

Dated on 31 of March, 2010.

To: BUYER

Ref.: Brazilian Treasury Bonds under Bank's Safekeeping

### BUSINESS PROPOSAL

Gentleman,

Due to the high level of mutual confidence we lodged one of our client's Brazilian Treasury Notes in a European Bank's Deposit. The bank is one of the most important banks in Eastern Europe.

The SKR issuing bank has their worldwide major correspondent banks as listed below:

ING in Netherlands, Credit Suisse and UBS in Switzerland, ABN Amro in Netherlands, UniCredito in Italy, Erste Bank in Austria, Banco Bilbao Viscaya in Spain and Citibank in US.

The underlying/depositing instrument is duly declared at the local Country's Custom Officer as such as reported to the Money Laundering Department's Control.

The Bank's Safekeeping receipt is fully transferrable and assignable, and a SWIFT MT 799 communication for authentication and verification is possible. No changes are possible on the verbiage of the SKR.

The Brazilian Treasury Note under Safekeeping has the description of an operative Financial Instrument identified as *Letra do Tesouro Nacional* (Brazilian Treasury Note) issued by Brazilian Central Bank and duly confirmed by the Brazilian National Treasury's secretary, in accordance with decree-law No. 1079 dated January 29, 1970. The Value at Emission in the year of 1972 was CR\$1.200.000.000,00 (one billion two hundred million Brazilian Cruzeiros). The Current Value is BRL 2.212.000.000,00 (two billion two hundred and twelve million Brazilian Reals) in accordance with the redeeming contract issued by the Brazilian Central Bank on 23<sup>o</sup> of February 2010, equivalent to €905,163,499.77 (Nine hundred and five million one hundred sixty three thousand and four hundred ninety four Euros and seventy seven cents) or equivalent to US\$ 1,233,342,662.91 (One Billion two hundred and thirty three million three hundred and forty two thousand and six hundred sixty two US-Dollars and ninety one US-Cents). The Maturity Date is September 2036 with an Annual Interest Rate: Based on the Brazilian Central Bank's official regulations SELIC Tax + 6% (six percent) per year.

Once the deal is to be finished Depositing bank will act according to instructions received from new buyer (e.g. Blockage of instrument confirmed by a MT799, Delivery of deposited asset, safekeeping of the deposited asset, etc.)

The buyer can choose if he wants the seller to assign SKR and deliver via bank courier the SKR and call the funds for payment or to assign SKR and the Buyer instructs the bank to deliver the deposited asset to their bank, etc. or the bank confirms with an MT799 to block as per instruction (separate agreement with the holder of the SKR) to hold the asset for a specific time as contractually agreed (similar if not same verbiage as a MT760).

It is not possible for the issuing bank to issue a MT760 as explained below.

## PRESENTED BY LEGAL FIRM

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For legal reasons the issuing bank cannot issue a MT760 for blocking an instrument. According to Country's laws, a MT760 demands the registration of the financial instrument with the Country's National Bank and a full liability for the declared market value of the financial instrument. Additionally it is also common practice to use these types of communication (e.g. MT760, MT543/542, etc.) for instruments electronically listed on Euroclear, Cedel, DTC or Clearstream.

However, the bank is willing to issue with full banking liability a MT799 containing more or less the same verbiage of a MT760 to a) Block the assets held in safekeeping either for a fixed time or until the legitimate *bonae fidei* owner of the SKR submits new instructions whatsoever. If the bank had to block the assets held in safekeeping, it would require a contract for the terms and conditions of the blockage with issuing bank.

b) The bank is willing to receive any SWIFT Communication from a purchaser of the SKR;

c) The bank is willing to receive payments either directly or to their correspondent accounts as per instructions.

If these general terms are acceptable I would strongly suggest a meeting so we can sit together to negotiate. The President of the Management of Board of the issuing bank and their professional staff also have no hesitation to either travel to Buyer's destination or to welcome the buyer in their Capital once we have received a proof of financial capability or the buyer is of such a financial strength that no further proof of a bank is required and the buyer issues a specific invitation for the purchase of a LTN.

Suggested procedures:

1) Seller sends via e-mail the verbiage of the SKR identifying its current value and instrument's description. In the enclosing message sellers appoints the issuing bank's worldwide correspondents for buyer's information (done).

2) Buyer or buyer's authorized representative confirms above mentioned message's delivery and gets a 24 working hour term to confirm their undertaking to purchase by issuing an executed Corporate Letter of Intention addressed to the Seller<sup>1</sup>.

3) Seller confirms reception of the LOI and within 24 hours release a "scan copy" of the SKR together with all instrument's authenticating documents on Buyer's name.

4) In the next 24 hours Buyer confirms reception of SKR scan copy and send out a Purchase Contract's Draft for seller's revision.

5) Seller agrees or suggests amendments on the contract within the next 24 hours. Both parties agrees on the contract terms and upon final execution the executed contract will be lodged with both Buyer's and Seller's banking officers.

6) Within the next 48 hours the Buyer issues a verifiable MT 799<sup>2</sup> to the issuing bank and on Sellers banking coordinates stating his undertaking of purchase the instrument and calling for a confirmation of the SKR terms.

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<sup>1</sup> Enclosed follows illustrative draft of desired LOI. LOI must appoints corporate identification data, nomination of their representative staff as such as inform their binding offer, payment terms and its validity.

<sup>2</sup> If necessary seller's bank can confirm via swift MT 799 prior to Buyer's response, but in this case a proof of funds/capability shall be delivered to Seller's banking officer.

## PRESENTED BY LEGAL FIRM

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7) Seller's bank will confirm via MT 799 all the Safekeeping receipt's information and stand ready to confirm assignment of the SKR and to deliver the instruments to the Buyer.

8) Buyer performs complete payment<sup>3</sup> via MT 103/23 on Seller's banking coordinates within 5 (five) banking days after receiving banking swift MT 799 confirmation.

9) Seller executes the assignment of the SKR and Seller's banking officer provides the confirmation of the assignment and delivers the instrument together with all authenticating documents to and under Buyer's instructions by Bank courier, and call the funds for payment<sup>4</sup>.

I hope this makes it clear and if you have any further question, feel free to call me.

Kindest regards,

LEGAL FIRM

Suggested draft of Letter of Intent:  
**[Letterhead of Buyer]**

### **LETTER OF INTENT**

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<sup>3</sup> The payment can remain blocked on behalf of Seller's account until the assignment is performed, by swift MT 103, field 23..

<sup>4</sup> Or the issuing bank confirms with a MT 799 to block as per instructions (separate agreement with the holder of the SKR) to hold the asset for a specific time as contractually agreed (similar IF not same verbiage as a MT 760).

**PRESENTED BY LEGAL FIRM**

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To: Campos e Campos Advogados  
Re: Purchase of a LTN  
Date:

Gentlemen,

Please Accept This Letter As Evidencing Our Firm Intention, Subject To Final Approval Of Documents, To Purchase From You A Financial Instrument As Listed Below:

- A) Financial Instrument: *“Letra Do Tesouro Nacional” (Brazilian Treasury Note) Issued By Brazilian Central Bank And Duly Confirmed By The Brazilian National Treasury’s Secretary, In Accordance With Decree Law No. 1079 Dated January 29, 1970.*
- B) *Value At Emission Date 1972: Cr\$1.200.000.000,00 (One Billion Two Hundred Million Brazilian Cruzeiros).  
Current Value: Brl2.212.000.000,00 (Two Billion Two Hundred And Twelve Million Brazilian Reals) In Accordance With The Redeeming Contract Issued By The Brazilian Central Bank On 23<sup>o</sup> Of February 2010, Equivalent To €905,163,499.77 (Nine Hundred And Five Million One Hundred Sixty Three Thousand And Four Hundred Ninety Four Euros And Seventy Seven Cents) Or Equivalent To Us\$ 1,233,342,662.91 (One Billion Two Hundred And Thirty Three Million Three Hundred And Forty Two Thousand And Six Hundred Sixty Two Us-Dollars And Ninety One Us-Cents).*
- C) *Maturity Date: September 2036*
- D) *Annual Interest Rate: Based On The Brazilian Central Bank’s Official Regulations Selic Tax + 6% (Six Percent) Per Year.*
- E) *Instrument Lodged In A Bank Deposit Versus A Safekeeping Receipt (Skr) Which Is Transferrable And Assignable, Swift Communication For Authentication And Verification Possible*

We Are Financially Capable To Purchase The Above Cited Instrument And Are Ready To Pay Us\$ XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX As A Purchase Price Subject To Final Verification And Authentication Of The Instrument. The Funds To Purchase Are Currently Deposited With XXXXXXXXX Bank And We Attached A Letter/Statement From The Bank Proving Our Financial Capability. We Further Attest That These Funds Are Good, Clean And Cleared Funds, Legitimately Earned Or Obtained And Of Non-Criminal Origin.

We Expect Within 48 Hours Upon Your Receipt Of Our Letter Of Intent A Copy Of The Safekeeping Receipt And A Buy/Sell Contract To Be Signed Defining The Exact Procedures And Time Lines.

We Further Confirm That Any And All Information Or Data Exchanged Between Us Shall Remain Strictly Confidential And May Not Be Forwarded To Any Third Party Without The Written Consent Of All Parties.

We Are Looking Forward To Hear From You At Your Earliest Convenience.

Sincerely Yours  
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