

PREVI Guide Model for Participation in Shareholder's Meetings

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**CAIXA DE
PREVIDÊNCIA**
DOS FUNCIONÁRIOS
DO BANCO DO BRASIL

Presentation

For over a century of performance, PREVI has been showing its commitment with the sustainability. It works in the present with a view to the future and meets the mandate which was granted by its associates.

PREVI's participations in stocks in open capital Companies, stretched throughout the various fields of the Brazilian economy, represent over 65% of the Entity's equities. By the expressiveness of the total capital invested (R\$ 90,2 billion) as well as the amount in participations (83 national renowned companies – position in December 2007), PREVI undertakes great responsibility in generating values and in the pathways of the productive segments of the country.

For PREVI, Corporate Governance is a group of practices which aim at optimizing the performance of a Company, protecting its investors, employees, creditors and other interested individuals. Also, it aims at facilitating its access to the capital market and provides a structure which clearly defines the business objectives, how to reach them and the control of its performance. With such guidelines, it searches to orientate a Company for a sustainable growth and a socially responsible attitude.

On the one hand, we believe in the capacity that our participant Companies (which we have participations) have to influence socio-environmental aspects in a positive way, such as changing agents which intends to Brazil's development, sustainable growth, elimination of unequally and to build up a fairer Country. On the other hand, we identify a great responsibility of the largest Brazilian investors in trying to spread searching to disseminate the Corporate Governance best practices. Such performance starts up with the forum where the most democratic way of investors' manifestation is expressed in an open capital society – the shareholder's general meeting.

So as to share our experience, acquired in the performance in over a hundred annual meetings throughout more than a decade of active attitude as an

investor, we decided to publish a “PREVI Guide Model for Participation in Shareholder's Meetings”. Such model stems from the research of guides already adopted in Brazil and abroad, with the insertion of some concepts derived from legal dispositions and specific instructions, besides PREVI’s experience and maturity in the participations management. We are sure that the stimulus to the investors’ participation, either natural persons or institutional investors, creates satisfactory conditions as to consolidate a transparent management model, in which investors may contribute to the generation of value, without setting apart the essential right of controlling the social business management. We also observe a perfect alignment with the position of the regulatory body, which recently indicated the need of elaborating a participation policy in meetings (see CVM Collegiate Decision dated of 24/6/2008)

In short, we believe that this guide will be a fundamental tool to lead the relations among all agents which perform in the Companies we participate. It will also be useful to those companies which share these ideals, which understand that the responsible debate, focused on the development of such corporations will bring earnings to all society.

The Executive Directors

First part: Guide format

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▣ **Message from the President of the Board of Directors** page xx

Comments: free text, which shall approach mainly economical and circumstantial aspects, besides the presentation of the corporate governance model adopted by the company (organized advisory committees, approved policies, etc..) The practice of spreading to the market its future performance expectations (guidance) should be avoided. So, speculative pressures are relieved over the Companies' stocks (short-term collections may interfere in the long-term planning); if adopted, it must be presented in the form of annual projections, the short-term ones (quarterly) being avoided. The expectations presented must contain the premises which originated them, as required by the bylaws in force, as well as encompass market issues, macro-economics, regulatory and sectorial of each company (see Guidance Pronouncement n.4 dated of 17/4/2008, of the Guidance Committee for Information Disclosure to the Market – CODIM).

▣ **Message from President-Director**..... page xx

Comments: free text, focused on the operational aspects.

▣ **Publications of Calls for Annual (Regular/General) and Special Meetings** page xx

Comments: according to CVM's recommendations (Notice - Circular Letter SEP n. 001/2008) items under the initial "general matters" shall not be admitted with subjects which depend on the meetings' determination.

Management advisories election – aligned with CVM's Collegiate decision (3/3/2006 meeting, available in the governmental agency page), the open campaigns are recommended to include in the general meetings publication of calls in which the election of management advisors is set forth, the

possibility of performance of rights provided in paragraph of article 141 of Law n. 6.404/76 (set forth of free indication of advisories by shareholders).

▣ **Procedures and Deadlines** **page xx**

Comments: the previous power of attorney deposit, even if set forth in the Company's Articles of Association, organizes sole shareholder's right as the law does not establish any obligations in this sense. Therefore, CVM understands that the obstruction the shareholder's representative participation in assembly who may fail to adopt the previous warrant act delivery procedure, as established by the company, does not have legislation support. Yet, the Company should treat separately in the guide the procedures to be observed by the current shareholder, shareholder represented by proxy and ADR bearer shareholder (for companies with stocks negotiated in the North American markets).

In case of representation by proxy, the Company must make available a specific model in the guide itself with options of positioning by subject (in favor, against or waiver) and space to present the vote manifestation/justification. The Company should also take the action of indicating entitled professionals in order to represent the shareholders at no costs, with limited powers to represent in the meetings.

In relation to the notarization of the company or consularization of the proxies, CVM (Lawsuit. RJ 2008/1794) declared the understanding that the company will always, to its own criteria, dispense such procedures in the proxies acts granted by the shareholders to their representatives, based on the article 654, § 2º, of the Civil Code. In turn, the Law of Business Corporations imposes a temporary requirement (the deadline shall not exceed a year), as well as a subjective one (the attorney must be either a shareholder or a lawyer). It is not mentioned the need of notarization or consularization of the Proxies.

This way, nothing opposes the grant of proxies by electronic means, as long as the way is previously established by the Company. It is worth reminding that the Provisory Remedy 2200-2/01 expressly recognizes the legal validity

of the documents signed by electronic means.

Therefore, any means chosen by the Company for the reception of the proxies of attorneys shall preserve the capacity of testifying the meeting of the other requisites of Article 126 of Law of Business Corporations (date of granting and attorney qualification).

In relation to the deadline for calls, the Companies which have negotiated stocks in foreign markets shall adopt the minimum deadline of 30 days.

▣ Explanatory Texts of the Subjects to be Released in the Annual and Special Meetings page xx

Comments: the proposal of the management shall contain the necessary detailing for a better understanding and evaluation of the shareholders in relation to the items in the agenda. This way, we make reference to Notice-Circular Letter CVM/SEP/Nº 001/2008, dated of 14/3/2008, item 4, which mentions that "the proposal of the management shall not be restrained to the enumeration of items to be submitted to the deliberation of the meeting, since such procedure would turn it into a mere repetition of information already contained in the Convocation Act". Furthermore, the simple availability of the documents in the Companies' premises, as set forth in article 135 of Law nº 6.404/76, does not show itself feasible, as it would cause additional costs for the obtainment of such document.

The availability via WEB seems to be more effective to promote the transparency and encourage the investors' participation.

Second Part: Suggestions of explanatory texts for the most common topics presented for decision-taking in meetings

Item for decision-taking in meetings

Suggestion

Examine, discuss and vote for the managers' accounts and financial statements of the social fiscal year ended in 31/12/xx.

The explanatory texts should be limited to present the documents and may highlight relevant aspects, such as the change of accountable practices. Should there be subsequent events at the end of the fiscal year, they should be mentioned as well.

The Guide shall mention the fact that the Management of the Company (preferably represented by its main officer) will introduce to the Shareholders the figures and main events occurred in the fiscal year, according to the presentation models made for market analysts (the so-called "APIMECs meetings"), as well as the time reserved for debate.

Examine, discuss and vote for the proposal of the fiscal year's net profits destination and dividends distribution.

In case of profit retention for the realization of investments, we suggest the adoption of the model proposed in Table 1 (approved by CVM). In this model, a table for capital budget is presented separately (investments with deadline for assets realization of under 5 years, aiming at the maintenance of the Company's

operational capacity). Another table should be used for investment projects (deadline of assets realization over 5 years, with the objective to expand operations, aiming at increasing earnings of scale, for example).

Resources	Done		To be done		
	2005	2006	2007	(...)	2011
Profit Retention (art. 196)					
Reserves of Articles of Incorporation (art. 194)					
New Debts					
Capital Growth					
Others (Specify)					
Total of Resources					
Financial Applications	2005	2006	2007	(...)	2011
Project 1					
Project 2					
(...)					
Total of Financial Applications					

Table 1.

Elect the Members of the Board of Directors and establish the amount of the managers' global remuneration.

The list of candidates should be presented with a summarized curriculum, when it refers to Slater previously approved by the Company's Administrative Council or by Shareholders linked to the Shareholders Agreement ("Process by Slater"). The rule for requesting election by the multiple vote process must be presented in full details.

Concerning the amount of the

Managers global remuneration, we suggest the adoption of the model presented in table 2, in syntony with the best corporate governance practices adopted worldwide. It is understood that the proposed model allows a deeper analyses on the investors side, even for comparison effects with practices adopted in similarly sized Companies (of similar sizes), with no individual exposition of the managers involved.

	Year X Quoted	Year X Done	Year X+1 Proposal
Global Remuneration (a+b)			
Executive Board (a)			
Fixed Remuneration			
Short-term Variable Remuneration			
Long-Term Variable Remuneration			
Benefits			
Board of Directors (b)			

Table 2.

Elect the Fiscal Council Members and establish the amount related to remuneration.

The text should mention all the procedures related to the Fiscal Council installation, when the agency does not have a permanent nature. We need to mention the different percentages set forth in Finding of Facts CVM nº 324/2000, besides the understandings of that agency about the elections of its members, in the sense of: (a) the installation of such Council shall occur even in the event of the minority shareholders do not hold the percentage for the election separately from its members; (b) the companies whose capital is composed solely of ON stocks (or

when the minority shareholders do not have PN stocks) shall follow the rule established by CVM's collegiate decision when analyzing lawsuit RJ-2007/11086 (meeting of 6/5/2008), which comes to the conclusion that the requirement of 10% set forth in art. 161, §4º does not refer to the number of stocks the minority shareholder presents in the Meeting shall hold to elect a member in the Fiscal Council, but to the number of stocks hold by minority shareholders in the Company.

Remuneration – It is usually calculated over the fixed installment of the Executive Directors average remuneration (not including benefits, representation allowance and participation in the profits). The Company's Management shall clarify some details of other methodology which may be adopted by chance. It has also to explain the application of a differentiated remuneration for the specialist financial/accountable Advisor, if it is the case.

Homologation of the Company's social capital growth.

Subject normally ruled so as to consolidate the alterations in the Articles of Association, after the increase of the deliberated capital by the Board of Directors, within the authorized capital, in the period between the meetings. The

Company shall present a table with the original text, with reference to the alteration dates, and the consolidated text.

Alteration in the purchasing option plans of Company's stocks.

The text must bring a table with a description of the historical concession of options and the effective exercise of such options since the institution of the Plan, as well as justifications and simulations related to the application of the proposed rule.

Alterations in Articles of Association.

The proposal shall be followed by legal/mandatory and economic foundations when applicable.

Ex.: (1) the proposal of rise in the number of statutory directors for the management of new business units shall be followed by financial figures which certificate the need to create a new unit; (2) a proposal of unfolding/grouping of stocks shall be followed by economic justification and evaluation of impacts in the share bases (repositioning of bond prices, improvement in the negotiation conditions by natural persons due to the price repositioning, etc.).

Operations of scission, merger, incorporation, etc.

All documents, even agreements signed with financial/legal advisors

shall be available, on time, for the shareholders. The guide shall mention that the Executive Directors (preferably represented by its main officer) will present to the shareholders the principal aspects of the operations, as well as the time reserved for debate.

In case of operations which involve controlled partnerships and its controlled Companies or partnerships under common control, the Company must follow the recommendations expressed in Guiding Opinion CVM nº 35 (dated of 1/9/2008).



This present model is available at the
website **www.previ.com.br**.

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