8, 2010, the Company's Board of Directors approved the issue and the restricted offering of 200 non-convertible debentures, in the total amount of R$ 200,000. The debentures issued within the scope of the 7th issue have the following characteristics:

Series: single

Class and convertibility: registered, book-entry and without issuing share certificates. The debentures are not converted into shares issued by the Company.

Type: unsecured.

Issue date: June 15, 2009.

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Companhia Brasileira de Distribuição

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17. Debt - Continued

(ii) Noncurrent maturity (continued)

d) Debentures (continued)

(ii) Additional information (continued)

Term and maturity: seven hundred and twenty (720) days as of the issue date, thus maturing on June 5, 2011.

Remuneration: 119% of average daily rates of one-day DI – Interbank Deposits, known as “over extra group,” expressed as a percentage per annum, based on a year of 252 days, daily calculated and published by CETIP.

Amortization: amortization in a lump sum on the maturity date.

Early redemption: not applicable.

Guarantee: not guaranteed.

Financial ratios: calculated based on the Company’s consolidated interim financial information: (i) net debt (debt less cash and cash equivalents and accounts receivable) not exceeding the shareholders’ equity; (ii) consolidated net debt/EBITDA ratio, lower or equal to 3.25. At march 31, 2010 the Company was in full compliance with all these ratios.

Utilization of funds: funds raised by means of the 7th issue shall be exclusively used by the Company to acquire farming and ranching products with its vendors who are agricultural producers and/or cooperatives listed in the respective Deed of Issue within a term not exceeding five (5) months as of the issue date to be sold at the Company’s establishments.

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Companhia Brasileira de Distribuição

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17. Debt - Continued

(ii) Noncurrent maturity (continued)

d) Debentures (continued)

(ii) Additional information (continued)

8th issue – at December 4, 2010, the Company's Board of Directors approved the issue and the restricted offering of 500 non-convertible debentures, in the total amount of R$500,000. The debentures issued within the scope of the 8th issue have the following characteristics:

Series: single.

Class and convertibility: registered, book-entry and without issuing share certificates. The debentures are not converted into shares issued by the Company.

Type: unsecured.

Issue date: December 15, 2009.

Term and maturity: sixty (60) months as of the issue date, thus maturing at December 15, 2014.

Remuneration: 109.5% average daily rates of one-day DI – Interbank Deposits, known as "over extra group," expressed as annual percentage, based on a year of two hundred and fifty-two (252) days, calculated and published by CETIP. The Remuneration will be paid as of the thirty-sixth (36th) month after the issue date, on the following dates: (i) December 15, 2012; (ii) June 15, 2013; (iii) December 15, 2013; (iv) June 15, 2014; and (v) on the Maturity Date, December 15, 2014.

Amortization: the unit face value of the debentures will be amortized on the following dates: (i) December 15, 2012; (ii) June 15, 2013; (iii) December 15, 2013; (iv) June 15, 2014. On each date, one fifth (1/5) of the unit face value of the debentures (R$1,000,000) will be paid.

Early redemption: the Company is entitled to early redemption at any time, at its exclusive discretion, pursuant to the conditions established in the deed of issue.

Explanatory Notes

Companhia Brasileira de Distribuição

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17. Debt - Continued

(ii) Noncurrent maturity (continued)

d) Debentures (continued)

(ii) Additional information (continued)

Guarantee: unsecured.

Financial ratios: calculated based on the Company's consolidated interim financial statements prepared under BR GAAP: (i) net debt (debt less cash and cash equivalents and accounts receivable) not exceeding the shareholders' equity; (ii) consolidated net debt/EBITDA ratio, lower or equal to 3.25. At March 31, 2011 the Company was in full compliance with all these ratios.

Utilization of funds: the funds raised through the 8th issue of debentures shall be used by the Company to maintain its cash strategy and to strengthen its working capital.

9h issue – at January 5, 2011, the Company's Board of Directors approved the issue and the restricted offering of 610 non-convertible debentures, in the total amount of R$610,000. The debentures issued within the scope of the 9th issue have the following characteristics:

Series: single

Class and convertibility: registered, book-entry and without issuing share certificates. The debentures are not converted into shares issued by the Company.

Type: unsecured.

Issue date: January 5, 2011.

Term and maturity: thirty six (36) months as of the issue date, thus maturing on January 5, 2014.

Explanatory Notes

Companhia Brasileira de Distribuição

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17. Debt - Continued

(ii) Noncurrent maturity (continued)

d) Debentures (continued)

(ii) Additional information (continued)

Remuneration: 107.75% of average daily rates of one-day DI – Interbank Deposits, known as "over extra group," expressed as a percentage per annum, based on a year of 252 days, daily calculated and published by CETIP.

Amortization: the unit face value of debentures will not be partially amortized throughout the effectiveness term of debentures. The unit face value of each debenture will be fully and exclusively paid on the maturity date.

Early redemption: the Company is entitled to early redemption at any time, at its exclusive discretion, pursuant to the conditions established in the deed of issue.

Guarantee: unsecured.

Financial ratios: calculated based on the Company's consolidated interim financial statements prepared in BR GAAP: (i) net debt (debt less cash and cash equivalents and accounts receivable) not exceeding the shareholders' equity; (ii) consolidated net debt/EBITDA ratio, lower or equal to 3.25. At March 31, 2011 the Company was in full compliance with all these ratios.

Utilization of funds: funds raised by means of the 9th issue shall be used by the Company to maintain its cash strategy and strengthen its working capital.

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18. Financial instruments

The Company uses financial instruments in order to sustain its growth strategy. The derivative transactions have the exclusive objective of reducing the exposure to the foreign currency fluctuation and interest rate risks and to maintain a balanced capital structure.

Financial instruments have been reported pursuant to CPCs 38 and 39 (IAS 39 and 32). The main financial instruments and their amounts by category are as follows:

	Parent Company			
	Carrying amount		Fair value	
	03.31.2011	**12.31.2010**	**03.31.2011**	**12.31.2010**
Cash and cash equivalents	**1,941,991**	1,757,576	**1,941,991**	1,757,576
Receivables and FIDC	**592,372**	1,050,769	**592,372**	1,050,769
Related parties, net	**668,689**	290,736	**668,689**	290,736
Vendors	**(2,048,273)**	(2,219,699)	**(2,048,273)**	(2,219,699)
Debt	**(2,203,728)**	(2,163,843)	**(2,220,099)**	(2,163,843)
Debentures	**(1,956,435)**	(1,588,147)	**(1,792,158)**	(1,580,328)
Net exposure	**(3,005,384)**	(2,872,608)	**(2,857,478)**	(2,864,789)

	Consolidated			
	Carrying amount		Fair value	
	03.31.2011	**12.31.2010**	**03.31.2011**	**12.31.2010**
Cash and cash equivalents	**3,587,926**	3,817,994	**3,587,926**	3,817,994
Financial investments	**369,249**	608,002	**369,249**	608,002
Receivables and FIDC	**4,836,082**	4,658,864	**4,836,082**	4,658,864
Related parties, net	**123,360**	(98,050)	**123,360**	(98,050)
Vendors	**(4,864,379)**	(5,306,349)	**(4,864,379)**	(5,306,349)
Debt	**(7,451,123)**	(6,981,293)	**(7,467,494)**	(6,981,293)
Debentures	**(1,956,435)**	(1,588,147)	**(1,792,158)**	(1,580,328)
Net exposure	**(5,355,320)**	(4,888,979)	**(5,207,414)**	(4,881,160)

18. Financial instruments - Continued

The Company adopts risk control policies and procedures, as outlined below:

a) Considerations on risk factors that may affect the business of the Company

(i) Credit risk

- Cash and cash equivalents: in order to minimize credit risk of these investments, the Company adopts policies restricting the marketable securities that may be allocated to a single financial institution, and take into consideration monetary limits and financial institution credit ratings, which are frequently updated (Note 7).

- Receivables: the Company sells directly to individual customers through post-dated checks, in a very small portion of sales, 0.13% in the quarter ended March 31, 2011 (0.27% at March 31, 2010).

- The Company also has counterparty risk related to the derivative instruments; such risk is mitigated by the Company's policy of carrying out transactions with renowned financial institutions and credit card and/or tickets sales are mostly assigned to PAFIDC, the risk of which is related and limited to the amount of subordinated shares held by the Company (Note 10).

(ii) Interest rate risk

The Company is subject to increased interest rate risk, due to the CDI related debts. Balances of marketable securities indexed by CDI, partially offset this impact.

(iii) Exchange rate risk

The Company is exposed to exchange rate fluctuations, which may increase the liabilities balances of foreign currency-denominated loans. Therefore, the Company enters into swap agreements to hedge against exchange variation deriving from foreign currency-denominated loans.

18. Financial instruments - Continued

a) Considerations on risk factors that may affect the business of the Company (continued)

(iv) Derivative financial instruments

The Company's derivatives contracted before December 31, 2008, are measured at fair value through income statement, including: (i) Swap agreements of foreign currency debts (U.S. dollars and Japanese yen), to convert from fixed interest rates and foreign currencies to Brazilian Reais and domestic variable interest rates (CDI). These agreements amounted to a notional amount of R$3,400,941 and R$2,760,149 at March 31, 2011 and December 31, 2010. These instruments are contracted with the same financing terms and the with same financial institution, within the limits approved by Management and (ii) The remaining swap agreements are primarily related to debentures and BNDES loans, exchanging variable domestic interest rates plus fixed interest rates with variable interest rates (CDI).

According to the Company's treasury policy, swaps with caps are not allowed, as well as return clauses, double index, flexible options or any other types of options different from traditional swaps, for speculative purposes, rather than for hedging purposes.

The Company designates some of its swap agreements as fair value hedges. These agreements cover a portion of foreign currency debts (U.S. dollars), to convert from fixed interest rates and foreign currencies to Brazilian Reais and domestic variable interest rates (CDI). These agreements amounted to a notional amount of R$188,962 and R$115,209 at March 31, 2011 and December 31, 2010. These instruments are contracted with the same terms of the financing agreement, preferably with same financial institution and within the limits approved by Management.

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18. Financial instruments - Continued

a) Considerations on risk factors that may affect the business of the Company (continued)

(iv) Derivative financial instruments (continued)

		Parent Company		Consolidated	
		Notional value		Fair value	
		03.31.2011	12.31.2010	03.31.2011	12.31.2010
Fair value hedge Purpose of hedge (debt)		1,698,560	1,296,750	1,711,803	1,321,654
Long position					
Pre-fixed rate	11.05% p.a.	1,698,560	1,296,750	**1,709,574**	1,321,654
Short position					
	% CDI 105.7% p.a.	(1,698,560)	(1,296,750)	**(1,785,083)**	(1,364,408)
Net position		**-**	-	**(75,509)**	(42,753)

		Parent Company		Consolidated	
		Notional value		Fair value	
		03.31.2011	12.31.2010	03.31.2011	12.31.2010
Swap agreements measured by fair value through income statement					
Long position					
USD + Fixed	5.92%p.a.	771,514	575,518	**796,859**	617,498
YEN + Fixed	1.69%p.a.	108,231	108,231	**123,405**	127,371
CDI + Fixed	100%CDI+0.05%p.a.	519,767	779,650	**527,974**	**811,600**
		1,399,512	1,463,399	**1,448,237**	**1,556,470**
Short position					
% CDI		(1,399,512)	(1,463,399)	**(1,561,690)**	**(1,628,925)**
Swap net position			-	**(113,453)**	(72,455)
Total swap net position			-	**(188,962)**	(115,209)

Other instruments marked to fair value showed effects of R$(8,830) and R$2,525 in the financial result line in the income statement for the years ended December 31, 2010 and 2009, respectively.

18. Financial instruments - Continued

a) Considerations on risk factors that may affect the business of the Company (continued)

(v) Capital risk management

The main objective of the Company's capital management is to ensure that the Company maintains a solid credit rating and one reason of problem-free capital so that to support businesses and maximize the shareholder value. The Company manages the capital structure and makes adjustments taking into account changes in the economic conditions.

There were no changes as to objectives, policies or processes during the three-month period ended March 31, 2011.

	Parent Company		Consolidated	
Loans and financing	3.31.2011	12.31.2010	3.31.2011	12.31.2010
(-) Cash and cash equivalents	4,241,535	3,751,990	9,555,733	8,569,441
Net Debt	(1,941,991)	(1,757,576)	(3,587,926)	(3,817,994)
	2,299,544	1,994,414	2,632,193	4,751,447
Shareholders' Equity	6,106,434	7,098,589	6,103,434	9,583,770
Shareholders' Equity and Net Debt	8,405,978	9,093,003	12,074,241	14,335,217

(vi) Fair values of derivative financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values are calculated by projecting the future cash flows of operations, using the curves of BM&F Bovespa and discounting them to present value, using CDI market rates for swaps published by BM&F Bovespa.

Fair values of swaps –the exchange of the dollar and fixed coupon rate for the CDI projection was obtained by using exchange rates prevailing in the market on the balance sheet dates and rates projected by the market obtained from currency coupon curves. In order to determine the coupon of foreign currency indexed-positions, the straight line

convention of 360 consecutive days was adopted and to determine the coupon of CDI indexed-positions the exponential convention of 252 business days was adopted.

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18. Financial instruments - Continued

b) Sensitivity analysis of derivative financial instruments

Below is a sensitivity analysis chart, for each type of market risk deemed as relevant by Management.

The Company assessed the most likely scenario, at each contract maturity date using the BM&F BOVESPA market projection for currency and interest rates. The reasonably possible scenario is used by the Company to estimate the fair value of the financial instruments. For scenarios II and III, the Company assumes a deterioration of 25% (scenario II) and 50% (scenario III – extreme situation scenario) of the market projection for currency and interest rates.

The Company disclosed the net exposure of the derivatives and corresponding financial instruments in the sensitivity analysis chart below, for each of the scenarios mentioned:

(i) Fair value hedge (at maturity dates)

		Market projection		
Operations	**Risk**	**Scenario I**	**Scenario II**	**Scenario III**
Debt at pre-fixed rate	Rate increase	(973,501)	(1,044,853)	(1,111,533)
Swap (asset position in pre-fixed rate)	Rate increase	967,345	1,036,780	1,101,379
	Net effect	(6,156)	(8,073)	(10,154)
Swap (liability position in CDI)	CDI decrease	(968,630)	(968,630)	(962,664)
Total net effect		**-**	**(1,918)**	**1,968**

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18. Financial instruments - Continued

b) Analysis of sensitivity of derivative financial instruments (continued)

(ii) Derivatives accounted for at fair value through income statement

		Market projection		
Operations	**Risk**	**Scenario I**	**Scenario II**	**Scenario III**
Debt at pre-fixed rate	USD increase	(1,248,832)	(1,561,040)	(1,873,248)
Swap (asset position in pre-fixed rate)	USD increase	1,255,830	1,569,788	1,883,747
	Net effect	6,998	8,748	10,499
Debt – YEN	YEN increase	(134,295)	(167,869)	(201,443)
Swap (asset position in YEN)	YEN increase	134,295	167,869	201,443
	Net effect	-	-	-
Swap (liability position in CDI)	CDI decrease	(1,271,966)	(1,281,906)	(1,292,169)
Total net effect		**(382,525)**	(8,190)	(16,702)

		Market projection		
Transactions	**Risk**	**Scenario I**	**Scenario II**	**Scenario III**
Swap (short position in USD)	USD decrease	989,318	1,032,415	1,074,978
Swap (long position in CDI)	CDI increase	(989,298)	(1,034,550)	(1,079,264)
	Net effect	20	(2,135)	(4,286)
Net total effect		20	(2,135)	(4,286)

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18. Financial instruments - Continued

b) Analysis of sensitivity of derivative financial instruments (continued)

(ii) Other financial instruments

Transactions	Risk	Balance at December 31, 2010	Market projection		
			Scenario I	Scenario II	Scenario III
Loans and borrowings :					
Debentures:					
6th issue	100.05% of CDI	**807,364**	909,580	1,033,307	1,200,943
7th issue	119.00% of CDI	**235,977**	314,791	423,440	582,728
8th issue	109.50% of CDI	**555,772**	682,206	844,408	1,069,285
9th issue	107.75% of CDI	**610,000**	748,772	926,800	1,173,619
Total debentures		**2,209,112**	2,655,349	3,227,955	4,026,575
PAFIDC (Senior quotas)	109.5% of CDI	**1,096,130**	1,290,200	1,531,330	1,859,452
Total debt exposure		**3,305,242**	3,945,549	4,759,285	5,886,027
Marketable securities (*)	100.60% of CDI	**4,094,969**	4,618,003	5,251,396	6,109,415
Total net exposure (and deterioration compared to scenario I)		**789,727**	**(117.273)**	**(180,343)**	**(449,066)**

(*) weighted average

Sensitivity assumptions

The Company used projected future interest and U.S. dollar rates, obtained with BM&F on the maturity date of each agreement, considering an increment of 25% in scenario II and an increment of 50% for scenario III.

In order to calculate the net exposure, all derivatives were considered at fair value on respective maturity dates, as well as their related debts (hedged items) and other Company's financial instruments.

The total net effect of scenarios mentioned above is primarily due to the Company's exposure to CDI.

The Company has in its subsidiary Globex, at March 31, 2011, an amount of R$16,046 (US$9,857 thousand) related to cash balances in banks.

18. Financial instruments - Continued

c) Fair value measurements

Consolidated assets and liabilities measured at fair value are summarized below:

	March 31, 2011	Significant other observable assumptions (Level 2)
Cross-currency interest rate swaps	(177,824)	(177,824)
Interest rate swaps	(11,130)	(11,130)
	(188,954)	(188,954)

Cash and cash equivalents are classified within Level 2 and the fair value is estimated based on broker reports that utilize quoted market prices for similar instruments.

The fair value of other financial instruments described in Note 18 (a) (v) approximate carrying value based on existing payment terms. The Company has no outstanding assets or liabilities in which its fair value could be measured using prices based on active markets for identical instruments (Level 1) and significant unobservable inputs (Level 3) at March 31, 2011.

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18. Financial instruments - Continued

c) Fair value measurements (continued)

At March 31, 2011, the derivatives position was presented as follows

					Amount Payable or Receivable		Fair Value	
Description	Counterparties	Notional	Contracting Date	Maturity	**03.31.2011**	12.31.2010	**03.31.2011**	12.31.2010
Exchange swaps recorded at CETIP (JPY x CDI)	ABN AMRO	YEN 6,281,550	30/10/2007	31/10/2011	**10.957**	19.005	**10.158**	17.037
Exchange swaps recorded at CETIP (USD x CDI)	Santander	US$ 40,000	21/11/2007	29/4/2011	**(22.716)**	(19.263)	**(22.121)**	(17.841)
		US$ 40,000	21/11/2007	31/5/2011	**(22.716)**	(19.259)	**(21.947)**	(17.611)
		US$ 40,000	21/11/2007	30/6/2011	**(22.716)**	(19.238)	**(21.755)**	(17.362)
		US$ 57,471	16/4/2010	10/4/2013	**(13.028)**	(9.121)	**(13.889)**	(3.746)
	ABN AMRO	US$ 40,000	14/3/2008	2/3/2012	**(18.709)**	(15.284)	**(17.355)**	(13.146)
		US$ 15,000	14/3/2008	20/12/2011	**(7.034)**	(5.749)	**(6.612)**	(5.008)
		US$ 10,000	14/3/2008	20/12/2011	**(4.474)**	(3.631)	**(4.143)**	(3.071)
	Brasil	US$ 84,000	31/3/2010	12/3/2012	**(25.448)**	(19.317)	**(25.180)**	(11.113)
	Bradesco	US$ 38,892	7/1/2011		**(2.630)**	-	**(2.323)**	-
	Banco do Brasil 2	US$ 78,500	9/2/2011		**(3.751)**	-	**(3.792)**	-
	Itaú	US$ 175,000	1/7/2010	7/9/2013	**(50.662)**	(37.229)	**(48.865)**	(35.055)
Interest rate Swap	Banco do Brasil	R$ 117.000	23/12/2010	24/12/2013	**194**	29	**(3.173)**	(1.253)
	(*)	R$ 33.000	23/12/2010	24/12/2012	**83**	11	**(95)**	(95)
recorded at CETIP		R$ 160.000	23/12/2010	14/1/2013	**399**	52	**(513)**	(513)
(Prefixed rate x CDI)		R$ 35.000	23/12/2010	28/02/213	**84**	11	**(154)**	(154)
						461	**-**	437
		R$ 80.000	28/6/2010	12/6/2013	**493**	404	**(847)**	(847)
		R$ 130.000	28/6/2010	6/6/2014	**676**	575	**(2.190)**	(2.190)
		R$ 130.000	28/6/2010	2/6/2015	**580**	511	**(2.915)**	(2.911)
		R$ 200.000	31/3/2010	7/3/2013	**2.751**	2.627	**(825)**	362
	Unibanco	R$ 779.650	25/6/2007	1/3/2013	**(14)**	(6)	**625**	(598)
	Santander	R$ 50.000	28/6/2010	12/6/2013	**331**	297	**(1.043)**	(531)
					Total		**(188.954)**	**(115.210)**

(*) Renewal of agreements

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19. Provision for litigations

Provision for litigations is estimated by Management, supported by its legal counsel. Such provision was set up in an amount considered sufficient to cover losses considered probable by the Company's legal counsel and is stated net of related judicial deposits, as shown below:

	Parent Company				
	COFINS and PIS	**Other**	**Labor**	**Civil and other**	**Total**
Balance at December 31, 2009	**34,842**	**38,683**	**-**	**32,972**	**106,497**
Additions	-	213,891	27,433	2,340	243,665
Reversal/payment	-	(9,517)	(23,735)	(9)	(33,261)
Monetary restatement	3,101	3,919	6,945	6,727	20,690
Judicial deposits	-	(25)	(10,643)	(66)	(10,734)
Balance at December 31, 2010	**37,943**	**246,951**	**-**	**41,964**	**326,857**
Additions	**-**	**5,414**	**3,549**	**44**	**9,007**
Reversal/payment	**-**	**(23,789)**	**(2,928)**	**(614)**	**(27,331)**
Monetary restatement	**889**	**5,999**	**1,969**	**1,547**	**10,404**
Judicial deposits	**-**	**(10)**	**(2,590)**	**-**	**(2,598)**
Balance at March 31, 2011	**38,832**	**234,565**	**0**	**42,941**	**316,339**

	Consolidated				
	COFINS and PIS	**Other**	**Labor**	**Civil and other**	**Total**
Balance at December 31, 2009	**161,391**	**251,064**	**45,892**	**119,996**	**578,343**
Additions	5,640	224,918	43,859	23,989	298,406
Reversal/payment	-	(26,618)	(50,727)	(14,134)	(91,479)
Transfer	-	9,745	(264)	(9,481)	-
Monetary restatement	8,601	8,283	10,904	10,295	38,083
Tax installment payment-Law 11,941/09	(71,164)	(10,610)	-	-	(81,774)
Business combination - Globex	-	(20,140)	1,744	1,205	(17,191)
Judicial deposits	-	1,419	(23,834)	(4,167)	(26,582)
Balance at December 31, 2010	**104,468**	**438,061**	**27,574**	**127,703**	**697,806**
Additions	2,235	12,839	10,994	644	26,712
Reversal/payment	(2,168)	(59,052)	(9,739)	(5,167)	(76,126)
Transfer	(555)	8,679	12,155	(20,279)	-
Monetary restatement	3,393	23,825	3,463	3,020	33,701
Judicial deposits	(1,861)	(1,514)	(3,200)	-	(6,575)
Balance at March 31, 2011	**105,512**	**422,838**	**41,246**	**105,921**	**675,517**

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19. Provision for litigations - Continued

a) Taxes

Tax claims are indexed to the Central Bank Overnight Rate ("SELIC"), 9.98% at March 31, 2011 (9.37% at December 31, 2010), and are subject, when applicable, to fines. In all cases, both interest charges and fines, when applicable, have been computed and fully accrued with respect to unpaid amounts.

Tax claims are subject to monthly adjustment to the amount of provisions for litigations according to the index rates used by each tax jurisdiction. The monetary adjustment is required by laws for all tax amounts, including provision for litigations.

COFINS and PIS

With the non-cumulativeness treatment when calculating PIS and COFINS, the Company and its subsidiaries started calling into question the right to exclude the ICMS from the calculation basis of these two contributions.

Regarding the debt referring to the Cofins rate increase, the Company filed a lawsuit requesting to exclude the default charges in the consolidated debt from the federal installment payment, established by Law 11,941/08. Additionally, a Company's subsidiary offset PIS and Cofins tax debits with IPI credits – inputs submitted to zero rate or tax exemption - acquired from third parties (transferred based on a final and unappealable court decision).The claims amounts of PIS and COFINS at March 31, 2011 is R$105,512 (R$104,468 at December 31, 2010).

Other

The Company and its subsidiaries have other tax claims, which after analysis of its legal counsels, were deemed as probable losses and accrued by the Company. These are: (i) tax assessment notices related to purchase, industrialization and sale of soybean and byproducts exports (PIS, COFINS and IRPJ); (ii) disagreement on the non-application of Accident Prevention Factor (FAP) for 2010; (iii) disagreement on the "Fundo de Combate à Pobreza" (State Government Fund Against Poverty), enacted by the Rio de Janeiro State government (transferred from other civil claims this year); and (iv) other less relevant issues. The amount recorded at March 31, 2011 is R$62,715 (R$55,519 at December 31, 2010).

19. Provision for litigations - Continued

a) Taxes (continued)

Other (continued)

In addition, the Company discusses in court the eligibility to not pay the contributions provided for by Supplementary Law 110/2001, referring to the FGTS (Government Severance Indemnity Fund for Employees) costs.

The accrued amount at March 31, 2011 is R$32,536 (R$31,088 at December 31, 2010), and a judicial deposit of R$9,668 was made (R$9,644 at December 31, 2010).

In view of the procedural progress of certain claims, the Company's legal counsels changed the chances of loss from possible to probable, recognizing at March 31, 2011 the amount of R$181,772 (R$198,621at December 31, 2010).

This amount includes judicial and administrative litigations within federal and states scopes, as well as discussed in several states where the Company operates.

These contingencies derive from discussions related to the offset of outstanding balance, tax loss and evidence of credits validated by mergees' legal process, as well as credits and/or administrative proceedings adopted by the Company questioned in relation to the appropriation of credits for tax replacement ICMS refund, vendors acquisitions deemed as unqualified with the state treasury department, return of goods at stores, error when applying tax rate, ancillary obligations by tax authorities.

Tax provisions for contingent liabilities were recorded in Globex subsidiary, which upon business combination are recorded, according to CPC 15 (IFRS 3) requirements. The Company re-evaluated Globex claims on the reference date of acquisition by CBD (July 6, 2009) and recognized at March 31, 2011 the amount of R$155,483 (R$159,244 at December 31, 2010) in tax contingent liabilities.

Main tax contingent liabilities recorded refer to R$70 million of administrative proceedings related to the offset of PIS contribution, under the protection of Decrees 2445/88 and 2449/88, generated in view of credits deriving from legal proceedings and R$51 million referring to the offset of tax debts with contribution credits incurring on coffee exports.

19. Provision for litigations - Continued

b) Labor

The Company is party to numerous lawsuits involving disputes with its employees, primarily arising from layoffs in the ordinary course of business. At March 31, 2011, the Company recorded a provision of R$106,814 (R$88,078 at December 31, 2010) referring to lawsuits whose risk of loss was considered probable; the Company also has lawsuits with risk of loss estimated as possible in the amount of R$84,601 (R$92,730 at December 31, 2010). Management, assisted by its legal counsels, evaluates these contingencies and provides for losses where reasonably estimable, bearing in mind previous experiences in relation to the amounts sought. Labor claims are indexed to the Referential Interest Rate ("TR") (0.86% accumulated in the period ended March 31, 2011 and 0.69% in 2010) accrued of 1% monthly interest. The balance of the net provision for restricted judicial deposits is R$22,765 (R$6,809 at December 31, 2010).

Labor provisions were recorded in Globex subsidiary referring to contingent liabilities recognized upon business combination amounting to R$18,481 (R$20,765 at December 31, 2010).

c) Civil and other

The Company is a defendant, at several judicial levels, in lawsuits of civil nature, among others. The Company's Management sets up provisions in amounts considered sufficient to cover unfavorable court decisions when its internal and external legal counsels consider losses to be probable.

Among these lawsuits, we point out the following:

- The Company files and answers various lawsuits in which it requests the review of lease amounts paid by the stores. In these lawsuits, the judge determines a provisional lease amount, which then is paid by the stores, until the final decision of the lease amount. The provision is related to the difference between the amount originally paid by the stores and that defined in the lawsuits. In other lawsuits, the Company recorded a provision for the difference between the amount paid as provisional rental and that one pleaded by adversary party, based on technical assistant's report of the adversary party. At March 31, 2011, the accrual amount for these lawsuits is R$33,658 (R$33,349 at December 31, 2010), for which there is no judicial deposit.

19. Provision for litigations - Continued

c) Civil and other (continued)

- The subsidiary Globex is party in lawsuits involving the consumer relations rights (civil claims and assessments from PROCON) and few lawsuits involving contracts terminated with vendors. The amount referred to these lawsuits totals R$36,076 at March 31,2011 (R$35,084 at December 31,2010). In these amounts, the most significant item is out indemnity claims filed by former services provider (Transmelhado), as a result of contractual termination, totaling R$9,317 at March 31, 2011 (R$8,990 at December 31,2010).

- Civil provisions were recorded in Globex subsidiary referring to contingent liabilities recognized upon business combination amounting to R$11,007 (R$10,745 at December 31, 2010).

Total civil claims and other at March 31, 2011 is R$105,921 (R$127,703 at December 31, 2010), net of judicial deposits.

d) Other non-accrued contingent liabilities

The Company has other litigations which have been analyzed by the legal counsels and deemed as possible but not probable; therefore, they have not been accrued, at March 31, 2011, as follows:

- INSS (Social Security Tax) – The Company was assessed regarding the non-levy of payroll charges on benefits granted to its employees, and the loss, considered possible, corresponds to R$239,354 at March 31, 2011 (R$237,690 at December 31, 2010). The proceedings are under administrative and court discussion.

19. Provision for litigations - Continued

d) Other non-accrued contingent liabilities (continued)

- IRPJ, IRRF and CSLL – The Company has several assessment notices regarding offsetting proceedings, rules on the deductibility of provisions and payment discrepancies and overpayments; penalty due to failure to comply with ancillary obligation, amongst other less significant taxes. These proceedings await decision in the administrative and court level. The amount corresponds to R$283,135 at March 31, 2011 (R$255,393 at December 31, 2010). The difference in value is due to new lawsuits.

- COFINS, PIS and CPMF – The Company has been called into question in motion for offsetting proceedings, collection of taxes on soybean export operations, tax payment discrepancies and overpayments; penalty due to failure to comply with ancillary obligation, among other less significant taxes. These proceedings await decision in the administrative and court level. The amount involved in these assessments is R$729,123 (R$722,322 at December 31, 2010).

- ICMS – The Company was assessed by the state tax authorities regarding: (i) the appropriation of electricity credits; (ii) acquisitions from vendors considered to be incapable according to the state treasury's records; (iii) return of goods to its stores; (iv) refund of tax replacement without due compliance of ancillary obligations brought by CAT Ordinance 17 of the State of São Paulo; (v) resulting from the sale of extended warranty, (vi) goods purchased from vendors who enjoy the tax benefits in states where they are located, (vii) purchase of IT products and automation including tax benefit, (viii) difference in tax classification, among others, not relevant. The total amount of these assessments is R$1,583,134 at March 31, 2011 (R$1,488,728 at December 31, 2010), which await a final decision in the administrative and court levels. The difference in value is due to new lawsuits.

- ISS, Municipal Real Estate Tax ("IPTU"), Property Transfer Tax ("ITBI") and other – These are related to assessments on third parties retention, IPTU payment discrepancies, penalty due to failure to comply with ancillary obligations and sundry taxes, the amount of which is R$152,812 (R$140,046 at December 31, 2010) and await administrative and court decisions.

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19. Provision for litigations - Continued

d) Other non-accrued contingent liabilities (continued)

- Other litigations – They are related to administrative lawsuits and lawsuits under the civil court scope, special civil court, Consumer Protection Agency ("PROCON") (in many states), Weight and Measure Institute ("IPEM"), National Institute of Metrology, Standardization and Industrial Quality ("INMETRO") and National Health Surveillance Agency ("ANVISA"), amounting to R$133,442 (R$128,761 at December 31, 2010).

- In Globex subsidiary, provisions were not recorded for the contingent liabilities of other litigations with possible probability of losses and amounted to R$22,066 at March 31, 2011 (R$21,515 at December 31,2010). The difference in value is due to the reclassification of tax claims of Globex subsidiary.

Occasional adverse changes in the expectation of risk of the referred lawsuits may require that additional provision for litigations be recorded. The aforementioned lawsuits were not included in Tax Recovery Program (REFIS).

e) Appeal and judicial deposits

The Company is challenging the payment of certain taxes, contributions and labor-related obligations and has made court escrow deposits (restricted deposits) of corresponding amounts pending final court decisions, as well to collateral deposits related to provisions for lawsuits.

The Company registered in its assets amounts related to judicial deposits not associated to the litigations recorded in liabilities.

f) Guarantees

Lawsuits	Real-estate Properties	Equipment	Letter of Guarantee	Total
Tax	**738,283**	**1,662**	**1,456,588**	**2,196,533**
Labor	**6,156**	**3,177**	**68,248**	**77,581**
Civil and other	**31,633**	**1,622**	**33,946**	**51,198**
Total	**776,072**	**6,460**	**1,558,782**	**2,325,312**

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19. Provision for litigations - Continued

g) Tax audit

According to current tax laws, municipal, federal, state taxes and social security contributions are subject to auditing in periods varying between 5 and 30 years.

20. Leasing transactions

a) Commitments and liabilities

	Parent Company		Consolidated	
	03.31.2011	**12.31.2010**	**03.31.2011**	**12.31.2010**
Gross liability from operating lease Minimum rental payment				
Up to 1 year	277,632	289,907	476,507	489,000
1 - 5 years	834,047	914,791	1,281,521	1,372,711
More than 5 years	1,298,486	1,463,016	1,772,474	1,951,144
	2,410,165	2,667,714	3,530,502	3,812,855

The company's believes that the non-cancellable minimum operating lease payment refers to the period of contract in normal course of operation, this obligation is shown in the chart above, as required by CPC 6 (IAS 17).

All contracts have penalty clauses in the event of breach to contract, ranging from one to six months of rent. If the Company had terminated these contracts at March 31, 2011, the fine would be R$119,127 (R$116,741 at December 31, 2010).

(i) Contingent payments

The Management considers additional rental payments as contingent payments, which vary between 0.5% and 2.5% of sales.

	Parent Company		Consolidated	
	03.31.2011	**03.31.2010**	**03.31.2011**	**03.31.2010**
Contingent payments as expense in the period	**180,164**	63,394	**209,121**	89,940

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20. Leasing transactions - Continued

a) Commitments and liabilities (continued)

(ii) Clauses with renewal or adjustment option

The terms of the agreements for the year ended March 31, 2011 vary between 5 and 25 years and the agreements may be renewed according to the rental law. The agreements have periodic adjustment clauses according to inflation indexes.

b) Financial lease

Financial lease agreements amounted to R$273,290 in March 2011 (R$311,737 in 2010), according to the chart below:

	Parent Company		Consolidated	
	03.31.2011	**12.31.2010**	**03.31.2011**	**12.31.2010**
Finance leasing liability –minimum rental payments				
Up to 1 year	19,834	20,789	58,495	64,467
1 - 5 years	31,715	36,268	51,898	63,116
More than 5 years	29,823	29,861	37,782	37,982
Current value of financial lease agreements	81,372	86,918	148,175	165,565
Future borrowing charges	106,653	115,458	125,115	127,183
Gross amount of financial lease agreements	188,025	202,376	273,290	292,747

	Parent Company		Consolidated	
	03.31.2011	**03.31.2010**	**03.31.2011**	**03.31.2010**
Contingent payments as expense in the period	**878**	815	1,532	1,261

The term of the agreements in the year ended at December 31, 2010 vary between 5 and 25 years and the agreements may be renewed according to the rental law 12,122 of 2010.

	Parent Company		Consolidated	
	03.31.2011	**03.31.2010**	**03.31.2011**	**12.31.2010**
Payments				
Minimum rentals	**73,728**	73,565	**99,359**	97,517
Contingent rentals	**9,293**	2,903	**226,573**	64,420
Sublease rentals	**(16,792)**	(16,339)	**(23,084)**	(22,351)
	66,229	60,129	**302,848**	139,586

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20. Leasing transactions - Continued

b) Financial lease (continued)

At October 3, 2005, the Company sold 60 properties (28 Extra hypermarkets and 32 Pão de Açúcar supermarkets), the net carrying amount of which was R$1,017,575 to the Península Fund (controlled by Diniz Family). The Company received R$1,029,000. The sold properties were leased back to the Company for a 25-year period, and may be renewed for two further consecutive periods of 10 years each. As a result of this sale, the Company paid R$25,517, at the inception date of the store lease agreement, as an initial fee for entering into a long term contract. The initial fee was recorded in deferred charges and is being amortized through the lease agreement of the related stores.

Pursuant to the agreement of this transaction, the Company and Casino Group received a “golden share”, which provided to both veto rights that ensure the properties will be used in the manner the parties intend for the term of the lease agreement.

The Company is permitted to rescind the lease agreement, paying a penalty of 10% of the remaining rents limited to 12 months.

21. Balances and transactions with related parties

The transactions with related parties shown below result mainly from the operations the Company and its subsidiaries maintain among themselves and with other related entities and were substantially carried out at market prices, terms and conditions, except for the trade commission operations between the Company and subsidiary Sendas whose remuneration was reduced to 0% per period.

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Companhia Brasileira de Distribuição

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21. Balances and transactions with related parties - Continued

a) Sales and purchases of goods

The following related parties transactions are carried out at cost prices.

	Parent Company		Consolidated	
	03.31.2011	**12.31.2010**	**03.31.2011**	**12.31.2010**
Accounts Receivable:				
Novasoc Comercial	**33,025**	37,678	-	-
Sé Supermercados	**79,568**	94,321	-	-
Sendas Distribuidora	**32,725**	47,682	-	-
Barcelona	**1,208**	1,849	-	-
Xantocarpa	**-**	2	-	-
Globex	**125**	1,617	-	-
Ponto Frio.Com	**5,826**	6,023	-	-
	152,477	189,172	-	-
Accounts payable:				
Novasoc Comercial	**1,763**	2,289	-	-
Sé Supermercados	**6,122**	3,745	-	-
Sendas Distribuidora	**6,489**	11,530	-	-
Barcelona	**1,489**	2,131	-	-
Xantocarpa	**343**	752	-	-
FIC	**4,958**	7,242	**6,112**	8,879
Globex	**117**	853		-
Ponto Frio.Com	**397**	803		-
	21,678	29,345	**6,112**	8,879
	03.31.2011	03.31.2010	**03.31.2011**	03.31.2010
Sales:			-	
Novasoc Comercial	**77,915**	67,404	-	-
Sé Supermercados	**185,164**	199,949	-	-
Sendas Distribuidora	**67,950**	63,807	-	-
Barcelona	**542**	8,051	-	-
Globex	**4**	874	-	-
Ponto Frio.Com	**7,349**		-	-
	338,924	340,085	-	-
Purchases:			-	
Novasoc Comercial	**876**	734	-	-
Sé Supermercados	**4,676**	2,678	-	-
Sendas Distribuidora	**5,970**	1,854	-	-
Barcelona	**(9)**		-	-
	11,513	5,266	-	-

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Companhia Brasileira de Distribuição

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21. Balances and transactions with related parties - Continued

b) Other transactions

	Parent Company		Consolidated	
	03.31.2011	**12.31.2010**	**03.31.2011**	**12.31.2010**
Other Operations				
Assets:				
Casino	**6,065**	5,519	**6,065**	5,519
Pão de Açúcar Ind. e Com	**1,171**	1,171	**1,171**	1,171
Sendas S/A	**19,144**	17,824	-	17,824
Sendas Distribuidora	**648,436**	564,208	-	-
Xantocarpa	**14,961**	3,916	-	-
Barcelona	**103,055**	178,909	-	-
Globex	**7,203**	8,570	-	-
Casas Bahia Comercial Ltda.		-	**104,696**	120,605
Ponto Frio.Com	**3,174**	308	-	-
Vancouver	**2,640**	2,351	-	-
Wilkes	**676**		**676**	
Outros	**21,493**	21,780	**30,661**	31,122
	828,018	804,556	**143,269**	176,241
Liabilities:				
Novasoc Comercial	**(11,039)**	(34,867)	**-**	-
Sé Supermercados	**(32,158)**	(48,936)	**-**	-
Fundo Península	**(11,892)**	(14,410)	(12,265)	(14,894)
Barcelona	**-**	(324,350)	**-**	**-**
Globex	**(95,543)**	(79,689)	**-**	-
FIC	**(4,348)**	(5,320)	(4,401)	(6,886)
Casino	**-**	-	**-**	-
Casas Bahia Comercial Ltda.	**-**	-	-	(231,203)
Other	**(4,349)**	(6,246)	(3,243)	(21,308)
	(159,329)	**(513,820)**	**(19,909)**	(274,291)
	03.31.2011	**12.31.2010**	**03.31.2011**	**12.31.2010**
Income Statement:				
Novasoc Comercial	**2,116**	2,011	-	-
Sé Supermercados	**5,406**	5,298	-	-
Sendas Distribuidora	**14,022**	9,338	-	-
Casino	**(1,248)**	(1,342)	**(1,248)**	(1,342)
Fundo Península	**(34,195)**	(33,641)	**(35,793)**	(34,681)
Grupo Diniz	**(3,948)**	(3,187)	**(4,252)**	(3,470)
Sendas S/A	-	(9,403)	**(10,089)**	(9,403)
Galeazzi e Associados	-	(758)	-	-
Casas Bahia Comercial Ltda	-	-	**33,708**	-
Globex adm. De Consorcio Ltda.	-	-	**11,878**	(5,143)
FIC/Banco Investcred		-	**1,338**	-
Other	**(2,101)**	(5,904)	**(2,100)**	(5,905)
	(19,948)	(37,588)	**(6,558)**	(59,944)

21. Balances and transactions with related parties - Continued

b) Other transactions (continued)

Casino: Technical Assistance Agreement, signed between the Company and Casino at July 21, 2005, whereby, through the annual payment of US$2,727 thousand, it provides for the transfer of know-how in the administrative and financial area. This agreement is effective for 7 years, with automatic renewal for an indeterminate term. This agreement was approved at the Special Shareholders' Meeting held at August 16, 2005.

Península Fund: 58 real estate lease agreements with the Company, 1 property with Novasoc, 1 property with Sé and 1 property with Barcelona.

Diniz Family: Leasing of 15 properties for the Company and 2 properties for Sendas Distribuidora.

Sendas S.A.: Leasing of 57 properties for Sendas Distribuidora.

Galeazzi e Associados: Consulting services rendered related to the management of operations in the city of Rio de Janeiro (Sendas Distribuidora).

FIC/Banco Investcred: The impact in the income statement related to Banco Investcred represents: (i) refund of expenses deriving from the infrastructure agreement, such as: expenses related to cashiers payroll, and commissions on the sale of financial products (ii) financial expenses related to the receivables discount (named "financial rebate") and (iii) revenues from property rental.

E-HUB: Former owners of E-Hub assigned 55% of their interest in this company, besides paying R$20,000 to mature at January 8, 2013, in exchange for 6% of PF.com. subsidiary. GPA granted a loan of R$10,000 to executives to mature at January 8, 2018, duly adjusted by inflation.

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21. Balances and transactions with related parties - Continued

b) Other transactions (continued)

Casas Bahia: Globex maintains lease agreements for warehouses, office and administrative buildings with the Management of Casas Bahia Comercial Ltda.

Other: Expenses paid by the Company to its subsidiaries or other associated companies. Other related parties not described in this note did not present balances or transactions in the periods.

22. Management Compensation

The expenses related to the compensation of management's key personnel (Officers appointed pursuant to Bylaws and Board of Directors), which were recorded in the income statement for the years ended at December 31, 2010 and 2009, were as follows:

	03.31.2011	03.31.2010
Amounts recorded as expenses	**19,016**	22,603

From these totals, 19% of the 2011 expenses and 25% of the 2010 refer to share-based payment (see Note 25).

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Companhia Brasileira de Distribuição

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23. Taxes and social contribution and taxes by installments

The amounts payable were as follows:

	Parent Company	
	03.31.2011	**12.31.2010**
Current		
PIS and COFINS payable	**85,873**	132,168
Provision for taxes on income	**12,531**	11,718
	98,404	143,886
Taxes paid by installments		
Taxes paid by installments - Law 11,941/09	**60,785**	-
INSS	**30,668**	36,017
CPMF	**12,820**	11,802
Other	**3,759**	3,661
	108,032	51,480
Total current	**206,436**	195,366
Noncurrent		
Taxes paid by installments		
Special tax installment payment program	**1,206,771**	1,178,202
INSS	**46,946**	54,026
CPMF	**17,006**	17,703
Other	**18,883**	19,315
Total noncurrent	**1,289,606**	1,269,246
Total	**1,496,042**	1,464,612

The amounts payable are the following:

	Consolidated	
	03.31.2011	**12.31.2010**
Current		
PIS and COFINS payable	**196,290**	240,847
Provision for taxes on income	**51,138**	58,006
	247,428	298,853
Tax installment payment		
Tax installment payment - Law 11,941/09	**61,054**	970
INSS	**30,253**	36,013
CPMF	**15,648**	14,171
Other	**3,992**	3,887
	110,947	55,041
Total current	**358,375**	353,894
Noncurrent		
Tax installment payment		
Special tax installment payment program	**1,314,260**	1,281,132
INSS	**46,946**	54,026
CPMF	**20,029**	21,257
Other	**19,908**	20,373
Total noncurrent	**1,401,143**	1,376,788
TOTAL	**1,759,518**	1,730,682

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23. Taxes and social contribution and taxes by installments - Continued

(i) INSS and CPMF – The Company discontinued certain lawsuits and filed application for the Special Tax Payment Installment Program ("PAES"), pursuant to Law 10,680/2003. These installment payments are subject to the Long-Term Interest Rate – TJLP and may be payable within 120 months.

(ii) Other – The Company filed application to participate in the State and Municipal Tax Payment Installments Program (PPI). These taxes are adjusted by SELIC and may be payable within 120 months.

(iii) Tax Installments, Law 11,941/09 – The Law 11,941 was enacted on May 27, 2010, which among others, amends the federal tax laws related to the tax debt payment by installments, granting reduction of fines and interest rates for those adhering the program ("REFIS").

The Company is party to several lawsuits and through the aforementioned law, opted for reducing its tax exposure, with the benefits of reducing fines and interest rates and a financing plan of up to 180 months. The law also allows that remaining tax loss carryforwards and judicial deposits related to the lawsuits are utilized to reduce the balance to be paid in installments.

During 2010, the Company and its legal advisors evaluated all of the administrative proceedings and lawsuits held by the Company with RFB – Brazil's Internal Revenue Service, including tax and social security debts evaluated for risks of possible and/or probable losses and opted for the partial inclusion of lawsuits in the installment payment program.

	Parent Company	
Installment balance:	**03.31.2011**	**12.31.2010**
Federal taxes	937,793	937,793
Social security	81,715	81,715
Lawsuits with probable risks	1,019,508	1,019,508
Federal taxes	247,057	247,057
Social security	137,965	137,965
Lawsuits with possible risks	385,022	385,022
Offsets due to judicial deposits and tax losses	(363,254)	(363,254)
Adjustments of the period	165,495	136,926
Installment balance	1,206,771	1,178,202

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23. Taxes and social contribution and taxes by installments - Continued

	Consolidated	
Installment balance:	**03.31.2011**	**12.31.2010**
Federal taxes	1,055,410	1,055,410
Social security	101,667	101,667
Lawsuits with probable risks	1,157,077	1,157,077
Federal taxes	297,285	297,285
Social security	137,965	137,965
Lawsuits with possible risks	435,250	435,250
Offsets due to judicial deposits and tax losses	(453,958)	(453,958)
Adjustments of the period	176,160	142,763
Installment balance	1,314,529	1,281,132

Federal taxes

Recently, the Federal Supreme Court (STF) rendered its opinion on the constitutionality of COFINS increase (Law 9,718/99). This decision was unfavorable to the Company. As a result, the Company decided to adhere to the tax debt installment payment program (REFIS) as authorized by Law 11,941/09. In addition, amounts discussed in other claims in terms of credit over financial expenses and taxation on other revenues by the non-cumulativeness system were included. The consolidated amount involved in this case, net of penalty and interest was R$1,055,410 at December 31, 2010.

Social security

The Company filed a declaratory action of no legal relationship referring to the SEBRAE contribution, as set forth by Law 8,029/90, in order to obtain the recognition of credit adjusted in order to offset with balances payable to SESC (Social Service for Trade) and SENAC (National Service for Commercial Training), excluding the 30% limit. A lawsuit was also filed in relation to the FUNRURAL (Rural Workers Assistance Fund) constitutionality for companies based in urban areas. The consolidated amount included in the tax recovery program (REFIS), net of interest remission is R$101,667.

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23. Taxes and social contribution payable - Continued

Other lawsuits with possible risks included in the REFIS program

- Tax claims – The Company received assessments referring to the controversy over the deductibility of certain expenses and provisions, extemporaneous credits not purpose of taxation when calculating income tax and social contribution and administrative proceedings related to requests for PIS and COFINS credit offset. Discrepancies are added to this point in relation to the calculation bases of these contributions and those verified by tax authorities. The consolidated amount involved in these lawsuits is R$297,285.

- Social security – The Company received assessment notices related to social security debt offsets deriving from legal process credits. The consolidated amount involved is R$137,965.

24. Income and social contribution taxes

a) Income and social contribution tax expense reconciliation

Parent Company	03.31.2011	03.31.2010
Earnings before income tax	**164,877**	220,280
Profit sharing	**-**	(5,565)
Earnings before taxes and profit sharing	**164,877**	214,715
Income tax at nominal rate– 25% (*)	**(41,219)**	(53,679)
Tax penalty	**(64)**	(135)
REFIS net result (**)	**-**	180
Equity pick-up and provision for capital deficiency of subsidiary	**9,165**	15,723
Other permanent differences (undeductible)	**(359)**	(1,810)
Effective income tax	**(32,477)**	(39,721)
Income tax for the year		
Current	**(889)**	5,864
On amortized goodwill	**(25,774)**	(25,774)
Deferred	**(5,814)**	(19,929)
Deferred income tax expenses	**(32,477)**	(39,839)
Effective rate	**19.7%**	18.55%

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24. Income and social contribution taxes - Continued

a) Income and social contribution tax expense reconciliation (continued)

Consolidated	03.31.2011	03.31.2010
Earnings before income tax	**97,456**	234,317
Profit sharing	**-**	(7,293)
Earnings before taxes and profit sharing	**97,456**	227,024
Income tax and social contribution at nominal rate of 25% for parent company and 34% for its subsidiaries	**(29,237)**	(68,082)
Tax fines	**(179)**	(1,672)
REFIS net result (**)	**-**	296
Fair value of assets deriving from business combination	**27,000**	
Equity pick-up and provision for capital deficiency of subsidiary	**3,164**	6,661
Other permanent differences (undeductible)	**12,646**	6,124
Effective income and social contribution taxes	**13,394**	(56,673)
Income and social contribution taxes for the period		
Current	**(18,159)**	(7,964)
On amortized goodwill	**(27,248)**	(27,141)
Deferred	**58,801**	(21,568)
Deferred income and social contribution taxes expenses	**13,394**	(56,673)
Effective rate	-13.7%	24.96%

(*) GPA does not pay social contribution (9%) based on a claim that was won in the past, which reduces the income taxes to 25% in this entity.

(**) Gains related to reduction on penalties and interest on REFIS program (Note 24) which are not taxable generating permanent difference.

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24. Income and social contribution taxes - Continued

b) Breakdown of deferred income and social contribution taxes

Parent Company	03.31.2011	12.31.2010
Tax losses (i)	**53,982**	54,375
Provision for litigations	**107,943**	117,334
Provision for hedge taxed on a cash basis	**(7,648)**	(9,639)
Allowance for doubtful accounts	**1,829**	2,225
Goodwill amortization on investments	**55,294**	52,124
Deferred income on adjustments according to CPC adoption	**(29,556)**	(26,226)
Surplus of assets acquired in business combinations	**68,046**	66,668
Income tax on goodwill Vieri – Casino	**79,129**	104,903
Other	**12,560**	12,819
Deferred income tax assets	**341,579**	374,583
2008 goodwill reverse	**30,967**	33,762
Other	**630**	630
Deferred income tax liabilities	**31,597**	34,392
Deferred income tax assets	**341,579**	374,583
Deferred income tax liabilities	**(31,597)**	(34,392)

Consolidated	03.31.2011	12.31.2010
Tax losses (i)	**745,677**	720,530
Provision for litigations	**219,013**	233,038
Provision for hedge taxed on a cash basis	**32,045**	26,349
Allowance for doubtful accounts	**71,412**	66,507
Goodwill amortization on investments	**58,486**	57,410
Provision of deferred income tax on unaccrued goodwill	**(88,936)**	(77,722)
Surplus of assets acquired in business combinations	**148,137**	187,496
Income tax on goodwill Vieri – Casino	**79,129**	104,903
Provision for goodwill reduction	**117,516**	117,516
Other	**55,083**	62,678
Deferred income and social contribution taxes	**1,437,562**	1,498,705
Provision for deferred unrealized income tax	**(79,196)**	(106,196)
Deferred income tax assets	**1,358,366**	1,392,509
Income tax on business combination - Bahia	**995,521**	1,006,049
Income tax on business combination - Assai	**-**	16,681
Income tax on business combination - Globex	**244,331**	244,865
2008 goodwill reverse	**67,879**	34,331
Other	**5,087**	23,407
Deferred income tax liabilities	**1,312,818**	1,325,333
Deferred income tax assets	**1,358,366**	1,392,509
Deferred income tax liabilities	**(1,312,818)**	(1,325,333)

(i) Tax loss carryforwards are related to the acquisition of Sé and Globex and those generated by the subsidiary Sendas Distribuidora. The realization of these assets net of the valuation allowance is considered probable following the Company's business plan.

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24. Income and social contribution taxes - Continued

b) Breakdown of deferred income and social contribution taxes (continued)

Management annually reviews the realization of deferred tax assets. The Company assumptions to record deferred tax assets include (i) feasible tax planning strategies, (ii) the fact that tax losses do not expire according to Brazilian law, and (iii) the likelihood of utilization.

Based on these studies, the Company estimates to recover these tax credits, as follows:

Year	Parent Company	Consolidated
Up to 12 months	141,833	260,798
From 13 to 24 months	104,075	214,217
From 25 to 36 months	43,515	204,073
From 37 to 48 months	12,490	196,376
More than 60 months	39,666	(482,902)
Total	**341,579**	**1,358,366**

25. Shareholders' Equity

a) Capital stock

The subscribed and paid in capital is represented by 259,128 at March 31, 2011 (R$ 257,774 December 31, 2010) in thousands of registered shares with no par value, of which 99,680 (ditto at December 31, 2010) in thousands of common shares, 159,448 in thousands of preferred shares (R$158,094 at December 31, 2010).

The Company is authorized to increase its capital stock up to the limit of 400,000 (in thousands of shares), regardless of the amendment to the Company's Bylaws, by resolution of the Board of Directors, which will establish the issue conditions.

At the Special Shareholders' Meeting held at March 31, 2011, the shareholders approved the capital increase in the amount of R$105,675. Out of this total, R$21,135 will be capitalized without the issue of new shares, to the benefit of all shareholders, and R$84,540 will be capitalized to the benefit of the Company's controlling shareholder, Wilkes Participações S.A.

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25. Shareholders' Equity - Continued

a) Capital stock (continued)

		Number of shares - thousand	
	Capital stock	**Preferred**	**Common**
At December 31, 2010	**5,579,259**	**158,094**	**99,680**
Capitalization of reserves	-	-	-
Goodwill special	105,675	-	-
Profit	421,500	-	-
Share private subscription	-	-	-
Stock option	-	-	-
Series IX	-	-	-
Series X	-	-	-
Series A1 Silver	-	-	-
Series A1 Gold	-	-	-
Series A2 Silver	-	-	-
Series A2 Gold	-	-	-
Series A3 Silver	-	-	-
Series A3 Gold	-	-	-
Series A4 Silver	-	-	-
Series A4 Gold	-	-	-
At December 31, 2010	**6,106,434**	**158,094**	**99,680**

25. Shareholders' Equity - Continued

b) Share rights

Preferred shares ("PNA") are non-voting and entitle the following rights and advantages to its holders: (i) priority in the reimbursement of capital should the Company be liquidated; (ii) priority in the receipt of a non-cumulative annual minimum dividend of R$0.08 per share; (iii) right to receive a dividend 10% greater than the dividend attributed to common shares, including the preferred dividend paid pursuant to item (ii) above for the purposes of calculating the respective amount.

c) Capital reserve – special goodwill reserve

This reserve was generated by the corporate restructuring and represents the future tax benefit through the amortization of incorporated goodwill. The special goodwill reserve corresponding to the benefit already received shall be capitalized at the end of each year to the benefit of controlling shareholders, with the issue of new shares.

The corporate restructuring mentioned above occurred in 2006 and consisted of merging the former holding company, resulting in deferred income tax assets savings of R$103,398. The effect of this operation was deferred tax assets of R$79,129 at March 31, 2011 (R$104,903 at December 31, 2010) and a special goodwill reserve of R$238,930 at March 31, 2011 (R$344,606 at December 31, 2010), which shall be converted into shares and delivered to shareholders according to the deferred tax benefit.

25. Shareholders' Equity - Continued

c) Capital reserve – special goodwill reserve (continued)

The capital increase is subject to the preemptive right of minority shareholders, according to each one's interest by type and class of share at the time of issue and the amounts paid by minority shareholders will be directly delivered to the controlling shareholder.

At March 31, 2011, at the Annual and Special Shareholders' Meeting, the shareholders approved to increase the Company's capital, in the amount of R$105,675, by capitalizing the special goodwill reserve.

Out of this amount, R$21,135 were capitalized without issuing new shares, thus, to the benefit of all the Company's shareholders and R$84,540 were capitalized to the benefit of the Company's controlling shareholder, i.e., Wilkes Participações S.A., pursuant to Article 7 of CVM Rule 319/99, by means of issue of 1,354 thousands new preferred shares of the Company, as described in Note 25 (a).

d) Recognized granted options

The "options granted" account recognizes the effects of the Company's executives share-based payment under CPC 010 (IFRS 2).

e) Revenue reserve

(i) Legal reserve: is formed based on appropriations from retained earnings of 5% of net income of each year, limited to 20% of the capital.

(ii) Expansion reserve: is formed based on appropriations of the amount determined by shareholders to reserve funds to finance additional capital investments and working and current capital through the appropriation of up to 100% of the net income remaining after the appropriations determined by law and supported by capital budget, approved at meeting.

25. Shareholders' Equity - Continued

e) Revenue reserve (continued)

At the Annual and Special Shareholders' Meeting held at March 31, 2011, the shareholders approved the Management proposal referring to the capital stock increase, in the amount of R$421,500, without issuing new shares, by capitalizing the Expansion Reserve and the Profit Retention Reserve based on the Capital Budget, both of them creased at the Annual General Meeting held at April 29, 2010.

f) Stock option plan for preferred shares

(i) Original stock option plan

The Company granted stock option plans for the purchase of preferred shares to the Management. Shares issued due to the exercise of stock option plans will grant its holders the same rights of existing PN shares. The Stock Option Plans are managed by an internal committee designated by the Board of Directors.

The strille price for each share is, at least, 60% of the weighted average price of the preferred shares traded in the week the option is granted.

The number of shares may vary for each beneficiary or series. The vesting right to exercise the option may occur as follows and according to the following terms: (i) 50% in the last month of third year subsequent to the granting date (1st tranche) and ii) until 50% in the last month of fifth year subsequent to the granting date (2nd tranche), and the remaining portion of the second tranche subject to restraint on alienation until the beneficiary's retirement, as per formula defined in the regulation.

Shares subject to restraint on alienation (Q), upon the options exercise are calculated using the following formula:

Where: $Q = \frac{(Q1 * Pm) - (Q1 * Pe)}{Pm}$

25. Shareholders' Equity - Continued

f) Stock option plan for preferred shares (continued)

(i) Original stock option plan (continued)

Q = Number of shares to be encumbered by restraint on alienation.
Q1 = 50% of the Company total shares on the granting date.
Pm = Company share market price on the exercise date.
Pe = Share original exercise price, determined on the granting date, observing the terms of the Plan.

The option price is updated by reference to the General Market Price Index – IGP-M variation to the date of its actual exercise, less dividends attributed for the period.

(ii) New stock option plan for preferred shares

Pursuant to the resolutions at the Special Shareholders' Meeting, held at December 20, 2006, the amendment to the Company's Stock Option Plan was approved, and originally approved by the Special Shareholders' Meeting held at April 28, 1997.

As of 2007, the granting of stock options to the Management and employees will take place as follows:

Shares will be classified as follows: Silver and Gold, and the quantity of Gold-type shares may be decreased and/or increased (reducer or accelerator), at the discretion of the Plan management committee, in the course of 35 months following the granting date.

The price for the Silver-type share will correspond to the average of trading closing price of the Company preferred shares occurred over the last 20 trading sessions of BOVESPA, prior to the date on which the Committee resolves on the granting of option, with a 20% discount. The price for the Gold-type share will correspond to R$0.01 and the granting of these options are additional to the Silver options, and the granting or the exercise of Gold options is not possible separately. In both cases, the prices will not be restated.

25. Shareholders' Equity - Continued

f) Stock option plan for preferred shares (continued)

(ii) New stock option plan for preferred shares (continued)

The Silver and Gold options shall be effective as of the date of the respective agreement. The number of shares resulting from the Silver option is fixed (established in the agreement). The number of shares resulting from the Gold option is variable, establishing on the granting date a number of shares that may be increased or decreased, according to the Return on Invested Capital ("ROIC") verified at the end of the 36th month as of the granting date.

The previous plan series are still effective until the respective maturity dates.

At the Board of Directors Meeting held at May 7, 2010, the increase of the global limit of shares allocated to the Company's General Stock Option Plan was approved, from 10,118 thousand class A preferred shares to 11,618 thousand shares, an increase of 1,500 thousand new preferred shares.

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25. Shareholders' Equity - Continued

f) Stock option plan for preferred shares (continued)

(ii) New stock option plan for preferred shares (continued)

Information on the stock option plans is summarized below:

				Price		Lot of shares				
Series granted	**Date granted**	**1st date of exercise**	**2nd date of exercise and expiration**	**On the date granted**	**End of the period**	**Number of shares granted**	**Exercised**	**Not exercised by dismissal**	**Expired**	**Total in effect**
Balance at December 31, 2010										
Series IX	5/15/2005	5/15/2008	5/15/2010	26.00	29.86	989	(435)	(546)	(8)	-
Series X	6/7/2006	6/7/2009	6/7/2011	33.00	42.43	901	(229)	(402)	-	270
Series A1 - Gold	4/13/2007	4/30/2010	4/29/2011	0.01	0.01	326	(279)	(6)	-	41
Series A1 - Silver	4/13/2007	4/30/2010	4/29/2011	24.63	24.63	1,122	(901)	(106)	-	115
Series A2 - Gold	3/3/2008	4/30/2008	3/30/2011	0.01	0.01	848	(567)	(6)	-	275
Series A2 - Silver	3/3/2008	4/30/2008	3/30/2012	26.93	26.93	950	(647)	(6)	-	297
Series A3 - Gold	5/13/2009	5/31/2012	5/31/2013	0.01	0.01	668	(178)	-	-	490
Series A3 - Silver	5/13/2009	5/31/2012	5/31/2013	27.47	27.47	693	(198)	-	-	495
Series A4 - Gold	5/24/2010	5/31/2013	5/31/2014	0.01	0.01	524	(91)	-	-	433
Series A4 - Silver	5/24/2010	5/31/2013	5/31/2014	46.49	46.49	131	(76)	-	-	55
						7,152	**(3,601)**	**(1,072)**	**(8)**	**2,471**

				Price		Lot of shares				
Series granted	**Date granted**	**1st date of exercise**	**2nd date of exercise and expiration**	**On the date granted**	**End of the period**	**Number of shares granted**	**Exercised**	**Not exercised by dismissal**	**Expired**	**Total in effect**
Balance at March 31, 2011										
Series X	6/7/2006	7/7/2009	7/7/2011	33.00	43.47	901	(229)	(403)	-	271
Series A1 - Gold	4/13/2007	4/30/2010	4/29/2011	0.01	0.01	326	(279)	(6)	-	41
Series A1 - Silver	4/13/2007	4/30/2010	4/29/2011	24.63	24.63	1,122	(901)	(106)	-	115
Series A2 - Gold	3/3/2008	4/30/2008	3/30/2011	0.01	0.01	848	(567)	(6)	-	275
Series A2 - Silver	3/3/2008	4/30/2008	3/30/2011	26.93	26.93	950	(647)	(6)	-	297
Series A3 - Gold	5/13/2009	5/13/2012	5/31/2013	0.01	0.01	668	(178)	-	-	490
Series A3 - Silver	5/13/2009	5/13/2012	5/31/2013	27.47	27.47	693	(198)	-	-	495
Series A4 - Gold	5/24/2010	5/31/2013	5/31/2014	0.01	0.01	524	(91)	-	-	433
Series A4 - Silver	5/24/2010	5/31/2013	5/31/2014	46.49	46.49	131	(76)	-	-	55
						6,163	**(3,166)**	**(528)**	**-**	**2,471**

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25. Shareholders' Equity - Continued

f) Stock option plan for preferred shares (continued)

(ii) New stock option plan for preferred shares (continued)

Series granted	Grant date	Exercise date	Number exercised	Price exercised	Total	Market price
Series A 1 Gold	4/13/2007	07/10/2007	3	0.01	0	37.12
Series A 1 Gold	4/13/2007	11/28/2007	11	0.01	0	28.54
Series A 1 Gold	4/13/2007	12/17/2007	31	0.01	0	33.24
Series A 1 Gold	4/13/2007	03/10/2008	43	0.01	0	34.83
Series A 1 Gold	4/13/2007	05/27/2008	27	0.01	0	37.43
Series A 1 Gold	4/13/2007	03/15/2010	2	0.01	0	59.80
Series A 1 Gold	4/13/2007	06/09/2010	162	0.01	2	57.20
Series A 1 Silver	4/13/2007	07/10/2007	11	24.63	271	37.12
Series A 1 Silver	4/13/2007	11/28/2007	36	24.63	887	28.54
Series A 1 Silver	4/13/2007	12/17/2007	70	24.63	1,724	33.24
Series A 1 Silver	4/13/2007	03/10/2008	103	24.63	2,537	34.83
Series A 1 Silver	4/13/2007	05/27/2008	84	24.63	2,069	37.43
Series A 1 Silver	4/13/2007	06/10/2008	3	24.63	74	37.47
Series A 1 Silver	4/13/2007	07/22/2008	2	24.63	49	36.97
Series A 1 Silver	4/13/2007	09/11/2008	3	24.63	74	34.34
Series A 1 Silver	4/13/2007	04/01/2009	5	24.63	123	31.98
Series A 1 Silver	4/13/2007	08/05/2009	3	24.63	74	46.35
Series A 1 Silver	4/13/2007	10/02/2009	2	24.63	49	50.32
Series A 1 Silver	4/13/2007	03/15/2010	10	24.63	252	59.80
Series A 1 Silver	4/13/2007	06/09/2010	563	24.63	13,877	57.20
Series A 1 Silver	4/13/2007	07/12/2010	3	24.63	65	62.79
Series A 1 Silver	4/13/2007	10/28/2010	3	24.63	67	64.00
Series A 1 Silver	4/13/2007	12/15/2010	0	24.63	4	67.50
Series A 2 Gold	3/3/2008	03/10/2008	178	0.01	2	34.83
Series A 2 Gold	3/3/2008	05/27/2008	78	0.01	1	37.43
Series A 2 Gold	3/3/2008	06/10/2008	4	0.01	0	37.47
Series A 2 Gold	3/3/2008	07/22/2008	13	0.01	0	36.97
Series A 2 Gold	3/3/2008	09/11/2008	7	0.01	0	34.34
Series A 2 Gold	3/3/2008	04/01/2009	30	0.01	0	31.98
Series A 2 Gold	3/3/2008	08/05/2009	91	0.01	1	46.35
Series A 2 Gold	3/3/2008	10/02/2009	47	0.01	0	50.32
Series A 2 Gold	3/3/2008	03/15/2010	2	0.01	0	59.80
Series A 2 Gold	3/3/2008	06/09/2010	60	0.01	1	57.20
Series A 2 Gold	3/3/2008	07/12/2010	11	0.01	0	62.79
Series A 2 Gold	3/3/2008	10/28/2010	1	0.01	0	64.00
Series A 2 Gold	3/3/2008	12/15/2010	44	0.01	0	67.50
Series A 2 Silver	3/3/2008	03/10/2008	187	26.93	5,036	34.83
Series A 2 Silver	3/3/2008	05/27/2008	83	26.93	2,235	37.43
Series A 2 Silver	3/3/2008	06/10/2008	6	26.93	162	37.47
Series A 2 Silver	3/3/2008	07/22/2008	14	26.93	377	36.97
Series A 2 Silver	3/3/2008	09/11/2008	8	26.93	215	34.34
Series A 2 Silver	3/3/2008	04/11/2009	45	26.93	1,212	31.98
Series A 2 Silver	3/3/2008	08/05/2009	96	26.93	2,585	46.35
Series A 2 Silver	3/3/2008	10/02/2009	52	26.93	1,400	50.32
Series A 2 Silver	3/3/2008	03/15/2010	3	26.93	61	59.80
Series A 2 Silver	3/3/2008	06/09/2010	94	26.93	2,539	57.20
Series A 2 Silver	3/3/2008	07/12/2010	11	26.93	302	62.79
Series A 2 Silver	3/3/2008	12/28/2010	1	26.93	37	64.00
Series A 2 Silver	3/3/2008	12/15/2010	47	26.93	1,262	67.50
Series A 3 Gold	5/13/2009	03/15/2010	89	0.01	1	59.80
Series A 3 Gold	5/13/2009	06/09/2010	75	0.01	1	57.20
Series A 3 Gold	5/13/2009	07/12/2010	14	0.01	0	62.79
Series A 3 Silver	5/13/2009	03/15/2010	109	27.47	2,997	59.80
Series A 3 Silver	5/13/2009	06/09/2010	75	27.47	2,068	57.20
Series A 3 Silver	5/13/2009	07/12/2010	14	27.47	383	62.79
Series A 4 Gold	5/24/2010	07/12/2010	10	0.01	0	62.79
Series A 4 Gold	5/24/2010	10/28/2010	81	0.01	1	64.00
Series A 4 Silver	5/24/2010	07/12/2010	2	46.49	115	62.79
Series A 4 Silver	5/24/2010	10/28/2010	74	46.49	3,441	64.00
Series X	7/7/2008	10/02/2009	223	38.54	8,594	50.32
Series X	7/7/2008	06/09/2010	2	39.73	60	57.20
Series X	7/7/2008	07/12/2010	2	40.28	75	62.79
Series X	7/7/2008	10/28/2010	2	41.12	67	64.00
			3,165		**57,429**	

25. Shareholders' Equity - Continued

f) Stock option plan for preferred shares (continued)

(ii) New stock option plan for preferred shares (continued)

Note: According to the attributions provided for in the Stock Option Plan rules, the Management Committee of the Plan resolved to anticipate the exercise date of the first tranche of series VII option to December 13, 2005. At March 15, 2007, VI series was terminated; at June 10, 2008, series VII was terminated, at August 5, 2009 series VIII was terminated and at June 9, 2010, series IX was terminated.

According to the attributions provided for in the Stock Option Plan rules, the Management Committee of the Plan at April 29, 2010 approved the accelerator at 1.5%, referring to A1 Series.

At March 30, 2011, the Committee approved that no reduction occurred and or acceleration referring to Series A2.

At March 31, 2011, the Company preferred share price at BOVESPA was R$67.12 per share.

At March 31, 2011 there were 232,586 treasury preferred shares which may be used as spread for the options granted in the plan.

(iii) Consolidated information on the stock option plans - CBD

The chart below show the maximum percentage of interest dilution to which current shareholders will eventually be subject to in the event of exercise up to 2011 of all options granted:

	2011	**2010**
Number of shares	**259,128**	257,774
Balance of granted series in effect	**2,470**	2,471
Maximum percentage of dilution	**0.95%**	0.95%

25. Shareholders' Equity - Continued

f) Stock option plan for preferred shares (continued)

(iii) Consolidated information on the stock option plans - CBD (continued)

The market value of each option granted is estimated on the granting date, by using the options pricing model "Black&Scholes" taking into account the following assumptions: (a) expectation of dividends of 0.72% (0.89% - 2009), (b) expectation of volatility of nearly 40.47% (49.37% - 2009) and (c) the risk-free weighted average interest rate of 9.66% (10.75% - 2009). The expectation of average life of series IX and V is 5 years, whereas for series A1, A2, A3 and A4 and the expectation is 3 years.

Year ended at December 31, 2010	**Shares**	**Weighted average of exercise price**
Outstanding at the beginning of the period	3,675	17.76
Granted during the period	657	10.32
Cancelled during the period	(29)	31.11
Exercised during the period	(1,827)	18.77
Expired during the period	(5)	26.00
Outstanding during the period	**2,471**	**14.53**
Period ended at March 31, 2011		
Outstanding at the beginning of the period	2,471	14.53
Granted during the period	-	-
Cancelled during the period	(1)	33.00
Exercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of the period	**2,470**	**14.52**

Technical Pronouncement CPC 10 (IFRS 2)– Share-based Payment determines that the effects of share-based payment transactions are recorded in the income statement and in the Company's balance sheet. The amounts recorded in income statement of Parent Company and Consolidated at March 31, 2011 were R$6,919 (R$7,484 in 2010).

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26. Segment information

The Management divided the entities recently acquired into four segments, as follows.

- Retail – Includes the banners Pão de Açúcar, CompreBem, Extra, Sendas and explores the retail activity;
- Home Appliances – Includes the banner Ponto Frio, Casas Bahia;
- Cash & Carry – Includes the banner ASSAI;
- E-commerce includes the web sites www.pontofrio.com.br, www.extra.com.br and www.casasbahia.com.br

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated quarterly financial information. GPA financing (including financial costs and financial income) and income taxes are managed on a segment basis.

The Company is engaged in operations of retail stores located in 20 states and the Federal District of Brazil. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who has been identified as the chief executive officer.

The chief operating decision-maker allocates resources and assesses performance by reviewing results and other information related to four segments. These four segments are identified based on the decentralization of management of the businesses. These three segments include the Retail segment which is comprised of the Company's legacy stores and fully integrated acquisitions operating principally under the trade names "Pão de Açúcar", "Comprebem", "Extra", "Extra Perto", "Extra Fácil", and "Sendas", the Cash & Carry segment which includes the Barcelona acquisition and operates under the trade name "Assai", and the Home Appliances segment which includes the Globex and Casas Bahia acquisitions that operate under the trade names "Casas Bahia" and "Ponto Frio". Operating segments have not been aggregated to form the reportable segments.

In 2010, the Company identified the e-commerce segment separate from the home appliances segment due to different strategy and business management, which includes the web sites *pontofrio.com.br*, *extra.com.br* and *casasbahia.com.br.*

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26. Segment information - Continued

The Company measures the results of segments using the accounting practices adopted in Brazil, among other measures, each segment's operating profit, which includes certain corporate overhead allocations. At times, the Company revises the measurement of each segment's operating profit, including any corporate overhead allocations, as dictated by the information regularly reviewed by the chief operating decision-maker. When revisions are made, the results of operating for each segment affected by the revisions is restated for all periods presented to maintain comparability. Information for our segments is included in the following table:

3.31.2011

Description	Retail	Cash and carry	Home appliances	E-commerce	Total	Elimination	Total
Net revenue	5,163,990	820,397	4,191,561	692,846	10,868,794		10,868,794
Gross profit	1,421,678	115,090	1,201,201	110,429	2,848,398		2,848,398
Depreciation and amortization	(118,131)	(6,638)	(31,666)	(1,716)	(158,151)		(158,151)
Financial expenses	(218,434)	(24,414)	(186,071)	(30,178)	(459,097)		(459,097)
Financial income	81,117	74	52,046	135	133,372		133,372
Operating income	273,065	5,288	118,011	26,817	423,181		423,181
Earnings before income taxeand social contribution	144,518	(6,585)	(37,251)	(3,226)	97,456		97,456
Income tax and social contribution taxes (expenses)	(8,351)	6,027	13,579	2,139	13,394		13,394
Current assets	6,980,160	659,210	6,681,710	606,925	14,928,005	(46,077)	14,881,928
Noncurrent assets	13,756,452	749,749	2,593,818	24,774	17,124,793	(1,777,896)	15,346,897
Current liabilities	4,693,169	643,523	4,688,730	647,963	10,673,385	(615,399)	10,057,986
Noncurrent liabilities	7,798,338	523,687	2,141,044	155	10,463,225		10,463,224

Explanatory Notes

Companhia Brasileira de Distribuição

Notes to the interim financial statements
March 31, 2011
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26. Segment information - Continued

03.31.2010

Description	Retail	Cash and carry	Home appliances	E-commerce	Total	Elimination	Total
Net revenue	5,107,341	608,702	1,052,442	205,029	6,973,515	(722)	6,972,793
Gross profit	1,315,348	91,180	231,284	33,965	1,671,777	(722)	1,671,055
Depreciation and amortization	(107,209)	(4,473)	(12,963)	(499)	(125,144)	14,546	(110,598)
Financial expenses	(139,703)	(7,341)	(26,473)	(5,323)	(178,841)	(16)	(178,857)
Financial income	69,462	171	4,575	162	74,370	3,247	77,617
Operating income	254,058	11,506	14,606	5,065	285,235	1,135	328,264
Income and social contribution taxes	189,853	4,335	(13,024)	(96)	181,068	53,249	227,024
Financial income	(54,668)	382	9,711	(293)	(44,868)	(11,806)	(56,673)
12.31.2010							
Current assets	6,742,456	725,622	6,812,134	518,760	14,798,972	(82,607)	14,716,365
Noncurrent assets	13,882,948	768,278	2,381,808	16,328	17,049,362	(1,832,979)	15,216,383
Current liabilities	(5,352,448)	(738,753)	(4,559,843)	(594,368)	(11,245,413)	(428,515)	(10,816,898)
Noncurrent liabilities	(7,098,372)	(512,839)	(1,460,381)	(545,558)	(9,617,149)	(85,069)	(9,532,080)

Explanatory Notes

Companhia Brasileira de Distribuição

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26. Segment information - Continued

Entity general information

The Company operates primarily as a retailer of food, clothing, home appliances and other products. Total revenues are composed of the following types of products:

	03.31.2011	12.31.2010
Food	**55.0%**	53.2%
Non-food	**45.0%**	46.8%
Total	100.0%	100.0%

27. Other operating revenues and expenses, net

	Parent Company		Consolidated	
	03.31.2011	03.31.2010	03.31.2011	03.31.2010
Result – Law 11,941/09 - Globex				(12,768)
Fixed assets result	**514**	(1,434)	**486**	(1,441)
Equity interest gains (losses)	**(5,827)**	1,764	**(12,106)**	1,568
Other	**35**	-	**(410)**	2,999
TOTAL	**(5,278)**	330	**(12,030)**	(9,642)

Explanatory Notes

Companhia Brasileira de Distribuição

Notes to the interim financial statements
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28. Financial result

	Period ended			
	Parent Company		Consolidated	
	03.31.2011	03.31.2010	03.31.2011	03.31.2010
Financial Expenses				
Financial Charges-BNDES	**(9,324)**	(2,315)	**(9,847)**	(3,539)
Financial Charges-Debentures	**(58,388)**	(32,979)	**(58,388)**	(32,979)
Interest on debt	**(26,908)**	(12,757)	**(43,994)**	(20,212)
Swap operations	**(13,216)**	(2,531)	**(34,847)**	(7,931)
Mark-to-market of financial instruments	**(3,490)**	(1,165)	**(15,044)**	(3,721)
Capitalized interest	**5,174**	2,206	**3,109**	4,920
Receivables securitization	**(36,657)**	(28,051)	**(162,575)**	(29,807)
Credit card prepayment	**(4,424)**	-	**(8,384)**	(14,828)
Financial charges on contingencies and taxes	**(44,157)**	(32,764)	**(66,643)**	(49,865)
Interest on financial leasing	**(1,644)**	(1,893)	**(4,074)**	(3,376)
IOF and bank services	**(6,652)**	(3,251)	**(17,995)**	(6,305)
Interest on loan	**(84)**	(42)	**(84)**	(42)
Present value adjustment	**-**	(820)	**(6,977)**	(820)
Other financial expenses	**(2,044)**	(1,543)	**(33,354)**	(10,352)
Total financial expenses	**(201,814)**	(117,905)	**(459,097)**	(178,857)
Financial revenues				
Interest on cash and cash equivalents	**46,960**	26,687	**61,502**	31,061
Subordinated quotes-PAFIDC	**1,840**	3,197	**2,055**	3,571
Financial discounts obtained	**10,654**	10,740	**11,904**	12,170
Financial charges on taxes and judicial deposits	**5,690**	7,715	**23,438**	21,865
Interest on installment sales	**698**	552	**1,073**	997
Interest on intercompany loan	**11,228**	7,855	**-**	1
Present value adjustment	**(701)**	(386)	**(1,274)**	(360)
Other financial revenues	**1,671**	699	**34,674**	8,312
Total financial income	**78,040**	57,059	**133,372**	77,617
Financial result	**(123,774)**	(60,846)	**(325,725)**	(101,240)

29. Private pension plan of defined contribution

In July 2007, the Company established a supplementary private pension plan of defined contribution on behalf of its employees, to be managed by financial institution Brasilprev Seguros e Previdência S.A. The Company provides monthly contributions on behalf of its employees. Contributions made by the Company for the three-month period ended March 31, 2011 amounted to R$648 (R$555 in March 2010), employees' contributions amounted to R$943 (R$815 in March 2010) with 900 participants at March 31, 2011 (879 in March 2010).

Explanatory Notes

Companhia Brasileira de Distribuição

Notes to the interim financial statements
March 31, 2011
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30. Earnings per share

Basic earnings per share are calculated based on the weighted average number of shares outstanding during the period, excluding shares issued in payment of dividends and treasury shares.

Equity instruments that will or may be settled in Company's shares are included in the calculation only when their settlement have a dilutive impact on earnings per share.

In Brazil, preferred and common shares give different voting and liquidation rights.

Beginning in 2003, preferred shares are entitled to a dividend 10% greater than that distributed to the common shares. As such earnings may be capitalized or otherwise appropriated, there can be no assurance that preferred shareholders will receive the 10% premium referred to above, unless earnings are fully distributed, and, accordingly, earnings per share have been calculated for preferred shares.

The Company computes earnings per share by dividing the net income pertaining to each class of share by the weighted-average number of the respective class of shares outstanding during the period.

The Company granted a share-based compensation plan to its employees (Note 26), the dilutive effects of which are reflected in diluted earnings per share by application of the "treasury stock" method.

Under the treasury stock method, earnings per share are calculated as if options were exercised at the beginning of the period, or at time of issuance, if later, and as if the funds received were used to purchase the Company's own stock.

When the stock option exercise price is greater than the average market price of the preferred shares, diluted earnings per share are not affected by the stock options.

The table below presents the determination of net income available to common and preferred shareholders and weighted average common and preferred shares outstanding used to calculate basic and diluted earnings per share for each of the periods reported:

Explanatory Notes

Companhia Brasileira de Distribuição

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30. Earnings per share - Continued

	03.31.2011			12.31.2010		
	Preferred	**Common**	**Total**	**Preferred**	**Common**	**Total**
Basic numerator						
Actual dividend proposed	**-**	**-**	**-**	109,003	62,572	171,575
Basic earnings allocated and not distributed	**70,263**	**40,587**	**110,850**	349,156	201,691	550,847
Net income allocated available for common and preferred shareholders	**70,263**	**40,587**	**110,850**	458,159	264,263	722,422
Basic denominator (thousands of shares)						
Weighted average of shares	**156,873**	**99,680**	**256,553**	156,873	99,680	256,553
Basic earnings per thousands of shares (R$)	**0,45**	**0,41**		2,92	2,65	
Diluted earnings per thousands of shares (R$)	**0,44**	**0,41**		2,89	2,65	
Diluted numerator						
Dividend proposed (accumulated)	**-**	**-**	**-**	109,003	62,572	171,575
Net income allocated and not distributed	**70,263**	**40,587**	**110,850**	349,156	201,691	550,847
Net income allocated available for common and preferred shareholders	**70,263**	**40,587**	**110,850**	458,159	264,263	722,422
Diluted denominator						
Weighted average of shares (thousands)	**156,873**	**99,680**	**256,873**	156,873	99,680	256,553
Stock call option	**1,729**	**-**	**1,729**	1,616	-	1,616
Diluted weighted average of shares (thousands)	**158,602**	**99,680**	**258,602**	158,489	99,680	258,169

Explanatory Notes

Companhia Brasileira de Distribuição

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31. Insurance coverage

Coverage at December 31, 2010 is considered sufficient by Management to meet possible losses and is summarized as follows:

		Parent Company	Consolidated
Insured assets	**Covered risks**	**Amount insured**	**Amount insured**
Property, equipment and inventories	Assigning profit	**6,310,666**	**13,151,539**
Profit	Loss of profits	**1,372,751**	**2,395,808**

In addition, the Company maintains specific policies referring to civil liability and Directors & Officers liability amounting to R$137,985. The aforementioned information was not reviewed by independent auditors.

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SHAREHOLDING OF CONTROLLING PARTIES OF COMPANY'S SHARES, UP TO INDIVIDUAL LEVEL						
COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO (Publicly-held company)					Shareholding at 3/31/2011 (In units)	
Shareholder	Common Shares		Preferred Shares		Total	
	Number	%	Number	%	Number	%
WILKES PARTICIPAÇÕES S.A.	65,400,000	65.61%	-	0.00%	65,400,000	25.24%
SUDACO PARTICIPAÇÕES LTDA.	28,619,178	28.71%	2,465,206	1.55%	31,084,384	12.00%
ONYX 2006 PARTICIPAÇÕES LTDA.	-	0.00%	20,527,380	12.87%	20,527,380	7.92%
CASINO GUICHARD PERRACHON *	5,600,052	5.62%	-	0.00%	5,600,052	2.16%
SEGISOR *	-	0.00%	5,091,754	3.19%	5,091,754	1.96%
SWORDFISH INVESTMENTS LIMITED*	-	0.00%	613,607	0.38%	613,607	0.24%
STANHORE TRADING INTERNATIONAL S.A.*	-	0.00%	6,739,380	4.23%	6,739,380	2.60%
RIO PLATE EMPREENDIMENTOS E PARTICIPAÇÕES LTDA.	-	0.00%	4,055,172	2.54%	4,055,172	1.56%
PENÍNSULA PARTICIPAÇÕES LTDA.	-	0.00%	2,608,467	1.64%	2,608,467	1.01%
PAIC PARTICIPAÇÕES LTDA.	-	0.00%	648,729	0.41%	648,729	0.25%
MARLIN INVESTMENTS LTD.*	-	0.00%	32,000	0.02%	32,000	0.01%
TREASURY SHARES	-	0.00%	232,586	0.15%	232,586	0.09%
OTHER	60,621	0.06%	116,433,693	73.02%	116,494,314	44.96%
TOTAL	**99,679,851**	**100.00%**	**159,447,974**	**100.00%**	**259,127,825**	**100.00%**

(*) Foreign Company

CORPORATE'S CAPITAL STOCK DISTRIBUTION (COMPANY'S SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL						
WILKES PARTICIPAÇÕES S.A					Shareholding at 3/31/2011 (In units)	
Shareholder / Quotaholder	Common Shares		Preferred Shares		Total	
	Number	%	Number	%	Number	%
PENINSULA PARTICIPAÇÕES LTDA.	20,375,000	50.00	-	-	20,375,000	25.49
SUDACO PARTICIPAÇÕES LTDA.	20,375,000	50.00	39,179,308	100.00	59,554,308	74.51
TOTAL	**40,750,000**	**100.00**	**39,179,308**	**100.00**	**79,929,308**	**100.00**

CORPORATE'S CAPITAL STOCK DISTRIBUTION (COMPANY'S SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL				
SUDACO PARTICIPAÇÕES S.A			Shareholding at 3/31/2011 (In units)	
Shareholder / Quotaholder	Quotas		Total	
	Number	%	Number	%
PUMPIDO PARTICIPAÇÕES LTDA	3,585,804,573	100.00	3,585,804,573	100.00
TOTAL	**3,585,804,573**	**100.00**	**3,585,804,573**	**100.00**

CORPORATE'S CAPITAL STOCK DISTRIBUTION (COMPANY'S SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL				
ONYX 2006 PARTICIPAÇÕES LTDA.			Shareholding at 3/31/2011 (In units)	
Shareholder / Quotaholder	Quotas		Total	
	Number	%	Number	%
RIO PLATE EMPREEND. E PARTIC. LTDA	515,580,242	**99.99**	515,580,242	99.99
ABILIO DOS SANTOS DINIZ	10,312	**0.01**	10,312	0.01
TOTAL	**515,590,554**	**100.00**	**515,590,554**	**100.00**

CORPORATE'S CAPITAL STOCK DISTRIBUTION (COMPANY'S SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL						
PENÍNSULA PARTICIPAÇÕES LTDA					Shareholding at 3/31/2011 (In units)	
Shareholder / Quotaholder	Common Shares		Preferred Shares		Total	
	Number	%	Number	%	Number	%
ABILIO DOS SANTOS DINIZ	250,659,236	61.48	3	20.00	250,659,239	61.48
JOÃO PAULO F.DOS SANTOS DINIZ	39,260,447	9.63	1	20.00	39,260,448	9.63
ANA MARIA F.DOS SANTOS DINIZ D'ÁVILA	39,260,447	9.63	1	20.00	39,260,448	9.63
PEDRO PAULO F.DOS SANTOS DINIZ	39,260,447	9.63	1	20.00	39,260,448	9.63
ADRIANA F.DOS SANTOS DINIZ	39,260,447	9.63	1	20.00	39,260,448	9.63
TOTAL	**407,701,024**	**100.00**	**5**	**100.00**	**407,701,031**	**100.00**

CORPORATE'S CAPITAL STOCK DISTRIBUTION (COMPANY'S SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL				
PUMPIDO PARTICIPAÇÕES LTDA			Shareholding at 3/31/2011 (In units)	
Shareholder / Quotaholder	Quotas		Total	
	Number	%	Number	%
SEGISOR**	3,633,544,694	100.00	3,633,544,694	100.00
TOTAL	**3,633,544,694**	**100.00**	**3,633,544,694**	**100.00**

(**) Foreign Company

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REPORT ON QUARTERLY INFORMATION REVIEW

To the Management and Shareholders of
Companhia Brasileira de Distribuição

São Paulo - SP

Introduction

We have review the interim, individual and consolidated financial statements of Companhia Brasileira de Distribuição and subsiduaries, contained in the Quarterly Financial Information From – ITR for the quarter ended March 31, 2011, which comprised the balance sheet as at march 31, 2011 and the income statementS, statement of changes in equity and cash flow statement for the quarter then ended, including the explanatory notes.

Management is responsible for the preparation and fair presentation of the interim individual financial statements in accordance to the Technical Pronouncement CPC 21 – Interim financial reporting and consolidated interim financial statements according to CPC 21 and the international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this information consistently with the rules issued by Brazilian Securities and Exchange Commission applicable to the preparation of the quarterly financial information. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance to the Brazilian and International Standards on Review Engagements (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of the interim financial information consists of inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance to auditing standards and accordingly does not allow us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim information

Based on our review, we are not aware of any facts that would lead us to believe that the individual interim financial information included in the aforementioned quarterly financial information are not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of Quarterly Financial Information – ITR and are fairly presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

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Conclusion on the consolidated interim information

Based on our review, we are not aware of any facts that would lead us to believe that the consolidated interim financial information included in the aforementioned quarterly financial information are not prepared, in all their material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Financial Information – ITR and they are fairly presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Other matters

Interim Statements of Value Added

We also have reviewed the individual and consolidated interim statements of value added ("DVA"), for the three-month period ended March 31, 2011, the presentation of which is required by the rules issue by Brazilian Securities and Exchange Commission applicable to the preparation of the Quarterly Financial Information and as supplemental information for IFRS, wich do not require the disclosure of DVA. These statements were subject to the same review procedures described above and, based on our review, we are not aware of any facts that would lead us to believe that these statements are not fairly presented, in all their material respects, in relation to the individual and consolidated interim financial statements taken as a whole.

São Paulo, May 12, 2011.

Ernst & Young Terco
Auditores Independentes S.S.
CRC-2-SP 015199/O-6

Antonio Carlos Fioravante
Accountant
CRC-1-SP 184973/O-0