USER’S GUIDE TO
REVISED BRL NDF DOCUMENTATION
EFFECTIVE AS OF MARCH 1, 2004

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I. INTRODUCTION

Following substantial revisions to the EMTA Template Terms for ARS Non-Deliverable FX Transactions (the ARS 2003 Template) and related documentation in January 2003, EMTA undertook an initiative to import many of the concepts and principles employed in the ARS revisions into the BRL/USD NDF documentation architecture to address similar concerns of long-term market closures and disruptions. This architecture includes the EMTA Template Terms for BRL Non-Deliverable FX Transactions, the related survey methodologies and the relevant rate definitions.

The revised EMTA Template Terms for BRL Non-Deliverable FX Transactions provide suggested contract terms that reflect current market practices, the use of which is hoped to reduce documentation risk between market participants by clearly addressing many of the perceived risks of dealing in the Brazilian market. It is anticipated that, in this way, the revised documentation will contribute to the overall efficiency of the NDF marketplace. Notwithstanding, EMTA recognizes each market participant’s need to develop standards for contractual relationships that reflect its own policies, procedures and tolerance for risk, and invites market participants to use the Template Terms in their entirety or in part, as is appropriate to reflect these individual considerations.

II. EMTA TEMPLATE TERMS FOR BRL NON-DELIVERABLE FX TRANSACTIONS

The EMTA Template Terms for BRL Non-Deliverable FX Transactions was originally published by EMTA in October 2000 (the “BRL 2000 Template”) and was intended to work in conjunction with the 1998 FX and Currency Option Definitions (the “1998 Definitions”) (including Annex A, amended in September 2000).

Responding to developments in Argentina and informed by experiences in other Latin American markets, EMTA undertook a close review of the BRL 2000 Template and the identifiable risks inherent in the Brazilian marketplace. As a result, on August 14, 2003, EMTA proposed to the marketplace a new “waterfall” of Disruption Fallbacks for the BRL/USD documentation which reflects many of the disruption fallbacks of the 2003 ARS Template, but also reflects the conventions and characteristics of the Brazilian market. Accordingly, it should be noted that important differences exist between the new ARS and the BRL Templates.

The EMTA Brazil NDF Working Group considered these proposed terms at length, and ultimately adopted the proposal with certain modifications which are now reflected in a new version of the template (the “BRL 2004 Template”) and related documentation.

As revised, the Template Terms for BRL Non-Deliverable FX Transactions are described below:
A. **The First Settlement Rate Option.**

The Settlement Rate Option chosen in the BRL 2004 Template is BRL PTAX (BRL09). The Brazilian local market is the dominant local currency market in Latin America with a high degree of allegiance to the PTAX rate. Given the current stability of the market in Brazil, introducing a new or alternate primary Settlement Rate Option into the NDF documentation architecture might introduce an unnecessary degree of basis risk into the market. Accordingly, it was deemed prudent at this time to continue to refer to BRL09 as the primary valuation mechanism.

B. **Valuation Date**

A small modification to the defined term “Valuation Date” has been made, adding language as follows (emphasis added):

Valuation Date: [DATE CERTAIN] (“Scheduled Valuation Date”), subject to adjustment in accordance with the Preceding Business Day Convention; and in the event of an Unscheduled Holiday, subject to adjustment in accordance with the Following Business Day Convention. **Notwithstanding the foregoing, if the parties have specified a Scheduled Valuation Date that falls on a date that, as at the Trade Date, is not a scheduled Business Day in New York, no adjustment shall be made on account of the fact that such date is not a Business Day in New York.**

This new language is the resolution of the conflicting interests of (a) consistency in approach and convention in the Latin American NDF market and (b) the practicalities of a dominant local trading market in Brazil. For more detail, see Paragraph K below (Relevant Cit(ies) for Business Day for Valuation Date purposes).

C. **Adopting Price Materiality as a Disruption Event.**

Notwithstanding the current stability of the Brazilian market and the volume of local market activity in Brazil, market participants expressed continuing concern regarding the potential for instability or disruption in the quotation of the PTAX rate. The PTAX rate is the BRL/USD offer rate quoted by the Banco Central do Brasil, which reflects an average of the total trading volume of the day. The rate is posted at approximately 6:00 pm (São Paulo time) each day and is used by market participants as the settlement rate applicable to contracts valuing that day. Accordingly, given the need of the NDF offshore market to continue to quote the local market rate in order to manage basis risk, but in an effort to manage the potential for disruption, EMTA determined to include a Price Materiality Disruption Event in the BRL 2004 Template\(^1\). For purposes of Price Materiality, the primary rate is the PTAX rate and the secondary rate is the new EMTA BRL Industry Survey

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\(^1\) In contrast, Price Materiality was deleted from the ARS Template when reliance on the Official Rate was formally abandoned both as a practical and a documentation matter.
Rate (see below).² Originally proposed to be 2%, a Price Materiality Percentage of 3% was ultimately agreed after consideration given to the high degree of volatility in the local market.

D. Adopting the EMTA BRL Industry Survey Rate as the First Disruption Fallback.

The new EMTA BRL Industry Survey Rate (BRL12) is a new definition adopted at the Annex A level. The rate described by the definition is intended to be a back-up rate that is immediately available in times of market disruption or local market illiquidity. Like the EMTA ARS Industry Survey Rate, the EMTA BRL Industry Survey Rate reflects a spot rate quoted by onshore (i.e. Brazilian) dealers. After significant discussion regarding which rate the participant banks would be required to quote, it was determined that the participant banks will be asked to provide “the current prevailing Brazilian Real bid and offer rates (the “pronto”) for settlement in two Business Days for a standard size Brazilian Real/U.S. Dollar financial transaction in the Brazilian interbank market at approximately 11:00 AM (São Paulo time), in the case of the AM Survey, and at approximately 3:00 pm (São Paulo time), in the case of the PM Survey.” If more than one category of BRL/USD exchange rate is available contemporaneously in the Brazilian marketplace at the time of a survey, each survey participant is asked to provide “bid and offer rate quotations that reflect a rate that is freely accessible to market participants in Brazil for wholesale financial foreign exchange transactions in the most liquid segment of the foreign exchange market.”

The survey question was the subject of a great deal of discussion and a concerted effort was made to capture a rate that represents an actual, tradable rate. Specifically, the rate that is quoted by the participating banks must be “freely accessible to market participants in Brazil”, which is intended to mean that the rate must be available at the time to the trader providing the rate quotation. In addition, the rate that is quoted should be a “wholesale” rate, and not a rate that might be quoted in the retail segment of the market. Last, but not least, it was felt important to focus on the rate that is quoted in “the most liquid segment of the foreign exchange market” after the disruption event has occurred to address, among other concerns, the possibility of a dual wholesale market developing after the disruption event.

For a description of the methodology used to collect the data and calculate the rate from the quotations received, see Section VI below (EMTA BRL Industry Survey Rate Methodology).

For the avoidance of doubt, please note that BRL12 is in addition to, and a rate different than, BRL11 (the CME/EMTA Survey Rate).

² Or, in limited circumstances the Secondary Rate could be the BRL Indicative Survey Rate. This will occur if, during the operation of the BRL Indicative Survey Rate, the BRL PTAX Rate once again begins to be quoted and posted by the Banco Central. To address concerns regarding the viability of the PTAX Rate in those circumstances, the EMTA Template Terms provide for Price Materiality to apply and the BRL Indicative Survey will cease to operate only after ten consecutive days of the PTAX Rate NOT meeting the Price Materiality Percentage.
E. **Adopting Valuation Postponement as the next Disruption Fallback.** Valuation Postponement is set forth as the Disruption Fallback following a Price Source Disruption (contemplated to be, in the most likely circumstance, a failure to obtain sufficient responses to the EMTA BRL Industry Survey (hereinafter, the “Industry Survey”) to determine a rate. First used in the context of the ARS 2003 Template, “Valuation Postponement for Price Source Disruption” is a term currently adopted at the Template level (i.e., again not found in the 1998 Definitions). Pursuant to this term, valuation of contracts may be deferred daily until the Maximum Days of Postponement set forth in the Template is reached. The Maximum Days of Postponement for Brazil is 30 consecutive calendar days, adopting in this regard, the parallel treatment of “Deferral Period for Unscheduled Holiday” and the Maximum Days of Postponement in the ARS 2003 Template.

Upon reaching the Maximum Days of Postponement, the next calendar day will be deemed to be the Valuation Date, and a spot rate may be determined for the contract based upon the next applicable Disruption Fallback, which is intended to be the EMTA BRL Indicative Survey Rate (see below), unless this rate is otherwise unavailable for any reason.

For clarity’s sake, the first Valuation Date following the Maximum Days of Postponement will be the 31st calendar day after the first day of the Price Source Disruption (counting the first day of the Price Source Disruption as day one).

F. **Adopting the EMTA BRL Indicative Survey Rate as the next succeeding Disruption Fallback.** The EMTA BRL Indicative Survey Rate (BRL13) (hereinafter, the “Indicative Rate”) was adopted as the Disruption Fallback next following Valuation Postponement specifically to provide the market with a rate quotation that conceivably could function for long periods of time even in times of significant market closure, dislocation, illiquidity or otherwise. As with Argentina, this rate was specifically designed to be market-based, obtained from active market participants both onshore and offshore, and with longevity in mind. The survey question developed for the ARS Indicative Rate Methodology was examined carefully, found to be applicable and thus was adopted for Brazil almost verbatim.

G. **Retaining Calculation Agent Determination as the final Disruption Fallback.** Under the BRL 2000 Template, Calculation Agent Determination had been the final

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3 Valuation Postponement for Price Source Disruption is a term created during the development of the revised EMTA ARS Template Terms and was found useful to replicate some of the dynamics between the various Disruption Events similarly applied in the BRL Template. If the circumstances are such that neither the primary rate source (PTAX) or the First Fallback Reference Price are available, the next Disruption Fallback will be Valuation Postponement. There is no need for a parallel term of Valuation Postponement as it relates to Price Materiality because the Price Materiality Disruption Event applies ONLY to the Primary Rate specified in the confirm. If on any given day, Price Materiality was applicable to the PTAX rate, but the BRL Industry Survey Rate was also not available, then a Price Source Disruption would apply to the BRL Industry Survey Rate (and not a Price Materiality Disruption Event). This enables Valuation Postponement to be applicable at this juncture.
Disruption Fallback and continues to be so under the BRL 2004 Template. For more on this topic, see the User's Guide to Revised ARS NDF Documentation.

H. Deferral Period for Unscheduled Holiday. The BRL 2000 Template included a definition of “Drop Dead Date”. This was amended through the industry-wide amendment in June 2003 sponsored by EMTA that affected all Latin American currencies that trade in the NDF market (including BRL). This multiple currency amendment applied the approach taken in the ARS 2003 Template to all Latin American currencies that trade in the NDF market. This amendment effected a region-wide change to a 30-day period of valuation postponement from the previous 8-day drop-dead date concept. For more information, see “NDF Market Practices” on EMTA’s website. Thus, a definition of “Deferral Period for Unscheduled Holiday” is now included in the BRL 2004 Template.

I. Cumulative Events. The BRL 2004 Template incorporates the distinct, but parallel, concepts of a “Deferral Period” in the context of an Unscheduled Holiday AND “Maximum Days of Postponement” relative to a Price Source Disruption. In order to eliminate the possibility that valuation could be deferred or postponed for unreasonably long periods of time by the interaction or overlapping of these two time periods, the BRL 2004 Template incorporates a concept of “Cumulative Events” (a term not found in the 1998 Definitions). This term implements a “no tacking” rule for deferral or postponement, thus ensuring that in no event will valuations be deferred or postponed for more than 30 calendar days.

J. Maximum Days of Postponement. The BRL 2004 Template incorporates the term, “Maximum Days of Postponement”, introduced to the market in the ARS documentation. This is intended to be the same number of calendar days as a Deferral Period (i.e. 30 calendar days) specifically to achieve parallel treatment in the time periods for deferral or postponement of valuation of an NDF contract following the occurrence of either an Unscheduled Holiday or a Price Source Disruption.

K. Relevant City(ies) for Business Day for Valuation Date purposes. The BRL 2004 Template provides for “Any of Rio de Janeiro, Brasilia or São Paulo and New York City” as Business Days for Valuation Date purposes. This replicates the approach taken in the ARS 2003 Template and is a further step in codifying existing practice for Latin America NDF-traded currencies. This practice recognizes the importance of the New York – based trading community to the Latin American NDF offshore trading markets with its consequent need to monitor fixings and adjust hedge positions on valuation dates, and also takes into consideration the fact that the EMTA surveys are conducted by New York - based EMTA which observes New York holidays.

However, this provision must be read in tandem with the very important modification made to “Valuation Date“ (see Paragraph B above). As noted above, the following language was added to the definition of Valuation Date:
“Notwithstanding the foregoing, if the parties have specified a Scheduled Valuation Date that falls on a date that, as at the Trade Date, is not a scheduled Business Day in New York, no adjustment shall be made on account of the fact that such date is not a Business Day in New York.”

This topic was the subject of significant discussion among the Working Group with some institutions expressing concern about the difficulties in trying to reliably conduct the EMTA BRL Industry Survey on a non-Business Day in New York City as well as the resulting inconsistency on this issue among the offshore NDF contracts in Latin America and with other institutions favoring a flat exclusion of New York from consideration as a Relevant City for Valuation Date purposes because of the ready availability of a fixing rate in the local market.

The intent and the effect of this language is to enable parties to a transaction to override, if they so choose, at the time of the trade, the application of the Preceding Business Day Convention for a Valuation Date that falls on a day that is not a Business Day in New York. This gives greater weight to the application of the Date Certain principle in that it allows the parties to nullify the effect of the Preceding Business Day Convention in these circumstances. This modification also reflects the unique size and characteristics of the Brazilian local market and the consequent negative effect on market liquidity that observing New York holidays might have when a fixing rate is clearly available in the local market.

Multiple Brazilian cities are included (but are exclusive) because holiday conventions in Brazil might result in a non-Business Day in one of the major financial centers, but not necessarily in another. The intent is to capture a good Business Day if any one of the major financial centers in Brazil is open.

L. ENDNOTE CHANGES. A few new endnotes were added to the BRL 2004 Template, incorporating references to the new Survey Methodologies and including an optional provision (carried over from the ARS 2003 Template) that may be included by dealers, at their discretion, who may also participate in one or both of the EMTA surveys and who wish to alert counterparties to the possibility that their rate quotation as a survey participant for any given Valuation Day may affect the calculation of the settlement value for the specific contract.
II. REVISED ANNEX A DEFINITION FOR BRL09

In conjunction with the update of the EMTA Template Terms, the Annex A definition of the Primary Settlement Rate Option (BRL09) was amended to reflect a minor legislative change in Brazil in early 2003. The time for the PTAX rate publication was moved back to approximately 6:00 pm São Paulo time (instead of 8:30 pm). These changes to Annex A were adopted by EMTA, the FXC and ISDA in conjunction with the effectiveness of the BRL 2004 Template and related documentation.

III. EMTA BRL INDUSTRY SURVEY RATE DEFINITION

Adopted at the Annex A level, the EMTA BRL Industry Survey Rate definition (BRL12) contemplates a rate published by EMTA based upon the bid and offer rate quotes solicited from dealers located in Brazil. The rate definition is pegged to the BRL Industry Survey Methodology. See below.

IV. EMTA BRL INDICATIVE SURVEY RATE DEFINITION

Also adopted at the Annex A level, the EMTA BRL Indicative Survey Rate definition contemplates a rate published by EMTA based upon bid and offer quotes solicited from dealers in the onshore and offshore markets for the Brazilian Real and, like the Industry Survey Rate Definition, is pegged to the underlying methodology. See below.

V. EMTA BRL INDUSTRY SURVEY RATE METHODOLOGY

The EMTA BRL Industry Survey Methodology (the “Industry Methodology”) provides for polling to be commenced by EMTA upon request of a certain number of EMTA Members. The Industry Survey Rate, as noted above, is intended to be a back-up rate available to market participants in times of market disruption or distress. The BRL Industry Survey may be called into operation by upon request of three EMTA members for the specified Survey Period of 10 Business Days. Continuing the Survey for more than the 10 Business Day Survey Period will require another request, but there is no limit to the number of consecutive requests that can be made.

Once activated for a Survey Period, the Industry Methodology requires a twice-daily polling of up to 15 randomly selected onshore market participants for spot rates. In an effort to approximate the PTAX rate, the poll is taken twice daily, at 11:00 am (São Paulo time) to capture the point of greatest liquidity in the market and also at 3:00 pm (São Paulo) time to reflect afternoon trading volumes. The results of the poll are weighed to reflect the average liquidity of the intra-day market, with a 60% weight given to the results of the AM Survey and a 40% weight given to the results of the PM Survey. Suggestions were made to conduct more than two polls during the day in an effort to enhance the accuracy of the results, however, when weighed against the difficulties of administering a more complex poll (with a potential for mishaps), the industry opted to streamline the EMTA polling as much as possible while retaining the basic characteristic necessary to replicate the methodology underlying the quotation of the PTAX rate.
For a discussion of the survey question set forth in the Industry Methodology, see Paragraph D above.

In addition, under the Industry Methodology, EMTA has discretion to make appropriate changes to the Industry Methodology to ensure the continued operation and integrity of the Industry Survey.

VI. EMTA BRL INDICATIVE SURVEY RATE METHODOLOGY

The EMTA BRL Indicative Survey Methodology (the “Indicative Methodology”) requires EMTA to commence polling for the Indicative Survey after any 30-day Deferral Period or after the Maximum Days of Postponement have lapsed. EMTA will poll up to 30 banks located onshore or offshore (with only one offshore office of each financial institution able to participate). This large number of potential participants in the survey is intended to increase the chances of producing a rate even under increasingly adverse market conditions.

To generate a rate quotation for the Indicative Survey, Participating Banks will be asked the following:

“Taking the foregoing into account, based upon your knowledge of, and experience in, the Brazilian Real/U.S. Dollar spot market generally, what, in your reasonable judgment is or (in the case of an Unscheduled Holiday, would be) the current prevailing free market spot rate for a standard size Brazilian Real/U.S. Dollar wholesale financial transaction for settlement in two Business Days in the Sao Paolo marketplace?

In arriving at this “indicative” quotation, all relevant available rates, whether expressed or implied, should be considered, as well as the historical relationships between such rates and the free market BRL/USD wholesale financial spot rate. Listed below are some (but not all) of the types of rates that may be taken into consideration in the determination of this “indicative rate”:

The spot rate(s) implied in the offshore NDF market for Brazilian Real/U.S. Dollar transactions;
The spot rate implied by any other financial market transactions (to the extent that such other financial markets are open for business);
The spot rate used in connection with any commercial transactions for goods or services from offshore suppliers or providers;
Any existing rate for trade finance transactions; and
Any other existing, unofficial rate for Brazilian Real Peso/U.S. Dollar transactions (commercial or otherwise). “

These factors are intended to be non-exclusive factors that could, in the dealer’s discretion under the prevailing circumstances, be taken into consideration in arriving at its rate quotation.
A minimum number of 8 (representing approximately one-quarter of the maximum number of survey participants) was deemed prudent to ensure the integrity of the resulting rate. To further ensure the integrity of the Survey (as with the Industry Survey) and to increase transparency in the market, following the publication of the resulting averaged rate, EMTA will publish the individual rate quotations comprising the survey responses. Individual rate quotations (with attribution to the quoting dealers) that are subsequently published will be stale information and not representative of an actual dealing rate by the time they are published, nonetheless the experience with publication in the context of the ARS Industry Survey has indicated this practice confers a significant benefit on the market place by directly promoting transparency.

The Indicative Survey will be discontinued (a) when the PTAX rate is once again, being published as noticed to EMTA by a required number of EMTA Members (viability of the PTAX rate will be measured by ten consecutive Business Days of quotation with no breach of the Price Materiality Percentage) or (b) when, for two consecutive polling days, no rate is obtained (due to insufficient responses). The mechanics of the Indicative Survey are structured to ensure that polling can continue and a rate can be quoted for long periods of time during market disruption (and theoretically indefinitely) if the parameters of the Methodology can be observed. Abandonment of the Survey due to insufficient responses by the survey participants would signal a lack of need by such institutions for a continuing rate quotation representing natural attrition in the market place as contracts mature or are settled bilaterally by market participants.

As with the Industry Methodology, EMTA has discretion to make appropriate changes to the Indicative Methodology to ensure its continued operation and integrity.
# APPENDIX A

## EMTA TEMPLATE TERMS
for
BRL Non-Deliverable FX Transactions

<table>
<thead>
<tr>
<th>General Terms:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Date: [Date of Annex A]&lt;sup&gt;1&lt;/sup&gt;:</td>
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<tr>
<td>Reference Currency: Brazilian Real (BRL)</td>
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<tr>
<td>Notional Amount&lt;sup&gt;2&lt;/sup&gt;:</td>
</tr>
<tr>
<td>Forward Rate&lt;sup&gt;2&lt;/sup&gt;:</td>
</tr>
<tr>
<td>Reference Currency Notional Amount&lt;sup&gt;2&lt;/sup&gt;:</td>
</tr>
<tr>
<td>Reference Currency Buyer:</td>
</tr>
<tr>
<td>Reference Currency Seller:</td>
</tr>
<tr>
<td>Settlement Currency: U.S. Dollars</td>
</tr>
<tr>
<td>Settlement Date: [DATE CERTAIN], provided, however, that if the Scheduled Valuation Date is adjusted in accordance with the Following Business Day Convention, then the Settlement Date shall be as soon as practicable after the Valuation Date, but in no event later than two Business Days after such date.</td>
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<tr>
<th>Settlement:</th>
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<tr>
<td>Non-Deliverable</td>
</tr>
<tr>
<td>Settlement Rate Option: BRL PTAX (BRL09)&lt;sup&gt;3&lt;/sup&gt;</td>
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<table>
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<tr>
<th>Valuation Date:</th>
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<tbody>
<tr>
<td>[DATE CERTAIN] (“Scheduled Valuation Date”), subject to adjustment in accordance with the Preceding Business Day Convention; and in the event of an Unscheduled Holiday, subject to adjustment in accordance with the Following Business Day Convention. Notwithstanding the foregoing, if the parties have specified a Scheduled Valuation Date that falls on a date that, as at the Trade Date, is not a scheduled Business Day in New York, no adjustment shall be made on account of the fact that such date is not a Business Day in New York.</td>
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<tr>
<th>Disruption Events:</th>
</tr>
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<tbody>
<tr>
<td>Price Source Disruption: Applicable</td>
</tr>
<tr>
<td>Price Materiality: Applicable</td>
</tr>
<tr>
<td>Primary Rate: BRL 09</td>
</tr>
<tr>
<td>Secondary Rate: EMTA BRL Industry Survey Rate (BRL 12)&lt;sup&gt;4&lt;/sup&gt;, or EMTA BRL Indicative Survey Rate (BRL13)&lt;sup&gt;5&lt;/sup&gt;, as the case may be.</td>
</tr>
<tr>
<td><strong>Price Materiality Percentage:</strong></td>
</tr>
<tr>
<td><strong>Disruption Fallbacks:</strong></td>
</tr>
<tr>
<td>1. First Fallback Reference Price:</td>
</tr>
<tr>
<td>2. Valuation Postponement:</td>
</tr>
<tr>
<td>3. Second Fallback Reference Price:</td>
</tr>
<tr>
<td>4. Calculation Agent Determination of Settlement Rate:</td>
</tr>
<tr>
<td><strong>Other Terms:</strong></td>
</tr>
<tr>
<td>Unscheduled Holiday:</td>
</tr>
<tr>
<td>Deferral Period for Unscheduled Holiday:</td>
</tr>
<tr>
<td>Valuation Postponement for Price Source Disruption:</td>
</tr>
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Valuation Date) for a consecutive number of calendar days equal to the Maximum Days of Postponement. In such event, the Spot Rate will be determined on the next Business Day after the Maximum Days of Postponement in accordance with the next applicable Disruption Fallback.

<table>
<thead>
<tr>
<th>Cumulative Events:</th>
<th>Notwithstanding anything herein to the contrary, in no event shall the total number of consecutive calendar days during which either (i) valuation is deferred due to an Unscheduled Holiday, or (ii) a Valuation Postponement shall occur (or any combination of (i) and (ii)), exceed 30 consecutive calendar days in the aggregate. Accordingly, (x) if, upon the lapse of any such 30 day period, an Unscheduled Holiday shall have occurred or be continuing on the day following such period, then such day shall be deemed to be a Valuation Date, and (y) if, upon the lapse of any such 30 day period, a Price Source Disruption shall have occurred or be continuing on the day following such period, then Valuation Postponement shall not apply and the Spot Rate shall be determined in accordance with the next Disruption Fallback.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Days of Postponement:</td>
<td>Thirty (30) calendar days</td>
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<tr>
<td>Relevant Cities for Business Day(s) for Valuation Date:</td>
<td>Any of Rio de Janeiro, Brasilia or São Paulo and New York City</td>
</tr>
<tr>
<td>Relevant City for Business Day for Settlement Date:</td>
<td>New York City</td>
</tr>
<tr>
<td>Calculation Agent*:</td>
<td>3</td>
</tr>
</tbody>
</table>
ENDNOTES

1. Only include if parties wish to modify the presumption that Annex A is incorporated as amended through the Trade Date.

2. Parties must specify either (a) a Notional Amount and a Reference Currency Notional Amount or (b) a Forward Rate and either a Notional Amount or a Reference Currency Notional Amount.

3. The BRL PTAX Rate is published at approximately 6:00 PM São Paulo time on the Valuation Date.

4. The EMTA BRL Industry Survey Rate is determined pursuant to the EMTA BRL Industry Survey Rate Methodology dated March 1, 2004.

5. The EMTA BRL Indicative Survey Rate is determined pursuant to the EMTA BRL Indicative Survey Rate Methodology dated March 1, 2004.

6. A party may wish to include the following additional provision if such party is or may be a participant in either the EMTA BRL Industry Survey or the EMTA BRL Indicative Survey, or both:

[Quoting Dealer Disclaimer:]

The parties acknowledge that one or both parties to this Transaction acting directly or through a branch or an affiliate may be requested to provide a quotation or quotations from time to time for the purpose of determining the EMTA BRL Industry Survey Rate or the EMTA BRL Indicative Survey Rate and such quotation may affect, materially or otherwise, the settlement of the Transaction.

7. The following may be applicable for inter-dealer trades where parties agree to be Joint Calculation Agents:

Calculation Agents: Party A and Party B

If the parties are unable to agree on a determination within one Business Day, each party agrees to be bound by the determination of an independent leading dealer in Reference Currency/Settlement Currency Transactions not located in the Reference Currency jurisdiction (“independent leading dealer”), mutually selected by the parties, who shall act as the substitute Calculation Agent, with the fees and expenses of such substitute Calculation Agent (if any) to be met equally by the parties. If the parties are unable to agree on an independent leading dealer to act as substitute Calculation Agent, each party shall select an independent leading dealer and such independent dealers shall agree on an independent third party who shall be deemed to be the substitute Calculation Agent.
Appendix B

BRL PTAX” or “BRL09” each means that the Spot Rate for a Rate Calculation Date will be the Brazilian Real/U.S. Dollar offered rate for U.S. Dollars, expressed as the amount of Brazilian Reais per one U.S. Dollar, for settlement in two Business Days reported by the Banco Central do Brasil on SISBACEN Data System under transaction code PTAX-800 (“Consulta de Cambio” or Exchange Rate Inquiry), Option 5 (“Cotacões para Contabilidade” or “Rates for Accounting Purposes”) by approximately 6:00 p.m., São Paulo time, on that Rate Calculation Date.
"EMTA BRL INDUSTRY SURVEY RATE" or "BRL12" each means that the Spot Rate for a Rate Calculation Date will be the Brazilian Real/U.S. Dollar Specified Rate for U.S. Dollars, expressed as the amount of Brazilian Reais per one U.S. Dollar, for settlement in two Business Days, as published on EMTA’s web site (www.emta.org) at approximately 3:45 p.m. (São Paulo time), or as soon thereafter as practicable, on such Rate Calculation Date. The Spot Rate shall be calculated by EMTA (or a service provider EMTA may select in its sole discretion) pursuant to the EMTA BRL Industry Survey Methodology (which means a methodology, dated as of March 1, 2004, as amended from time to time, for a centralized industry-wide survey of financial institutions in Brazil that are active participants in the Brazilian Real/U.S. Dollar spot markets for the purpose of determining the EMTA BRL Industry Survey Rate).
“EMTA BRL INDICATIVE SURVEY RATE” or "BRL13" each means that the Spot Rate for a Rate Calculation Date will be the Brazilian Real/U.S. Dollar Specified Rate for U.S. Dollars, expressed as the amount of Brazilian Reais per one U.S. Dollar, for settlement in two Business Days, as published on EMTA’s web site (www.emta.org) at approximately 12:00 p.m. (São Paulo time), or as soon thereafter as practicable, on such Rate Calculation Date. The Spot Rate shall be calculated by EMTA (or a service provider EMTA may select in its sole discretion) pursuant to the EMTA BRL Indicative Survey Methodology (which means a methodology, dated as of March 1, 2004, as amended from time to time, for a centralized industry-wide survey of financial institutions that are active participants in the Brazilian Real/U.S. Dollar markets for the purpose of determining the EMTA BRL Indicative Survey Rate).
APPENDIX E

EMTA BRL Industry Survey Rate Methodology
Dated as of March 1, 2004

Capitalized terms not defined below are defined in the 1998 FX and Currency Option Definitions as published by the International Swaps and Derivatives Association, Inc., EMTA, Inc. and the Foreign Exchange Committee.

I. The EMTA BRL Industry Survey:

- **Survey Request.** Upon a Valid Survey Request (defined below), EMTA (or a service provider that EMTA may select in its sole discretion), shall, commencing on the next day that is a Brazil Business Day, conduct a survey of financial institutions for the purpose of determining the EMTA BRL Industry Survey Rate for that date. For purposes of this Methodology, a “Brazil Business Day” means a day that banks are open for business in any of Rio de Janeiro, Brasilia and Sao Paulo.

  A “Valid Survey Request” means, the request on any day that is a Business Day in New York by not later than 11:30 AM (Sao Paulo time)¹ by not less than 3 EMTA members delivered to EMTA by e-mail AND by phone at 646-637-9100, provided that EMTA, in its discretion, may deem a survey request not to constitute a Valid Survey Request if it is received on a day on which EMTA has conducted or will conduct a BRL Indicative Survey. See EMTA’s website for the e-mail request form (www.emta.org: Activities & Services/ Market Data / EMTA Rate Quotation Services / BRL Industry Survey/BRL Industry Survey Request).

  - **Notice of Survey Request.** EMTA shall notify market participants that it has received a Valid Survey Request by posting a notice to this effect on the New Developments section of www.emta.org.

  - **Polled Banks:** Upon a Valid Survey Request, EMTA shall survey no more than 15 randomly selected financial institutions (“Participating Banks”) that are active participants in the local Brazilian Real/U.S. Dollar spot market, (i) at approximately 11:00 AM (Sao Paulo time) (the “AM Survey”) and, again (ii) at approximately 3:00 PM (Sao Paulo time) (the “PM Survey”).

  - **Survey Question:** Each Participating Bank will be asked to provide the current prevailing Brazilian Real bid and offer rates (the “pronto”) for

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¹ New York time is 3 hours earlier than Sao Paulo time when it is Standard Time in New York and Daylight Savings Time in Sao Paulo. New York time is 2 hours earlier than Sao Paulo Time when it is either Standard Time or Daylight Savings Time in both New York and Sao Paulo; New York time is 1 hour earlier than Sao Paulo time when Daylight Savings time is in effect in New York and Standard Time is in effect in Sao Paulo.
settlement in two Business Days for a standard size Brazilian Real/U.S. Dollar financial transaction in the Brazilian interbank market at approximately 11:00 AM (São Paulo time), in the case of the AM Survey, and at approximately 3:00 pm (São Paulo time), in the case of the PM Survey. If more than one category of BRL/USD exchange rate is available contemporaneously in the Brazilian marketplace at the time of a survey, each survey participant should provide bid and offer rate quotations that reflect a rate that is freely accessible to market participants in Brazil for wholesale financial foreign exchange transactions in the most liquid segment of the foreign exchange market.

- **Survey Period:** Following receipt of a Valid Survey Request, EMTA shall conduct the BRL Industry Survey pursuant to this Methodology for the Survey Period. “Survey Period” means a period of 10 consecutive Brazil Business Days.

- **New York Holidays:** Notwithstanding the foregoing, EMTA shall make reasonable efforts, but shall not be required and shall not be responsible for any failure to conduct an EMTA BRL Industry Survey and/or post a resulting rate on any day that is not a Business Day in New York.

II. **Calculation Methodology**

For each of the AM Survey and the PM Survey:

- EMTA will determine the mid-point of each bid-offer pair. The arithmetic mean of the mid-points will be used to determine the results of the AM Survey or the PM Survey, as the case may be.

- If either survey for a Valuation Date results in 8 or more responses, then the 2 highest and 2 lowest mid-points will be eliminated, and the arithmetic mean of the remaining 8, 7, 6, 5 or 4 mid-points, as appropriate, shall be computed. For purposes of eliminating the 2 highest and 2 lowest mid-points, if more than 2 mid-points have the same highest value or lowest value, then only 2 such mid-points shall be eliminated.

- If either survey for a Valuation Date results in less than 8, but at least 5, responses, then the lowest and highest of such mid-points will be eliminated, and the arithmetic mean of the remaining 3, 4 or 5 mid-points, as appropriate, shall be computed. For purposes of eliminating the highest and lowest mid-points, if more than 1 mid-point has the same highest value or lowest value, then only 1 such mid-point shall be eliminated.
Utilizing the arithmetic mean determined for each of the AM Survey and the PM Survey, EMTA will assign a 60% weight to the results of the AM Survey and a 40% weight to the results of the PM Survey to determine a rate (the “BRL Industry Survey Rate”).

- Quotes shall be provided to the fourth decimal point (e.g., 1.0000).

III. Insufficient Responses

- If EMTA receives less than 5 responses to either its request for BRL/USD rate quotations for the AM Survey or its request for BRL/USD rate quotations for the PM Survey, then no BRL Industry Survey Rate will be available for such date and EMTA will publish a notice to that effect on the Publication Site (see below).

IV. BRL Industry Survey Rates Publication

- The EMTA BRL Industry Survey Rate will be published on EMTA’s website (www.emta.org) (the “Publication Site”) by approximately 3:45 PM (São Paulo time), or as soon thereafter on such date as practicable.

- If an AM Survey and a PM Survey have been conducted, but more time is needed to determine the BRL Industry Survey Rate, a progress report, which may include an estimated re-scheduled publication time, will be published on the Publication Site at approximately 3:15 PM (São Paulo time), or as soon thereafter as practicable.

- As soon as it is determined that the Survey will result in Insufficient Responses, a notice that no EMTA BRL Industry Survey Rate is available for such date shall be published on the Publication Site.

V. Discontinuing the BRL Industry Survey

- EMTA may affirmatively discontinue operation of the BRL Industry Survey upon (a) 30 consecutive calendar days of insufficient responses to the BRL Industry Survey as provided in Para. III (and notwithstanding any outstanding or as-yet lapsed Survey Period and the commencement of the BRL Indicative Survey) or (b) its determination that the resulting BRL Industry Survey Rate no longer represents an economically or commercially meaningful rate. In such event, a notice to this effect will be published on the Publication Site prior to such event. Notwithstanding the foregoing, nothing herein shall be construed to prevent EMTA from re-initiating the BRL Industry Survey at an appropriate time in the future.

VI. Amendments to the Methodology
EMTA may, in its discretion, from time to time, make such administrative, procedural or other modifications to this Methodology as are appropriate to ensure the continued operation and integrity of the BRL Industry Survey.

VII. Disclaimer

EMTA (and any service provider EMTA may select) disclaim liability for the BRL Industry Survey Rate, and no representation or warranty, express or implied, is made concerning the BRL Industry Survey Rate (including, without limitation, the methodology for determining the BRL Industry Survey Rate and its suitability for any particular use).
Capitalized terms not defined below are defined in the 1998 FX and Currency Option Definitions as published by the International Swaps and Derivatives Association, Inc. EMTA, Inc. and the Foreign Exchange Committee.

I. The EMTA BRL Indicative Survey

- **Commencing the Indicative Survey:** On the calendar day after the lapse of any 30 day period during which valuation is either deferred or postponed (or both) (which calendar day is a Business Day or would have been a Business Day but for an Unscheduled Holiday), EMTA (or a service provider EMTA shall select in its sole discretion) shall conduct a survey of financial institutions for the purpose of determining the EMTA BRL Indicative Survey Rate for that day.

- **Polled Banks:** For purposes of determining the EMTA BRL Indicative Survey Rate for any Valuation Date, at approximately 11:00 am (São Paulo time\(^1\)), EMTA (or a service provider EMTA may select in its sole discretion) shall survey no more than 30 randomly selected financial institutions that are active participants in the Brazilian Real/U.S. Dollar market (each, a “Participating Bank”).

- **Survey Question:** Each Participating Bank will be asked to provide its reasonable judgment of what is (or, in the case of an Unscheduled Holiday, would be) the current prevailing free market Brazilian Real spot rate (bid-offer pair) for a standard size Brazilian Real/U.S. Dollar wholesale financial transaction for same-day settlement in the Brazilian marketplace on the Valuation Date. In arriving at this indicative quotation, survey participants will be directed to take such factors into consideration as they deem appropriate, which factors may (but need not) include any or all of the following: the spot rate(s) implied in the offshore non-deliverable foreign exchange market for Brazilian Real/U.S. Dollar transactions; the spot rate implied by any other financial market transactions (to the extent that such other financial markets are open for business); the spot rate used in connection with any commercial transactions for goods or services from offshore suppliers or providers; any existing rate for trade finance transactions; and any other existing unofficial rate for Brazilian Real/U.S. Dollar transactions (commercial or otherwise).

- **New York Holidays:** Notwithstanding the foregoing, EMTA shall make reasonable efforts, but shall not be required to and shall not be held responsible for any

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\(^{1}\) New York time is 3 hours earlier than São Paulo time when it is Standard Time in New York and Daylight Savings Time in São Paulo. New York time is 2 hours earlier than São Paulo Time when it is either Standard Time or Daylight Savings Time in both New York and São Paulo; New York time is 1 hour earlier than São Paulo Time when Daylight Savings time is in effect in New York and Standard Time is in effect in São Paulo.
failure to conduct an EMTA BRL Indicative Survey and/or post a resulting rate on any day that is not a Business Day in New York.

II. Calculation Methodology

- EMTA will determine the mid-point of each bid-offer pair. The arithmetic mean of the mid-points will be used to determine the BRL Indicative Survey Rate, rounded to the fourth decimal point as described below.

- If the BRL Indicative Survey results in 21 or more responses, then the 4 highest and 4 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points shall be computed and will constitute the BRL Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 4 highest and 4 lowest mid-points, if more than 4 mid-points have the same highest value or lowest value, then only 4 such mid-points shall be eliminated.

- If the BRL Indicative Survey results in less than 21 but 12 or more responses, then the 2 highest and 2 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points shall be computed and will constitute the BRL Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 2 highest and 2 lowest mid-points, if more than 2 mid-points have the same highest value or lowest value, then only 2 such mid-points shall be eliminated.

- If the BRL Indicative Survey results in less than 12 but 10 or more responses, then the highest and the lowest rate will be eliminated and the arithmetic mean of the remaining midpoints shall be computed and will constitute the BRL Indicative Survey Rate for such Valuation Date. For purposes of eliminating the highest and lowest mid-points, if more than 1 mid-point has the same highest value or lowest value, then only 1 such mid-point shall be eliminated.

- If the BRL Indicative Survey results in less than 10 but 8 or more responses, then no mid-point will be eliminated and the arithmetic mean of all mid-points obtained shall be computed and will constitute the BRL Indicative Survey Rate for such Valuation Date.

- Quotes shall be provided to the fourth decimal point (e.g., 1.0000).

III. Insufficient Responses

- If the BRL Indicative Survey results in less than 8 responses from Participating Banks, no BRL Indicative Survey Rate will be available for the relevant Valuation Date.

IV. BRL Indicative Survey Rate Publication
• The BRL Indicative Survey Rate will be published on EMTA's web site (www.emta.org) (the “Publication Site”) by approximately 12:00 PM (São Paulo time), or as soon thereafter as practicable, on the Valuation Date.

• As soon as it is determined that the BRL Indicative Survey will result in Insufficient Responses, a notice that no BRL Indicative Survey is available for the Valuation Date shall be published on the Publication Site.

V. Discontinuing the BRL Indicative Survey

• The BRL Indicative Survey will be discontinued (a) upon receipt by EMTA of notice from an EMTA member, confirmed by three additional, unaffiliated EMTA members, that the BRL PTAX (BRL09) Rate has been available for the determination of a Settlement Rate for ten consecutive Business Days and that the Price Materiality Percentage has not been met with respect thereto on any of such ten days, and (b) on the third day following polling for the BRL Indicative Survey that results in less than 8 responses for more than two consecutive polling days. Notwithstanding the foregoing, nothing herein shall be construed to prevent EMTA from re-initiating the BRL Indicative Survey at an appropriate time in the future.

• A notice that the BRL Indicative Survey has been discontinued will be published on the Publication Site.

VI. Amendments to the Methodology

EMTA may, in its discretion, from time to time, make such administrative, procedural or other modifications to this Methodology as are appropriate to ensure the continued operation and integrity of the BRL Indicative Survey.

VII. Disclaimer

EMTA (and any service provider EMTA may select) disclaim liability for the BRL Indicative Survey Rate, and no representation or warranty, express or implied, is made concerning the BRL Indicative Survey Rate (including, without limitation, the methodology for determining the BRL Indicative Survey Rate and its suitability for any particular use).