LUXEMBOURG LISTING PARTICULARS

U.S.$400,000,000
Odebrecht Finance Ltd.

(*incorporated with limited liability in the Cayman Islands*)

7.125% Notes due 2042

Unconditionally and Irrevocably Guaranteed by

Construtora Norberto Odebrecht S.A.

(*incorporated in the Federative Republic of Brazil*)

Odebrecht Finance Ltd., or the issuer, is offering U.S.$400,000,000 aggregate principal amount of its 7.125% notes due 2042, or the notes, bearing interest at 7.125% per annum. The notes will mature on June 26, 2042. Interest on the notes will accrue from June 26, 2012 and will be payable on June 26 and December 26 of each year, commencing on December 26, 2012.

The issuer or Construtora Norberto Odebrecht S.A., or CNO, may, at its option, redeem the notes, in whole or in part, at any time prior to December 26, 2041, by paying a "make whole" redemption price equal to the greater of (1) 100% of the principal amount of the notes to be redeemed and (2) the applicable "make whole" amount described under "Terms and Conditions—Redemption and Repurchase—Optional Redemption prior to December 26, 2041," in each case plus any interest accrued but not paid and additional amounts, if any, to but excluding the date of redemption. See "Terms and Conditions—Redemption and Repurchase—Optional Redemption prior to December 26, 2041." The issuer or CNO may also, at its option, redeem the notes, in whole or in part, on December 26, 2041 or at any time thereafter, by paying 100% of the principal amount of the notes to be redeemed plus any interest accrued but not paid and additional amounts, if any, to but excluding the date of redemption. See "Terms and Conditions—Redemption and Repurchase—Optional Redemption on December 26, 2041 or thereafter." The notes may also be redeemed, in whole but not in part, at 100% of their principal amount plus accrued interest and additional amounts, if any, at any time upon the occurrence of specified events relating to Cayman Islands or Brazilian tax law, as set forth in this offering memorandum. See "Terms and Conditions—Redemption and Repurchase—Optional Tax Redemption."

If a specified Change of Control event as described herein occurs, unless the issuer has exercised its option to redeem the notes, CNO will be required to offer to purchase the notes at the price described in this offering memorandum. See "Terms and Conditions—Covenants—Repurchase of Notes upon a Change of Control."

CNO has unconditionally and irrevocably guaranteed the full and punctual payment of principal, interest and all other amounts that may become due and payable in respect of the notes. The guaranty will rank equally with the other unsecured, unsubordinated indebtedness of CNO. The issuer is a wholly-owned subsidiary of Odebrecht S.A., CNO's parent company, and is not a subsidiary of CNO. CNO is a wholly-owned subsidiary of Odebrecht S.A.

We have applied to list the notes on the Official List of the Luxembourg Stock Exchange and to trade the notes on the Euro MTF Market of that exchange. See "Listing and General Information."

Investing in the notes involves risks. See "Risk Factors" beginning on page 14.

Price: 98.479% plus accrued interest, if any, from June 26, 2012

The notes (including the guaranty) have not been registered under the U.S. Securities Act of 1933, as amended, or the Securities Act. The notes may not be offered or sold within the United States or to U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A and to certain non-U.S. persons in offshore transactions in reliance on Regulation S. You are hereby notified that sellers of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For more information about restrictions on transfer of the notes, see "Transfer Restrictions."

Delivery of the notes was made to investors in book-entry form through The Depository Trust Company, or DTC, for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, société anonyme, on June 26, 2012.

Joint Bookrunners and Joint Lead Managers

Credit Suisse **Itaú BBA** **J.P. Morgan** **Santander**

The date of this offering memorandum is July 4, 2012.

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Unless otherwise indicated or the context otherwise requires, all references in this offering memorandum to "Construtora Norberto Odebrecht S.A.," "CNO," "our company," "we," "our," "ours," "us" or similar terms refer to Construtora Norberto Odebrecht S.A., and all references to "Odebrecht Finance" or the "issuer" refer to Odebrecht Finance Ltd., the issuer of the notes and a wholly-owned subsidiary of Odebrecht S.A., or Odebrecht. The term "Brazil" refers to the Federative Republic of Brazil, and the phrase "Brazilian government" refers to the federal government of Brazil.

We, having made all reasonable inquiries, confirm that the information contained in this offering memorandum with regard to us is true and accurate in all material respects, that the opinions and intentions expressed in this offering memorandum are honestly held, and that there are no other facts the omission of which would make this offering memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. We accept responsibility accordingly.

This offering memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any note offered hereby by any person in any jurisdiction in which it is unlawful for such person to make an offer or solicitation. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in our affairs or that the information set forth in this offering memorandum is correct as of any date subsequent to the date of this offering memorandum.

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the notes. We, as well as Credit Suisse Securities (USA) LLC, Itau BBA USA Securities, Inc., J.P. Morgan Securities LLC and Santander Investment Securities Inc., or the initial purchasers, reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the notes offered by this offering memorandum.

You must (1) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the purchase, offer or sale of the notes, and (2) obtain any required consent, approval or permission for the purchase, offer or sale by you of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we nor the initial purchasers have any responsibility therefor. See "Transfer Restrictions" for information concerning some of the transfer restrictions applicable to the notes.

You acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum;

- you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with your investigation of the accuracy of such information or your investment decision; and

- no person has been authorized to give any information or to make any representation concerning us or the notes other than those as set forth in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us or the initial purchasers.

In making an investment decision, you must rely on your own examination of our business and the terms of this offering, including the merits and risks involved. The notes have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not confirmed the accuracy or determined the adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The offering is being made in reliance upon an exemption from registration under the Securities Act, for an offer and sale of securities that does not involve a public offering. The notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws, pursuant to registration or exemption therefrom. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements set forth in this offering memorandum under the caption "Transfer Restrictions." You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

This offering memorandum may only be used for the purposes for which it has been prepared. The initial purchasers are not making any representation or warranty as to the accuracy or completeness of the information contained in this offering memorandum, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future.

No invitation, whether directly or indirectly, may be made to the public in the Cayman Islands to subscribe for the notes unless at the time of invitation, the issuer is listed on the Cayman Islands stock exchange.

The Luxembourg Stock Exchange takes no responsibility for the contents of this offering memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering memorandum. This offering memorandum constitutes a prospectus for the purpose of Luxembourg law dated July 10, 2005 on Prospectuses for Securities.

See "Risk Factors" for a description of certain factors relating to an investment in the notes, including information about our business. None of us, the initial purchasers or any of our or their representatives is making any representation to you regarding the legality of an investment by you under applicable legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the notes.

Notwithstanding anything in this document to the contrary, except as reasonably necessary to comply with applicable securities laws, you (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of this offering and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to such tax treatment and tax structure. For this purpose, "tax structure" is limited to facts relevant to the U.S. federal income tax treatment of this offering.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT, OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Additional Information

While any notes remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of notes the information required pursuant to Rule 144A(d)(4)(i) under the Securities Act, during any period in which we are not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act.

We have applied to list the notes on the Official List of the Luxembourg Stock Exchange and to trade the notes on the Euro MTF market. See "Listing and General Information." We will comply with any undertakings that we give from time to time to the Luxembourg Stock Exchange in connection with the notes, and we will furnish to the Luxembourg Stock Exchange all such information required in connection with the listing of the notes.

ENFORCEMENT OF CIVIL LIABILITIES

Cayman Islands

Odebrecht Finance is an exempted limited liability company incorporated under the laws of the Cayman Islands. Odebrecht Finance has been incorporated in the Cayman Islands because of certain benefits associated with being a Cayman Islands company, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of exchange control or currency restrictions and the availability of professional and support services.

However, the Cayman Islands has a less developed body of securities laws as compared to the United States and certain other jurisdictions and provides significantly lesser protections for investors. All of Odebrecht Finance's directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of Odebrecht Finance's or such persons' assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon Odebrecht Finance or such persons or to enforce against them, judgments obtained in U.S. courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof.

There is no statutory enforcement in the Cayman Islands of judgments obtained in England, New York or Brazil. However, the courts of the Cayman Islands will recognize a foreign judgment as the basis for a claim at common law in the Cayman Islands by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment is rendered by a foreign court or competent jurisdiction, imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, is final, is not in respect of taxes, a fine or a penalty and was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

Brazil

Brazilian law provides that a final conclusive judgment of non-Brazilian courts for the payment of money rendered thereby may be enforced in Brazil, subject to certain requirements described below. A judgment against either us or the issuer obtained outside Brazil would be enforceable in Brazil against us or the issuer without reconsideration of the merits, upon confirmation of that judgment by the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*), or STJ. That confirmation, generally, will occur if the foreign judgment:

- fulfills all formalities required for our enforceability under the laws of the non-Brazilian courts;
- is issued by a competent court after proper service of process on the parties, which service must comply with Brazilian law if made in Brazil, or after sufficient evidence of the parties' absence has been given, as required by applicable law;
- is not subject to appeal;
- is authenticated by the Brazilian consulate in the location of the non-Brazilian court;
- is translated into Portuguese by a certified translator; and
- does not violate Brazilian public policy, good morals or national sovereignty.

Notwithstanding the foregoing, no assurance can be given that such ratification would be obtained, that the process described above could be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment for violation of the U.S. securities laws with respect to the notes.

We have also been advised that civil actions may be brought before Brazilian courts in connection with this offering memorandum based solely on the federal securities laws of the United States and that Brazilian courts may enforce such liabilities in such actions against us (*provided* that provisions of the federal securities laws of the

United States do not contravene Brazilian public policy, good morals or national sovereignty). We have been further advised that a plaintiff, whether Brazilian or non-Brazilian, who resides outside Brazil or is outside Brazil during the course of the litigation in Brazil and who does not own real property in Brazil must post a bond to guaranty the payment of the defendant's legal fees and court expenses, except in case of collection claims based on an instrument (which do not include the notes issued hereunder) that may be enforced in Brazilian courts without the previous review of its merit (*título executivo extrajudicial*) or counterclaims as established under Article 836 of the Brazilian Code of Civil Procedure.

The confirmation process may be time consuming and may also give rise to difficulties in enforcing the foreign judgment in Brazil. Accordingly, we cannot assure you that confirmation would be obtained, that the confirmation process would be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment for violation of the securities laws of countries other than Brazil.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references herein to the "*real,*" "*reais*" or "R$" are to the Brazilian *real,* the official currency of Brazil. All references to "U.S. dollars," "dollars" or "U.S.$" are to U.S. dollars.

Solely for the convenience of the reader, we have translated some amounts included in "Summary—Summary Financial and Other Information of CNO," "Capitalization," "Selected Financial and Other Information of CNO" and elsewhere in this offering memorandum from *reais* into U.S. dollars using the selling rate as reported by the Central Bank of Brazil (*Banco Central do Brasil*), or the Central Bank, at March 31, 2012 of R$1.8221 per U.S. dollar. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or at any other exchange rate. Such translations should not be construed as representations that the *real* amounts represent or have been or could be converted into U.S. dollars as of that or any other date. See "Exchange Rates."

Financial Statements

CNO Financial Statements

We maintain our books and records in *reais.*

We prepare our consolidated financial statements in accordance with accounting practices adopted in Brazil, or Brazilian GAAP, which are based on:

- Brazilian Law No. 6,404/76, as amended by Brazilian Law No. 9,457/97, Brazilian Law No. 10,303/01, Brazilian Law No. 11,638/07 and by Provisional Measure No. 449/08, which we refer to collectively as the Brazilian Corporate Law;

- the rules and regulations of the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or the CVM;

- the accounting standards issued by the Brazilian Institute of Independent Auditors (*Instituto dos Auditores Independentes do Brasil*), or IBRACON, and the Brazilian Federal Accounting Council (*Conselho Federal de Contabilidade*), or the CFC; and

- for our audited consolidated financial statements at and for the years ended December 31, 2011 and 2010, and for our condensed interim consolidated financial statements at March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011, the accounting standards issued by the Brazilian Accounting Standards Committee (*Comitê de Pronunciamentos Contábeis - CPC*), or the CPC, applicable to financial statements at and for the fiscal year ended December 31, 2010 and onwards, which we adopted and, as required by the CPC, also applied retrospectively by re-presenting our audited consolidated financial statements at and for the year ended December 31, 2009.

Our financial information contained in this offering memorandum has been derived from our records and financial statements, and includes our:

- condensed interim consolidated financial statements at March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011, and the notes thereto, prepared in accordance with Brazilian GAAP, which have been subjected to a review by our independent auditors, as stated in their review report included elsewhere in this offering memorandum;

- consolidated financial statements at and for the years ended December 31, 2011 and 2010, and the notes thereto, prepared in accordance with Brazilian GAAP, which have been audited by our independent auditors, as stated in their report included elsewhere in this offering memorandum; and

- consolidated financial statements at and for the years ended December 31, 2010 and 2009, and the notes thereto, prepared in accordance with Brazilian GAAP, which have been audited by our independent auditors, as stated in their report included elsewhere in this offering memorandum.

Our consolidated financial statements at and for the year ended December 31, 2010 are the first annual consolidated financial statements of our company to be prepared in accordance with CPC Nos. 37 and 43. We have re-presented our consolidated financial statements at and for the year ended December 31, 2009 included in our audited consolidated financial statements at and for the years ended December 31, 2010 and 2009 in accordance with such CPC standards, as we consider January 1, 2009 to be the transition date for the adoption of such CPC standards. The main impacts of the adoption of the CPC Nos. 37 and 43 are described in note 24 to our financial statements at and for the years ended December 31, 2010 and 2009 included elsewhere in the offering memorandum.

No reconciliation between Brazilian GAAP used to prepare our financial statements included elsewhere in this offering memorandum has been prepared for this offering memorandum or for any other purpose. There can be no assurance that a reconciliation would not identify material quantitative differences as well as disclosures and presentation differences between the financial statements included in this offering memorandum.

Brazilian GAAP differs in certain significant respects from accounting practices adopted in the United States, or U.S. GAAP, and IFRS. Such differences might be material to the financial statements included in this offering memorandum prepared in accordance with Brazilian GAAP. For a discussion of certain differences between Brazilian GAAP and U.S. GAAP, see "Appendix A—Summary of Certain Differences Between Brazilian GAAP and U.S. GAAP." We have made no attempt to identify or quantify the impact of those differences. In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and the financial information included herein. Potential investors should consult their own professional advisors for an understanding of the differences between Brazilian GAAP and U.S. GAAP or IFRS, and how those differences might affect the financial information included herein.

Odebrecht Finance Ltd. Financial Statements

Odebrecht Finance was incorporated on January 30, 2007 and maintains its books and records in U.S. dollars. The financial information contained in this offering memorandum includes its:

- interim financial statements at March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011, prepared in accordance with Brazilian GAAP, which have been subjected to a review by its independent auditors, as stated in their review report included elsewhere in this offering memorandum;

- financial statements at and for the years ended December 31, 2011 and 2010, prepared in accordance with Brazilian GAAP, which have been audited by its independent auditors, as stated in their report included elsewhere in this offering memorandum; and

- financial statements at and for the years ended December 31, 2010 and 2009, prepared in accordance with Brazilian GAAP, which have been audited by its independent auditors, as stated in their report included elsewhere in this offering memorandum.

Odebrecht Finance's financial statements at and for the year ended December 31, 2010 are the first annual financial statements of Odebrecht Finance to be prepared in accordance with CPC Nos. 37 and 43. Odebrecht Finance has re-presented its financial statements at and for the year ended December 31, 2009 included in its audited financial statements at and for the years ended December 31, 2010 and 2009 in accordance with such CPC standards, as Odebrecht Finance considers January 1, 2009 to be the transition date for the adoption of such CPC standards.

The review report included in the financial statements at March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011 and the audit reports included in the financial statements at and for the years ended December 31, 2011 and 2010 and at and for the years ended December 31, 2010 and 2009 contain explanatory paragraphs regarding Odebrecht Finance's deficit in stockholders' equity and negative working capital requiring additional long-term funds to cover its commitments, which are currently guaranteed by its shareholder.

Rounding

We have made rounding adjustments to reach some of the figures included in this offering memorandum. As a result, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

Market Share and Other Information

We make statements in this offering memorandum about our market share in the construction industry in Brazil and elsewhere. We have made these statements on the basis of information obtained from third party sources that we believe are reliable. We are responsible for the correct extraction and reproduction of the information from third party sources that we use in this offering memorandum. We derive information regarding our competitive position in the construction industry and other information from *Valor Econômico,* a Brazilian business newspaper, McGraw-Hill Construction Engineering News-Record, or ENR, a leading construction industry web site, and other third party sources and reports that we believe are reasonably reliable. Although we have no reason to believe that any of this information is inaccurate in any material respect, neither we nor the initial purchasers have independently verified the construction capacity, market share, market size or similar data provided by third parties or derived from industry or general publications.

In this offering memorandum, all references to:

- "km" are to kilometers; and
- "MW" are to megawatts. Megawatts are units of power with one megawatt being equal to one million watts.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates” and similar expressions are forward-looking statements. Although we believe that these statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us.

Our forward-looking statements may be influenced by factors, including the following:

- general economic, political and business conditions in the markets in which we operate, both within Brazil and internationally, including the level of spending for infrastructure projects of the type that we perform and the ability of our clients to timely pay any amounts that they owe to us;
- negotiations of claims with our clients of cost and schedule variances and change orders on major projects;
- non-performance, default or bankruptcy of our clients, joint-venture partners, key suppliers, subcontractors or financing sources;
- performance of fixed-price and other projects, where a failure to meet schedules, cost estimates or performance targets on a timely basis could result in reduced profit margins or losses;
- interest rate fluctuations, inflation and devaluation or appreciation of the *real* in relation to the U.S. dollar (or other currencies in which we receive our revenue);
- the outcome of pending or threatened litigation or arbitration proceedings;
- competition;
- our ability to obtain financing upon reasonable interest rates and terms, including the level of financing made available to us by the Brazilian government and by multilateral financial institutions for projects that we undertake;
- adverse financial developments that could reduce our available cash or lines of credit, or our inability to provide adequate cash collateral for letters of credit or satisfy any other bonding requirements from our customers;
- any downgrade in our credit ratings;
- volatility in the surety bond market relating to the type of projects undertaken by us;
- government regulation in certain of the countries in which we operate, including regulations that encourage or mandate the hiring of local contractors or that require foreign contractors to employ specific numbers of citizens of, or purchase specific quantities of supplies from, a particular jurisdiction;
- compliance with job-safety requirements and environmental laws and regulations;
- unsettled political conditions, consequences of war or other armed conflict, civil unrest, strikes, currency controls and governmental actions in certain of the countries and regions in which we operate, including Angola, Mozambique, Peru, Venezuela and certain other countries in the Middle East, such as the United Arab Emirates;

- severe weather, natural disasters or other *force majeure* events that may adversely impact our business and that could cause us to evacuate personnel, curtail our services, reduce productivity or fail to perform our services in accordance with contract schedules; and

- other factors identified or discussed under "Risk Factors."

Our forward-looking statements are not guaranties of future performance, and the actual results or developments may differ materially from the expectations expressed in the forward-looking statements. As for the forward-looking statements that relate to future financial results and other projections, actual results will be different due to the inherent uncertainty of estimates, forecasts and projections. Because of these uncertainties, potential investors should not rely on these forward-looking statements.

We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

EXCHANGE RATES

Until March 14, 2005, there were two legal foreign exchange markets in Brazil, the commercial rate exchange market (or the Commercial Market) and the floating rate exchange market (or the Floating Market). On January 25, 1999, the Brazilian government announced the unification of the exchange positions of the Brazilian financial institutions in the Commercial Market and in the Floating Market, leading to a convergence in the pricing and liquidity of both markets. The Commercial Market was reserved primarily for foreign trade transactions and transactions that generally required prior approval from Brazilian monetary authorities, such as the purchase and sale of registered investments by foreign persons and related remittances of funds abroad (including the payment of principal of and interest on loans, notes, bonds and other debt instruments denominated in foreign currencies and duly registered with the Central Bank). The Floating Market rate generally applied to specific transactions for which Central Bank approval was not required. Both the Commercial Market rate and the Floating Market rate were reported by the Central Bank on a daily basis.

Since then, the CMN has introduced several changes in the Brazilian foreign exchange regime, including: (1) unification of the Commercial Market and the Floating Market; (2) relaxation of rules for the acquisition of foreign currency by Brazilian residents; (3) extension of the period for reporting proceeds derived from Brazilian exports to the Central Bank; (4) permission for exporters to retain their proceeds from exports outside Brazil; and (5) authorization to receive export proceeds in any currency (including *reais*), regardless of the specific currency registered with the Central Bank, among others. On March 24, 2010, the CMN and the Central Bank approved Resolution No. 3844, adopting a series of measures to consolidate and simplify the acts and proceedings applicable to the foreign exchange market regulations in Brazil.

The following tables set forth the exchange rate, expressed in *reais* per U.S. dollar (R$/U.S.$) for the periods indicated, as reported by the Central Bank. The information in the "Average" column represents the average of the exchange rates on the last day of each month during the years presented.

Year ended	Low	High	Average	Period-end
2007	1.733	2.156	1.948	1.771
2008	1.559	2.500	1.836	2.337
2009	1.702	2.422	1.999	1.741
2010	1.655	1.881	1.759	1.666
2011	1.535	1.902	1.675	1.876

Source: Central Bank

Month ended	Low	High	Average	Period-end
January 2012	1.739	1.868	1.790	1.739
February 2012	1.702	1.738	1.718	1.709
March 2012	1.715	1.833	1.795	1.822
April 2012	1.826	1.892	1.855	1.892
May 2012	1.915	2.082	1.986	2.022
June 2012	2.018	2.090	2.049	2.021

Source: Central Bank

SUMMARY

This summary highlights information presented in greater detail elsewhere in this offering memorandum. This summary is not complete and does not contain all the information you should consider before investing in the notes. You should carefully read this entire offering memorandum before investing, including "Risk Factors" and our financial statements. See "Presentation of Financial and Other Information" for information regarding our financial statements, exchange rates and other matters.

Overview

We are the largest engineering and construction company in Latin America as measured by 2010 gross revenues, according to ENR. We engage in the construction of large-scale infrastructure and other projects, including the construction of highways, railways, power plants, bridges, tunnels, subways, buildings, port facilities, dams, manufacturing and processing plants, as well as mining and industrial facilities. We provide a variety of integrated engineering, procurement and construction services to clients in a broad range of industries, both within Brazil and internationally. These capabilities enable us to provide clients, individually or as part of a consortium, with single-source, turnkey project responsibility for complex construction projects. We concentrate our construction activities on infrastructure projects, which include projects sponsored by the public and private-sectors, as well as concession-based projects.

We undertake projects throughout Brazil, in other Latin American countries (including mainly Venezuela, Peru, Argentina, Panama, Colombia and the Dominican Republic), the United States, Portugal and certain countries in Africa (mainly Angola). We have participated in the construction of over 192.5 km of bridges, over 53,133 MW of hydroelectric power plants, over 291 km of tunnels, over 11,907 km of roads and over 147 km of subway lines. We reported gross service revenues of R$5,543.3 million (U.S.$3,042.2 million) and R$22,199.6 million (U.S.$12,183.5 million) in the three-month period ended March 31, 2012 and the year ended December 31, 2011, respectively. We reported EBITDA of R$553.2 million (U.S.$303.6 million) and R$2,297.8 million (U.S.$1,261.1 million) in the three-month period ended March 31, 2012 and the year ended December 31, 2011, respectively.

We believe we are:

- Brazil's largest exporter of services with R$12,282.7 million (U.S.$6,741.0 million), or 55.3% of our gross service revenues in 2011, coming from outside Brazil;
- The largest contractor in Latin America, according to ENR, as measured by gross revenues in each region in 2010;
- The world's 15th largest international contractor, according to ENR, as measured by "gross revenues outside the home country" in 2010;
- The world's 27th largest global contractor, according to ENR, as measured by our gross revenues in 2010;
- The world's fourth largest international contractor in the water segment in 2010, according to ENR; and
- The ninth largest international contractor in the transportation segment in 2010, according to ENR.

Our Competitive Strengths

We believe that our main competitive strengths include the following:

Leadership Position

We are Latin America's largest engineering and construction company as measured by our gross revenues in 2010, according to ENR. Our geographic diversification, extensive operations and leading market share in Brazil enable us to capitalize on additional business opportunities as they arise. We are owned by the Odebrecht Group, which is the fourth largest Brazilian-owned private sector conglomerate based on 2010 sales and net income. Holding 50.1% of its voting capital at March 31, 2012, the Odebrecht Group is also the controlling shareholder of Braskem S.A., or Braskem, the largest petrochemical company in Latin America, based on average annual production capacity in 2010, and the fifth largest Brazilian-controlled private sector industrial company based on sales in 2010.

Financial Strength

We believe that our financial performance has been consistent, enabling us to rely primarily on our cash flow from operations to invest in our business. Our EBITDA margins (which we define as EBITDA as a percentage of our net service revenues) for the three-month periods ended March 31, 2012 and 2011 were 10.2% and 9.9%, respectively, and for the years ended December 31, 2011 and 2010 were 10.7% and 11.1%, respectively. The sum of our cash and cash equivalents and financial investments totaled R$5,006.0 million (U.S.$2,747.4 million) at March 31, 2012, compared to R$6,831.1 million (U.S.$3,749.0 million) and R$4,717.1 million (U.S.$2,588.8 million) at December 31, 2011 and 2010, respectively. We are focused on maintaining a relatively strong financial position and liquidity we have as compared to many of our competitors.

Diversification

We have expanded our business internationally in order to broaden our client base and diversify the risks inherent to a strong exposure to the Brazilian market, as well as to increase the share of our revenues denominated in dollars and other currencies. At March 31, 2012, we had 185 ongoing projects: Brazil (80); Angola (33); Venezuela (18); Peru (9); the Dominican Republic (10); Panama (7); Argentina (6); the United States (7); Portugal (1); Mozambique (4); Colombia (2); Mexico (2); Ecuador (2) and other (4).

The percentage of our gross service revenues derived from international projects has increased from approximately 30.0% in 1992 to 54.5% in the three-month period ended March 31, 2012. We believe our diversification provides us with revenue growth opportunities, while reducing our exposure to one single market and related risks, including political risks.

Strong and Diversified Backlog

We define backlog to include payments under contracts that we have signed for a particular project and for which an identified source of funding exists, but have not been recognized as revenue by us. At March 31, 2012, our backlog represented U.S.$33.7 billion, or more than two and a half years of future services based on our performance of 2011. We expect to complete approximately 20% to 25% of our total backlog by the end of 2012. Our backlog includes a diversified portfolio of engineering and construction projects in various infrastructure sectors and different types of construction undertakings in numerous countries.

New contracts awarded and amendments to existing contracts entered into during the three-month period ended March 31, 2012 had a total contract amount of U.S.$6,282.8 million, of which U.S.$811.6 million is for new contracts and amendments to existing contracts located in Brazil and U.S.$5,471.2 million is for new contracts and amendments to existing contracts located in countries outside Brazil. Listed below are certain (1) new contracts and (2) amendments to existing contracts, in each case, entered into during the three-month period ended March 31, 2012.

In Brazil:

- Petrobras Polyethylene Plant, State of Pernambuco (amendment) (U.S.$243.0 million);
- São Paulo Metro, Line V, State of São Paulo (U.S.$212.1 million);
- São Paulo Metro, Line IV, State of São Paulo (amendment) (U.S.$106.6 million);
- Grota Funda Tunnel, State of Rio de Janeiro (amendment) (U.S.$71.5 million); and
- Morar Feliz Project, State of Rio de Janeiro (U.S.$45.3 million).

In countries outside Brazil:

- Vale Moatize Mine, Mozambique (amendment) (U.S$787.8 million);
- Cinta Costera Highway, Panama (amendment) (U.S.$433.7 million);
- Gas Anaco, Venezuela (U.S.$316.6 million);
- Cibao Sur, Dominican Republic (U.S.$298.8 million); and
- Ecovias Santiago road, Dominican Republic (U.S.$295.6 million).

Experienced and Professional Management Team with Strong Entrepreneurial Culture

Our management team has considerable industry experience and knowledge. We provide our management with ongoing training throughout their careers, and maintain a results-oriented corporate culture, characterized by clear vision and well-defined responsibilities. We have decentralized the negotiation and administration of each of our project contracts. An experienced on-site project manager is responsible for administering the implementation of each project contract in accordance with the project's budget. Our project managers and other on-site employees are compensated based upon meeting designated project milestones and financial targets, which motivate them to meet their project budgets. We believe that planned delegation and decentralized decision-making enable us to better understand and satisfy our clients' needs.

Our Strategy

We intend to focus on continuing to achieve steady growth and to build upon our competitive strengths in order to maintain and increase our leadership in Brazil and selected other international engineering and construction markets. The principal components of our strategy are:

Managing Political Risk

We have operated for more than two decades in many countries that have significant levels of political risk. We are currently active in numerous countries, including Angola, Argentina, Brazil, Colombia, the Dominican Republic, Mozambique, Panama, Peru, Portugal, the United States and Venezuela. We attribute our success in certain countries with significant levels of political risk to the following competitive strengths:

- In countries in which we operate with significant political risk concerns, such as certain Latin American countries and Angola, we usually bid on and perform projects that are funded under Brazilian trade credit or multilateral agency credit facilities. The Brazilian government offers export financing for construction and engineering services related to projects undertaken in many of these countries, which we rely upon as an important source of funding for our projects located in these countries, together with support from multilateral financial institutions, including Corporación Andina de Fomento, or CAF, and the Inter-American Development Bank, or IDB. Our management believes that the higher margins we are generally able to earn from projects in these countries compensate us for the political risks that we are subject to as a result.

- We attempt to mitigate political risk through our experience and knowledge of the markets in which we are active and by entering into joint ventures with domestic companies and using domestic subcontractors, suppliers and labor. By establishing these partnerships with domestic entities, we also seek to integrate our operations into the communities in which we operate.

- We generally seek to establish long-term operations in countries in which we are active and seek appropriate project opportunities that meet our rigorous risk management criteria. Our long presence in countries such as Peru (33 years), Angola (28 years), and Venezuela (18 years), including during periods of social unrest or war, and our involvement in high visibility projects that are important to a country's economy and development, have earned us goodwill with the governments of these countries. Accordingly, while other construction companies generally avoid operating in certain of the countries in which we are active, our management believes that our extensive experience in these countries, our diversification and our extensive contract risk assessment and risk sharing with other project participants allow us to effectively manage the political risks presented by construction projects in these countries. In addition, to help cover certain risks, we have a comprehensive portfolio of insurance policies. At March 31, 2012, our insurance coverage, which protects us against risks, such as engineering risk, operational risk and civil liability, totaled U.S.$46,951.4 million, compared to U.S.$48,709.7 million at December 31, 2011. At March 31, 2012, our surety bond coverage, which insures execution and performance of construction works, amounted to U.S.$10,272.9 million, compared to U.S.$8,646.3 million at December 31, 2010.

- We seek to obtain approximately 10% to 15% down payments on the execution date of project contracts with customers located outside of Brazil. At March 31, 2012, we had R$3,267.2 million in short-term advances from customers and R$4,553.0 million in long-term advances from customers.

- Our strategy involves concentrating our business into more profitable markets and projects. When our management no longer believes that a particular market continues to meet our long-term objectives, we act to close or phase out our operations in these markets.

Focusing on Complex Large-Scale Construction Opportunities and Concession Projects

We seek to continue to focus on large-scale infrastructure and other complex, tailor-made construction projects in Brazil. We believe there will be significant opportunities in the coming years for us in the Brazilian power, oil, transportation, water supply, sanitation and other infrastructure sectors because of favorable economic conditions in Brazil, the Program for Economic Growth Acceleration (PAC) sponsored by the Brazilian government and focused on investments in infrastructure, urban development and energy, the World Cup to be held in Brazil in 2014 and the Olympic Games to be held in Rio de Janeiro in 2016, among other factors. We believe that our domestic market knowledge, human and material resources, size, experience and expertise enable us to continue to compete effectively for large and complex projects in Brazil. In addition to infrastructure projects in Brazil, we intend to concentrate our construction activities on concession-based projects, mainly in Latin America.

Pursuing International Opportunities

We are the market leader for engineering and construction projects in Brazil, Angola and certain other countries in Latin America and will continue to pursue business opportunities and strategic alliances in selected projects that will improve our market share and competitiveness. We intend to leverage our experience to broaden our presence in selective international markets and to pursue and develop growth opportunities in these markets. Considering our operations in Angola and more recently in Mozambique and Guinea-Conakry, we may seek to further increase our operations in Africa.

Offering Our Customers Differentiated Services

We will continue to seek to differentiate our company from our competitors through our ability to offer our clients a complete range of services in the markets where we operate. Our capabilities encompass not only construction expertise and innovations that help to reduce completion time and improve cost and quality controls but also extend to our substantial experience in helping to secure financing for many of our engineering and construction projects.

Enhancing Human Resources

We will continue to focus on recruiting and retaining motivated and knowledgeable employees. We believe that our continued growth and financial success is directly related to the experience of our construction and engineering project managers, as well as our ability to attract and train our other employees to develop the skills necessary to manage and execute future projects.

Company History

We were founded in 1945 and commenced our operations in the northeastern region of Brazil, where we were active in the construction of industrial plants, warehouses, small dams, highways, buildings and canals. In 1970, we began to expand our operations into southern Brazil, concentrating initially in Rio de Janeiro with the construction of the headquarters of Petrobras in 1970; Brazil's first nuclear power plant, the Central Nuclear de Angra dos Reis in 1971; the Rio de Janeiro international airport in 1971; and the Rio de Janeiro State University in 1972. In Peru, we won the contract for the construction of the Charcani Hydroelectric Plant in 1979. In the early 1980s, we began to expand our work to projects located outside Brazil. In 1984, we began the construction of the Capanda Hydroelectric Project on Angola's Kwanza river, and in 1991 we started the construction of the southern extension of the Metromover, part of Miami's urban mass transportation system. In 1996, the Odebrecht Group reorganized its holdings into two principal business areas: (1) engineering and construction through our company; and (2) chemicals and petrochemicals through Braskem. In 2004, we began operations in the Middle East, completing two projects in Iraq with the United States Army Corps of Engineers for a total fee of U.S.$86 million. We are not currently operating in Iraq. In 2007, we began operations in Libya, constructing the Tripoli Airport and the 3rd Ring Road. In 2008, we began operations in Mozambique, developing the infrastructure logistics of a coal mine for Vale S.A., or Vale. In 2009, we re-entered Colombia through the Ruta del Sol project, the expansion and maintenance of a road that connects central Colombia to the Cartagena port region. In 2010, we began operations in Guinea-Conakry, developing the infrastructure logistics of a coal mine for Vale.

Odebrecht Group

We are a wholly-owned subsidiary of Odebrecht, one of the largest privately held conglomerates in Brazil. In addition to engineering and construction services provided by us, Odebrecht is involved in the following business segments through the following subsidiaries:

- Odebrecht Energia S.A., or OE, which focuses on the Brazilian energy sector;

- Odebrecht Óleo e Gás S.A., or OOG, which focuses on services for the Brazilian oil and gas industry. In October 2010, Temasek Holdings, an investment fund of the Singapore government, acquired a 14.3% equity interest in OOG, and in October 2011, an investment fund managed by Gávea Investimentos acquired a 5.0% equity interest in OOG;

- Odebrecht Participações e Investimentos S.A., or OPI, which manages Odebrecht's investments in new businesses;

- Odebrecht Defesa e Tecnologia S.A., or ODT, Odebrecht's holding company for all assets related to defense and public and national security;

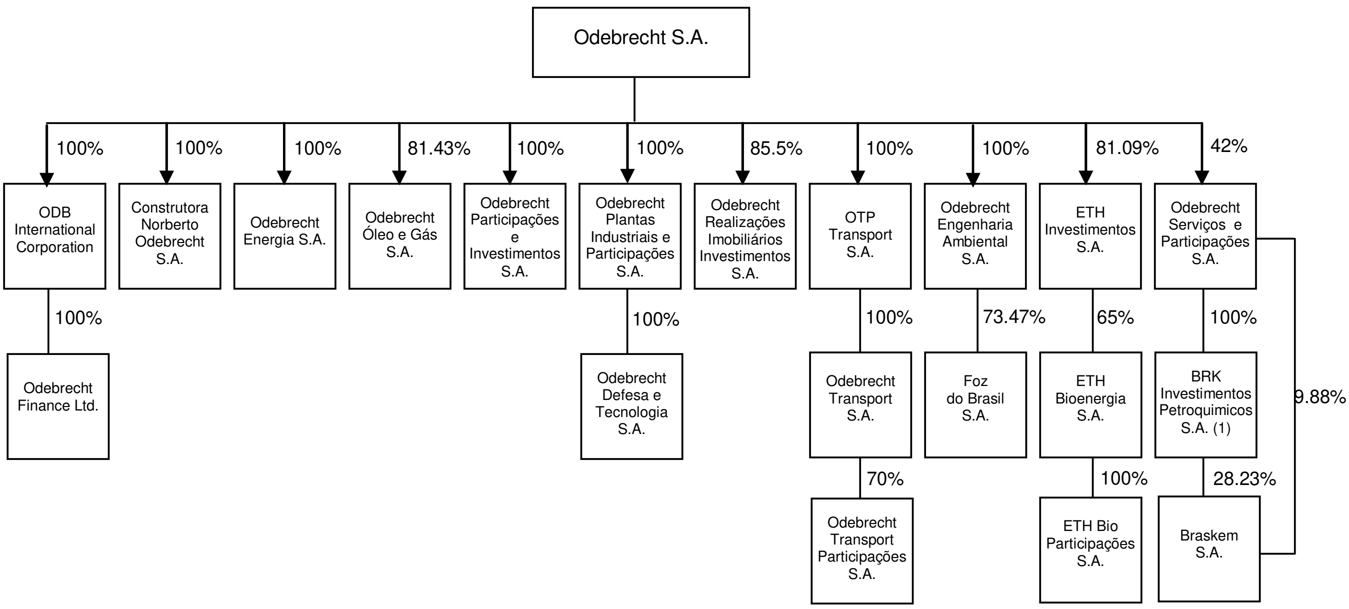
- Odebrecht Realizações Imobiliárias S.A., or OR, which focuses on the Brazilian real estate sector. In May 2010, an investment fund managed by Gávea Investimentos acquired a 14.5% equity interest in OR;

- Odebrecht Transport Participações S.A., or OTP, which focuses on the transportation and logistics sector in Brazil. In September 2010, FI-FGTS Infrastructure Investment Fund, or FI-FGTS acquired a 30% equity interest in OTP;

- Odebrecht Engenharia Ambiental S.A., or OEA, a company focused on the environmental sector (including water, sewage and sanitation services) and the sole shareholder of Foz do Brasil S.A., or Foz do Brasil. In October 2009, FI-FGTS acquired 26.53% of the equity interest of Foz do Brasil by fully subscribing to an issuance of its shares for R$650.0 million; and

- ETH Bio Participações S.A., or ETH, which focuses on sugar and ethanol production in Brazil. Odebrecht owns, indirectly through ETH Investimentos S.A., approximately 52.7% of the capital stock of ETH, while the remaining capital stock of ETH is owned by Sojitz Corporation, a Japanese conglomerate, BNDES Participações S.A. - BNDESPAR, and other private equity funds.

The following is a structure chart of the Odebrecht Group's business portfolio and Odebrecht's ownership interest (excluding qualifying director shares) in the issuer, us, Braskem and Odebrecht's other principal operating subsidiaries at March 31, 2012. The percentages represent the percentage of the total share capital owned by each such shareholder.



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(1) While BRK Investimentos Petroquímicos S.A owns 28.23% of Braskem's outstanding share capital it owns 50.11% of its voting capital.

Recent Developments

Management Changes

Following our annual shareholders meeting held on April 27, 2012 and the approval and the filing of the minutes relating thereto on May 8, 2012, (1) our management structure no longer consists of a chief executive officer and vice-presidents, but consists only of officers and (2) as a result of these changes to our management structure, (i) Paulo Oliveira Lacerda de Melo is no longer our chief executive officer, and he will become an officer of Odebrecht and (ii) Benedicto Barbosa da Silva Junior, Luiz Antonio Mameri and Márcio Faria da Silva are no longer our vice-presidents but remain as our officers. See “Management—Management of CNO.”

S&P Ratings Upgrade

On May 23, 2012, Standard & Poor’s, or S&P, raised our corporate credit rating to “BBB- with stable outlook” from “BB+ with stable outlook.”

Offering of Notes due 2022

On the date hereof, the issuer executed a purchase agreement with the initial purchasers to sell U.S.$600,000,000 of its 5.125% notes due 2022, or the 2022 notes, for which we will provide an unconditional guaranty. We intend to use the net proceeds of the offering of the 2022 notes primarily for general corporate purposes, and Odebrecht intends to use the net proceeds of the offering of the 2022 notes primarily for additional equity investments in OPI and OE. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Guaranteed Notes (the 2017, 2014, 2020, 2023 and 2022 notes).”

Principal Shareholders

CNO

At March 31, 2012, the aggregate amount of our issued and outstanding capital stock was R$2,096.6 million represented by 163,298,207 common shares and 118,800,974 preferred shares.

As a result of the merger of ODBPAR into our company in November 2008, 100% of our share capital is owned by Odebrecht, which in turn, is controlled by ODBINV S.A. ODBINV S.A. is a Brazilian corporation that is controlled by Kieppe Participações e Administração Ltda. (which owns 54.3% of the total and voting capital of ODBINV S.A.). Kieppe Participações e Administração Ltda. is a Brazilian limited liability company that is wholly-owned by the Odebrecht family. Certain shareholders and officers of Odebrecht own the remaining capital of ODBINV S.A. that is not owned by the Odebrecht family.

Odebrecht Finance Ltd.

Odebrecht Finance, a wholly-owned subsidiary of Odebrecht, is an exempted company which was incorporated with limited liability on January 30, 2007 under the laws of the Cayman Islands. Its registered office is located at Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. See “The Issuer.”

Our registered office is located at Praia de Botafogo, 300, 11th Floor, CEP 22250-040, Rio de Janeiro, Brazil, and our telephone number at this address is +55-21-2559-3000. Our principal executive office is located at Avenida das Nações Unidas, 8501, 28th Floor, São Paulo, SP, CEP 05425-070, Brazil, and our telephone number at this address is +55-11-3096-9000.

Our website address is *www.odebrecht.com*. Information on our website is not incorporated into this offering memorandum and should not be relied upon in determining whether to make an investment in the notes.

THE OFFERING

This summary highlights information presented in greater detail elsewhere in this offering memorandum. This summary is not complete and does not contain all the information you should consider before investing in the notes. You should carefully read this entire offering memorandum before investing in the notes, including "Risk Factors" and our financial statements.

Issuer	Odebrecht Finance Ltd.
Guarantor..	Construtora Norberto Odebrecht S.A.
Notes offered	U.S.$400,000,000 aggregate principal amount of 7.125% notes due June 26, 2042.
Guaranty	We unconditionally and irrevocably guarantee all of the issuer's obligations pursuant to the notes.
Ranking	The notes are be unsecured, unsubordinated obligations of the issuer. We unconditionally and irrevocably guarantee the notes on an unsecured basis. The guaranty will ranks equally in right of payment with our unsecured and unsubordinated indebtedness. The guaranty is effectively junior to our secured indebtedness and the indebtedness of any of our subsidiaries. At March 31, 2012, we had total consolidated indebtedness outstanding of R$1,250.8 million, of which R$221.3 million was secured, and R$1,029.5 million was unsecured.
Issue price...	98.479%.
Issue date	June 26, 2012.
Maturity	The notes will mature on June 26, 2042.
Interest..	Interest on the notes will accrue at a rate of 7.125% per annum. The issuer will pay interest on the notes semi-annually in arrears on June 26 and December 26 of each year, commencing on December 26, 2012.
Additional amounts...........................	The issuer or CNO, as the case may be, will pay additional amounts in respect of certain withholding taxes imposed on payments of interest or principal so that the amount you receive under the notes or the guaranty, after such withholding taxes, if any, will equal the amount that you would have received if no such withholding taxes had been applicable, subject to some exceptions as described under "Terms and Conditions—Covenants—Additional Amounts."
Optional redemption	The issuer or CNO, may, at its option, redeem the notes, in whole or in part, at any time prior to December 26, 2041, by paying a "make whole" redemption price equal to the greater of (1) 100% of the principal amount of the notes to be redeemed and (2) the applicable "make whole" amount described under "Terms and Conditions—Redemption and Repurchase—Optional Redemption prior to December 26, 2041," in each case plus any interest accrued but not paid and additional amounts, if any, to but excluding the date of redemption. See "Terms and Conditions—Redemption and Repurchase—Optional Redemption prior to December 26, 2041." The issuer or CNO may also, at its option, redeem the notes, in whole or in part, on December 26, 2041 or at any time thereafter, by paying 100% of the principal amount of the notes to be redeemed plus any interest accrued but not paid and additional amounts, if any, to but excluding the date of redemption. See "Terms and Conditions—Redemption and Repurchase—Optional Redemption on December 26, 2041 or thereafter."

Tax redemption	If due to changes in law relating to taxes applicable to (1) payment of interest or principal under the notes, such payments become subject to withholding or deductions of taxes by the relevant tax authority or (2) payments under the guaranty, such payments become subject to withholding or deductions of taxes by the relevant tax authority at a rate in excess of the additional amounts that we would pay if such payments were subject to withholding or deduction at a rate of 15.0% or at a rate of 25.0% (in case the holder of the notes is resident in a tax haven jurisdiction), the issuer or CNO may redeem the outstanding notes in whole but not in part at 100% of the principal amount thereof, plus accrued interest to the redemption date. See "Terms and Conditions—Redemption and Repurchase—Optional Tax Redemption" and "Terms and Conditions—Redemption and Repurchase—Procedure for Payment upon Redemption."
Change of control	Upon the occurrence of a Change of Control that results in a Ratings Decline of the notes, the issuer, subject to certain exceptions, will be required to make an offer to repurchase all of the notes at 101% of their principal amount, plus accrued and unpaid interest, if any, on the repurchase date. See "Terms and Conditions—Covenants—Repurchase of Notes upon a Change of Control."
Delivery	The notes were delivered on June 26, 2012, as described below.
Indenture	The notes were issued under an indenture among the issuer, CNO, The Bank of New York Mellon, as trustee, The Bank of New York Mellon Trust (Japan), Ltd., as principal paying agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and transfer agent.
Clearance and settlement	The notes were issued in book-entry form through the facilities of DTC for the accounts of its participants, including Euroclear Bank S.A./N.V., as the operator of the Euroclear System, and Clearstream Banking and trade in DTC's same day funds settlement system. Beneficial interests in notes held in book-entry form are not entitled to receive physical delivery of certificated notes, except in certain limited circumstances. For a description of certain factors relating to clearance and settlement, see "Terms and Conditions."
Form and denomination	Any notes sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act will be in fully registered form without interest coupons attached only in denominations of U.S.$200,000 and in integral multiples of U.S.$1,000 in excess thereof. Any notes sold pursuant to Rule 144A under the Securities Act will be issued in fully registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Certain covenants	The terms of the notes limit our ability and the ability of our significant subsidiaries to create liens and allow us to consolidate or merge with, or transfer all or substantially all of our assets to, another person only if we comply with certain requirements. However, these limitations are subject to a number of important exceptions. See "Terms and Conditions—Covenants" and "Risk Factors—Risks Relating to the Notes and the Guaranty."
Use of proceeds	Odebrecht Finance intends to use a portion of the net proceeds of this offering to redeem, repay or repurchase all of its 2017 notes, of which U.S.$112.8 million was outstanding as of March 31, 2012. We intend to use a portion of the net proceeds of this offering for general corporate purposes and Odebrecht intends to use the remaining net proceeds of this offering for additional equity investments in OPI and OE. See "Use of Proceeds."

Transfer restrictions	The notes have not been registered under the Securities Act and are subject to certain restrictions on transfer. See "Transfer Restrictions."
Trustee	The Bank of New York Mellon.
Principal paying agent	The Bank of New York Mellon Trust (Japan), Ltd.
Luxembourg listing agent	The Bank of New York Mellon (Luxembourg) S.A.
Luxembourg paying and transfer agent	The Bank of New York Mellon (Luxembourg) S.A.
Listing and trading	We have applied to list the notes on the Official List of the Luxembourg Stock Exchange and to trade the notes on the Euro MTF market of the Luxembourg Stock Exchange. If the listing of the notes on the Luxembourg Stock Exchange would, in the future, require us to publish financial information either more regularly than we otherwise would be required to, or according to accounting principles which are materially different from the accounting principles which we would otherwise use to prepare our published financial information, we may seek an alternative admission to listing, trading and/or quotation for the notes by another listing authority, stock exchange and/or quotation system.
Governing law	The indenture, the notes and the guaranty are governed by the laws of the State of New York.
Selling restrictions	There are restrictions on persons to whom notes can be sold, and on the distribution of this offering memorandum, as described in "Plan of Distribution."
Risk factors	Prospective investors should carefully consider all of the information contained in this offering memorandum prior to investing in the notes. In particular, we urge prospective investors to carefully consider the information set forth under "Risk Factors" for a discussion of risks and uncertainties relating to us, our subsidiaries, our business, our equity holders and an investment in the notes.

SUMMARY FINANCIAL AND OTHER INFORMATION OF CNO

The following summary financial data have been extracted without material adjustment from our:

- condensed interim consolidated financial statements at March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011, and the notes thereto, prepared in accordance with Brazilian GAAP, which have been subjected to a review by our independent auditors, as stated in their review report included elsewhere in this offering memorandum;

- consolidated financial statements at and for the years ended December 31, 2011 and 2010, and the notes thereto, prepared in accordance with Brazilian GAAP, which have been audited by our independent auditors, as stated in their report included elsewhere in this offering memorandum; and

- consolidated financial statements at and for the years ended December 31, 2010 and 2009, and the notes thereto, prepared in accordance with Brazilian GAAP, which have been audited by our independent auditors, as stated in their report included elsewhere in this offering memorandum.

Our consolidated financial statements at and for the year ended December 31, 2010 are the first annual consolidated financial statements of our company to be prepared in accordance with CPC Nos. 37 and 43. We have re-presented our consolidated financial statements at and for the year ended December 31, 2009 included in our audited consolidated financial statements at and for the years ended December 31, 2010 and 2009 in accordance with such CPC standards, as we consider January 1, 2009 to be the transition date for the adoption of such CPC standards. The main impacts of the adoption of the CPC Nos. 37 and 43 are described in note 24 to our financial statements at and for the years ended December 31, 2010 and 2009 included elsewhere in the offering memorandum.

Brazilian GAAP differs in certain significant respects from accounting practices adopted in the United States, or U.S. GAAP, and IFRS. Such differences might be material to the financial statements included in this offering memorandum prepared in accordance with Brazilian GAAP. For a discussion of certain differences between Brazilian GAAP and U.S. GAAP, see "Appendix A—Summary of Certain Differences Between Brazilian GAAP and U.S. GAAP." We have made no attempt to identify or quantify the impact of those differences. In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and the financial information included herein. Potential investors should consult their own professional advisors for an understanding of the differences between Brazilian GAAP and U.S. GAAP or IFRS, and how those differences might affect the financial information included herein.

This summary financial data also contains unaudited data in the sections "Other Data."

This summary financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements included elsewhere in this offering memorandum.

	For the three-month periods ended March 31,			For the years ended December 31,			
	2012 (1)	2012	2011	2011 (1)	2011	2010	2009 (2)
	(*in U.S.$*)	(*in reais*)		(*in U.S.$*)	(*in reais*)		
	(*amounts expressed in millions, except financial ratios*)						
INCOME STATEMENT DATA							
Net service revenues	2,965.3	5,403.1	3,746.0	11,812.1	21,522.7	16,207.2	18,163.0
Gross profit	486.2	886.0	590.4	1,985.3	3,617.3	2,757.5	2,247.9
Net income	205.9	375.2	281.4	504.3	918.9	1,224.1	888.0
OTHER DATA (unaudited)							
Gross margin (3)	16.4%	16.4%	15.8%	16.8%	16.8%	17.0%	12.4%
EBITDA (4)	303.6	553.2	370.6	1,261.1	2,297.8	1,804.1	1,770.4
EBITDA margin (5) (10)	10.2%	10.2%	9.9%	10.7%	10.7%	11.1%	9.7%

	At March 31,		At December 31,			
	2012 (1)	2012	2011 (1)	2011	2010	2009 (2)
	(*in U.S.$*)	(*in reais*)	(*in U.S.$*)	(*in reais*)		
	(*amounts expressed in millions, except financial ratios*)					
BALANCE SHEET DATA						
Assets						
Cash and cash equivalents	2,679.6	4,882.5	3,681.7	6,708.5	4,580.7	2,979.1
Financial investments	67.8	123.5	67.2	122.6	136.4	138.8
Trade accounts receivable	3,031.5	5,523.6	2,592.3	4,723.4	4,373.5	4,372.0
Permanent assets (6)	1,848.0	3,367.2	1,786.3	3,254.8	2,964.4	2,758.7
Total assets	10,919.5	19,896.5	11,156.6	20,328.5	16,580.9	14,368.5
Short-term Liabilities						
Debts	407.2	742.0	413.6	753.7	688.3	640.3
Suppliers and subcontractors	1,347.2	2,454.8	1,525.5	2,779.7	1,906.6	1,767.7
Advances from customers	1,793.1	3,267.2	1,709.9	3,115.6	1,329.8	1,928.2
Other accounts payable	117.6	214.3	196.2	357.5	479.7	386.9
Long-term Liabilities						
Debts	279.2	508.8	265.5	483.8	763.0	1,660.7
Suppliers and subcontractors	56.0	102.0	48.1	87.6	72.0	116.2
Advances from customers	2,498.8	4,553.0	2,814.7	5,128.7	4,330.5	2,591.2
Stockholders' equity						
Capital	1,150.7	2,096.6	1,150.6	2,096.6	1,113.1	1,378.4
Revenue reserves	1,398.8	2,548.7	1,398.8	2,548.7	2,879.6	1,548.9
Equity evaluation adjustments	104.6	190.6	118.7	216.3	(69.8)	127.0
Retained earnings	204.4	372.5	–	–	–	–
Total liabilities and stockholders' equity	10,919.5	19,896.5	11,156.6	20,328.5	16,580.9	14,368.5
OTHER DATA (unaudited)						
Net debt/EBITDA ratio (7)	(1.51)	(1.51)	(2.43)	(2.43)	(1.81)	(0.46)
Net debt/EBITDA ratio including CNO guaranty of notes (8)	0.14	0.14	(0.84)	(0.84)	(0.34)	0.62

(1) Solely for the convenience of the reader, Brazilian *real* amounts at and for the periods ended March 31, 2012 and December 31, 2011 have been translated into U.S. dollars at the commercial selling rate at March 31, 2012, of R$1.8221 per U.S. dollar. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or at any other exchange rate. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

(2) Re-presented on the basis of accounting principles adopted in 2010 to be consistent with financial statements at and for the year ended December 31, 2010.

(3) Gross margin represents gross profit divided by net service revenues.

(4) EBITDA means net service revenues, *minus* cost of services rendered, *minus* general and administrative expenses, *plus* any depreciation or amortization included in cost of sales and services rendered or general and administrative expenses. Although EBITDA is not a measurement under Brazilian GAAP, our management believes that EBITDA serves as an important financial analysis tool for measuring our performance in several areas, including liquidity, operating performance and leverage. EBITDA is commonly used by financial analysts in evaluating our business. EBITDA should not be considered in isolation or as a substitute for net income as a measure of

performance, cash flow from operating activities or other measures of liquidity determined in accordance with Brazilian GAAP. EBITDA may not be comparable to similarly titled measures of other companies. EBITDA is calculated as follows:

	For the three-month periods ended March 31,			For the years ended December 31,			
	2012 (1)	**2012**	**2011**	**2011(1)**	**2011**	**2010**	**2009 (2)**
	(*in U.S.$*)	(*in reais*)		(*in U.S.$*)	(*in reais*)		
	(*amounts expressed in millions, except financial ratios*)						
Net service revenues	2,965.3	5,403.1	3,746.0	11,812.1	21,522.7	16,207.2	18,163.0
Cost of services rendered	(2,479.1)	(4,517.1)	(3,155.6)	(9,826.8)	(17,905.4)	(13,449.8)	(15,915.0)
General and administrative expenses (9)	(225.8)	(411.4)	(302.0)	(923.9)	(1,683.4)	(1,398.1)	(1,064.9)
Depreciation/amortization	43.1	78.6	82.2	199.7	363.9	444.8	587.3
EBITDA	303.6	553.2	370.6	1,261.1	2,297.8	1,804.1	1,770.4

(5) EBITDA margin is calculated by dividing EBITDA by our total net service revenues, expressed as a percentage.

(6) Permanent assets represent the sum of investments, property and equipment and intangible assets.

(7) Net debt/EBITDA ratio at December 31, 2011, 2010 and 2009 is calculated by dividing (1) our consolidated net debt at the end of the applicable year by (2) our consolidated EBITDA for the corresponding year. Net debt/EBITDA ratio at March 31, 2012 is calculated by dividing (1) our consolidated net debt at March 31, 2012 by (2) our consolidated EBITDA for the twelve-month period ended March 31, 2012. Net debt means total short and long-term debt less cash and cash equivalents, and less financial investments.

(8) Net debt/EBITDA ratio including CNO's guaranty of notes at December 31, 2011, 2010 and 2009 is calculated by dividing (1) the sum of (x) our consolidated net debt at the end of the applicable year and (y) the outstanding aggregate principal amount of the following issuances of notes which we unconditionally guarantee: (i) at December 31, 2009: (A) U.S.$400.0 million of Odebrecht Finance's 7.50% notes due 2017, or the 2017 notes, (B) U.S.$200.0 million of Odebrecht Finance's 9.625% notes due 2014, or the 2014 notes, and (C) U.S.$500.0 million of Odebrecht Finance's 7.00% notes due 2020, or the 2020 notes; (ii) at December 31, 2010: (A) U.S.$400.0 million of the 2017 notes, (B) U.S.$200.0 million of the 2014 notes, (C) U.S.$500.0 million of the 2020 notes and (D) U.S.$500.0 million of Odebrecht Finance's 7.50% perpetual notes, or the perpetual notes; and (iii) at December 31, 2011: (A) U.S.$112.8 million of the 2017 notes, (B) U.S.$41.8 million of the 2014 notes, (C) U.S.$500.0 million of the 2020 notes, (D) U.S.$750.0 million of the perpetual notes and (E) U.S.$500.0 million of Odebrecht Finance's 6.00% notes due 2023, or the 2023 notes; by (2) our consolidated EBITDA for the corresponding year.

Net debt/EBITDA ratio including CNO's guaranty of notes at March 31, 2012 is calculated by dividing (1) the sum of (x) our consolidated net debt at March 31, 2012 and (y) the outstanding aggregate principal amount of the following issuances of notes which we unconditionally guarantee at March 31, 2012: (A) U.S.$400.0 million of the 2017 notes, (B) U.S.$200.0 million of the 2014 notes; (C) U.S.$500.0 million of the 2020 notes; (D) U.S.$750.0 million of the perpetual notes and (E) U.S.$800.0 million of the 2023 notes; by (2) our consolidated EBITDA for the twelve-month period ended March 31, 2012.

(9) For the years ended December 31, 2011, 2010 and 2009, general and administrative expenses include management's remuneration and management profit sharing. For the three-month periods ended March 31, 2012 and 2011, general and administrative expenses include management's remuneration only.

(10) For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Presentation and Critical Accounting Policies—Revenue Recognition for Construction Contracts." In particular, see the last paragraph of the heading "Revenue Recognition for Construction Contracts" of the section "Management's Discussion and Analysis of Financial Condition and Results of Operations."

RISK FACTORS

Prospective purchasers of notes should carefully consider the risks described below, as well as the other information in this offering memorandum, before deciding to purchase any notes. Our business, results of operations, financial condition or prospects could be negatively affected if any of these risks occurs, and as a result, the trading price of the notes could decline and you could lose all or part of your investment.

Risks Relating to the Issuer

The issuer's ability to make payments on the notes depends on its receipt of payments from us.

The issuer's principal business activity is to act as a financing vehicle for Odebrecht's activities and operations. The issuer has no substantial assets, and accordingly, holders of the notes must rely on our cash flow from operations to pay amounts due in connection with the notes. The ability of the issuer to make payments of principal, interest and any other amounts due on the notes is contingent on its receipt from us of amounts sufficient to make these payments, and, in turn, on our ability to make these payments. In the event that we are unable to make such payments for any reason, the issuer will not have sufficient resources to satisfy its obligations under the indenture governing the notes.

Risks Relating to Our Company

International and Political events may adversely affect our operations.

A significant portion of our revenue is derived from construction projects undertaken in Brazil and certain other emerging market economies, including certain countries in Latin America and in the Middle East, and Angola, which exposes us to significant risks inherent in operating in these economies. These risks include:

- expropriation and nationalization of our assets in a particular jurisdiction or related to a specific project;
- political and economic instability;
- social unrest, acts of terrorism, force majeure, war or other armed conflict;
- inflation;
- currency fluctuations, devaluations and conversion restrictions;
- confiscatory taxation or other adverse tax policies;
- government activities that limit or disrupt markets, restrict payments or limit the receipt or transfer of funds;
- government activities that may result in the indirect deprivation of rights; and
- increasing protectionism that excludes foreign entities from procuring contracts in certain markets.

Many of the countries in which we operate have significant levels of political risk. For example, in Libya, the armed conflict that began in February 2011 has caused us to suspend our projects in that country and evacuate our employees. Although military activities in Libya have ceased, we have not resumed operations in the country, as we await the outcome of its ongoing political restructuring. We currently have two contracts outstanding in Libya in the aggregate amount of U.S.$258.6 million, representing 0.8% of our total backlog at March 31, 2012.

A significant portion of our services is contracted on a fixed-price basis, subjecting us to risks, including cost overruns and operating cost inflation.

We contract to provide services principally on a "unit price" basis or on a fixed-price basis, with unit price and fixed-price (or lump sum) contracts together accounting for most of our gross revenues in the three-month periods ended March 31, 2012 and 2011. With fixed-price contracts, we bear the risk of unanticipated increases in the cost of equipment, materials or manpower due to inflation or unforeseen events, such as difficulties in obtaining adequate financing or required governmental permits or approvals, project modifications resulting in unanticipated costs or delays caused by local weather conditions, other natural phenomena, or suppliers' or subcontractors' failure to perform. In addition, we sometimes bear the risk of delays caused by unexpected conditions or events, subject to the protection of standard force majeure provisions and insurance policies contracted for a project. Our failure to estimate accurately the resources and time required to complete a particular fixed-price project, or our inability to complete our contractual obligations (or applicable milestones) within the contracted time frame, could have a material adverse effect on our business, results of operations and financial condition.

Decreases in governmental spending and capital spending by our customers may adversely affect us.

Our business is directly affected by changes in governmental and private-sectors spending and financing for infrastructure projects and by variations in capital expenditures by our customers. Accordingly, reductions in available governmental and private-sectors spending and financing for infrastructure projects may have a material adverse impact on our results of operations and financial condition. Economic downturns, including the global economic downturn that began in the end of 2008, generally lead to decreases in the number of new projects awarded, as well as delays or cancellations of major projects awarded (but not commenced), which could have a material adverse effect on our business, results of operations and financial condition.

Decreases in availability of Brazilian governmental and multilateral financial institution funding may adversely affect us.

Many of our construction projects are financed by the Brazilian government and by multilateral financial institutions. A decrease in the level of financing available from the Brazilian government for service exports or from multilateral financial institutions for infrastructure projects in the markets where we are active may materially and adversely affect our business, results of operations and financial condition.

Delays in receipt of payment for public sector projects may adversely affect us.

We contract to provide services to both public-sectors clients and private-sectors clients. Historically, we have experienced payment delays for work completed on many of our public sector contracts. Such delays, if continued, could have a material adverse effect on our business, results of operations and financial condition.

We are susceptible to operational risks that could affect our business and financial condition.

We may be adversely affected by natural disasters, adverse weather conditions and operator error, business interruption (through evacuation of personnel, curtailment of services, reduction in productivity or failure to deliver materials to jobsites on a timely basis in accordance with contract schedules), property and equipment damage and pollution or environmental damage. Also, because we engage in engineering and construction activities for large industrial facilities and other large projects where design, construction or systems failures can result in substantial injury or damage to third parties, we are exposed to potential liability claims and contractual disputes. Our insurance coverage may not be sufficient in all circumstances or against all hazards. In addition, as prices for the cost of renewal of insurance contracts and fees charged for the provision of surety bonds have increased considerably in Brazil and outside Brazil over the past few years, there can be no assurance that we will be able to maintain adequate insurance coverage in the future at commercially reasonable rates or on acceptable terms. See "Business—Insurance and Guaranties." The occurrence of a significant adverse event for which we are not fully insured could have a material adverse effect on our business, results of operations and financial condition.

We are directly affected by fluctuations in exchange rates between the real and the U.S. dollar.

Our results of operations and financial condition have been, and will continue to be, affected by the rate of depreciation or appreciation of the *real* against the U.S. dollar because our revenues, costs, assets and indebtedness are both in U.S. dollars and *reais*. From time to time, there have been significant fluctuations in the exchange rate between the Brazilian currency and the U.S. dollar and other currencies. For example, in 2008, the *real* depreciated by 24.2% against the U.S. dollar and appreciated by 34.2% and 4.5% against the U.S. dollar in 2009 and 2010, respectively. However, in 2011, the *real* depreciated by 12.6% against the U.S. dollar. Appreciation of the *real* against the U.S. dollar may lead to the deterioration of Brazil's current account and balance of payments as well as hinder export growth. The depreciation of the *real* relative to the U.S. dollar generally makes it more difficult for Brazilian companies to access foreign financial markets and, despite that our revenues are largely denominated in U.S. dollars, the depreciation of the *real* would make it more costly for us to pay our debts which are largely denominated in U.S. dollars. In addition, such depreciation may prompt government intervention, including recessionary economic policies. Accordingly, any major appreciation or devaluation of the *real* against the U.S. dollar may have a material adverse effect on our business, financial condition and results of operations.

We are subject to stringent environmental requirements, and compliance with their regulations and any new regulations could require significant capital expenditures and increase our operating costs.

We are subject in the various jurisdictions in which we operate to various federal, state and local environmental protection and health and safety laws and regulations governing, among other things:

- the generation, storage, handling, use and transportation of hazardous materials;
- the emission and discharge of hazardous materials into the ground, air or water; and
- the health and safety of our employees.

We are also required to obtain permits from governmental authorities for certain aspects of our operations. We cannot assure you that we have been or will be at all times in full compliance with these laws, regulations and permits. These laws, regulations and permits can often require us to purchase and install expensive pollution control equipment or to make operational changes to limit impacts or potential impacts on the environment and/or health of our employees and violation of these laws and regulations or permit conditions can result in various sanctions, many of which may be applied retroactively, including substantial fines, criminal sanctions, correction orders (including orders to investigate and/or clean up contamination) and/or revocations of operating permits.

We expect to make capital expenditures on an ongoing basis to continue to ensure our compliance with environmental laws and regulations. However, due to the possibility of unanticipated regulatory or other developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated and may affect the availability of funds to us for capital and other expenditures. We could also be held liable for any and all consequences arising out of human exposure to hazardous substances or other environmental damage. We cannot assure you that our costs of complying with current and future environmental and health and safety laws, and our liabilities arising from past or future releases of, or exposure to, hazardous substances will not materially adversely affect our business, results of operations or financial condition.

In addition, project contracts generally include environmental compliance obligations. Any breach by us of applicable environmental regulations or contractual compliance obligations could have a material adverse effect on our results of operations and financial condition. See "Business—Legal and Regulatory Matters."

We face significant competition in our business, which may adversely affect our profitability.

Many of the markets served by us are highly competitive, and most of the projects that we execute require substantial resources, capital investment in equipment and particularly highly skilled and experienced technical personnel. Most of our ongoing construction projects were awarded through competitive bidding processes, and we face substantial competition for projects. While pricing generally is the most important factor that determines whether we will be awarded a particular contract, other important factors include health, safety and environmental protection records, service quality, technological capacity and performance, as well as reputation, experience, access to funding sources and client relations. Although we are the largest engineering and construction company in Latin America (as measured by our gross revenues in 2010) and the only major Brazilian construction company with most of its revenues generated from outside of Brazil, many of our international competitors are larger, have greater technological capacity and may have access to sources of lower-cost funding than us. While these international competitors operate mainly outside Brazil, they can also form partnerships in Brazil with domestic engineering and construction companies and may compete with us in Brazil and abroad. Competition also places downward pressure on our contract prices and profit margins. Given the global recession that began in the end of 2008, intense competition is expected to continue in these markets, presenting us with significant challenges in our ability to maintain strong growth rates and acceptable profit margins. If we are unable to meet these competitive challenges, we could lose market share to our competitors and experience an overall reduction in our profits, which could have a material adverse effect on our business, financial condition and results of operations.

We face risks related to project performance requirements and completion schedules, which could jeopardize our profits.

In certain instances, we have guaranteed completion of a project by a scheduled acceptance date or achievement of certain acceptance and performance testing levels. However, there is a risk that adherence to these guaranties may not be possible. The failure to meet any such schedule or performance requirements could result in costs that reduce our projected profit margins, including a requirement for us to pay fixed-amount liquidated damages up to a certain percentage of the overall contract amount and/or guaranties for the entire contract amount. There can be no assurance that the financial penalties stemming from our failure to meet guaranteed acceptance dates or achievement of acceptance and performance testing levels would not have a material adverse effect on our business, financial condition and results of operations.

Our failure to recover adequately on claims against project owners for payment could have a material effect on us.

We occasionally bring claims against project owners for additional costs that exceed the contract price or for amounts not included in the original contract price. These types of claims occur due to matters such as owner-caused delays or changes from the initial project scope, which result, both directly and indirectly, in additional costs. Often, these claims can be the subject of lengthy arbitration or litigation proceedings, and it is often difficult to accurately predict when these claims will be fully resolved. When these types of events occur and unresolved claims are pending, we may invest significant working capital in projects to cover cost overruns pending the resolution of the relevant claims. A failure to promptly recover on these types of claims could have a material adverse impact on our liquidity and financial condition.

Our continued success requires us to hire and retain qualified personnel.

In recent years, the demand for employees who engage in and are experienced in the services we perform has continued to grow as our customers have increased their capital expenditures and the use of our services. The success of our business is dependent upon being able to attract and retain personnel, including engineers, corporate management and skilled employees, who have the necessary and required experience and expertise. Competition for these types of personnel is intense. Difficulty in attracting and retaining these personnel could reduce our capacity to perform adequately in present projects and to bid for new ones.

The continuing global recession that began in the end of 2008, a decrease in the level of capital expenditures by our clients and continued credit constraints could materially and adversely affect us.

Our revenue and cash flow are dependent upon large-scale infrastructure projects. The availability of these types of projects is dependent upon the economic condition of the construction, oil and gas and power industries, specifically, the level of capital expenditures by our clients on infrastructure. The global recession that began in the end of 2008 and related turmoil in the global financial system and in the capital markets may have a material adverse impact on the level of capital expenditures of our clients and/or their ability to finance these expenditures. Our failure to contract for new projects, a delay in award of projects, and the cancellation of already awarded projects or slow-downs in completion of contracts, among other factors, could result in under-utilization of our resources and a reduction in our liquidity, which would have a material adverse impact on our revenues and cash flow. There are numerous factors beyond our control that may influence the level of capital expenditure spending by our clients, including:

- construction, production and transportation costs;
- exchange rate movements, including further volatility in the Brazilian *real;*
- current or projected commodity, oil and gas and power prices;
- volatility in inflation rates, including hyperinflation or deflation; and
- domestic and international political and economic conditions.

We routinely enter into contracts with counterparties (including vendors, suppliers, and subcontractors) that may be materially adversely affected by the global recession that began in the end of 2008. If our counterparties are unable to perform their obligations to us, we may be required to provide additional services or make alternate arrangements with other parties to attempt to ensure adequate performance and delivery of services to our clients, and their payment for these services. These circumstances could also lead to disputes and litigation with our partners or clients, which could materially adversely affect our reputation, business, financial condition and results of operations.

In weak economic environments, we may experience increased delays and defaults in payment by our clients. If clients delay or default in paying in respect of a material portion of our accounts receivables, this could have a material adverse effect on our liquidity, results of operations, and financial condition.

Any downgrade in the ratings of our company or our debt securities would likely result in increased interest and other financial expenses related to our borrowings and debt securities and could reduce our liquidity.

Ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of ratings may be obtained from the rating agencies. S&P maintains a rating of our company on a local and a global basis. S&P maintains a long-term rating of our company on a local basis of brAAA with stable outlook. On a global basis, S&P maintains a long-term rating for our company of "BBB-" with stable outlook. Since July 23, 2007, Fitch has also maintained a rating of our company. Fitch maintains a national rating of AA+ (bra) of our company with a stable outlook and a global rating of "BBB-" with a stable outlook. Since December 10, 2009, Moody's has also maintained a rating of our company. Moody's maintains a national rating of Aa1.br of our company with a stable outlook and a global rating of "Baa3" with a stable outlook. Any decision by S&P, Fitch, Moody's or other rating agencies to downgrade our credit ratings in the future may have a material adverse effect on the market price of the notes and would likely result in increased interest and other financial expenses relating to our future borrowings and issuance of debt securities and could significantly reduce our ability to obtain financing on satisfactory terms or in amounts required by us to maintain adequate liquidity.

Risks Relating to Our Shareholders

We are controlled by the Odebrecht family, which has the power to indirectly control us and all of our subsidiaries.

All of our total voting capital is owned by Odebrecht which, in turn, is ultimately controlled by the Odebrecht family. See "Principal Shareholders." Accordingly, the Odebrecht family has the ability to influence the outcome of certain major corporate decisions requiring the approval of our shareholders or officers, which could affect the holders of the notes, including the power to:

- appoint a majority of our officers, set our management policy and exercise overall control of our management and the management of our subsidiaries;

- agree to sell or in any manner transfer the controlling stake in us or any of our subsidiaries;

- agree to transfer any of our assets or subsidiaries, such as the transfers made in connection with the Corporate Reorganization; and

- determine the outcome of any action requiring shareholder approval, including transactions with related parties, corporate reorganizations, acquisitions and dispositions of assets and the timing and payment of any future dividends.

We engage in, and expect from time to time to continue to engage in, commercial and financial transactions with our shareholders or their affiliates. These commercial and financial transactions between our affiliates and us could create the potential for, or could result in, conflicts of interests. For a discussion of certain related party transactions, see "Related Party Transactions."

We may face conflicts of interest in transactions with related parties.

Certain decisions concerning our operations or financial structure, or that of our subsidiaries, may present conflicts of interest among our controlling shareholder, other shareholders, officers and the holders of the notes. We maintain trade accounts receivable and short and long-term payables with some of our affiliates. These accounts receivable and accounts payable balances are due mainly to purchases and sales of services at prices and on terms that are negotiated between related parties. Commercial transactions between us and these affiliates could result in conflicting interests. See "Related Party Transactions." Our shareholders and officers may have an interest in pursuing transactions that, in their judgment, enhance the value of our equity, even though such transactions may involve risks to the holders of the notes. We cannot assure you that our shareholders and officers will be able to address these conflicts of interests or others in an impartial manner.

Risks Relating to Brazil

The Brazilian government influences significantly the Brazilian economy. This influence together with the Brazilian political conditions may adversely affect our business and overall financial performance.

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policy and regulations. The Brazilian government's actions to control inflation and other policies and regulations have often involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluations, capital controls and limits on imports. Our business, financial condition and results of operations may be adversely affected by changes in policy or regulations involving or affecting factors such as:

- interest rates;

- monetary policies;

- currency fluctuations;

- inflation;

- liquidity of domestic capital and financial markets; and

- tax policies.

Uncertainty over whether the Brazilian government will implement changes in policy or regulation affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to increase volatility in the Brazilian securities market and securities issued abroad by Brazilian companies, which may adversely affect us.

Government efforts to combat inflation, especially the increase in official interest rates, may contribute significantly to economic uncertainty in Brazil and negatively affect our business and adversely affect the market price of the notes.

Historically, Brazil has experienced high rates of inflation. According to the Brazilian General Market Price Index (*Índice Geral de Preços do Mercado*), or IGP-M, a general price and inflation index, the inflation rates in Brazil were 7.8% in 2007, 9.8% in 2008, (1.7)% in 2009, 11.3% in 2010 and 5.1% in 2011. In addition, according to the National Extended Consumer Price Index (*Índice Nacional de Preços ao Consumidor Ampliado*), or IPCA, published by the IBGE, the Brazilian consumer price inflation rates were 4.5% in 2007 and 5.9% in 2008, 4.3% in 2009, 5.9% in 2010 and 6.5% in 2011.

The Brazilian government's measures to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting availability of credit and reducing economic growth. Inflation, actions to combat inflation and public speculation about possible additional actions have also in the past contributed materially to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets.

Brazil may experience high levels of inflation in future periods. An increase in prices for petroleum, the depreciation of the *real* and future governmental measures seeking to maintain the value of the *real* in relation to the U.S. dollar, may trigger increases in inflation in Brazil. Periods of higher inflation may slow the rate of growth of the Brazilian economy, which would lead to reduced demand for our services in Brazil and decreased net service revenues. In addition, high inflation generally leads to higher domestic interest rates, and, as a result, the costs of servicing our *real*-denominated debt may increase, causing our net income to be reduced. Inflation and its effect on domestic interest rates can, in addition, lead to reduced liquidity in the domestic capital and lending markets, which could adversely affect our ability to refinance our indebtedness in those markets. Any decline in our net service revenues or net income and any deterioration in our financial condition would also likely lead to a decline in the market price of the notes.

Exchange rate instability may adversely affect the Brazilian economy and the market price of our notes.

As a result of multiple factors, the Brazilian currency has been depreciated periodically in relation to the U.S. dollar and other foreign currencies during the last four decades. Throughout this period, the Brazilian government has implemented various economic plans and implemented a number of exchange rate policies, including sudden devaluations, periodic mini-devaluations (during which the frequency of adjustments has ranged from daily to monthly), floating exchange rate systems, exchange controls and dual exchange rate markets. From time to time, there have been significant fluctuations in the exchange rate between the Brazilian currency and the U.S. dollar and other currencies. For example, although the *real* appreciated by 8.1%, 11.8%, 8.7% and 17.2% against the U.S. dollar in 2004, 2005, 2006 and 2007, respectively, the *real* depreciated by 24.2% against the U.S. dollar in 2008. In 2009 the *real* appreciated against the U.S. dollar again, varying 28.4% from R$2.337 per U.S.$1.00 on December 31, 2008 to R$1.741 per U.S. dollar on December 31, 2009. In 2010, the *real* continued to appreciate against the U.S. dollar, by 4.5% from R$1.741 per U.S.$1.00 on December 31, 2009 to R$1.666 per U.S. dollar on December 31, 2010. In 2011, however, the *real* depreciated by 12.6% against the U.S. dollar, from R$1.666 per U.S. dollar on December 31, 2010 to R$1.876 per U.S. dollar on December 31, 2011. On March 31, 2012, the *real*/U.S. dollar exchange rate was R$1.822.

The depreciation of the *real* against the U.S. dollar could create additional inflationary pressures in Brazil and lead to increases in interest rates, which may negatively affect the Brazilian economy as a whole, materially adversely affecting us.

Developments and the perception of risk in other countries, especially in the United States and emerging market countries, may adversely affect the market price of Brazilian securities, including our notes.

The market prices of securities of Brazilian companies are affected to varying degrees by economic and market conditions in other countries, including the United States, Europe and other Latin American and emerging market countries. Although economic conditions in these countries may differ significantly from economic conditions in Brazil, investors' reactions to developments in these other countries may have an adverse effect on the market price of securities of Brazilian issuers, including our notes. Crises in the United States, Europe and emerging market countries or economic policies of other countries may diminish investor's interest in securities of Brazilian issuers, including our notes. This could adversely affect the market price of our notes and could also make it more difficult for us to access the capital markets and finance our operations in the future on acceptable terms or at all.

Judgments of Brazilian courts enforcing our obligations under the notes are payable only in Brazilian reais.

If proceedings were brought in the courts of Brazil seeking to enforce our obligations under the guaranty, we would not be required to discharge our obligations in a currency other than *reais.* Any judgment obtained against us in Brazilian courts in respect of any payment obligations under the guaranty will be expressed in *reais* equivalent to the U.S. dollar amount of such payment at the exchange rate on (1) the date of actual payment, (2) the date on which such judgment is rendered or (3) the actual due date of the obligations, as published by the Central Bank. There can be no assurance that such rate of exchange will afford you full compensation of the amount invested in the notes plus accrued interest.

Changes in Brazilian tax laws may have an adverse impact on the taxes applicable to our business.

The Brazilian government frequently implements changes to tax regimes that affect us and our customers. These changes include changes in prevailing tax rates and, on occasion, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes.

Some of these changes may result in increases in our payment of taxes, which could adversely impact industry profitability and increase the prices of our services, restrict our ability to do business in our existing and target markets and cause our financial results to suffer. There can be no assurance that we will be able to maintain our projected cash flow and profitability following increases in Brazilian taxes applicable to us and our operations.

Brazilian exchange policy may adversely affect our ability to make remittances outside Brazil in respect of the guaranty.

Under Brazilian regulations, Brazilian companies are not required to obtain authorization from the Central Bank or any other governmental authority, in order to make payments in U.S. dollars outside Brazil under guaranties in favor of foreign persons, such as the holders of the notes. We cannot assure you that these regulations will continue to be in force at the time we may be required to perform our payment obligations under the guaranty. If these regulations or their current interpretations are modified and an authorization from the Central Bank is required, we may need an authorization from the Central Bank to transfer the amounts under the guaranty outside Brazil or, alternatively, make such payments with funds that we hold outside Brazil. We cannot assure you that we would be able to obtain such an authorization or that such funds will be available.

Risks Relating to the Notes and the Guaranty

There are no financial covenants in the notes and guaranty.

Neither we nor any of our subsidiaries are restricted from incurring additional debt or other liabilities, including additional senior debt, under the notes and the indenture. If we or the issuer incur additional debt or liabilities, our and the issuer's ability to pay our obligations on the notes and the guaranty could be adversely affected. We and the issuer expect that we will from time to time incur additional debt and other liabilities. In addition, we are not restricted from paying dividends or issuing or repurchasing our securities under the notes. There are no financial covenants in the indenture, the notes and the guaranty.

The guaranty is unsecured and will rank equally with our existing and future unsecured unsubordinated indebtedness.

The guaranty is unsecured and will constitute our unsubordinated and unsecured obligation that we have agreed will rank *pari passu* in priority of payment with all our other present and future unsubordinated and unsecured obligations. Although the guaranty provides noteholders with a direct, but unsecured, claim on our assets and property, the guaranty is effectively junior to our secured debt, to the extent of the assets and property securing such debt. At March 31, 2012, we had total consolidated indebtedness outstanding of R$1,250.8 million, of which

R$221.3 million was secured, and R$1,029.5 million was unsecured. The guaranty will also be junior to the indebtedness of any of our subsidiaries.

In addition, we may, in the future, grant additional liens to secure indebtedness without equally and ratably securing the guaranty. If we become insolvent or are liquidated, or default in the payment of these obligations, these secured creditors will be entitled to exercise the remedies available to them under applicable law. These creditors will have a prior claim on our assets covered by their liens.

Our obligations under the guaranty are subordinated to certain statutory liabilities.

Under Brazilian law, our obligations under the guaranty are subordinated to certain statutory preferences. In the event of our liquidation or bankruptcy, these statutory preferences, including motions for restitution, post-petition claims, claims for salaries, wages, social security, taxes and court fees and expenses and claims secured by collateral, among others, will have preference and priority over any other claims, including any claims in respect of the guaranty.

We cannot assure you that a judgment of a United States court for liabilities under U.S. securities laws would be enforceable in Brazil, or that an original action can be brought in Brazil against us for liabilities under U.S. securities laws.

We are organized under the laws of Brazil and a majority of our assets are located in Brazil. In addition, all of our directors and officers and certain advisors named herein reside in Brazil. As a result, it may not be possible for investors to effect service of process within the United States upon us or our directors, officers and advisors or to enforce against them in U.S. courts any judgments predicated upon the civil liability provisions of the U.S. federal securities laws. See "Enforcement of Civil Liabilities."

We may not be able to repurchase the notes upon a change of control.

Upon the occurrence of a Change of Control event that results in a Ratings Decline, unless we have previously exercised our right to redeem the notes, each holder of the notes will have the right to require us to repurchase all or any part of such holder's notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the date of repurchase. If we experience a Change of Control event that results in a Ratings Decline, there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to repurchase the notes. Our failure to repurchase the notes as required would result in a default under the indenture, which could have material adverse consequences for us and the holders of the notes. See "Terms and Conditions—Covenants—Repurchase of Notes upon a Change of Control."

We cannot assure you that an active trading market for the notes will develop.

The notes constitute an issue of securities for which there is no active trading market. Although we have applied to list the notes on the Luxembourg Stock Exchange for trading on the Euro MTF market, there can be no assurance that a trading market for the notes will develop or, if one does develop, will be maintained. As a result, we cannot provide you with any assurances regarding the future development of a market for the notes, the ability of holders of the notes to sell their notes, or the price at which such holders may be able to sell their notes. If such a market were to develop, the notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, our results of operations and financial condition, political and economic developments in and affecting Brazil and the market for similar securities. The initial purchasers of this offering have advised us that they currently intend to make a market in the notes. However, the initial purchasers are not obligated to do so, and any market making with the respect to the notes may be discontinued at any time without notice.

The notes are subject to transfer restrictions.

The notes have not been registered under the Securities Act or the securities laws of any U.S. state or any other jurisdiction, and, unless so registered, may not be offered, sold or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Due to these transfer restrictions, you may be required to bear the risk of your investment for an indefinite period of time. For a discussion of certain restrictions on resale and transfer, see "Transfer Restrictions." In addition, we have not authorized any offer of notes to the public in the United Kingdom within the meaning of the Regulations. Accordingly, the notes may not lawfully be offered or sold to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which do not and will not result in an offer to the public in the United Kingdom within the meaning of the Financial Services and Markets Act 2000, or FSMA.

Brazilian bankruptcy laws may be less favorable to you than U.S. bankruptcy and insolvency laws.

If we are unable to pay our indebtedness, including our obligations under the guaranty, then we may become subject to bankruptcy proceedings in Brazil. Brazilian bankruptcy laws are significantly different from, and may be less favorable to creditors than, those of the United States. In addition, any judgment obtained against us in Brazilian courts in respect of any payment obligations under the notes normally would be expressed in the *real* equivalent of the U.S. dollar amount of such sum at the exchange rate in effect on the date (1) of actual payment, (2) on which such judgment is rendered, or (3) on which collection or enforcement proceedings are started against us. Consequently, in the event of our bankruptcy, all of our debt obligations that are denominated in foreign currency, including the notes, will be converted into *reais* at the prevailing exchange rate on the date of declaration of our bankruptcy by the court.

USE OF PROCEEDS

The net proceeds from the issue and sale of the notes are estimated to be approximately U.S.$392.3 million, after deducting certain expenses and commissions to be paid to the initial purchasers in connection with the offering. Odebrecht Finance intends to use a portion of the net proceeds of this offering to redeem, repay or repurchase all of its 2017 notes, of which U.S.$112.8 million was outstanding as of March 31, 2012. During the 12-month period commencing October 18, 2012, the 2017 notes may be redeemed, in whole or in part, at any time by Odebrecht Finance at 103.75% of their principal amount plus accrued interest. We intend to use a portion of the net proceeds of this offering for general corporate purposes and Odebrecht intends to use the remaining portion of the net proceeds of this offering for additional equity investments in OPI and OE.

CAPITALIZATION

Odebrecht Finance Ltd.

The issuer was established on January 30, 2007, with minimal share capital. At March 31, 2012, the issuer had an aggregate outstanding amount of U.S.$2,204.6 million notes, being (1) U.S.$112.8 million of the 2017 notes, (2) U.S.$41.8 million of the 2014 notes, (3) U.S.$500.0 million of the 2020 notes, (4) U.S.$750.0 million of the perpetual notes and (5) U.S.$800.0 million of the 2023 notes. On the date hereof, the issuer executed a purchase agreement with the initial purchasers to sell the 2022 notes

The notes in this offering (as well as the 2017 notes, the 2014 notes, the 2020 notes, the perpetual notes, the 2023 notes and the 2022 notes) are guaranteed by us. After giving pro forma effect to the offering of the notes, substantially all of the issuer's capitalization will be in the form of long-term indebtedness, in an aggregate amount equivalent to the aggregate gross proceeds of this offering and the outstanding principal amount of the 2017 notes, the 2014 notes, the 2020 notes, the perpetual notes, the 2023 notes and the 2022 notes.

Construtora Norberto Odebrecht S.A.

Because the issuer is not our subsidiary but is a subsidiary of Odebrecht, the proceeds of this offering will not affect our capitalization, except in respect of our guaranty of the notes. Accordingly, we have not included a column that sets forth our capitalization on an adjusted basis to give effect to the issuance of the notes pursuant to this offering or the offering of the 2022 notes. However, the issuer will rely on our cash flow from operations to pay amounts due in connection with the notes. The following table sets forth our consolidated debt and capitalization at March 31, 2012 on an actual basis, extracted without material adjustment from our condensed interim consolidated financial statements at March 31, 2012, prepared in accordance with Brazilian GAAP:

	At March 31, 2012	
	Actual	
	(*in millions of reais*)	(*in millions of U.S.$*) (1)
Short-term debt (2)	742.0	407.2
Long-term debt (3)	508.8	279.2
Taxes payable in installments (REFIS) (4) (5)	54.8	30.1
Total shareholders' equity	5,208.4	2,858.5
Total capitalization (6)	R$6,514.0	U.S.$3,575.0

(1) Translated for convenience only using the commercial selling rate as reported by the Central Bank at March 31, 2012 for *reais* into U.S. dollars of R$1.8221 per U.S. dollar. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or at any other exchange rate. See "Presentation of Financial and Other Information" and "Exchange Rates."
(2) Includes current portion of long-term debt.
(3) Excludes current portion of long-term debt.
(4) In November 2009, we joined the Tax Amnesty and Refinancing Program (*Programa de Recuperação Fiscal*), or REFIS, a Brazilian government program which offers discounts on the payment of federal tax debts and penalties owed to the Brazilian revenue service (*Receita Federal do Brasil*), or RFB. The total aggregate amount due to RFB was R$192.5 million on the date we entered into an agreement with RFB, of which the outstanding unpaid amounts in the Exceptional Installment Program (PAEX) (the installment program, created by Provisional Measure No. 303 on June 29, 2006, for, among other things, the repayment of unpaid taxes due to the Contribution for Social Security Financing (*Contribuição para o Financiamento da Seguridade Social*) and Social Integration Program (*Programa de Integração Social*) (COFINS/PIS)) are payable over a period 65 monthly installments and the remaining unpaid amount owed to RFB is payable over a period of 189 monthly installments.
(5) Includes current portion of taxes payable in installments.
(6) Total capitalization corresponds to the sum of long-term debt and shareholders' equity.

Except as set forth above, there has been no material change in our capitalization since March 31, 2012.

SELECTED FINANCIAL AND OTHER INFORMATION OF CNO

The following selected financial data have been extracted without material adjustment from our:

- condensed interim consolidated financial statements at March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011, and the notes thereto, prepared in accordance with Brazilian GAAP, which have been subjected to a review by our independent auditors, as stated in their review report included elsewhere in this offering memorandum;

- consolidated financial statements at and for the years ended December 31, 2011 and 2010, and the notes thereto, prepared in accordance with Brazilian GAAP, which have been audited by our independent auditors, as stated in their report included elsewhere in this offering memorandum; and

- consolidated financial statements at and for the years ended December 31, 2010 and 2009, and the notes thereto, prepared in accordance with Brazilian GAAP, which have been audited by our independent auditors, as stated in their report included elsewhere in this offering memorandum.

Our consolidated financial statements at and for the year ended December 31, 2010 are the first annual consolidated financial statements of our company to be prepared in accordance with CPC Nos. 37 and 43. We have re-presented our consolidated financial statements at and for the year ended December 31, 2009 included in our audited consolidated financial statements at and for the years ended December 31, 2010 and 2009 in accordance with such CPC standards, as we consider January 1, 2009 to be the transition date for the adoption of such CPC standards. The main impacts of the adoption of the CPC Nos. 37 and 43 are described in note 24 to our financial statements at and for the years ended December 31, 2010 and 2009 included elsewhere in the offering memorandum.

Brazilian GAAP differs in certain significant respects from accounting practices adopted in the United States, or U.S. GAAP, and IFRS. Such differences might be material to the financial statements included in this offering memorandum prepared in accordance with Brazilian GAAP. For a discussion of certain differences between Brazilian GAAP and U.S. GAAP, see "Appendix A—Summary of Certain Differences Between Brazilian GAAP and U.S. GAAP." We have made no attempt to identify or quantify the impact of those differences. In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and the financial information included herein. Potential investors should consult their own professional advisors for an understanding of the differences between Brazilian GAAP and U.S. GAAP or IFRS, and how those differences might affect the financial information included herein.

This selected financial data also contains unaudited data in the sections "Other Data."

This selected financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements included elsewhere in this offering memorandum.

	For the three-month periods ended March 31,			For the years ended December 31,			
	2012 (1)	**2012**	**2011**	**2011 (1)**	**2011**	**2010**	**2009 (2)**
	(*in U.S.$*)	(*in reais*)		(*in U.S.$*)		(*in reais*)	
	(*amounts expressed in millions, except financial ratios*)						
STATEMENT OF INCOME							
Gross service revenues							
Domestic market	1,383.7	2,521.3	1,865.0	5,442.6	9,916.9	6,936.7	5,684.1
Foreign market	1,658.5	3,022.0	2,021.6	6,741.0	12,282.7	9,726.6	12,880.3
	3,042.2	5,543.3	3,886.6	12,183.6	22,199.6	16,663.3	18,564.4
Taxes and contributions on services	(76.9)	(140.2)	(140.6)	(371.5)	(676.9)	(456.1)	(401.4)
Net service revenues	2,965.3	5,403.1	3,746.0	11,812.1	21,522.7	16,207.2	18,163.0
Cost of services rendered	(2,479.1)	(4,517.1)	(3,155.6)	(9,826.8)	(17,905.4)	(13,449.8)	(15,915.0)
Gross profit	486.2	886.0	590.4	1,985.3	3,617.3	2,757.5	2,247.9
Operating expenses	(225.8)	(411.4)	(302.0)	(923.9)	(1,683.4)	(1,398.1)	(1,064.9)
General and administrative expenses	(222.5)	(405.4)	(300.8)	(907.7)	(1,653.9)	(1,360.5)	(1,040.1)
Management's remuneration	3.3	6.0	1.2	(8.0)	(14.6)	(25.2)	(12.3)
Management profit sharing	–	–	–	(8.2)	(14.9)	(12.5)	(12.5)
Operating profit before the equity interests and financial results, net	260.4	474.6	288.4	1,061.4	1,933.9	1,359.3	1,183.0
Results from investments in associated companies							
Equity in the results of investees	12.9	23.5	59.9	(21.8)	(39.7)	293.2	4.9
Dividends received and others	4.2	7.6	15.3	–	–	35.8	27.9
Financial result							
Financial result, net	40.3	73.5	5.3	(276.4)	(503.7)	(185.5)	419.9
Operating profit before other income, net	317.8	579.2	368.9	763.2	1,390.5	1,502.8	1,635.7
Other income (expenses), net	5.8	10.5	(7.9)	(17.0)	(31.0)	127.4	(124.2)
Income before social contribution and income tax	323.6	589.7	361.0	746.2	1,359.5	1,630.3	1,511.5
Social contribution	(13.0)	(23.8)	(5.7)	(1.7)	(3.1)	(75.6)	(60.0)
Income tax	(104.7)	(190.7)	(73.9)	(240.2)	(437.5)	(330.7)	(563.5)
Net income	**205.9**	**375.2**	**281.4**	**504.3**	**918.9**	**1,224.1**	**888.0**
Net income attributable to:							
Stockholders of the company	204.4	372.5	262.7	497.0	905.6	1,190.8	886.2
Minority interest	1.5	2.7	18.7	7.3	13.3	33.3	1.8
	205.9	375.2	281.4	504.3	918.9	1,224.1	888.0
OTHER DATA (unaudited)							
Gross margin (3)	16.4%	16.4%	15.8%	16.8%	16.8%	17.0%	12.4%
EBITDA (4)	303.6	553.2	370.6	1,261.1	2,297.8	1,804.1	1,770.4
EBITDA margin (5) (10)	10.2%	10.2%	9.9%	10.7%	10.7%	11.1%	9.7%

	At March 31,		At December 31,			
	2012 (1)	2012	2011 (1)	2011	2010	2009 (2)
	(*in U.S.$*)	(*in reais*)	(*in U.S.$*)		(*in reais*)	
		(*amounts expressed in millions, except financial ratios*)				
BALANCE SHEET DATA						
Assets						
Current Assets						
Cash and cash equivalents	2,679.6	4,882.5	3,681.7	6,708.5	4,580.7	2,979.1
Financial investments	27.2	49.6	22.9	41.8	129.0	134.8
Trade accounts receivable	2,662.3	4,850.9	2,293.7	4,179.3	3,845.0	3,649.8
Advances to suppliers, subcontractors and others	525.4	957.4	548.2	998.8	615.5	416.7
Taxes recoverable	244.7	445.8	241.5	440.1	316.4	409.8
Inventories	417.7	761.1	359.5	655.0	576.2	773.3
Current accounts with consortium members	327.4	596.6	277.2	505.1	272.7	115.2
Prepaid expenses	189.5	345.2	144.0	262.3	281.6	202.7
Other accounts receivable	310.3	565.4	367.8	670.1	822.2	548.3
Total current assets	**7,384.1**	**13,454.5**	**7,936.5**	**14,461.0**	**11,439.3**	**9,229.6**
Non-current assets						
Long-term receivables						
Financial investments	40.6	73.9	44.3	80.8	7.4	4.0
Odebrecht Organization companies (6)	809.0	1,474.3	628.1	1,144.5	943.0	1,054.3
Trade accounts receivable	369.2	672.7	298.6	544.1	528.5	722.2
Deferred income tax and social contribution	133.4	243.0	149.7	272.8	131.6	168.2
Taxes recoverable	5.7	10.3	5.9	10.5	15.2	109.6
Eletrobrás credits	146.7	267.3	146.7	267.3	240.7	221.3
Other accounts receivable	182.9	333.3	160.6	292.7	310.6	100.7
	1,687.5	**3,074.8**	**1,433.9**	**2,612.7**	**2,177.2**	**2,380.3**
Investments						
Associated companies	778.9	1,419.2	744.0	1,355.6	1,424.2	939.5
Others	37.6	68.6	28.4	51.8	47.7	219.1
Property and equipment	979.5	1,784.7	973.8	1,774.4	1,396.3	1,545.6
Intangible assets	52.0	94.7	40.1	73.0	96.2	54.5
Total non-current assets	**3,535.5**	**6,442.0**	**3,220.2**	**5,867.5**	**5,141.6**	**5,139.0**
Total assets	**10,919.5**	**19,896.5**	**11,156.6**	**20,328.5**	**16,580.9**	**14,368.5**

	At March 31,		At December 31,			
	2012 (1)	2012	2011 (1)	2011	2010	2009 (2)
	(*in U.S.$*)	(*in reais*)	(*in U.S.$*)		(*in reais*)	
		(*amounts expressed in millions, except financial ratios*)				
Liabilities and stockholders' equity						
Current Liabilities						
Debts	407.2	742.0	413.6	753.7	688.3	640.3
Suppliers and subcontractors	1,347.2	2,454.8	1,525.5	2,779.7	1,906.6	1,767.7
Taxes, rates, salaries and payroll charges	921.2	1,678.3	915.9	1,668.8	1,188.8	1,191.6
Management profit sharing	–	–	8.2	14.9	12.5	12.5
Provisions for contingencies	55.0	100.3	54.3	98.9	115.0	73.4
Advances from customers	1,793.1	3,267.2	1,709.9	3,115.6	1,329.8	1,928.2
Current accounts with consortium members	112.8	205.5	99.4	181.1	722.0	117.4
Other accounts payable	117.6	214.3	196.2	357.5	479.7	386.9
Total current liabilities	**4,754.1**	**8,662.4**	**4,923.0**	**8,970.2**	**6,442.9**	**6,117.9**
Non current liabilities						
Long-term liabilities						
Odebrecht Organization companies (6)	88.2	160.7	95.5	174.1	175.6	68.6
Debts	279.2	508.8	265.5	483.8	763.0	1,660.7
Advances from customers	2,498.8	4,553.0	2,814.7	5,128.7	4,330.5	2,591.2
Deferred income tax and social contribution	216.7	394.8	192.3	350.5	493.0	413.3
Suppliers and subcontractors	56.0	102.0	48.1	87.6	72.0	116.2
Provisions for contingencies	4.8	8.8	4.8	8.7	34.0	13.9
Taxes payable in installments (REFIS)	30.1	54.8	29.3	53.4	201.9	176.3
Provision for losses on investments	–	–	–	–	9.4	10.2
Long-term incentives	2.4	4.3	2.4	4.3	4.3	78.4
Other accounts payable	117.3	213.8	102.5	186.7	86.5	33.8
Total non current liabilities	**3,293.5**	**6,001.0**	**3,555.1**	**6,477.8**	**6,170.4**	**5,162.7**
Minority interest	**13.6**	**24.7**	**10.4**	**18.9**	**44.6**	**33.6**
Stockholders' equity						
Capital	1,150.7	2,096.6	1,150.6	2,096.6	1,113.1	1,378.4
Revenue reserves	1,398.8	2,548.7	1,398.8	2,548.7	2,879.6	1,548.9
Equity evaluation adjustments	104.6	190.6	118.7	216.3	(69.8)	127.0
Retained earnings	204.4	372.5	–	–	–	–
	2,858.5	**5,208.4**	**2,668.1**	**4,861.6**	**3,923.0**	**3,054.3**
Total liabilities and stockholders' equity	**10,919.5**	**19,896.5**	**11,156.6**	**20,328.5**	**16,580.9**	**14,368.5**
OTHER DATA (unaudited)						
Net debt/EBITDA ratio (7)	(1.51)	(1.51)	(2.43)	(2.43)	(1.81)	(0.46)
Net debt/EBITDA ratio including CNO guaranty of notes (8)	0.14	0.14	(0.84)	(0.84)	(0.34)	0.62

(1) Solely for the convenience of the reader, Brazilian *real* amounts at and for the periods ended March 31, 2012 and December 31, 2011 have been translated into U.S. dollars at the commercial selling rate at March 31, 2012, of R$1.8221 per U.S. dollar. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or at any other exchange rate. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

(2) Re-presented on the basis of accounting principles adopted in 2010 to be consistent with financial statements at and for the year ended December 31, 2010.

(3) Gross margin represents gross profit divided by net service revenues.

(4) EBITDA means net service revenues, *minus* cost of services rendered, *minus* general and administrative expenses, *plus* any depreciation or amortization included in cost of sales and services rendered or general and administrative expenses. Although EBITDA is not a measurement under Brazilian GAAP, our management believes that EBITDA serves as an important financial analysis tool for measuring our performance in several areas, including liquidity, operating performance and leverage. EBITDA is commonly used by financial analysts in evaluating our business. EBITDA should not be considered in isolation or as a substitute for net income as a measure of performance, cash flow from operating activities or other measures of liquidity determined in accordance with Brazilian GAAP. EBITDA may not be comparable to similarly titled measures of other companies. EBITDA is calculated as follows:

	For the three-month periods ended March 31,			**For the years ended December 31,**			
	2012 (1)	**2012**	**2011**	**2011(1)**	**2011**	**2010**	**2009 (2)**
	(*in U.S.$*)	(*in reais*)		(*in U.S.$*)		(*in reais*)	
	(*amounts expressed in millions, except financial ratios*)						
Net service revenues	2,965.3	5,403.1	3,746.0	11,812.1	21,522.7	16,207.2	18,163.0
Cost of services rendered	(2,479.1)	(4,517.1)	(3,155.6)	(9,826.8)	(17,905.4)	(13,449.8)	(15,915.0)
General and administrative expenses (9)	(225.8)	(411.4)	(302.0)	(923.9)	(1,683.4)	(1,398.1)	(1,064.9)
Depreciation/amortization	43.1	78.6	82.2	199.7	363.9	444.8	587.3
EBITDA	303.6	553.2	370.6	1,261.1	2,297.8	1,804.1	1,770.4

(5) EBITDA margin is calculated by dividing EBITDA by our total net service revenues, expressed as a percentage.

(6) Certain Odebrecht Group companies have entered into a "current account and single cash management agreement." Pursuant to this agreement, we remit cash to Odebrecht, which can be invested by Odebrecht in other companies of the Odebrecht Group and these liabilities are accounted for in the non-current liability account, Odebrecht Organization companies.

(7) Net debt/EBITDA ratio at December 31, 2011, 2010 and 2009 is calculated by dividing (1) our consolidated net debt at the end of the applicable year by (2) our consolidated EBITDA for the corresponding year. Net debt/EBITDA ratio at March 31, 2012 is calculated by dividing (1) our consolidated net debt at March 31, 2012 by (2) our consolidated EBITDA for the twelve-month period ended March 31, 2012. Net debt means total short and long-term debt less cash and cash equivalents, and less financial investments.

(8) Net debt/EBITDA ratio including CNO's guaranty of notes at December 31, 2011, 2010 and 2009 is calculated by dividing (1) the sum of (x) our consolidated net debt at the end of the applicable year and (y) the outstanding aggregate principal amount of the following issuances of notes which we unconditionally guarantee: (i) at December 31, 2009: (A) U.S.$400.0 million of Odebrecht Finance's 7.50% notes due 2017, or the 2017 notes, (B) U.S.$200.0 million of Odebrecht Finance's 9.625% notes due 2014, or the 2014 notes, and (C) U.S.$500.0 million of Odebrecht Finance's 7.00% notes due 2020, or the 2020 notes; (ii) at December 31, 2010: (A) U.S.$400.0 million of the 2017 notes, (B) U.S.$200.0 million of the 2014 notes, (C) U.S.$500.0 million of the 2020 notes and (D) U.S.$500.0 million of Odebrecht Finance's 7.50% perpetual notes, or the perpetual notes; and (iii) at December 31, 2011: (A) U.S.$112.8 million of the 2017 notes, (B) U.S.$41.8 million of the 2014 notes, (C) U.S.$500.0 million of the 2020 notes, (D) U.S.$750.0 million of the perpetual notes and (E) U.S.$500.0 million of Odebrecht Finance's 6.00% notes due 2023, or the 2023 notes; by (2) our consolidated EBITDA for the corresponding year.

Net debt/EBITDA ratio including CNO's guaranty of notes at March 31, 2012 is calculated by dividing (1) the sum of (x) our consolidated net debt at March 31, 2012 and (y) the outstanding aggregate principal amount of the following issuances of notes which we unconditionally guarantee at March 31, 2012: (A) U.S.$400.0 million of the 2017 notes, (B) U.S.$200.0 million of the 2014 notes; (C) U.S.$500.0 million of the 2020 notes; (D) U.S.$750.0 million of the perpetual notes and (E) U.S.$800.0 million of the 2023 notes; by (2) our consolidated EBITDA for the twelve-month period ended March 31, 2012.

(9) For the years ended December 31, 2011, 2010 and 2009, general and administrative expenses include management's remuneration and management profit sharing. For the three-month periods ended March 31, 2012 and 2011, general and administrative expenses include management's remuneration only.

(10) For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Presentation and Critical Accounting Policies—Revenue Recognition for Construction Contracts." In particular, see the last paragraph of the heading "Revenue Recognition for Construction Contracts" of the section "Management's Discussion and Analysis of Financial Condition and Results of Operations."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CNO

The following discussion of our financial condition and results of operations should be read in conjunction with (1) our condensed interim consolidated financial statements at March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011 and the notes thereto, (2) our audited consolidated financial statements at and for the years ended December 31, 2011and 2010 and the notes thereto and (3) our audited consolidated financial statements at and for the years ended December 31, 2010 and 2009 and the notes thereto, prepared on the basis of accounting principles introduced as from January 1, 2010, which are included elsewhere in this offering memorandum, as well as with the information presented under "Presentation of Financial and Other Information" and "Selected Financial and Other Information of CNO."

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in "Forward-Looking Statements" and "Risk Factors."

The discussion and analysis of our financial condition and results of operations has been organized to present the following:

- a brief overview of our company and the principal factors that influence our results of operations, financial condition and liquidity;
- a review of our financial presentation and critical accounting policies;
- a discussion of the principal factors that influence our results of operations;
- a discussion of our results of operations for the three-month periods ended March 31, 2012 and 2011 and the years ended December 31, 2011, 2010 and 2009;
- a discussion of our liquidity and capital resources, including our working capital at March 31, 2012 and December 31, 2011, our cash flows for the three-month periods ended March 31, 2012 and 2011 and the years ended December 31, 2011, 2010 and 2009, and our material short-term and long-term indebtedness at March 31, 2012 and December 31, 2011;
- a discussion of our capital expenditures and our contractual commitments; and
- a qualitative and quantitative discussion of market risks that we face.

Overview

We are the largest engineering and construction company in Latin America as measured by 2010 gross revenues, according to ENR. We engage in the construction of large-scale infrastructure and other projects, including the construction of highways, railways, power plants, bridges, tunnels, subways, buildings, port facilities, dams, manufacturing and processing plants, as well as mining and industrial facilities. We provide a variety of integrated engineering, procurement and construction services to clients in a broad range of industries, both within Brazil and internationally. These capabilities enable us to provide clients, individually or as part of a consortium, with single-source, turnkey project responsibility for complex construction projects. We concentrate our construction activities on infrastructure projects, which include projects sponsored by the public and private-sectors, as well as concession-based projects.

We undertake projects throughout Brazil, in other Latin American countries (including mainly Venezuela, Peru, Argentina, Panama, Colombia and the Dominican Republic), the United States, Portugal and certain countries in Africa (mainly Angola). We have participated in the construction of over 192.5 km of bridges, over 53,133 MW of hydroelectric power plants, over 291 km of tunnels, over 11,907 km of roads and over 147 km of subway lines. We reported gross service revenues of R$5,543.3 million (U.S.$3,042.2 million) and R$22,199.6 million

(U.S.$12,183.5 million) in the three-month period ended March 31, 2012 and the year ended December 31, 2011, respectively. We reported EBITDA of R$553.2 million (U.S.$303.6 million) and R$2,297.8 million (U.S.$1,261.1 million) in the three-month period ended March 31, 2012 and the year ended December 31, 2011, respectively.

Financial Presentation and Critical Accounting Policies

Our financial information contained in this offering memorandum has been derived from our records and financial statements, and includes our:

- condensed interim consolidated financial statements at March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011, and the notes thereto, prepared in accordance with Brazilian GAAP, which have been subjected to a review by our independent auditors, as stated in their review report included elsewhere in this offering memorandum;

- consolidated financial statements at and for the years ended December 31, 2011 and 2010, and the notes thereto, prepared in accordance with Brazilian GAAP, which have been audited by our independent auditors, as stated in their report included elsewhere in this offering memorandum; and

- consolidated financial statements at and for the years ended December 31, 2010 and 2009, and the notes thereto, prepared in accordance with Brazilian GAAP, which have been audited by our independent auditors, as stated in their report included elsewhere in this offering memorandum.

Our consolidated financial statements at and for the year ended December 31, 2009 included in our audited consolidated financial statements at and for the years ended December 31, 2010 and 2009 have been re-presented in accordance with the CPC standards which came into effect on January 1, 2009.

The main impacts of the adoption of the CPC Nos. 37 and 43 are described in note 24 to our consolidated financial statements at and for the years ended December 31, 2010 and 2009 included elsewhere in the offering memorandum.

Brazilian GAAP differs in certain significant respects from accounting practices adopted in the United States, or U.S. GAAP, and IFRS. Such differences might be material to the financial statements included in this offering memorandum prepared in accordance with Brazilian GAAP. For a discussion of certain differences between Brazilian GAAP and U.S. GAAP, see "Appendix A—Summary of Certain Differences Between Brazilian GAAP and U.S. GAAP." We have made no attempt to identify or quantify the impact of those differences. In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and the financial information included herein. Potential investors should consult their own professional advisors for an understanding of the differences between Brazilian GAAP and U.S. GAAP or IFRS, and how those differences might affect the financial information included herein.

The presentation of our financial condition and results of operations requires our management to make certain judgments regarding the effects of matters that are inherently uncertain and that affect the book value of our assets and liabilities, including the percentage of completion of the construction projects in which we are engaged. Certain of our accounting policies require higher degrees of judgment than others in their application. Actual results may differ from those estimated depending upon the variables, assumptions or conditions used by our management. In order to provide an understanding regarding how management forms its judgments about future events, including the variables and assumptions underlying the estimates, and the sensitivity of those judgments to different variables and conditions, we have included comments related to certain of our critical accounting policies described below.

On December 28, 2007, Law No. 11,638 (as amended by Provisional Measure No. 449/08) was enacted, modifying the provisions of the Brazilian Corporate Law. Law No. 11,638 requires various modifications in the preparation of financial statements in order to align them with IFRS and delegates the responsibility for issuing standards for public companies to the CVM. The principal modifications introduced by Law No. 11,638 are applicable from January 1, 2008 and comprise:

- substitution of the statement of changes in financial position by the statement of cash flows;

- mandatory preparation of a value added statement;

- possibility of including tax records in accounting records, segregating between financial reporting and tax reporting statements;

- creation of the equity account "mark-to-market adjustments";

- establishment of criteria for assessing and classifying financial instruments;

- mandatory testing for impairment of non-current assets;

- change in the method of accounting for investments in affiliated companies on the equity basis;

- creation of a tax incentive reserve; and

- mandatory accounting for new assets at market value upon mergers, consolidations or spin-offs.

Revenue Recognition for Construction Contracts

The majority of our contracts with our customers are either "unit price" or "fixed price." Under unit price contracts, we are committed to provide materials or services required by a project at unit prices (for example, dollars per cubic meter of concrete or cubic meter of earth excavated). While unit price contracts shift the risk of estimating the quantity of units required for a particular project to the customer, any increase in our unit cost over the unit price bid, whether due to inflation, inefficiency, faulty estimates or other factors, is borne by us unless otherwise provided in the contract. Fixed-price contracts are priced on a lump-sum basis under which we bear the risk that we may not be able to perform all of the work for the specified contract amount. Nearly all government or quasi-government contracts and many other contracts to which we are party provide for termination of the contract at the convenience of the party contracting with us, with provisions to pay us for work performed through the date of termination.

Revenues and earnings on construction contracts are recognized on the percentage of completion method based upon the ratio of costs incurred to estimated final costs. Provisions are recognized in the statement of income for the full amount of estimated losses on uncompleted contracts whenever evidence indicates that the estimated total cost of a contract exceeds its estimated total revenues. Contract costs are recognized as they are incurred and consist of direct costs on contracts, including labor and materials, amounts payable to subcontractors, direct overhead costs and equipment expense (primarily depreciation, fuel, maintenance and repairs).

Revenues from contract claims for cost overruns is recognized when we have signed a settlement agreement and payment is assured, or on certain occasions, when an independent appraiser agrees with our assessment of the likelihood of collection and on the value of the claim.

The accuracy of our revenue and profit recognition in a given period is dependent on the accuracy of our estimates of the cost to complete each project. Our cost estimates use a highly detailed "bottom up" approach, and we believe our experience allows us to regularly produce materially reliable estimates. However, our projects can be highly complex, and in most cases, the profit margin estimates for a project will either increase or decrease to some extent from the amount that was originally estimated at the time of bid.

Factors that can contribute to changes in estimates of contract cost and profitability include site conditions that differ from those assumed in the original bid (to the extent that contract remedies are unavailable), the availability and skill level of workers in the geographic location of the project, the availability and proximity of materials, the accuracy of the original bid and subsequent estimates, inclement weather and timing and coordination issues inherent in all projects. The foregoing factors as well as the stage of completion of contracts in process and the mix of contracts at different margins may cause fluctuations in gross profit between periods and these fluctuations may be significant.

Construction Consortia

We participate in various construction consortia in order to share expertise, risk and resources for certain highly complex projects. The consortium agreements typically provide that our interests in any profits and assets, and our respective share in any losses and liabilities that may result from the performance of the contract, are limited to our stated percentage interest in the project.

The consortium's contract with the project owner typically requires joint and several liabilities among the consortium members. Our agreements with our consortia partners provide that each party will assume and pay its full proportionate share of any losses resulting from a project. However, if one of our partners is unable to pay its proportionate share, we remain liable under the contract to the project owner. Circumstances that could lead to a loss under these guaranty arrangements include a partner's inability to contribute additional funds to the consortium in the event that the project incurred a loss or additional costs that we could incur should the partner fail to provide the services and resources toward project completion that had been committed to in the consortium agreement.

Under each consortium agreement, one partner is designated as the lead member of the consortium. The lead member typically provides all administrative, accounting and most of the project management support for the project and generally receives a fee from the consortium for these services. We have been designated as the lead member in most of our ongoing consortia projects.

Valuation of Permanent Assets (Other Than Long-Term Investments)

We are required to determine if operating income is sufficient to absorb the depreciation and amortization of long-term assets, within the context of our balance sheet as a whole, in order to assess potential asset impairment. If operating income is insufficient, within the context of permanent assets, to recover depreciation and amortization as a result of permanent impairment of assets, the assets, or group of assets, are required to be written down to recoverable values, preferably based on the projected discounted cash flows of future operations.

Valuation of Long-Term Investments

Investments of a permanent nature are recorded at the lower of cost or market. The valuation of these assets is based on quoted market prices, when available. If quoted market prices are not available, we determine the value of investments by reference to the quoted market price of comparable instruments, or discount the expected cash flows using market interest rates commensurate with the credit quality and maturity of the investments. Management's valuation determinations take into consideration the respective country's economic situation, past experience and specific risks. Deterioration in economic conditions could adversely affect the market values of these investments.

Contingencies

We are currently involved in certain legal and administrative proceedings that arise in our ordinary course of business, as described in note 20 to our condensed interim consolidated financial statements at March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011. Some of these proceedings involve amounts that are material to our financial statements. We believe that the extent to which these contingencies are recognized in our financial statements is adequate. It is our policy to record accrued liabilities for contingencies that are deemed probable to create a material adverse impact on the result of our operations or our financial condition.

We are also involved in several legal and administrative proceedings, which are intended to obtain legal benefits or defend our legal rights with respect to tax legislation, which we believe to be unjust or unconstitutional as applied to us. We consider these issues to be contingent gains, which we do not recognize in our financial statements until the contingency has been resolved. When we have been granted the temporary right not to pay the disputed amounts or to offset the disputed amounts that have already been paid against current tax obligations, we continue to maintain a liability for the disputed amounts until the contingency has been fully resolved. We also accrue interest in arrears on the liability, using the applicable interest rate defined in the tax law.

Principal Factors Affecting Our Results of Operations

Pricing of our Services

Engineering and construction contracts can be broadly categorized as fixed-price, sometimes referred to as lump sum, or cost reimbursable (i.e., unit price) contracts. Some contracts can involve both fixed-price and cost reimbursable elements.

Fixed-price contracts are for a fixed sum to cover all costs and any profit element for a defined scope of work. Fixed-price contracts entail more risk to a contractor, such as our company, as it must determine both the quantities of work to be performed and the costs associated with executing the work. The risks to us in fixed-price engineering and construction contracts and fixed-price turnkey contracts (*i.e.*, contracts under which we are obligated to complete a project according to pre specified criteria for a fixed price) arise principally from the following factors: (1) technical complexities; (2) bidding a fixed-price before (i) locking in the price, (ii) delivery of significant procurement components and (iii) finalizing subcontractors' agreements, even though a margin to cover uncertainties is usually included in the price; (3) coordination of multiple subcontractors; and (4) labor availability and productivity, as well as significant liquidated damages for delays.

Cost reimbursable contracts include contracts in which the price is based upon actual costs incurred for time and materials, or for variable quantities of work priced at defined unit rates. Profit elements on cost reimbursable contracts may be based upon a percentage of costs incurred and/or a fixed amount. Cost reimbursable contracts are generally less risky than fixed-price contracts, as the project owner retains many of the risks. Although fixed-price contracts involve greater risk, they also are potentially more profitable, as the project owners pay a premium to transfer certain risks to the contractor.

We incur general administrative expenses in developing our backlog of construction projects. We refer to these expenses as marketing development expenses, and they include personnel costs, travel expenses and third-party consulting and other expenses. We record these marketing development expenses in the period in which they are incurred, although they generally benefit future periods (to the extent that we successfully enter into a construction contract for a project in which we incur these expenses) or may not generate eventual revenues (to the extent we are unsuccessful in a competitive bidding situation for a particular construction project).

Growth of Brazil's Gross Domestic Product and Domestic Demand for Our Products

Our net service revenues in Brazil represented 44.1% and 43.2% of our total net service revenues in the three-month period ended March 31, 2012 and in the year ended December 31, 2011, respectively. As a Brazilian company with substantial operations in Brazil, we are significantly affected by economic conditions in Brazil. Our results of operations and financial condition have been, and will continue to be, affected by the growth rate in Brazil of the gross domestic product, or GDP, because the level of spending on infrastructure projects is significantly affected by GDP growth and by Brazilian governmental policies.

In 2009, GDP in Brazil decreased by 0.2%. In 2010, GDP in Brazil increased by 7.5%, and in 2011, it increased by 2.7%.

Brazilian GDP growth has fluctuated significantly. Our management believes that due to the global economic downturn that began in the end of 2008, a reduction in government spending in infrastructure or a recession could negatively affect our future net service revenues and results of operations.

Growth of Infrastructure Spending and Available Financing in Other Emerging Markets

Our net service revenues outside Brazil represented 55.9% and 56.8% of our total net service revenues in the three-month period ended March 31, 2012 and in the year ended December 31, 2011, respectively.

We are active in Venezuela and Angola. As each of these areas has significant oil reserves, the availability of funding for infrastructure in these markets is highly dependent on the price of oil. If oil prices were to increase, government funding for infrastructure tends to increase. However, if oil prices were to suffer a reduction, this would likely reduce available government spending for infrastructure in these markets and likely reduce our revenues accordingly.

Our revenues in other emerging markets, including Peru, Argentina, Dominican Republic, Panama and Colombia, are impacted by GDP growth in these countries, as well as by financing alternatives for infrastructure development in these markets. For example, we have financed projects in Peru with funding from multilateral financial institutions, including the IDB and CAF, as well as with long-term funding from domestic capital markets offerings in Peru which are subscribed to by Peruvian pension funds and insurance companies. If GDP growth in emerging markets countries were to falter or available financing were to be reduced or eliminated, this would adversely affect our revenues in these markets. The global economic downturn that began in the end of 2008 may lead to a decrease in the number of new projects awarded, as well as delays or cancellations of major projects awarded (but not commenced). We believe that our diversification in various emerging markets helps to minimize risks associated with any single market. However, this diversification may not be sufficient to withstand a more widespread regional or global economic downturn.

Effects of Fluctuations in Exchange Rates between Real and U.S. Dollar

Virtually all of our service revenues from our international construction projects are expressed in U.S. dollars. Our net revenues from construction projects outside Brazil represented 55.9% and 56.8% of our total net service revenues in the three-month period ended March 31, 2012 and in the year ended December 31, 2011, respectively. When the *real* appreciates against the U.S. dollar, our U.S. dollar revenues, when converted to *reais*, decrease. Conversely, when the *real* depreciates against the U.S. dollar, our U.S. dollar revenues, when converted into *reais*, increase. Such currency fluctuations could impact our operating margins. Accordingly, in order to mitigate the impact of currency fluctuations, we often enter into hedges against exchange rate fluctuations.

Any major devaluation of the *real* against the U.S. dollar would significantly increase our financial expenses and our short-term and long-term indebtedness, as expressed in *reais.* At March 31, 2012, R$859.6 million, or 68.7%, of our total debt was denominated in foreign currencies, such as U.S. dollars and other currencies. Conversely, any major appreciation of the *real* against the U.S. dollar would significantly decrease our financial expenses and our short-term and long-term indebtedness, as expressed in *reais.*

Our net revenues from sales and services earned outside Brazil, which enable us to generate receivables payable in U.S. dollars, tend to provide a hedge against a portion of our U.S. dollar-denominated debt service obligations. Accordingly, we try to match revenues and costs in the same currencies, so that we can mitigate the risks of currency fluctuations. When this is not possible, we often enter into hedging contracts to mitigate exchange rate fluctuations.

In addition to hedging contracts that limit our exposure to exchange rate fluctuations, we also enter into hedging contracts that limit our exposure to interest rate variations, as described in note 3 to our condensed interim consolidated financial statements at March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011. We do not enter into any speculative hedging arrangements.

Inflation in Brazil affects our financial performance by increasing some of our operating expenses denominated in *reais* (and not linked to the U.S. dollar). A portion of our costs of sales and services rendered, however, are linked to the U.S. dollar and are not substantially affected by the Brazilian inflation rate.

Effect of Level of Indebtedness and Interest Rates

At March 31, 2012, our total outstanding consolidated indebtedness was R$1,250.8 million (R$5,343.7 million if we include Odebrecht Finance's (1) 2017 notes, in the outstanding principal amount of U.S.$112.8 million, (2) 2014 notes, in the outstanding principal amount of U.S.$41.8 million, (3) 2020 notes, in the outstanding principal amount of U.S.$500.0 million, (4) perpetual notes, in the outstanding principal amount of U.S.$750.0 million, (5) the 2023 notes, in the outstanding principal amount of U.S.$800.0 million, in each case, which we unconditionally guarantee) and (6) interest expense on the 2017 notes, 2014 notes, 2020 notes, the perpetual notes and the 2023 notes. On the date hereof, the issuer executed a purchase agreement with the initial purchasers to sell the 2022 notes. Net financial results consist of interest expense or interest income, foreign exchange losses or gains and other items as set forth in note 17 to our condensed interim consolidated financial statements at March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011. Our net financial results do not include the debt securities issued by Odebrecht Finance. In the three-month period ended March 31, 2012, we recorded a net financial gain of R$73.5 million, of which R$65.2 million consisted of financial investments income, R$89.1 million consisted of foreign exchange income, R$79.4 million consisted of interest expense, R$23.6 million consisted of bank commissions and R$22.3 million consisted of other financial income. The interest rates that we pay depend on a variety of factors, including prevailing Brazilian and international interest rates and our risk assessments, our industry and the Brazilian and emerging market economies made by potential lenders to our company, potential purchasers of our debt securities and the rating agencies that assess our company and our debt securities.

Results of Operations

Three-month period ended March 31, 2012 compared to the three-month period ended March 31, 2011

The following table summarizes our consolidated results for the years indicated as a percentage of our net service revenues.

	For the three-month period ended March 31,	
	2012	**2011**
Net service revenues	100.0%	100.0%
Cost of services rendered	(83.6)%	(84.2)%
Gross margin	16.4%	15.8%
General and administrative expense (including management's remuneration)	(7.6)%	(8.1)%
Financial income, net	1.4%	0.1%
Income before social contribution and income tax	10.9%	9.6%
Net income	6.9%	7.5%

Net Service Revenues

	For the three-month period ended March 31,	
	2012	**2011**
	(amounts expressed in millions of reais)	
Net service revenues		
Domestic market	2,382.2	1,729.8
Foreign market	3,020.9	2,016.2
Total	5,403.1	3,746.0

Our net service revenues increased by 44.2% to R$5,403.1 million during the three-month period ended March 31, 2012, compared to R$3,746.0million during the corresponding period in 2011.

In Brazil, our net service revenues increased by 37.7% to R$2,382.2 million during the three-month period ended March 31, 2012, compared to R$1,729.8 million during the corresponding period in 2011. This increase was primarily due to certain large contracts pursuant to which we started rendering services during 2011 and that are ongoing in 2012, such as the Belo Monte Hydroelectric Power Plant (Xingu river, Pará), the Teles Pires Hydroelectric Power Plant (Mato Grosso), the port in Rio de Janeiro and the utilities at the Comperj petrochemical plant (Rio de Janeiro), the maintenance of petrochemical plants for Braskem and construction work at the Corinthians soccer stadium (São Paulo), among others.

Outside Brazil, our net service revenues measured in *reais* increased by 49.8% to R$3,020.9 million during the three-month period ended March 31, 2012, compared to R$2,016.2 million during the corresponding period in 2011, primarily due to certain large contracts pursuant to which we started rendering services during 2011 and that are ongoing in 2012, such as in Argentina (the Potassium Mine for Vale), Angola (the Cambambe Hydroelectric Power Plant and Zango Infrastructure), Panama (Historical Heritage Road), Peru (Electric Train, part 2) and Venezuela (the Nigale Bridge and the Cadca Ethanol Plant). All of our service revenues from international construction projects are expressed in U.S. dollars and are converted into *reais* using the average exchange rate for the relevant period.

Cost of Services Rendered

Our cost of services rendered increased by 43.1% to R$4,517.1 million during the three-month period ended March 31, 2012, compared to R$3,155.6 million during the corresponding period in 2011, in line with the growth in our net service revenues and represented 83.6% of net service revenues during the three-month period ended March 31, 2012, compared to 84.2% in the corresponding period in 2011. Our cost of services rendered consists of costs incurred in all of our projects.

Gross Margin

Our gross margin (gross profit divided by net service revenues) increased to 16.4% in the three-month period ended March 31, 2012, compared to 15.8% in the corresponding period in 2011.

General and Administrative Expenses

Our general and administrative expenses (including management's remuneration) increased by 36.2% to R$411.4 million during the three-month period ended March 31, 2012, compared to R$302.0 million during the corresponding period in 2011. This increase was consistent with the level of increase in our revenues over the corresponding period.

Depreciation and Amortization

Our depreciation and amortization expenses decreased by 4.3% to R$78.6 million during the three-month period ended March 31, 2012, compared to R$82.2 million during the corresponding period in 2011, due mainly to the effects of exchange rate variations relating to certain contracts outside of Brazil.

Financial Income, Net

Our net financial income increased from income of R$5.3 million during the three-month period ended March 31, 2011 to income of R$73.5 million during the corresponding period in 2012, primarily due to exchange rate variation, which also affected the net amount of *reais* we used to pay interest in our U.S. dollar-denominated accounts. The *real* appreciated in the three-month period ended March 31, 2011, while it depreciated in the three-month period ended March 31, 2012.

Results from Investments in Associated Companies

Our results from investments in associated companies decreased from a gain of R$75.2 million during the three-month period ended March 31, 2011 to a gain of R$31.1 million during the corresponding period in 2012. This decrease is mainly due to equity results from our ownership of preferred shares of Braskem, which we indirectly own through our equity investments in Belgravia Empreendimentos Imobiliários S.A. and Odebrecht Serviços e Participações S.A.

Other Income (Expenses), Net

Other income (expenses), net increased from an expense of R$7.9 million during the three-month period ended March 31, 2011 to income of R$10.5 million during the corresponding period in 2012. These results were primarily due to the write-off and sales of property and equipment during the corresponding periods.

Income Before Income Tax and Social Contribution

Income before income tax and social contribution increased by 63.3% to R$589.7 million during the three-month period ended March 31, 2012, compared to R$361.0 million during the corresponding period in 2011, primarily due to the increase in our revenues recorded in the three-month period ending March 31, 2012, in addition to the increase in our net financial income and other revenues.

Income Tax and Social Contribution

Our income tax and social contribution increased by 169.5% to R$214.5 million during the three-month period ended March 31, 2012, compared to R$79.6 million during the corresponding period in 2011, due to the increase in our revenues and gross profit over the period, as discussed above.

Net Income

As a result of the foregoing, we recorded net income of R$375.2 million during the three-month period ended March 31, 2012, compared to R$281.4 million during the corresponding period in 2010, representing an increase of 33.3%.

Year ended December 31, 2011 compared to the year ended December 31, 2010

The following table summarizes our consolidated results for the years indicated as a percentage of our net service revenues.

	For the year ended December 31,	
	2011	**2010**
Net service revenues	100.0%	100.0%
Cost of services rendered	(83.2)%	(83.0)%
Gross margin	16.8%	17.0%
General and administrative expense (including management's remuneration and management profit sharing)	(7.8)%	(8.6)%
Financial expense, net	(2.3)%	(1.1)%
Income before social contribution and income tax	6.3%	10.1%
Net income	4.3%	7.6%

Net Service Revenues

	For the year ended December 31,	
	2011	**2010**
	(*amounts expressed in millions of reais*)	
Net service revenues		
Domestic market	9,291.9	6,520.6
Foreign market	12,230.8	9,686.6
Total	21,522.7	16,207.2

Our net service revenues increased by 32.8% to R$21,522.7 million in 2011, compared to R$16,207.2 million during 2010.

In Brazil, our net service revenues increased by 42.5% to R$9,291.9 million during 2011, compared to R$6,520.6 million during 2010. This increase was primarily due to certain large contracts pursuant to which we started rendering services during 2011, such as the Belo Monte Hydroelectric Power Plant (Xingu river, Pará), the Teles Pires Hydroelectric Power Plant (Mato Grosso), the port in Rio de Janeiro and the utilities at the Comperj petrochemical plant (Rio de Janeiro), the maintenance of petrochemical plants for Braskem and construction work at the Corinthians soccer stadium (São Paulo), among others.

Outside Brazil, our net service revenues measured in *reais* increased by 26.2% to R$12,230.8 million in 2011, compared to R$9,688.6 million during 2010, primarily due to certain large contracts pursuant to which we started rendering services during 2011, such as in Argentina (the Potassium Mine for Vale), Angola (the Cambambe Hydroelectric Power Plant and Zango Infrastructure), Panama (Historical Heritage Road), Peru (Electric Train, part 2) and Venezuela (the Nigale Bridge and the Cadca Ethanol Plant). All of our service revenues from international construction projects are expressed in U.S. dollars and are converted into *reais* using the average exchange rate for the relevant period.

Cost of Services Rendered

Our cost of services rendered increased by 33.1% to R$17,905.4 million during 2011, compared to R$13,449.8 million during 2010, in line with the growth in our net service revenues. Our cost of services rendered consists of costs incurred in all of our projects. As a result, cost of services rendered were 83.2% of net service revenues during 2011 compared to 83.0% in 2010.

Gross Margin

Our gross margin (gross profit divided by net service revenues) remained stable, decreasing to 16.8% in 2011, compared to 17.0% in 2010.

General and Administrative Expenses

Our general and administrative expenses (including management's remuneration and management profit sharing) increased by 20.4% to R$1,683.4 million during 2011, compared to R$1,398.1 million during 2010. This increase was related to (1) a substantial increase in our backlog from U.S.$26,128.1 million at December 31, 2010 to U.S.$32,390.1 million at December 31, 2011, which resulted in an increase in our marketing development expenses, including expenses related to personnel, travel, third party consulting and other services and (2) the larger size of the projects we were engaged in 2011, which in turn required us to hire more back-office personnel and contract additional third-party services.

Depreciation and Amortization

Our depreciation and amortization expenses decreased by 18.2% to R$363.9 million during 2011, compared to R$444.8 million during 2010, due mainly to effects of exchange variation in certain contracts outside of Brazil.

Financial Expenses, Net

Our net financial result increased from an expense of R$185.5 million in 2010 to an expense of R$503.7 million in 2011, primarily due to exchange rate variation, which affected the amount of *reais* we used to pay interest denominated in U.S. dollars. Exchange rates followed different directions in 2011 compared to 2010: the *real* fluctuated in 2010 while the *real* depreciated in 2011.

Results from Investments in Associated Companies

Our results from investments in associated companies decreased from a gain of R$329.0 million in 2010 to a loss of R$39.7 million in 2011. This decrease is mainly due to equity results from our ownership of preferred shares of Braskem, which we indirectly own through our equity investments in Belgravia Empreendimentos Imobiliários S.A. and Odebrecht Serviços e Participações S.A.

Other Income (Expenses), Net

Other income (expenses), net decreased from income of R$127.4 million in 2010 to an expense of R$31.0 million in the 2011. These results were primarily due to the write-off of property and equipment, which were greater in 2011 than in 2010.

Income Before Income Tax and Social Contribution

Income before income tax and social contribution decreased by 16.6% to R$1,359.5 million in 2011, compared to R$1,630.3 million in 2010, primarily due to the net financial income recorded in 2011 compared to the net financial expense recorded in 2010, as well as the decrease in our results from investees.

Income Tax and Social Contribution

Our income tax and social contribution increased by 8.4% to R$440.6 million in 2011, compared to R$406.3 million in 2010, due to the appreciation of the dollar during the period.

Net Income

As a result of the foregoing, we recorded net income of R$918.9 million in 2011, compared to R$1,224.1 million in 2010, representing a decrease of 24.9%.

Year ended December 31, 2010 compared to the year ended December 31, 2009

The discussion below is based on our financial statements prepared in accordance with the new Brazilian accounting standards, including the re-presentation of our statement of operations for the year ended December 31, 2009 to be consistent with the accounting standards that we used to prepare our statement of operations for the year ended December 31, 2010.

The following table summarizes our historical consolidated results for the years indicated as a percentage of our net service revenues.

	For the year ended December 31,	
	2010	**2009**
Net service revenues	100.0%	100.0%
Cost of services rendered	(83.0)%	(87.6)%
Gross margin	17.0%	12.4%
General and administrative expenses (including management's remuneration and management profit sharing)	(8.6)%	(5.9)%
Financial (expense) income, net	(1.1)%	2.3%
Income before social contribution and income tax	10.1%	8.3%
Net income	7.6%	4.9%

Net Service Revenues

	For the year ended December 31,	
	2010	**2009**
	(amounts expressed in millions of reais)	
Net service revenues		
Domestic market	6,520.6	5,334.4
Foreign market	9,686.6	12,828.6
Total	16,207.2	18,163.0

Our net service revenues decreased by 10.8% to R$16,207.2 million during 2010, compared to R$18,163.0 million during 2009.

In Brazil, our net service revenues increased by 22.2% to R$6,520.6 million in 2010, compared to R$5,334.4 million in 2009. This increase was primarily due to certain large contracts pursuant to which we started rendering services in 2010, such as the Submarine Project, the RENEST Refinery for Petrobras, sugar cane mills for ETH, the Green Polyethylene Petrochemical Plant for Braskem, the Aquapolo Project and Pier IV Project for Vale, among others.

Outside Brazil, our net service revenues measured in *reais* decreased by 24.5% from R$12,828.6 million in 2009 to R$9,686.6 million in 2010, primarily as a result of lower revenues coming from oil-export countries, such as Angola. All of our service revenues from international construction projects are expressed in U.S. dollars and are converted into *reais* using the average exchange rate for the relevant period. Our service revenues from outside Brazil came mainly from various projects pursuant to which we started rendering services during 2010, such as in Argentina (YPF Refinery), Angola (Sonangol Gas Stations), Panama (Curundu Reurbanization Project), Peru (Kuntur Project) and the United States (levees in New Orleans).

Cost of Services Rendered

Our cost of services rendered decreased by 15.5% to R$13,449.8 million in 2010, compared to R$15,915.0 million in 2009. As a result, cost of services rendered reached 83.0% of net service revenues during 2010 compared to 87.6% in 2009. Our cost of services rendered consists of costs incurred in all of our projects. Our 15.5% decrease in our cost of services was primarily a result of our 10.8% decrease in our net service revenues.

Gross Margin

Our gross margin (gross profit divided by net service revenues) increased to 17.0% in 2010, compared to 12.4% in 2009. This increase is mainly due to higher average margins from contracts that we began working on in 2010.

General and Administrative Expenses

Our general and administrative expenses (including management's remuneration and management profit sharing) increased by 31.3% to R$1,398.1 million in 2010, compared to R$1,064.9 million in 2009. This increase was related to (1) a substantial increase in our backlog from U.S.$20,257.6 million at December 31, 2009 to U.S.$26,128.1 million at December 31, 2010, which resulted in an increase in our marketing development expenses, including expenses related to personnel, travel, third party consulting and other services and (2) the larger size of the projects we were engaged in 2010, which in turn required us to hire more back-office personnel and contract additional third-party services.

Depreciation and Amortization

Our depreciation and amortization expenses decreased by 24.3% to R$444.8 million in 2010, compared to R$587.3 million in 2009, due mainly to effects of exchange rate variations in certain contracts outside of Brazil.

Financial Income (Expenses), Net

Our net financial result decreased from income of R$419.9 million in 2009 to an expense of R$185.5 million in 2010, primarily due to exchange rate variation, which affected the amount of *reais* we used to pay interest denominated in U.S. dollars. Exchange rates followed opposite directions in 2010 and 2009: while the *real* appreciated during 2009 and the *real* experienced both depreciation and appreciation in 2010, the average exchange rate in 2010 depreciated when compared to the exchange rate on December 31, 2009. The average cost of our debt remained relatively stable in 2010 as compared to 2009, and our total debt decreased from R$2,301.0 million at December 31, 2009 to R$1,451.3 million at December 31, 2010. On the other hand, cash and cash equivalents and financial investments increased from R$3,117.9 million at December 31, 2009 to R$4,717.1 million at December 31, 2010.

Results from Investments in Associated Companies

Our results from investments in associated companies increased from a gain of R$32.8 million in 2009 to a gain of R$329.0 million in 2010. This increase is mainly due to equity results from our ownership of preferred shares of Braskem, which we indirectly own through our equity investments in Belgravia Empreendimentos Imobiliários S.A. and Odebrecht Serviços e Participações S.A.

Other Income (Expenses), Net

In 2010, we recorded other income of R$127.4 million, including R$194.4 million in income from selling certain road concessions of our subsidiary, Bento Pedroso Construções S.A., or BPC, based in Portugal. In 2009, we recorded other expenses of R$124.2 million mainly due to the write-off of property and equipment.

Income Before Income Tax and Social Contribution

Income before income tax and social contribution increased by 7.9% to R$1,630.3 million in 2010, compared to R$1,511.5 million in 2009, primarily due to increases in gross profit, equity results and increase of other incomes, as previously discussed.

Income Tax and Social Contribution

Our income tax and social contribution decreased by 34.8% to R$406.3 million in 2010, compared to R$623.5 million in 2009. This decrease was mainly due to the decrease in foreign income tax, as well as the decrease in the deferred social contribution and income tax, both primarily affected by the depreciation of the *real* in 2010.

Net Income

As a result of the foregoing we recorded net income of R$1,224.1 million in 2010, compared to R$888.0 million in 2009, representing an increase of 37.8%.

Liquidity and Capital Resources

Our principal cash requirements consist of the following:

- working capital needs;
- the servicing of our indebtedness, including guaranties provided in respect of the indebtedness of certain of our subsidiaries and other entities;
- advances to suppliers and subcontractors;

- capital expenditures related to investments in operations and maintenance of equipment and facilities; and
- dividend payments.

Our principal sources of liquidity consist of the following:

- cash flows from operating activities;
- advances from customers;
- short-term and long-term borrowings;
- collection of overdue accounts receivable; and
- sales of non-strategic assets.

At March 31, 2012, our cash and cash equivalents and financial investments totaled R$5,006.0 million, as compared to R$6,831.1 million at December 31, 2011. This decrease was due to an increase in our net service revenues during the three-month period ended March 31, 2012, which reduced the level of advances from customers. We generally utilize the cash generated at the end of a year during the first half of the following year for working capital for existing projects.

Net cash provided by operating activities decreased by R$1,088.3 million to a net cash use of R$988.9 million during the three-month period ended March 31, 2012, compared to net cash provided of R$99.4 million during the corresponding period in 2011, primarily as a result of the combined effects of: (1) a R$513.3 million decrease in advances from customers during the three-month period ended March 31, 2012 compared to a R$245.0 million decrease during the corresponding period in 2011, which decrease resulted primarily from an increase in cash and cash equivalents of approximately R$500.0 million following concerted efforts made by us to increase our receipt of advances from customers during the three-month period ended December 31, 2011, as compared to the corresponding period in 2010; and (2) payments in the amount of R$368.7 million that we made to suppliers and subcontractors during the three-month period ended March 31, 2012, compared to similar payments in the amount of R$5.5 million that were made during the corresponding period in 2011.

Our current assets decreased by R$1,006.5 million to R$13,454.5 million at March 31, 2012, compared to R$14,461.0 million at December 31, 2011, primarily due to the decrease in our cash and cash equivalents, as described above.

We record four types of trade accounts receivable in our accounting records: (1) regular; (2) claims; (3) contractual; and (4) overdue.

- Regular trade accounts receivable are mostly short-term receivables arising in the ordinary course of our business, and have historically represented, on average, 70 days of revenue, which our management believes is standard for the construction industry and the markets in which we operate.
- Claims accounts receivable typically relate to amounts due from clients when there are changes in the original, contracted scope of work. We account for a claim as a receivable in our financial statements after an agreement has been reached with the client with respect to the amount or, on certain occasions, when an independent appraiser agrees with our assessment of the likelihood of our collection and the amount of the claim.
- Contractual (trade account) receivables relate to contractual obligations not yet invoiced, but recorded in accordance with the percentage of completion method.

- Overdue (trade account) receivables were mostly generated between 1988 and 1994, a period of high inflation in Brazil, when we, like many Brazilian construction companies, performed work for Brazilian governmental authorities and state-owned entities, and disagreements often arose regarding the type of indexation to inflation that would be used to adjust amounts owed to us. At March 31, 2012, December 31, 2011 and December 31, 2010, we had overdue accounts receivable of R$442.2 million, R$456.6 million and R$585.7 million, respectively. At March 31, 2012, our overdue receivables represented 2.2% of our total assets. Most of our overdue accounts receivable are the subject of protracted litigation, and in certain cases, we are negotiating settlement agreements with these clients. In addition, we make decisions on a case-by-case basis with respect to the write-offs of our overdue accounts receivable in line with Brazilian GAAP.

Our consolidated working capital (current assets minus current liabilities) decreased by R$698.7 million to R$4,792.1 million at March 31, 2012, compared to R$5,490.8 million at December 31, 2011. The decrease in our working capital is primarily due to the variation in our cash and cash equivalents.

At March 31, 2012, our total debt was R$1,250.8 million, consisting of R$742.0 million in short-term debt and R$508.8 million in long-term debt. At March 31, 2012, our *real*-denominated debt and foreign currency-denominated debt were R$391.2 million and R$859.6 million, respectively. At March 31, 2012, 17.7% of our total debt was secured by collateral (mainly equipment financing). Our total debt, at March 31, 2012, excludes our guaranty of the 2017 notes, the 2014 notes, the 2020 notes, the perpetual notes and the 2023 notes.

At December 31, 2011, our total debt was R$1,237.5 million, consisting of R$753.7 million in short-term debt and R$483.8 million in long-term debt. At December 31, 2011, our *real*-denominated debt and foreign currency-denominated debt were R$310.8 million and R$926.8 million, respectively. At December 31, 2011, 19.0% of our total debt was secured by collateral (mainly equipment financing). Our total debt, at December 31, 2011, excludes our guaranty of the 2017 notes, the 2014 notes, the 2020 notes, the perpetual notes and the 2023 notes.

The decrease in our short-term debt at March 31, 2012 compared to December 31, 2011 was due to debt refinancing transactions, which moved certain of our short-term debt to long-term debt. This also explains the increase in our long-term debt at March 31, 2012 compared to December 31, 2011. The following table sets forth, at March 31, 2012, our outstanding principal obligations in foreign currencies and *reais* maturing in the years ending December 31, 2012, 2013, 2014 and 2015 and thereafter (excluding our guaranties of the 2017 notes, the 2014 notes, the 2020 notes, the perpetual notes and the 2023 notes).

	Year ended December 31,			
	2012	**2013**	**2014**	**2015 and after**
		(*in millions of reais*)		
Local Currency	141.0	99.4	51.1	99.7
Foreign Currencies (1)	592.1	165.6	32.1	69.8
Total	733.1	265.0	83.2	169.5

(1) Indebtedness denominated in U.S. dollars was translated for convenience only using the commercial selling rate as reported by the Central Bank at March 31, 2012 for *reais* into U.S. dollars of R$1.8221 per U.S. dollar. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or at any other exchange rate. See "Presentation of Financial and Other Information" and "Exchange Rates."

We may use available cash and cash equivalents to repay existing short-term indebtedness. In addition, we are party to a U.S.$500.0 million revolving credit facility agreement that we may draw upon from in order to pay outstanding short-term indebtedness. See "—Standby Facility."

Hermes Covered Loan Agreement

On November 27, 2007, our Venezuela branch and our subsidiary, Bento Pedroso Construções S.A., or BPC, entered into a credit facility in the total aggregate principal amount of U.S.$65.3 million with ABN AMRO Bank N.V. to finance the purchase of certain equipment under several supply contracts entered into between our Venezuela branch and Herrenknecht AG. The principal amount of this facility bears interest at LIBOR plus a margin of 0.275% per annum, payable semi-annually, commencing in May 2008. Principal under this facility is payable in 20 consecutive equal semi-annual installments commencing in May 2008 and maturing in May 2018. This facility is secured by a credit insurance policy issued by Germany, acting through Hermes. In December 2010, this credit facility was transferred to Odebrecht Overseas Limited, our indirect wholly-owned subsidiary. At March 31, 2012, the total amount outstanding under this facility was U.S.$44.4 million.

Guaranteed Notes (the 2017, 2014, 2020, 2022 and 2023 notes)

On October 18, 2007 and April 4, 2008, Odebrecht Finance issued the 2017 notes. We provided an unconditional guaranty of these notes. Interest on these notes accrues at a rate of 7.50% per annum and is payable semi-annually, in arrears, on April 18 and October 18 of each year, beginning on April 18, 2008.

On April 9, 2009, Odebrecht Finance issued the 2014 notes. We provided an unconditional guaranty of these notes. Interest on these notes accrues at a rate of 9.625% per annum and is payable semi-annually, in arrears, on April 9 and October 9 of each year, beginning on October 9, 2009.

On October 21, 2009, Odebrecht Finance issued the 2020 notes. We provided an unconditional guaranty of these notes. Interest on these notes accrues at a rate of 7.00% per annum and is payable semi-annually, in arrears, on April 21 and October 21 of each year, beginning on April 21, 2010.

On April 5, 2011 and January 30, 2012, Odebrecht Finance issued the 2023 notes. We provided an unconditional guaranty of these notes. Interest on these notes accrues at a rate of 6.00% per annum and is payable semi-annually, in arrears, on April 5 and October 5 of each year, beginning on April 21, 2011.

On the date hereof, the issuer executed a purchase agreement with the initial purchasers to sell the 2022 notes. We will provide an unconditional guaranty of these notes. We expect that the 2022 notes will settle on June 26, 2012, concurrently with the settlement of this offering. Interest on these notes will accrue at a rate of 5.125% per annum and will be payable semi-annually, in arrears, on June 26 and December 26 of each year, beginning on December 26, 2012.

These notes include covenants that restrict our and our subsidiaries' ability to create liens and allow us to consolidate or merge with, or transfer all or substantially all of its assets to, another entity only if we comply with certain requirements.

Tender Offer and Consent Solicitation

We used the net proceeds from the sale of U.S.$500.0 million of the 2023 notes to purchase the (1) 2017 notes and (2) 2014 notes, that holders tendered in connection with a cash "exit" tender offer and consent solicitation, or the tender offer, launched by Odebrecht Finance on March 21, 2011 relating to the (1) 2017 notes, (2) 2014 notes and (3) 2020 notes. Concurrently with the tender offer, we sought a consent solicitation to adopt certain amendments to each of the indentures governing the 2017 notes, the 2014 notes and the 2020 notes to eliminate substantially all of their restrictive covenants, as well as various events of default and related provisions contained therein.

Odebrecht Finance's obligation to purchase the tendered (1) 2017 notes, (2) 2014 notes and (3) 2020 notes was conditioned on the satisfaction or waiver of certain conditions, including a financing condition and, solely with respect to the 2020 notes, a condition that Odebrecht Finance shall not have received tenders of such notes in all of the tender offers having an aggregate principal amount in excess of U.S.$500.0 million, or the Maximum Tender Condition. Because the Maximum Tender Condition was not satisfied, the tender offer and consent solicitation relating to the 2020 notes was terminated. As such, Odebrecht Finance did not accept for purchase any 2020 notes tendered pursuant to the tender offers and the indenture governing the 2020 notes remained in effect in its present form.

Following the tender offer of the 2017 notes and 2014 notes, the outstanding principal amount under the 2017 notes and 2014 notes is U.S.$112.8 million and U.S.$41.8 million, respectively. The consent solicitation relating to the 2017 notes and 2014 notes eliminated substantially all of their restrictive covenants under the indentures governing these notes, as well as various events of default and related provisions contained therein.

Perpetual Notes

On September 14, 2010 and November 9, 2011, Odebrecht Finance issued the perpetual notes in an aggregate principal amount of U.S.$750.0 million. We provided an unconditional guaranty of the perpetual notes, which have no maturity date but are callable (in whole or in part) by Odebrecht Finance on any date commencing on the fifth anniversary of their original issuance date. The perpetual notes include covenants that restrict our and our subsidiaries' ability to create liens and allow us to consolidate or merge with, or transfer all or substantially all of its assets to, another entity only if we comply with certain requirements. The perpetual notes do not include any financial covenants and do not limit our ability to incur indebtedness.

Standby Facility

On January 20, 2010, Odebrecht Overseas Limited, or OOL, entered into a U.S.$500.0 million revolving credit facility agreement with certain financial institutions parties thereto, including affiliates of certain of the initial purchasers in this offering, as lenders. We provided an unconditional guaranty of this facility. We are entitled to draw amounts under this facility until February 2013, unless otherwise extended by mutual agreement. Outstanding principal amounts under the facility accrue interest at LIBOR plus a margin of 3.00% per annum. We pay a monthly commitment fee on undrawn amounts under this facility at 1.00% per annum. On the date hereof, we did not have any amount drawn under this facility.

Capital Expenditures

During the three-month period ended March 31, 2012 and the years ended December 31, 2011 and 2010, our consolidated capital expenditures totaled R$202.4 million, R$468.1 million and R$626.0 million, respectively. Our consolidated capital expenditures generally were for our purchase of machinery, equipment and vehicles. We believe that our expected stability in our contract portfolio and the substantial capital expenditures we have made in the last three years will allow our capital expenditures to be consistent with our depreciation expense.

Off-Balance Sheet Arrangements

We do not currently have any off-balance sheet arrangements.

Market Risk

We are exposed to a number of market risks arising from our normal business activities. Such market risks principally involve the possibility that changes in currency exchange rates or interest rates will adversely affect the value of our financial assets and liabilities or future cash flows and earnings. Market risk is the potential loss arising from adverse changes in market rate and prices. We enter into derivatives and other financial instruments for other than speculative purposes, in order to manage and reduce the impact of fluctuations in foreign currency exchange rates. We have established policies and procedures for risk assessment and approval, reporting and monitoring of derivative financial activities.

A significant level of our liabilities and a large portion of our operating expenses are denominated in or linked to U.S. dollars or to other foreign currencies. We believe that our exposure to losses caused by exchange rate variations between the *real* and the U.S. dollar (or such other currencies) is largely mitigated by the significant level of our revenues from projects outside Brazil in U.S. dollars or other foreign currencies (representing 55.9% of our total net revenues during the three-month period ended March 31, 2012).

We and our subsidiaries participate in transactions involving swap, forward and option transactions for the purpose of hedging against the effects of the exposure in foreign currencies and interest rate and commodity price fluctuations. These transactions generated a negative result in the three-month period ended March 31, 2012 of

R$6.2 million. At March 31, 2012, we had derivative operations outstanding in the amount of R$21.0 million recorded under the line item "other accounts payable."

BUSINESS

Overview

We are the largest engineering and construction company in Latin America as measured by 2010 gross revenues, according to ENR. We engage in the construction of large-scale infrastructure and other projects, including the construction of highways, railways, power plants, bridges, tunnels, subways, buildings, port facilities, dams, manufacturing and processing plants, as well as mining and industrial facilities. We provide a variety of integrated engineering, procurement and construction services to clients in a broad range of industries, both within Brazil and internationally. These capabilities enable us to provide clients, individually or as part of a consortium, with single-source, turnkey project responsibility for complex construction projects. We concentrate our construction activities on infrastructure projects, which include projects sponsored by the public and private-sectors, as well as concession-based projects.

We undertake projects throughout Brazil, in other Latin American countries (including mainly Venezuela, Peru, Argentina, Panama, Colombia and the Dominican Republic), the United States, Portugal and certain countries in Africa (mainly Angola). We have participated in the construction of over 192.5 km of bridges, over 53,133 MW of hydroelectric power plants, over 291 km of tunnels, over 11,907 km of roads and over 147 km of subway lines. We reported gross service revenues of R$5,543.3 million (U.S.$3,042.2 million) and R$22,199.6 million (U.S.$12,183.5 million) in the three-month period ended March 31, 2012 and the year ended December 31, 2011, respectively. We reported EBITDA of R$553.2 million (U.S.$303.6 million) and R$2,297.8 million (U.S.$1,261.1 million) in the three-month period ended March 31, 2012 and the year ended December 31, 2011, respectively.

We believe we are:

- Brazil's largest exporter of services with R$12,282.7 million (U.S.$6,741.0 million), or 55.3% of our gross service revenues in 2011, coming from outside Brazil;
- The largest contractor in Latin America, according to ENR, as measured by gross revenues in each region in 2010;
- The world's 15th largest international contractor, according to ENR, as measured by "gross revenues outside the home country" in 2010;
- The world's 27th largest global contractor, according to ENR, as measured by our gross revenues in 2010;
- The world's fourth largest international contractor in the water segment in 2010, according to ENR; and
- The ninth largest international contractor in the transportation segment in 2010, according to ENR.

Principal Subsidiaries

We conduct our engineering and construction operations in more than 15 countries. Our principal subsidiaries are:

Bento Pedroso Construções S.A.

BPC, is a Portuguese corporation, and was acquired by the Odebrecht Group in 1988. It is involved principally in the construction of public and private works and the supply of related services in Portugal.

Odebrecht Construction, Inc.

Odebrecht Construction, Inc., a Florida corporation, is involved principally in the construction of public and private works and the supply of related services in the United States.

CBPO Engenharia Ltda.

CBPO Engenharia Ltda., or CBPO, a Brazilian limited liability company, is involved principally in the construction of public and private works and the supply of related services in Brazil.

CNOBR - Construtora Norberto Odebrecht Brasil S.A.

Construtora Norberto Odebrecht Brasil S.A., a Brazilian corporation, is involved principally in the construction of public and private works and the supply of related services in Brazil. In August 2010, OSEC - Odebrecht Serviços de Engenharia e Construção S.A. changed its name to Construtora Norberto Odebrecht Brasil S.A.

Odebrecht Angola Projectos e Serviços Ltda.

Odebrecht Angola Projectos e Serviços Ltda., an Angolan corporation, is involved principally in the construction of public and private works and the supply of related services in Angola.

Operations

We have completed various important engineering and construction projects in different infrastructure sectors in Brazil, Latin America, Portugal, Africa, the Middle East and the United States.

Engineering, Procurement and Construction Services

We provide a variety of integrated engineering, procurement and construction services to clients in a broad range of industries, both in Brazil and outside Brazil. These capabilities enable us to provide clients, individually or as part of a consortium, with single-source, turnkey project responsibility for complex construction projects. In addition to turnkey projects, we provide services pursuant to various types of contractual arrangements, including contracts offered on a fixed-price, unit price, cost-plus and lump-sum basis. To the extent that we undertake projects as part of a consortium, we are often the leader of the consortium, a position that typically involves the largest scope of work and in some cases enables us to exercise greater influence to manage the risks and control the timing and execution of the project.

As part of our integrated engineering, procurement and construction services, we provide a wide range of basic and detailed engineering services. Basic engineering involves preparation of the technological specifications of the project, while detailed engineering involves preparation of the detailed drawings and construction specifications and identification of lists of materials necessary for the project. Our complex turnkey contracts frequently require the application of a combination of engineering disciplines and expertise, including civil, mechanical, chemical and electrical engineering. Each project is coordinated by an experienced project manager, who is assigned a task force of engineers and personnel with the appropriate expertise necessary for the implementation of the project.

Our integrated engineering, procurement and construction projects often require us to prepare technical studies and assist clients in selecting the appropriate technologies and, in certain cases, in providing the technology for the project. We are also responsible for determining the materials and equipment necessary to complete the project and in making arrangements to procure these materials and equipment. Most projects require that we and our partners in the project provide all of the resources necessary for the project, including technical and administrative personnel, equipment, materials and subcontractors.

We also provide project management services for certain projects, whereby we assume complete responsibility for the management and supervision of the work being performed by other engineering and construction contractors and suppliers. To help coordinate our engineering activities, we use advanced computerized techniques that produce three-dimensional models for design, analysis and drafting applications.

Heavy and Industrial Construction

We are engaged in the construction, engineering and procurement of various infrastructure projects and manufacturing and processing plants. Work typically includes demolition, clearing, excavation, drainage, embankment fill, structural concrete construction, erection of buildings and manufacturing plants, concrete and asphalt paving and tunneling. We concentrate our construction activities on infrastructure projects in Brazil and in several international markets, principally in Latin America and Angola, which include projects sponsored by the public and private-sectors, including concession-based projects.

The following table sets forth our consolidated gross revenues by contract type for the periods indicated:

	Three-month period ended March 31,		Year ended December 31,		
	2012	**2011**	**2011**	**2010**	**2009**
	(unaudited) (*in millions of reais*)				
Contract Type					
Dams & power plants (1)	916	562	3,928	2,517	4,680
Transportation (2)	2.336	1.950	10,370	8,510	8,424
Building & manufacturing plants (3)	177	214	749	851	936
Assembly & erection (4)	1.237	671	3,083	2,527	1,872
Infrastructure (5)	877	490	4,070	2,258	2,652
Total	5,543	3,887	22,200	16,663	18,564

(1) Including transmission lines.
(2) Ports and airports, bridges, tunnels and overpasses, roads, highways, railways, subways and mass transportation.
(3) Residential buildings and condos, hotels and resorts, stadiums, hospitals, prisons, schools, theaters, commercial and industrial buildings and governmental buildings.
(4) Industrial assembly, onshore and offshore platforms, oil and gas related works.
(5) Sewage and solid waste systems, water treatment plants, canals and irrigation.

The following table sets forth our consolidated gross revenues by location for the periods indicated:

	Three-month period ended March 31,		Year ended December 31,		
	2012	**2011**	**2011**	**2010**	**2009**
	(unaudited) (*in millions of reais*)				
Location					
Brazil	2,521	1,865	9,917	6,937	5,684
Venezuela	946	525	3,410	2,940	3,948
Other Latin American countries	1,502	871	5,646	4,009	3,624
United States	83	127	412	493	515
Portugal	8	33	327	353	725
Angola	426	378	2,068	1,491	3,606
Other African countries	56	87	418	283	456
Others	1	1	2	157	6
Total	5,543	3,887	22,200	16,663	18,564

We have expanded our business internationally in order to broaden our client base and diversify the risk inherent in relying heavily on the Brazilian market, as well as to increase our revenues denominated in dollars and other currencies. Selective international expansion is an important goal for us. The percentage of our gross service revenues derived from international projects increased from approximately 30.0% in 1992 to 54.5% during the three-month period ended March 31, 2012.

In the pursuit of our goal of balancing our domestically and internationally generated revenues, we have invested over the past 30 years in increasing our expertise, technology, equipment and human resources that we make available to our international projects. In order to mitigate risks associated with projects located outside Brazil, we seek to undertake projects in conjunction with local partners. We also have established alliances with international construction companies, such as Parsons Corporation and The Haskell Company in the United States, and ABB Group, ACS/Dragados Group and Impregilo Edilizia e Servizi S.p.A. in Europe, among others. We have consolidated our operations in Europe (mainly in Portugal) and in the United States (mainly in Florida). In addition, we generally count on financing from multilateral agencies such as the IDB, CAF and the Brazilian National Economic and Social Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social*), or BNDES, among others.

Major Projects

We have played an active role in the development of the infrastructure sector in Brazil and elsewhere in Latin America as well as in Angola, Portugal and other markets in which we have been active. At March 31, 2012, we had a total of 185 projects underway, 105 of which were located outside Brazil.

We currently have a diversified portfolio of projects in a wide range of sectors in Brazil, including construction of:

- the D. Pedro I highway (São Paulo), the Embraport Port (São Paulo), the Transnordestina railway (Piauí and Pernambuco) and the Submarine Project (Rio de Janeiro);

- the Aquapolo Project (São Paulo), Sugar-cane mills for Brenco/ETH and the Green Polyethylene petrochemical plant;

- several projects for Petrobras, including the REPAR refinery (Paraná); Platforms P-59 and P-60, COMPERJ plant (Rio de Janeiro), a Polyethylene and a petrochemical plant in Pernambuco and the Renest Refinery (Pernambuco);

- the Santo Antônio Hydroelectric Power Plant (Madeira river, Rondônia), the Belo Monte Hydroelectric Power Plant (Xingu river, Para) and the Teles Pires Hydroelectric Power Plant (Mato Grosso);

- several important projects for Vale, including the Pier IV and the expansion of Carajas railroad;

- the Ipanema Metro and the Rio Barra Metro in the State of Rio de Janeiro, the São Paulo Metro, Lines IV and V in the State of São Paulo and the Trensurb North Extension, Line 1 in the State of Rio Grande do Sul; and

- Macaé Sewage (Rio de Janeiro), Espírito Santo Sewage II (Espírito Santo) and the Capivari Sewage system- II (São Paulo).

Some of the projects above are included in the Brazilian government's Program for Economic Growth Acceleration (PAC), an investment program that was launched in January 2007 by the Brazilian government, which is aimed at improving the country's infrastructure and is projected to invest substantial amounts in infrastructure projects over the next several years.

We have entered into a contract with the municipality of Rio de Janeiro to construct Transoeste Grota Funda – Rio 2016, an express corridor that will connect Barra da Tijuca to Santa Cruz in the Western zone of Rio de Janeiro (U.S.$362.6 million).

On August 11, 2010, as part of the Consortium Maracanã – Rio 2014, we entered into a contract with the State of Rio de Janeiro to refurbish and renovate the Maracanã stadium in preparations for the 2014 World Cup (U.S.$207.6 million).

In addition, we have entered into three other contracts in connection with stadiums for the 2014 World Cup stadiums: the demolishment and construction of the Fonte Nova Arena (U.S.$174.6 million), the construction of the new Pernambuco Arena (U.S.$287.7 million) and the construction of the Corinthians soccer stadium (U.S.$442.2 million).

Angola

We have an established presence in Angola where we have been operating for over 28 years primarily in infrastructure projects, currently including the construction of the following major projects: (1) roads, such as Luanda's Expressways, Benguela Road, Capanda-Cacuso road, Luanda-Kifangondo road, Ekunha road, the Golfe road and the Cuima-Gove road; (2) Water and Sewage systems; (3) Viana Industrial Park; (4) Cambambe Hydroelectric Power Plant, Gove Hydroelectric Power Plant and Lucala-Uige Transmission Line; (5) Angola's Government Markets and the Center for Logistics and Distribution; (6) Zango Houses; (7) Belas Business Park; and (8) Catumbela Airport. Eleven of the projects underway in Angola have been financed by BNDES, representing approximately 59.9% of our total backlog in that country, which is U.S.$1,343.5 million at March 31, 2012.

Our management believes that increased political stability in Angola following the end of its civil war, coupled with revenues from oil exports and Angola's significant existing infrastructure needs, should provide us with additional opportunities in infrastructure projects in Angola in the coming years. These factors are coupled with the efforts of the Brazilian government to establish closer relations with Angola and the Brazilian government's commitment to increase the volume of Brazilian service exports funded by export credit facilities.

Venezuela

We have operated in Venezuela for the past 20 years despite political and economic volatility in Venezuela during this period. We are currently engaged in several projects in Venezuela, including: (1) the Nigale Bridge; (2) the Orinoco III Bridge Project; (3) the El Dilúvio El Palmar and the El Dilúvio Anzoategui Irrigation Projects; (4) the Cadca Ethanol Mill; (5) the Tocoma Hydroelectric Power Plant, which is being partially financed by the IDB; (6) the Caracas Metro – Line 3, Line 5 and the Guarenas-Guatire line; (7) the Metro Los Teques – Line 2, which is being partially financed by CAF and BNDES; (8) the Puerto de La Cruz Refinery; and (9) Gas Anaco.

Our current strategy in Venezuela is to consolidate our work under contract and successfully complete that work. In order to mitigate the risks associated with contracts in progress or to be commenced in Venezuela we seek: (1) contracts with financing that protect us from exchange rate fluctuations; (2) contracts that have been approved by, and are included in the approved Venezuelan federal government budget; (3) projects that are considered development priorities for Venezuela; (4) contracts that generate (or are expected to generate) substantial employment in Venezuela; and (5) projects that pay us a significant down payment.

Our bid success rate for Venezuelan operations is high and reflects our selectivity in bidding for new work in Venezuela. We have a large and diversified backlog in Venezuela, which currently ranks the country, together with Angola, as our two most important foreign markets in terms of future revenues.

Other Countries in Latin America

We view Latin American countries as prospective markets for new opportunities where we can leverage Brazilian geopolitical relations and contribute to meeting the significant basic infrastructure needs in the region. In addition to Venezuela, we currently have a strong presence in Peru, Argentina, the Dominican Republic, Panama, Colombia, Ecuador and Mexico. Among our current projects in Latin America are: (1) the Chaglla Hydroelectric Power Plant, the Access to Conga mines, the metromover in Lima, the Carhuaz highway, the IIRSA Norte and the IIRSA Sur roads, the Trasvase Olmos project, and the Kuntur Gas Pipeline, in Peru (total backlog of approximately U.S.$1.3 billion at March 31, 2012); (2) the Palomino Hydroelectric Power Plant, the North-South Corridor, the

Coral Road, the Contanza-Jarabacoa Highway, the Duarte Road, the Bavaro road, the Cibao Sur, the Ecovias Santiago road and the Samaná Aqueduct in the Dominican Republic (total backlog of approximately U.S.$1.3 billion at March 31, 2012); (3) the North and South gas pipelines, the TGS gas pipeline, the Paraná de Las Palmas Water Treatment Plant, Ducts Maintenance for Petrobras and the YPF Repsol Refinery in Argentina (total backlog of approximately U.S.$1.6 billion at March 31, 2012); (4) Maden-Colón road, water treatment facilities, the Dos Mares Hydroelectric Power Plant, the Reurbanization of Curundu Heights, the Cinta Costera road, the Historic Heritage road and the Metro in Panama City, Panama (total backlog of approximately U.S.$1.3 billion at March 31, 2012); (5) Ruta del Sol Road and Canoas Sanitation System in Colombia (total backlog of approximately U.S.$699.3 million at March 31, 2012); (6) the Manduriacu Dam and the Pucara Hydroelectric Power Plant in Ecuador (total backlog of approximately U.S.$133.6 million at March 31, 2012); and (7) the Hydro-Agricola Michoacán (total backlog of approximately U.S.$43.2 million at March 31, 2012).

In January 2008, the Cuban branch of Companhia de Obras e Infra-Estrutura, an indirect subsidiary of our company in Brazil, entered into an umbrella agreement with a Cuban entity establishing the general terms for the provision of engineering and construction services in Cuba. The only project currently in our backlog in Cuba is the Mariel Port (total backlog of approximately U.S.$314.9 million at March 31, 2012). We will not incur payment risk in connection with the financing for this project as payment will be made to us by BNDES pursuant to its agreement with the government of Cuba.

United States

We commenced operations in the United States 21 years ago, where we have completed 60 projects in California, Florida, North Carolina, South Carolina and Louisiana. In the United States, we have shifted from contractor to construction management work and are concentrating our operations in Florida, particularly in connection with low-risk/low-margin projects. This approach enables us to minimize our risk while gaining technical expertise in the United States. The largest projects currently in our United States backlog are the two Hurricane Flood Protection Levees in New Orleans for the US Army Corps of Engineers, the Sam Houston Tollway in Houston, Texas, the Herbert Hoover Dike rehabilitation project in Martin and Palm Beach counties in the State of Florida, the Miami Orange Line, the construction of the Miami International Airport North Terminal, as well as the Miami International Airport People Mover Project and the Port of Miami, with a total backlog of approximately U.S.$222.3 million backlog at March 31, 2012).

Portugal

Over the last several years, we have been involved in some of the most important construction projects in Portugal, including the Lisbon Metro and the Lusoponte Bridge Project. Through our subsidiary, BPC, we have also participated directly in bridge and road concessions covering a total of 459 km, including several large toll-road concessions: (1) Beiras Litoral IP-5; (2) Norace – Auto-estrada Norte; (3) Grande Porto; and (4) Costa da Prata. BPC sold these concessions in December 2010 for approximately R$194.0 million. The main project currently underway in Portugal is the Baixo Sabor Hydroelectric Power Plant, with a total backlog of approximately U.S.$54.8 million at March 31, 2012.

Middle East and Africa

During 2007, through our subsidiary Libyan Brazilian Construction and Development (a joint venture in which CNO holds an equity interest of 60.0%, and the remaining 40.0% is held by Urban Development Holding Company, a Libyan construction company), we were awarded a contract for the construction of the Third Turnpike. Also in 2007, we were awarded a contract for the construction of the Tripoli Airport, as part of a consortium with Tav – Tepe Akfen Investment Construction and Operation Co. and its partner, LCCC – Libyan Consolidated Contractors Company. Our services in connection with these projects have been contracted on a cost-plus basis. Under the terms of the contracts relating to these projects, we are guaranteed reimbursement for of all of our costs incurred with the provision of our services and will receive a fixed fee in addition to the reimbursement of such costs. Contract backlog in Libya originating from these two projects totaled approximately U.S.$258.6 million at March 31, 2012, representing 0.8% of our total backlog at March 31, 2012. These two projects were suspended in 2011 due to the armed conflict in Libya. Although military activities in Libya have ceased, we have not resumed operations in the country, as we await the outcome of its ongoing political restructuring.

In 2008 we were awarded the Moatize mine project in Mozambique, to construct a coal mine and related infrastructure for our client Vale and the Wharf in Nacala. In 2009 we were awarded the Nacala Airport project in Mozambique. Contract backlog in Mozambique originating from these three projects totaled approximately U.S.$871.8 million at March 31, 2012.

In 2008, we also began operating in Liberia, where we had two contracts with our client Arcelor-Mittal (to construct a railway and an iron-ore mine). The iron-ore mine project was concluded in the first half of 2009. Phase one of the railway was partially concluded and then cancelled by the client, as a result of capital expenditure postponement by Arcelor-Mittal. This cancellation did not represent a loss to us as it was a cost-plus fee contract and therefore we have been paid for all the costs we incurred, in addition to an administration fee. At the time of the cancellation of this contract, the total backlog was approximately U.S.$92 million. This contract, which totals approximately U.S.$120 million, has been reinstated as the client is resuming investments in the iron-ore mine.

Backlog

We define backlog to include contracts that we have signed for a particular project and for which an identified source of funding exists. To include a construction contract in our backlog, we assume that each party will satisfy all of its respective obligations under the construction contract and payments to us under the contract will be made on a timely basis consistent with historical experience. For contracts that are not for a fixed price, we estimate and update the related backlog based upon the estimated amount of work to be completed through periodic consultation with our customer. For projects in which we act as project manager, we only include our scope of work in connection with each project in calculating our backlog. For projects related to unconsolidated joint ventures, we only include our percentage ownership of the joint venture's backlog.

Although our internal accounting systems update our backlog data on a consolidated basis monthly, backlog is not necessarily indicative of our future operating results, as backlog figures are subject to substantial fluctuations. Projects included in backlog are often extremely complex, unique and likely to vary in contract value and timing. The termination or modification of one or more large contracts or the addition of contracts to backlog may have an important effect on our backlog.

At March 31, 2012:

- our backlog represented approximately U.S.$33.7 billion, or over two and a half years of future work; and
- we expect to complete approximately 20% to 26% of our total backlog by the end of 2012.

The following table sets forth our consolidated backlog for Brazil and outside Brazil at March 31, 2012 and 2011 and December 31, 2011, 2010 and 2009 (in millions of U.S.$):

	At March 31,		At December 31,		
	2012	2011	2011	2010	2009
	(unaudited)				
			(in millions of U.S.$)		
Brazil	12,482	10,624	13,166	11,714	7,220
Outside Brazil	21,234	14,610	19,124	14,414	13,038
Total	33,716	25,234	32,290	26,128	20,258

During the last five years, we have successfully secured important projects not only in Brazil, but also in Argentina, Angola, Colombia, the Dominican Republic, Mozambique, Panama, Peru, the United States, Portugal, Venezuela, and certain countries in the Middle East. New projects awarded during the three-month period ended March 31, 2012 had a total contract amount of U.S.$2,024.8 million, of which U.S.$212.1 million is for projects located in Brazil and U.S.$1,812.7 million is for projects located outside Brazil. These new projects include: (1) Cibao Sur, Dominican Republic (U.S.$298.8 million); (2) the Ecovias Santiago road, Dominican Republic

(U.S.$295.6 million); (3) Gas Anaco, Venezuela (U.S.$316.6 million); (4) the São Paulo Metro Line V, Brazil (U.S.$212.1 million); and (5) the Morar Feliz Project, Brazil (U.S.45.3 million).

The following table sets forth our backlog by country and type of contract at March 31, 2012:

Country	Transportation	Building/ Manufacturing Plants	Power Plants/Dams	Assembly & Erection	Infrastructure	Total
			(unaudited) (*in millions of U.S.$*)			
Brazil	4,592	209	3,873	1,841	1,966	12,482
Venezuela	4,565	-	69	1,125	5,051	10,810
Angola	636	866	569	18	156	2,244
Argentina	20	-	-	1,397	228	1,645
Panama	1,275	-	-	-	49	1,324
Peru	473	-	759	23	10	1,266
Dominican Republic	1,189	-	50	-	3	1,243
Mozambique	85	-	-	787	-	872
Colombia	684	-	-	-	15	699
Cuba	315	-	-	-	-	315
Libya	259	-	-	-	-	259
USA	111	-	68	-	44	222
Ecuador	-	-	134	-	-	134
Guinea	-	-	-	97	-	97
Portugal	0	-	55	-	-	55
Mexico	-	-	-	43	0	43
Liberia	8	-	-	-	-	8
Total	14,211	1,075	5,576	5,331	7,523	33,716

Other Activities

Although it is not part of our core business, we own equity interests in companies that conduct mineral prospecting and exploration in the diamond sector. Our indirect wholly-owned subsidiary, Odebrecht Mining Services Inc., or OMSI, holds a 16.4% equity interest in the Catoca Project, which undertakes prospecting, exploration, treatment and sale of diamonds and other minerals in the Lunda Sul Province of Angola. The Catoca Project has been granted permission from the Angolan government to exploit diamonds mined from the Catoca Kimberlite and to explore diamond mines in the Luemba and Lapi areas.

Bidding and Contracts

Bidding Rules

We obtain contracts for new projects primarily through competitive bidding in response to solicitations by government agencies, public announcements by private-sectors entities, invitations when short-listed for private projects and, to a lesser extent, through direct negotiation. The volume of work generally available in the market at the time of the bid, the size of our backlog at the time, the location and complexity of the project to be executed and the level of competition for the project are all factors that may affect our competitiveness in a particular bidding process.

Most contracts for public sector projects in Brazil and in most jurisdictions outside Brazil are obtained through a mandatory competitive bidding process. The bidding process begins with an invitation by the public authority to tender bids based on model contractual terms and on a plan setting forth the basic requirements of the project. For each project, potential bidders are required to pre-qualify in relation to relevant experience and engineering capability with respect to the type of project being considered and in relation to financial wherewithal. Due to our size, experience and engineering capabilities, we generally are able to satisfy most pre-qualification requirements. Proposals are usually judged on the basis of cost and technical quality. In Brazil, companies are not permitted to bid on public contracts if they have outstanding tax or other obligations owed to Brazilian governmental entities unless any such obligations are being contested in good faith. To comply with this requirement, we continuously monitor our tax payment status and the status of our other obligations due to Brazilian government entities.

Contracts for private-sectors projects tend to be awarded not only on bid prices and relevant experience, but also with regard to long-term relationships with the client and to the range of services and technical solutions being offered. As part of the shift to private-sectors investment in infrastructure facilities in Brazil and in certain jurisdictions outside Brazil, many Brazilian and international public and private-sectors clients have begun to require that their projects be constructed on a turnkey (lump sum) basis with financing arranged by the parties participating in the construction of the project. As a result of the increased complexity of these projects, bids are frequently submitted by consortia. Our ability to win these bids is affected by the relative strengths and weaknesses of our partners in such consortium and the ability of the consortium in which we participate to obtain sufficient financing.

Contracts

We principally enter into civil engineering and construction contracts with government entities and government-related entities, such as state-owned utility companies, semi-autonomous railway and subway companies and private concessionaires of formerly government-controlled infrastructure. General provisions in these contracts tend to be similar, other than with respect to project-specific terms. Historically, many of these contracts have generally provided for payment on a unit price basis. A unit price (which we sometimes referred to as cost reimbursable) contract establishes a price per unit of work for each constituent element of the project, such as per cubic meter of earth or rock excavated or per cubic meter of concrete poured. Contracts include estimated volumes for each unit price element, and our bid price reflects our estimate of the costs that we expect to incur in respect of each work unit. In these contracts, we are generally, however, entitled to payment based on actual volumes required to perform the work to contractual specifications. The contracting authority therefore assumes the risk that the volume of units required for the project will exceed the volume estimated in the contract (that is, that the number of units of work exceeds estimates). We, on the other hand, assume the risk that our actual cost per unit of work may exceed our estimates used to calculate our bid pricing. Unit prices are generally subject to periodic adjustments for inflation or for changes in price for a particular unit of work.

Almost all of our ongoing works are based on fixed-price contracts. Our margins on fixed-price contracts may vary from original estimates as a result of changes in costs and productivity over their term, such as unanticipated increases in the cost of equipment, materials or manpower due to inflation or unforeseen events, such as client difficulties in obtaining adequate financing or required governmental permits or approvals, project modifications creating unanticipated costs or delays caused by local weather conditions or suppliers' or subcontractors' failure to perform. In addition, we sometime bear the risk of delays caused by unexpected conditions or events, subject to the protection of standard force majeure provisions and insurance policies contracted for a project. Notwithstanding the foregoing, our management believes that we have generally been successful in estimating our project costs accurately. Moreover, we review budgets periodically to identify any inconsistencies between actual and budgeted costs. If we find any inconsistencies, we generally attempt to negotiate higher contract prices through contract amendments to recover related cost variations. In order to further reduce these risks, we seek to negotiate provisions in our contracts which exclude consequential damages, cap liquidated damages and otherwise limit our liability, as well as allow for price adjustments in the event of change orders or changes in law that increase the scope or cost of a project.

Upon completion of a project, the contracting party typically provides us with a provisional receipt acknowledging completion. During the 60 to 180 days that follows, the project is tested, and we may be required, if necessary, to make repairs or alterations necessary to bring the project into compliance with contract specifications. When the counterparty is satisfied with this process, it issues a definitive receipt that acknowledges its acceptance of the completed project. We generally are required to guarantee our workmanship for a certain period of time after definitive acceptance of the project. For example, Brazilian law provides that the construction company remains responsible for a five-year period following definitive acceptance of the project for any latent defect in the project. To date, we have not experienced any claim in Brazil regarding defects in any of our completed public sector construction projects following issuance of a definitive receipt. Outside Brazil, our contracts generally provide for a one-year warranty period following completion and testing.

In general, final payment under contracts is made following acceptance of the completed project. Many unit price and fixed-price contracts also provide for periodic payments to the contractor upon meeting certain pre-agreed milestones. Under Brazilian law, construction companies providing services to Brazilian government or its agencies pay income taxes on a cash basis (when revenue is actually received).

Certain contracts to which we are a party deviate from the provisions described above. For example, certain contracts include requirements to purchase certain goods and services locally and may be governed by the local law of the jurisdiction in which the project is located. Our engineering and construction contracts also frequently contain advance payment provisions (which is a risk mitigation measure) and often require performance bonds, letters of credit and/or performance bonds to cover performance and potential labor claims.

Insurance and Guaranties

One of the tools that our management applies to mitigate risks associated with our operations for each project is to obtain risk management advice, insurance and guaranties from Odebrecht Corretora de Seguros Ltda., or OCS, a wholly-owned subsidiary of Odebrecht. OCS operates as an in-house broker in respect of insurance policies and surety bonds for our projects within Brazil. For projects executed outside Brazil, OCS works together with several international insurance companies, including Marsh, Inc. as its international insurance and surety broker, and the American International Group, or AIG, Chubb International Surety, Swiss Reinsurance Company, Zurich Group and Zurich North America as some of its surety companies. We follow OCS' guidelines on insurance guaranties. These guidelines require insurance policies to cover multiple risks, such as property and construction all-risk (including environmental, geological and force majeure events), third party liability, personnel, life and equipment. These guidelines also recommend that the purchase of additional insurance be considered on a case-by-case basis.

We are also required, in the majority of the markets in which we operate, to provide a performance bond to guarantee the completion of our contracts. Outside the United States, the maximum level of this guaranty varies from 5.0% to 30.0% of the total value of the contract. In contrast, in the United States, such guaranties ordinarily cover 100% of the total value of the contract. Guaranties for companies in the Odebrecht Group can be provided through two different methods:

- posting a surety bond; and/or
- providing standby letters of credit.

Following OCS' guidelines on insurance guaranties, we generally prefer to use and post a surety bond. If we post a surety bond, the bond will remain in place for the entire term of the contract, including the maintenance period (typically one year) following the completion of construction. However, the specific terms of each performance bond are individually negotiated and therefore may vary.

The Odebrecht Group has an approximate U.S.$10.0 billion revolving surety bond facility available to companies in the Group for performance, retention, maintenance, advance payment and other types of surety bonds customarily given on behalf of contractors operating outside Brazil and increasingly, within Brazil, of which U.S.$8.4 billion have been drawn under the facility. The Odebrecht Group allocates costs under this facility to Odebrecht Group companies' ongoing projects on a pro-rata basis based on the aggregate amount of surety bonds used by these projects.

In addition, we also enter into standby letters of credit and other bank guaranties customarily required to be provided by contractors. At March 31, 2012, we had standby letters of credit and other bank guaranties outstanding in the aggregate amount of U.S.$766.2 million.

We may also enter into indemnity agreements with joint venture partners or other members of a consortium in order to attempt to limit our liability.

On September 19, 2007, the IDB approved a partial credit guaranty of U.S.$200.0 million covering up to 50.0% of the net exposure of AIG, to a portfolio of surety bonds for existing and new eligible projects undertaken by us and our subsidiaries in various IDB member countries in Latin America and the Caribbean.

In the construction industry, a contractor's historical technical performance and level of success may be judged based on claims filed and paid by insurance companies on contracts fully or partially completed by the contractor. From 1990 through March 31, 2012, we had successfully completed and performed bonded contracts without having to pay any claims in relation to work performed by us or our subsidiaries.

Contract Administration and Dispute Resolution

To reduce the aggregate volume of our overdue receivables, we have decentralized the negotiation and administration of our construction contracts to the project manager and other personnel directly involved with each contract. The project manager is responsible for the day-to-day management of the project and is required to submit (and update periodically) to management a detailed action plan for the project that outlines each step along the critical path of completion for the project. We believe that this decentralization, or planned delegation, enable us to effectively manage project costs and resolve most disputes with the project owner on an informal basis.

Supplies

Our principal raw material supply needs include cement, steel, explosives, fuel and timber. We believe that there are a sufficient number of suppliers for these materials in Brazil and in the other markets in which we operate. We are not dependent on a single supplier (or a small number of suppliers).

Our main suppliers are Caterpillar Inc., Herrenknecht AG, Metso, Mercedes, Scania, Volvo Group, Rossetti, Kenworth and others. We enter into contracts with our suppliers according to our demand for equipment and products. In effect, our arrangements with our suppliers are in the nature of "requirements" contracts: so long as quality is maintained, prices are competitive, schedules are met and performance specifications are achieved, we intend to buy our requirements for certain types of equipment from these suppliers. We work closely with these suppliers in order to achieve: (1) just-in-time delivery of necessary equipment when feasible and warehousing of equipment by suppliers if we do not require immediate delivery; (2) preferential and faster supplier response to specific equipment needs; (3) cost savings from high volume purchases and improved payment conditions; and (4) on going relations with important international suppliers.

Competition

We are the largest engineering and construction company in Latin America as measured by 2010 revenues. Most of our ongoing construction projects were awarded through a competitive bidding process. While price generally is the most important factor that determines whether we will be awarded a contract through competitive bidding procedures, other important factors in competitive bidding procedures include health, safety and environmental protection records, service quality, technological capacity and performance, as well as reputation, experience, access to funding sources and client relationships. In some cases, we can even be invited by one of our competitors to enter into a joint-venture with it for a particular project. The number of competitors for a contract will depend on a number of factors, including scale, complexity and scheduling of the project. In Brazil, our principal competitors include Andrade Gutierrez S.A., Camargo Corrêa S.A., Queiroz Galvão S.A. and Construtora OAS Ltda. A variety of other companies may bid on specific types of projects or on projects in specific regions of Brazil, but we believe that we have a competitive advantage with respect to other Brazilian engineering and construction companies as a result of our experience, reputation, capacity, efficiency, trained personnel, size, financial resources and technological capabilities.

We also face competition from international construction companies in Brazil as a result of liberalization of Brazilian government rules that had previously limited foreign competitors. The participation of international companies in the Brazilian market has typically been through consortia that include a local partner. While international firms are seeking to increase their presence in the Brazilian construction industry, we believe that domestic players benefit from better knowledge of local market practices, business relationships with local suppliers and labor, established client relationships and reputation and name recognition within the industry and Brazil. For a particular project, we may also enter into consortia with other Brazilian companies, including with our principal competitors.

Internationally, we generally compete with some of the largest contractors in the world, as well as local firms based in some of the markets in which we operate. We believe that we are able to make competitive bids in Brazil and internationally for three principal reasons. First, our engineering capabilities and experience enable us to accurately assess the nature and extent of the work required to complete our projects, to create efficient engineering plans and, on occasion, to offer more cost-effective alternatives to proposed plans of governmental authorities in invitations for bids. Second, our decentralized management approach has generally allowed us to efficiently manage our projects. Third, our projects are often eligible for funding from the Brazilian government for service exports and from multilateral financial institutions.

Employees

At March 31, 2012, we had 135,532 employees, 82,667 of whom were employed in Brazil and 52,865 of whom were employed outside Brazil. A significant percentage of our non-management employees were members of unions. We believe that we have good relations with our employees and the unions to which our employees belong.

As part of our human resources policy, we provide all our employees with life and health insurance. We and our subsidiaries have entered into an agreement with ODEPREV – Odebrecht Previdência, or ODEPREV, a private pension fund established by Odebrecht, as plan sponsor. ODEPREV offers its participants an optional plan, which is a defined contribution plan in which monthly and periodic participant contributions and annual and monthly sponsor contributions are made to individual pension savings accounts. Prior to October 2003, in addition to the optional plan, ODEPREV offered a basic plan, which covered life and disability risks that were fully covered by insurance companies, while the insurance premium was paid by us. On October 1, 2003, the *Secretaria de Previdência Complementar* (a Brazilian federal government authority responsible for the supervision of pension funds in Brazil) agreed with our request to cancel the basic plan. We replaced the basic plan with a life insurance plan under the same terms and conditions.

The Board of Trustees of ODEPREV annually establishes the plan's cost and the parameters for contributions to be made by the participants and their employers. With regard to the payment of benefits defined in the Optional Plan, the actuarial liability of ODEPREV is limited to the total value of the quotas held by its participants, and as a defined contribution plan, there may be no obligation or responsibility from the sponsoring company to ensure a minimum level of benefits to retiring participants. The contributions of our company and our subsidiaries for 2011 and 2010 amounted to R$17.8 million and R$18.9 million, respectively. During the three-month periods ended March 31, 2012 and 2011, these contributions amounted to R$4.9 million and R$3.2 million, respectively.

Property, Plant and Equipment

At March 31, 2012, the net book value of our property, plant and equipment was R$1,784.7 million (U.S.$979.5 million). We believe that all of our facilities and equipment are in good operating condition.

The engineering and construction business requires extensive production equipment and specialized machinery. Production equipment includes tractors, trucks, cranes, asphalt and concrete production equipment, tunnel-boring machines, drilling tractors and topography equipment. In recent years, we have emphasized the use of multi-purpose equipment, which can be used in multiple projects. Specialized machinery tends to be specifically designed and limited for use in a particular project. We purchase equipment, lease equipment and enter into sale-and-leaseback arrangements, as we deem appropriate.

Taxes

Income Tax

We are generally subject to Brazilian federal income tax at an effective rate of 25.0%, which is the standard corporate tax rate in Brazil. At March 31, 2012, we had net deferred income tax totaling R$101.7 million (recorded as long-term assets and liabilities).

Social Contribution

We are subject to a federal social contribution tax at an effective rate of 9.0%, the standard rate in Brazil. The rate fluctuated between 9.0% and 12.0% in 2000 and has been 9.0% since January 1, 2001. This tax is not deductible for federal income tax purposes.

Other Taxes

We are subject to a number of other Brazilian and foreign taxes in addition to Brazilian income tax and the social contribution tax, some of which are described below.

Contribution for Social Security Financing and Social Integration Program (COFINS/PIS)

COFINS and PIS finance special social programs in Brazil through the collection of federal taxes on gross revenues. COFINS and PIS may be charged on a cumulative or non-cumulative basis, depending on the type of activity performed by the taxpayer. Taxpayers may be subject to both taxation regimes if they pursue various types of activities. We pay COFINS on a cumulative and non-cumulative basis, at a rate of 3% and 7.6%, respectively, and PIS on a cumulative and non-cumulative basis, at a rate of 0.65% and 1.65%, respectively.

Legal and Regulatory Matters

Litigation and Other Adversarial Dispute Resolution

We are involved in a number of legal and arbitration proceedings arising in the ordinary course of our businesses. This litigation includes, among others, civil litigation regarding property damage, recovery of credit and other similar claims, and litigation brought by former employees. Our management does not believe that any of these proceedings would have a material adverse effect on our operations or financial condition if adversely determined against us or our subsidiaries. We are also involved in certain class actions (*ações civis públicas* and *ações populares*) and other disputes brought by the State of São Paulo Public Prosecution Office with respect to the regularity of the agreements entered into with the public sectors, arising in the ordinary course of our business, related to the construction services we render to government-sector clients. Our management does not believe that any of these proceedings, if adversely determined, would materially adversely affect our results of operations or our financial condition.

In 1997 and 1999, we were involved in three disputes with the State of São Paulo Public Prosecution Office arising from damages caused by alleged irregularities in our waste disposal contracts entered into with LIMPURB, a public entity owned by the City of São Paulo. In 2003 and 2005, we lost three separate proceedings in the trial court and were deemed ineligible to enter into additional service agreements with public authorities. In 2003 and 2005, we were granted an injunction by the STJ, which suspended the effects of the trial courts' decisions. We appealed the trial courts' decisions to the STJ. The STJ has rendered a final opinion in our favor in two of the appeals, cancelling the trial court's decision in one case and exempting CBPO from the proceeding in another. On August 12, 2008, the STJ ruled against us in the remaining appeal. Nonetheless, this decision had a partially favorable outcome to us since it restricted the scope of the prohibition that was initially imposed on CBPO and CNO. The decision clarified that (1) CNO was ineligible to enter into agreements with LIMPURB only, (2) CBPO was ineligible to enter into agreements with the City of São Paulo only and (3) the prohibition concerning the tax benefits for both CNO and CBPO was restricted to the City of São Paulo. Following this decision, we filed a motion for review of the ruling with the STJ. The STJ has granted our motion for review and judgment on the ruling remains pending.

At March 31, 2012 and December 31, 2011, we had recorded an aggregate provision of R$109.0 million and R$107.7 million, respectively, in our current and long-term liabilities to cover: (1) legal indemnity expenditures related to employee termination costs, which is typical in our line of business, with the provision based on our history of similar disbursements and the opinion of our external counsel; and (2) expenses related to labor, tax and civil claims that, in the opinion of our management and external legal advisers, have a limited possibility of a favorable outcome. In addition, we and our principal subsidiaries were party, at March 31, 2012 and December 31, 2011 to labor, civil and tax claims in the aggregate amount of R$618.8 million and R$603.8 million, respectively, for which we have not recorded any provision for losses, because, in the opinion of our management and our external legal advisers, a decision in connection with these claims is likely to be favorable to us with no expected resulting material losses related thereto.

Regulatory

The construction sector in Brazil is not regulated by a particular federal or state agency. We must register each contract on which we commence work with the applicable Regional Council of Engineering and Architecture (*Conselho Regional de Engenharia e Arquitetura*). In addition, we are required to obtain all necessary licenses (excluding environmental licenses, which are generally obtained by the project owner) related to each project that we perform in Brazil as a condition of pre-qualification. In relation to work performed outside Brazil, we are obliged to comply with all applicable regulations imposed on the local and state level and to obtain all necessary permits.

Environmental Matters

We enter into a large portion of our contracts with public sector entities. Pursuant to applicable law in Brazil and in other jurisdictions in which we operate, environmental studies and licenses are required as conditions to the commencement of the bidding process for public sector projects. Private-sectors projects are likewise subject to similar requirements with studies and licenses required before any construction is authorized. Large infrastructure construction projects are also sometimes subject to stricter standards imposed by international agencies such as the World Bank and the IFC. Such studies and licenses are commissioned and obtained by the project owner (a government authority or a private entity).

We believe that, to the extent applicable to us and to our project operations, we are substantially in compliance with the parameters set forth in these licenses and studies and do not anticipate significant difficulty in maintaining our ongoing compliance with environmental regulations. In addition, a substantial portion of our business is carried outside Brazil, in some cases under stricter and broader environmental regulations than those imposed by Brazil. Our management is not aware of any environmental actions or claims that are pending or threatened against us or our subsidiaries that could have a material adverse effect on our operations of financial condition on a consolidated basis.

For more information regarding our environmental risks, see "Risk Factors—Risks Relating to Our Company—We are subject to stringent environmental requirements, and compliance with their regulations and any new regulations could require significant capital expenditures and increase our operating costs."

Safety

Our policy establishes that the management in charge of each project is primarily responsible for compliance with our company's requirements and the performance targets concerning protection and safety of all our workers. The same requirements apply equally to our subcontractors and partners on each of our construction contracts.

Our occupational health and safety management system was OHSAS 18001 Certified by the Bureau Veritas Quality International initially on December 12, 2002. Subject to the continued satisfactory operation of our safety management system, this certification is valid for a period of three years. Revalidation of our safety management system certification occurred in August 2011. OHSAS 18001 certification requires us to be proactive in identifying potential hazards and evaluating and controlling work-related risks. Certification and compliance with international standards for occupational health and safety practices allows us to reduce risk, remain in compliance with legal requirements and improve our overall performance.

THE ISSUER

Odebrecht Finance is a wholly-owned subsidiary of Odebrecht and was incorporated in the Cayman Islands as an exempted company with limited liability on January 30, 2007 for an unlimited period. The registered office of the issuer is located at the offices of Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Odebrecht Finance is registered and filed under number 181323. The share capital of the issuer is U.S.$1.5 million, fully paid-in, divided into 1.5 million shares of a par value of U.S.$1.00 each.

The corporate purposes for which Odebrecht Finance is established are unrestricted and without limitation, including entering into and conducting financial transactions and investing in pension funds. Odebrecht Finance has full power and authority to carry out any activity not prohibited by the Companies Law (2011 Revision) or as the same may be revised from time to time or any other law of the Cayman Islands, as referred in its Memorandum of Association.

The issuer does not have subsidiaries or equity participation in any undertaking. The business of the issuer is managed by its directors and who may exercise all powers of the issuer.

The directors of Odebrecht Finance are Messrs. Felipe Montoro Jens, Mônica Bahia Odebrecht and André Amaro da Silveira. Their business address is Avenida das Nações Unidas, 8501, 32nd Floor, São Paulo, SP, CEP 05425-070, Brazil.

The financial information contained in this offering memorandum includes audited financial statements of Odebrecht Finance at and for the years ended December 31, 2011 and 2010 and at and for the years ended December 31, 2010 and 2009, which have been audited by its independent auditors, as stated in their report included elsewhere in this offering memorandum. Odebrecht Finance's interim financial statements at March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011, which have been subjected to a review by its independent auditors, are also included in this offering memorandum.

MANAGEMENT

Management of CNO

Pursuant to our by-laws (*estatuto social*), and Brazilian Corporate Law, we are currently administered by our officers (*Diretoria*). We currently have 14 officers. Our officers are responsible for determining our operating policies and guidelines for our business and our subsidiaries. We do not have a board of directors.

Our management structure also includes regional managers who have responsibility for the different regions in which we operate. Project managers are appointed to manage individual projects and are given a high level of autonomy to, among other responsibilities, manage allocated projects independently, select equipment and personnel, contract for insurance and arrange for financing. See "Business—Contract Administration and Dispute Resolution."

Each of our officers is elected for a two-year term and is eligible for re-election. Each of our current officers was re-elected at our general shareholders' meeting held on April 27, 2012. As a result of such meeting and the approval and the filing of the minutes relating thereto on May 8, 2012, (1) our management structure no longer consists of a chief executive officer and vice-presidents, but consists only of officers and (2) as a result of these changes to our management structure, (i) Paulo Oliveira Lacerda de Melo is no longer our chief executive officer, and he will become an officer of Odebrecht and (ii) Benedicto Barbosa da Silva Junior, Luiz Antonio Mameri and Márcio Faria da Silva are no longer our vice-presidents but remain as our officers. Our articles of association do not include any citizenship or residency requirements.

The following table sets forth the names and positions of our current officers.

Name	Position
Benedicto Barbosa da Silva Junior	Officer
Luiz Antonio Mameri	Officer
Márcio Faria da Silva	Officer
Adriano Chaves Jucá Rolim	Officer
João Antonio Pacífico Ferreira	Officer
Sérgio Luiz Neves	Officer
Valter Luis Arruda Lana	Officer
Saulo Vinícius Rocha Silveira	Officer
Renato Augusto Rodrigues	Officer
Jayme Gomes da Fonseca Junior	Officer
Andre Vital Pessoa de Melo	Officer
Antonio Carlos Daiha Blando	Officer
Fabio Andreani Gandolfo	Officer
Leandro Andrade Azevedo	Officer

The business address of each of our executive officers is Avenida das Nações Unidas, 8501, 32nd Floor, São Paulo, SP, CEP 05425-070, Brazil.

Summarized below is information regarding the business experience, areas of expertise and principal outside business interests of each of our officers:

Benedicto Barbosa da Silva Junior – Mr. Silva Junior has been one of our officers since January 14, 2010. He joined the Odebrecht Group in 1985 and was appointed as an officer of our company on September 4, 1998. He holds a civil engineering degree from the Escola de Engenharia de Lins – São Paulo.

Luiz Antonio Mameri – Mr. Mameri has been one of our officers since April 29, 2010. He has been the president of Odebrecht Latin America and Angola since 2009. Prior to becoming president, Mr. Mameri was vice-president of Odebrecht Latin America and Angola for one year. His international experience with us includes serving as the chief executive officer of Odebrecht Angola from 2003 to 2008 and chief executive officer of our operations in Ecuador from 1997 to 2003. Mr. Mameri joined Odebrecht in 1977, after earning a civil engineering degree from Universidade Federal do Rio de Janeiro.

Márcio Faria da Silva – Mr. Silva has been one of our officers since January 14, 2010. He has been an officer of our company since September 1997. Mr. Silva was the Senior Officer for Tenenge Overseas Corporation from 1994 to 1996. He is a civil engineer and graduated in 1977 from the Escola de Engenharia da Fundação Mineira de Educação e Cultura.

Adriano Chaves Jucá Rolim – Mr. Jucá is the general counsel of our infrastructure area of business. Prior to serving as the general counsel to our infrastructure area of business, he was our general counsel. He was general counsel of OPP Química S.A. from May 14, 2001 until April 30, 2002 and a member of the board of directors of Trikem S.A. from April 30, 1999 until May 14, 2001. He holds a law degree from the Pontifícia Universidade Católica de Salvador and a master's degree in comparative jurisprudence from New York University School of Law. He served as assistant to the general counsel of Odebrecht from July 1991 to January 1993. During 1993 and 1994, he served as general counsel of CMW Equipamentos S.A., an Odebrecht Group company, and he was a visiting attorney at Clifford Chance from June 1995 through September 1995. He acted as general counsel of Stelar Telecom Ltda., an Odebrecht Group company, from October 1995 to September 1997.

João Antonio Pacífico Ferreira – Mr. Ferreira has been an officer of our company since May 1991. He was our Senior Officer for Brazil from 1994 to 1996. He holds a civil engineering degree from the Universidade Federal de Pernambuco.

Sérgio Luiz Neves – Mr. Neves has been an officer of our company since January 2009. He joined Construtora Norberto Odebrecht in 1986 and began working as Contract Manager in 1993. As Contract Manager he was responsible for several construction works in Brazil and other countries in Latin America. Mr. Neves holds a degree in Civil Engineering from Universidade Federal de Ouro Preto.

Valter Luis Arruda Lana – Mr. Lana has been an officer of our company since January 2009. He began working for the Odebrecht Group as assistant engineer, in 1977, and has worked in several structural projects. In 1994, he became Superintending Director for the Southern Region. Mr. Lana holds a degree in Civil Engineering by Escola de Engenharia da Universidade Mackenzie.

Saulo Vinícius Rocha Silveira – Mr. Silveira has been an officer of our company since January 2009. From 2002 to 2005 he was a Contract Officer at Consórcio CNO Inepar/Fem for the Tucuruí hydropower station. He holds a degree in Electrical Engineering by Universidade Católica de Minas Gerais.

Renato Augusto Rodrigues – Mr. Rodrigues has been our superintendent director since January 2009 and a director of several projects before being appointed as our superintendent director. Mr. Rodrigues joined the Odebrecht Group in 1975. He received a degree in mechanical engineering from the Federal School of Engineering of Itajubá and has a degree in occupational safety engineering from Santa Cecilia College of Engineering.

Jayme Gomes da Fonseca Junior – Mr. Fonseca has been with Odebrecht since 1993, and has had held a variety of offices within Odebrecht, including our tax planning manager, controller of Braskem and chief financial officer of Ipiranga Petrochemical. In April 2010, he was appointed as our chief financial officer. He received a degree in business administration from UNIFACS – University of Salvador, specialized in finance at PUC-RJ – Administration and Management Institute "IAG MASTER" and received a master's in accounting and finance from the Manchester Business School in Manchester, England.

Andre Vital Pessoa de Melo – Mr. Melo has been an officer of our company since January 2012. He joined the Odebrecht group in 1985, having served as contract manager and infrastructure manager for several construction projects throughout Brazil and Angola. Mr. Melo holds a degree in civil engineering from Universidade Federal de Pernambuco and specialized in finance at PUC-RJ – Administration and Management Institute "IAG MASTER."

Antonio Carlos Daiha Blando – Mr. Blando has been an officer of our company since January 2012. He joined the Odebrecht group in 1985, having served as sector chief, engineering manager and contract manager for several construction projects throughout Brazil and Venezuela. Mr. Blando holds a degree in civil engineering from Instituto Militar de Engenharia and a master's degree in finance from PUC-RJ.

Fabio Andreani Gandolfo – Mr. Gandolfo has been an officer of our company since January 2012. He joined us in 1983 and began working as contract manager in 1995. As contract manager, Mr. Gandolfo was responsible for several construction projects in Brazil. From 2007 to 2009, he was country manager in Ecuador. Mr. Gandolfo holds a degree in civil engineering from the engineering faculty of Fundação Armando Álvares Penteado – São Paulo (FAAP-SP) and an MBA degree from the School of Management of Fundação Getúlio Vargas – São Paulo (FGV-SP).

Leandro Andrade Azevedo – Mr. Azevedo has been an officer of our company since January 2003. He began working for the Odebrecht Group in 1997 and has worked on several structural projects, primarily civil construction projects. In 2011, he became a director for the Southeastern region of Brazil. Mr. Azevedo holds a degree in civil engineering from Universidade Federal do Pará.

PRINCIPAL SHAREHOLDERS

CNO

CNO was formed on August 1, 1945. At March 31, 2012, the aggregate amount of our issued and outstanding capital stock was R$2,096.6 million, fully paid-in, represented by 163,298,207 common shares and 118,800,974 preferred shares. Our preferred shares have no voting rights, but would rank ahead of our common shares in the event of our liquidation. Each common share entitles the holder thereof to one vote at our shareholders' meetings. We have no established authorized share capital.

At March 31, 2012, all of our total capital (except for qualifying directors shares) was owned by Odebrecht, which, in turn, is controlled by ODBINV S.A. ODBINV S.A. is a Brazilian corporation controlled by Kieppe Participações e Administração Ltda. (which owns 63.9% of the total and voting capital of ODBINV S.A.). Kieppe Participações e Administração Ltda. is a Brazilian limited liability company that is wholly-owned by the Odebrecht family. Certain members and officers of Odebrecht own the remaining capital of ODBINV S.A.

Dividends

Pursuant to Brazilian Corporate Law, and in accordance with the third paragraph of Article 21 of our by-laws, unless otherwise approved by all of our shareholders, we are required to make a minimum dividend payment to all of our shareholders during each fiscal year amounting to 25.0% of our annual net income during the previous fiscal year. We may declare and pay dividends in an amount greater than 25.0% of our annual net income, subject only to the limitation that such dividends may not exceed such net income and any distributable reserves available from previous fiscal years. We may also declare and pay dividends in an amount less than 25.0% of our annual net income if approved by our shareholders. In 2009, our shareholders approved the declaration and payment of dividends (including in the form of interest on shareholders' equity) in an aggregate amount less than 25.0% of our annual net income.

We paid dividends for the year ended December 31, 2011 in the aggregate amount of R$100.0 million.

The table below sets forth our history of dividends and interest on shareholders' equity declared for the years indicated:

	Year ended December 31,				
	2011	**2010**	**2009**	**2008**	**2007**
			(*in thousands of reais*)		
Dividends	100,000	100,000	110,000	—	52,999
Interest on shareholders' equity	—	—	58,250	254,600	15,000
Total	100,000	100,000	168,250	254,600	67,999

RELATED PARTY TRANSACTIONS

The following summarizes the material transactions that we have engaged in with other Odebrecht Group companies.

In the ordinary course of our business, we engage in a variety of transactions with our subsidiaries, affiliates and other Odebrecht Group companies. Financial information with respect to certain material related party transactions is set forth in note 21 to our condensed interim consolidated financial statements at March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011.

We also maintain inter-company credit arrangements, through a cash management agreement with Odebrecht and certain of its subsidiaries in order to facilitate temporary cash infusions and other flows of funds to meet working capital requirements and to distribute cash to shareholders pending the declaration of dividends at the end of each fiscal year.

At March 31, 2012, we were owed, in total, R$1,474.3 million (R$1,144.5 million at December 31, 2011) as a result of inter-company transactions with certain affiliates of Odebrecht pursuant to a cash management agreement. On the other hand, at March 31, 2012, we owed R$160.7 million (R$174.1 million at December 31, 2010) to certain affiliates of Odebrecht. Changes in our long-term receivables and long-term liabilities as a result of the cash management agreement among certain affiliates of Odebrecht are more fully described in note 21 to our condensed interim consolidated financial statements at March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011.

TERMS AND CONDITIONS

The U.S.$400,000,000 million of the Issuer's 7.125% notes due 2042 (the "**Notes**") were issued under an indenture (the "**Indenture**") among the Issuer, the Guarantor, The Bank of New York Mellon, as trustee (the "**Trustee**"), and certain other parties thereto. In this description, the terms "**Issuer**" and "**Guarantor**" refer only to the Issuer and the Guarantor, respectively, and not to any of their respective Subsidiaries. The statements under this caption relating to the Notes and the Indenture are summaries and are subject to, and are qualified in their entirety by reference to, all the provisions of the Indenture, including the definitions of certain terms therein. Where reference is made to particular provisions of the Indenture or to defined terms not otherwise defined herein, those provisions or defined terms are incorporated herein by reference. Copies of the Indenture are available at the designated corporate trust office of the Trustee and also may be obtained from the Issuer. Certain capitalized terms used in these Terms and Conditions are defined in Section 13 hereof.

1. Status

The Notes constitute a direct, unconditional, unsubordinated and unsecured obligation of the Issuer and rank *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, except as the foregoing may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally or by general equitable principles (regardless of whether enforcement is considered in a proceeding in equity or at law).

The Notes are unconditionally and irrevocably guaranteed (the "**Guaranty**") by Construtora Norberto Odebrecht S.A. (the "**Guarantor**"). The Guaranty will constitute the direct, general and unconditional senior obligation of the Guarantor that will at all times rank at least equally with all other present and future unsecured senior obligations of the Guarantor, except as the foregoing may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally or by general equitable principles (regardless of whether enforcement is considered in a proceeding in equity or at law).

The Issuer may, without the consent of existing Holders of Notes, issue additional Notes having the same terms and conditions as the Notes, except that the issue date, the issue price and the first payment of interest thereon may differ; *provided, however*, that such additional Notes will either be (i) fungible with the original notes for U.S. federal income tax purposes or (ii) are issued under a separate CUSIP number. Any such additional Notes will form a single series and vote together with the previously outstanding Notes for all purposes hereof.

2. Interest Rate

The Notes will bear interest at 7.125% *per annum* until the principal thereof is paid or made available for payment. Interest will be payable in arrears on each Interest Payment Date (as defined below) and at Maturity. "Maturity" means the date on which the principal of, and premium, if any, on the Notes become due and payable in full in accordance with the Indenture, whether on the Stated Maturity Date specified in the Notes, an Optional Redemption Date as described below or earlier by declaration of acceleration, repayment or otherwise.

The interest payment dates shall be semi-annual on June 26 and December 26 of each year (the "**Interest Payment Dates**"). The first payment of interest will be made on December 26, 2012. If any Interest Payment Date or the date of Maturity falls on a day that is not a Business Day, the required payments of principal, premium, if any, and interest with respect to such Note will be made on the next succeeding Business Day as if made on the date such payment was due, and no interest will accrue on such payment for the period from and after such Interest Payment Date or date of Maturity, as the case may be, to the date of such payment on the next succeeding Business Day.

Interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

3. **Payment of Principal and Interest**

The Notes will mature at par on June 26, 2042.

Payments of interest will be made to Holders appearing on the Register (as defined in the Indenture) at the close of business on the 15th calendar day (whether or not a Business Day) prior to any due date for the payment of interest on such Note (the "**Regular Record Date**"), (i) in the case of Global Notes, by a Paying Agent by wire transfer of immediately available funds to Holders to an account at a bank located within the United States as designated by each Holder not less than 15 calendar days prior to the applicable payment date, and (ii) in the case of Certificated Notes, by a Paying Agent by mailing a check to the Holder at the address of such Holder; *provided*, *however*, that (a) interest payable on any date of Maturity shall be payable to the Person to whom principal shall be payable and (b) the first payment of interest on any Note originally issued between a Regular Record Date for such Note and the succeeding Interest Payment Date shall be made on the Interest Payment Date following the next succeeding Regular Record Date for such Note of the Holder. For any Certificated Note, a Holder of U.S.$1,000,000 or more in aggregate principal amount of Notes may request payment by wire transfer but only if appropriate payment instructions have been received in writing by any Paying Agent with respect to such Note not less than 15 calendar days prior to the applicable payment date. In the event that payment is so made in accordance with instructions of the Holder, such wire transfer shall be deemed to constitute full and complete payment of such principal, premium and/or interest on the Notes.

Payment of the principal, premium, if any, and interest due with respect to any Certificated Note on any date of Maturity will be made in immediately available funds upon surrender of such Note at the Specified Office of any Paying Agent with respect to that Note and accompanied by wire transfer instructions; *provided* that the Certificated Note is presented to such Paying Agent in time for such Paying Agent to make such payments in such funds in accordance with its normal procedures.

The Issuer will pay any administrative costs imposed by banks in connection with making payments by wire transfer, but any tax, assessment or governmental charge imposed upon payments will be borne by the Holders of the Notes in respect of which such payments are made.

Notwithstanding anything to the contrary in this Section 3, if the Note is a Global Note deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**"), principal and interest payments on the Note will be made to DTC, as the registered Holder of the Note in accordance with DTC's applicable procedures.

If the Issuer or the Guarantor defaults in a payment of interest on the Notes, the Issuer or the Guarantor will pay the defaulted interest (plus interest on such defaulted interest at the rate specified in Section 5(a) to the extent lawful) in any lawful manner not inconsistent with the requirements of any stock exchange on which the Notes may be listed, and upon such notice as may be required by such exchange.

The Issuer or the Guarantor may pay the defaulted interest to the Persons who are Holders on a subsequent special record date, which date will be at least five Business Days prior to the payment date of such defaulted interest. The Issuer or the Guarantor will fix or cause to be fixed such special record date and payment date, and, at least 15 days before any such special record date, the Issuer or the Guarantor will deliver to each Holder, with a copy to the Trustee, a notice that states the special record date, the payment date and the amount of defaulted interest to be paid.

4. **Redemption and Repurchase**

(a) *Maturity*

Unless previously redeemed, purchased or canceled, the Notes shall be repaid in U.S. dollars at their principal amount on the Stated Maturity Date.

(b)(i) *Optional Redemption prior to December 26, 2041*

The Notes may be redeemed in whole or in part at any time, at the Issuer's or the Guarantor's option, at a "make-whole" redemption price, calculated by the Independent Investment Banker, equal to the greater of:

(x) 100% of the principal amount of the Notes to be redeemed; and

(y) the sum of the present value of the remaining scheduled payments of principal and interest on the Notes from the Optional Redemption Date to the Stated Maturity Date discounted, in each case, to the Optional Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points;

plus any accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption.

(b)(ii) *Optional Redemption on December 26, 2041 or thereafter*

The Notes may be redeemed in whole or in part at any time, at the Issuer's or the Guarantor's option, on December 26, 2041 or at any time thereafter, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption.

(c) Optional Tax Redemption

The Notes will be redeemable, at the Issuer's or the Guarantor's option, in whole, but not in part, upon giving not less than 30 nor more than 60 days' notice to the Holders, with a copy to the Trustee (which notice will be irrevocable) at 100% of the principal amount thereof, plus accrued interest and any Additional Amounts payable with respect thereto, only if the Issuer or the Guarantor has or shall become obligated to pay Additional Amounts (x) with respect to such Notes, as a result of any change in, or amendment to, the laws, treaties, or regulations of the Cayman Islands or Brazil or any political subdivision or governmental authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, treaties or regulations, or (y) with respect to the Guaranty, in excess of the Additional Amounts that the Guarantor would pay if payments by it were subject to deduction or withholding at a rate of 15%, or 25% in the case of beneficiaries located in tax haven jurisdictions for purposes of Brazilian tax law, in each case determined without regard to any interest, fees, penalties or other similar additions to tax, as a result of any change in, or amendment to, the laws, treaties or regulations of the Cayman Islands, Brazil or any political subdivision or governmental authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, treaties or regulations, which change or amendment (either in clause (x) or (y)) occurs after the date of issuance of the Notes.

No such notice of redemption will be given earlier than 60 days prior to the earliest date on which the Issuer or the Guarantor would be obligated to pay such Additional Amounts if a payment in respect of such Notes or the Guaranty were then due. Prior to the publication or mailing of any notice of redemption of the Notes as described above, the Issuer or the Guarantor shall deliver to the Trustee an opinion of an independent legal counsel of recognized standing stating that the Issuer or the Guarantor would be obligated to pay Additional Amounts due to the changes in tax laws, treaties or regulations or in the application or official interpretation thereof. The Trustee shall accept such opinion as sufficient evidence of the satisfaction of the conditions precedent set forth above, in which event it will be conclusive and binding on the Holders.

(d) *Repurchase*

The Issuer or any of its affiliates may at any time purchase Notes at any price or prices in the open market or otherwise. Notes redeemed pursuant to the terms of the Indenture or so purchased may be held or resold or, at the Issuer or any of its Affiliates' discretion, surrendered to the Trustee for cancellation or remain outstanding.

(e) *Procedure for Payment upon Redemption*

If notice of redemption has been given in the manner set forth herein, the Notes to be redeemed shall become due and payable on the Optional Redemption Date specified in such notice and upon presentation and surrender of the Notes at the place or places specified in such notice, the Notes shall be paid and redeemed by the Issuer at the places and in the manner and currency therein specified and at the redemption price therein specified together with any accrued interest to, but excluding, the Optional Redemption Date. From and after the Optional Redemption Date, if monies for the redemption of Notes called for redemption shall have been made available at the Specified Office of the Trustee for redemption on the Optional Redemption Date, the Notes called for redemption shall cease to bear interest, and the only right of the Holders of such Notes shall be to receive payment of the redemption price together with any accrued interest to, but excluding, the Optional Redemption Date as aforesaid. Notwithstanding any other provisions contained herein, any Affiliate of the Issuer may deliver a notice of redemption in the manner set forth herein and/or pay the redemption price in connection with any redemption of the Notes.

5. **Covenants**

Subject to certain exceptions set forth in the Indenture, for so long as any of the Notes remain outstanding or any amount remains unpaid on any of the Notes, the Issuer or the Guarantor will, and will cause its Subsidiaries to, comply with the terms of the covenants described below.

(a) *Payment of Principal, Premium, if any, and Interest*

The Issuer will punctually pay the principal or interest on the Notes on the dates and in the manner provided in paragraphs 2 and 3 of the Notes. One Business Day prior to any Stated Maturity Date or Interest Payment Date, as the case may be, the Issuer will irrevocably deposit with the Trustee or any Paying Agent money sufficient to pay such principal and/or interest.

The Issuer will pay interest on overdue principal at the rate borne by the Notes plus 1% *per annum*, and it will pay interest on overdue installments of interest at the same rate to the extent lawful.

No interest will be payable hereunder in excess of the maximum rate permitted by applicable law.

(b) *Maintenance of Office or Agency*

The Issuer and the Guarantor shall maintain an office or agency in the Borough of Manhattan, the City of New York, where notices to and demands upon the Issuer and the Guarantor in respect of the Indenture and the Notes may be served.

(c) *Money for Note Payments to Be Held in Trust*

If the Issuer or the Guarantor shall at any time act as its own Paying Agent, it shall, on or before each due date of the principal of, premium, if any, on or interest on any of the Notes, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal, premium, if any, or interest so becoming due until such sums will be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Issuer or the Guarantor shall have one or more Paying Agents for the Notes, it shall, on or before each due date of the principal of, premium, if any, on or interest on any Notes, irrevocably deposit with a Paying Agent a sum sufficient to pay the principal, premium, if any, or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal of, or interest, and (unless such Paying Agent is the Trustee) the Issuer or the Guarantor will promptly notify the Trustee of such action or any failure so to act.

Each Paying Agent, subject to the provisions of this Section 5(c), will:

(i) hold all sums held by it for the payment of the principal of or interest on Notes in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) give the Trustee notice of any default by the Issuer or the Guarantor (or any other obligor upon the Notes) in the making of any payment of principal or interest; and

(iii) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Issuer or the Guarantor may at any time, for the purpose of obtaining the satisfaction and discharge of the Notes or for any other purpose, pay, or by Issuer Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Issuer or the Guarantor or such Paying Agent, such sums to be held in trust by the Issuer or the Guarantor or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Issuer or the Guarantor or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent will be released from all further liability with respect to such sums.

Any money deposited with the Trustee or any Paying Agent, or then held by the Issuer or the Guarantor, in trust for the payment of the principal of or interest on any Note and remaining unclaimed for two years after such principal or interest has become due and payable will be paid to the Issuer or the Guarantor at the written request of the Issuer or the Guarantor, or (if then held by the Issuer or the Guarantor) will be discharged from such trust; and the Holder of such Note will thereafter, as an unsecured general creditor, look only to the Issuer or Guarantor for payment thereof, and all liability of the Trustee with respect to such trust money, and all liability of the Issuer or the Guarantor as trustee thereof, will thereupon cease.

(d) *Additional Amounts*

(1) All payments by the Issuer or the Guarantor in respect of the Notes and the Guaranty will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments, fees or other governmental charges of whatever nature (and any fines, penalties or interest related thereto) imposed or levied by or on behalf of the Cayman Islands, Brazil or, following any merger, consolidation, transfer, liquidation, winding-up, dissolution or assumption of obligations in accordance with Sections 5(g) and 5(l) hereof, the jurisdiction in which the resulting, surviving or transferee Person is incorporated, resident for tax purposes or treated as engaged in business, or, in each case, any political subdivision thereof or taxing authority therein (each, a "Taxing Jurisdiction"), unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor will pay to each holder such additional amounts ("Additional Amounts") as may be necessary in order that every net payment made by the Issuer or the Guarantor on each Note after deduction or withholding for or on account of any present or future tax, penalty, fine, duty, assessment or other governmental charge imposed upon or as a result of such payment by the Taxing Jurisdiction will not be less than the amount then due and payable on such Note. The foregoing obligation to pay Additional Amounts, however, will not apply to:

(A) any tax, assessment or other governmental charge which would not have been imposed but for the existence of any present or former connection between such Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of such Holder, if such Holder is an estate, a trust, a partnership or a corporation) or beneficial owner, on the one hand, and the Taxing Jurisdiction, on the other hand, including, without limitation, such Holder (or such fiduciary, settlor, beneficiary, member or shareholder) or beneficial owner being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein, but not including the mere receipt of such payment or the ownership or holding of such Note;

(B) any tax, assessment or other governmental charge which would not have been so imposed but for the presentation by such Holder for payment (where presentation is required) on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(C) the extent that the taxes, duties, assessments or other governmental charges would not have been imposed but for the failure of such Holder or beneficial owner to comply with any certification, identification or other reporting requirements concerning the nationality, residence, identity or connection with the Taxing Jurisdiction of the Holder if (a) such compliance is required or imposed by statute, regulation or other applicable law of such Taxing Jurisdiction as a precondition to exemption from all or a part of such tax, assessment or other governmental charge and (b) at least 30 days prior to the date on which the Issuer or the Guarantor applies this clause (C) the Issuer or the Guarantor will have notified all Holders of Notes that some or all Holders of Notes shall be required to comply with such requirement;

(D) a tax, assessment or other governmental charge imposed on a payment to an individual and required to be made pursuant to the European Union Directive on the taxation of savings, which was adopted on June 3, 2003, or any law implementing or complying with, or introduced in order to conform to, that directive;

(E) any tax, assessment or governmental charge imposed on a Note presented for payment by or on behalf of a Holder who would have been able to avoid that withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union;

(F) any estate, inheritance, gift, sales, transfer or personal property tax or similar tax;

(G) any tax, assessment or governmental charge payable other than by deduction or withholding from payments of principal or of interest on the Note; or

(H) any combination of items (A) through (G) above.

(2) The Issuer or the Guarantor shall also pay any present or future stamp, court or documentary taxes or any other excise taxes, charges or similar levies which arise in any jurisdiction from the execution, delivery, registration or the making of payments in respect of the Notes, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of any Taxing Jurisdiction other than those resulting from, or required to be paid in connection with, the enforcement of the Notes following the occurrence of any Default or Event of Default (each as defined below).

(3) No Additional Amounts shall be paid with respect to a payment on a Note or under the Guaranty to a Holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or beneficial owner would not have been entitled to receive payment of the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the Holder of the Note.

(4) The Issuer or the Guarantor will provide the Trustee with the official acknowledgment of the relevant taxing authority (or, if such acknowledgment is not available, a certified copy thereof, if available) evidencing the payment of taxes in any Taxing Jurisdiction in respect of which the Issuer or the Guarantor has paid any Additional Amounts. Copies of such documentation will be made available to the Holders of the Notes or the Paying Agents, as applicable, upon request therefor.

(5) The Issuer or the Guarantor will:

(A) at least 10 Business Days prior to the first Interest Payment Date for any Notes (and at least 10 Business Days prior to each succeeding Interest Payment Date or any Optional Redemption Date or Stated Maturity Date if there has been any change with respect to the matters set forth in the below-mentioned officer's certificate), deliver to the Trustee and each Paying Agent an officer's certificate (i) specifying the amount, if any, of taxes described in this Section 5(d) imposed or levied by or on behalf of any Taxing Jurisdiction (the “Relevant Withholding Taxes”) required to be deducted or withheld on the payment of principal or interest on the Notes to Holders and the Additional Amounts, if any, due to Holders in connection with such payment, and (ii) certifying that the Issuer or the Guarantor will pay such deduction or withholding;

(B) prior to the due date for the payment thereof, pay any such Relevant Withholding Taxes, together with any penalties or interest applicable thereto;

(C) within 30 days after paying such Relevant Withholding Taxes, deliver to the Trustee and the Principal Paying Agent evidence of such payment and of the remittance thereof to the relevant taxing or other authority as described in this Section 5(d); and

(D) pay any Additional Amounts due to Holders on any Interest Payment Date, Optional Redemption Date or Stated Maturity Date to the Trustee in accordance with the provisions of this Section 5(d).

(6) Any officer's certificate required by this Section 5(d) to be provided to the Trustee and each Paying Agent will be deemed to be duly provided if sent by facsimile to the Trustee and each Paying Agent.

(7) All references in this offering memorandum to principal of and interest hereon shall include any Additional Amounts payable by the Issuer or the Guarantor in respect of such principal and such interest.

(e) *Available Information*

For as long as the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, to the extent required, furnish to any holder of the Notes holding an interest in a restricted Global Note, or to any prospective purchaser designated by such holder, upon request of such holder, financial and other information described in paragraph (d)(4) of Rule 144A with respect to the Issuer to the extent required in order to permit such holder to comply with Rule 144A with respect to any resale of its Note, unless during that time, the Issuer or the Guarantor is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or is exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act and no such information about the Issuer is otherwise required pursuant to Rule 144A.

(f) *Limitation on Liens*

The Guarantor shall not, and shall not permit any Significant Subsidiary to, create, incur, assume or permit to exist any Lien securing Debt of the Guarantor or any Significant Subsidiary upon any of the property or assets now owned or hereafter acquired by the Guarantor or any such Significant Subsidiary (including any Capital Stock of any Significant Subsidiary), except for (i) Permitted Liens or (ii) to the extent that, contemporaneously therewith, provision is made to secure the Notes equally and ratably with the obligation that is secured by any such Lien for so long as such obligation is so secured.

Solely for purposes of this "Limitation on Liens" covenant (but not the "Total Consolidated Assets" definition), and notwithstanding the "Subsidiary" definition, a corporation, association, partnership or other business entity that constitutes a joint venture or similar entity between the Guarantor and/or one or more of its Subsidiaries, on the one hand, and one or more Persons, on the other, and that would otherwise be a Subsidiary will not be deemed to be a Subsidiary (and, therefore, not subject to this covenant); *provided* that such joint venture or similar entity is not fully consolidated in the financial statements of the Guarantor (and instead is proportionately consolidated under CVM Instruction No. 247, as amended, any successor provision, or any equivalent provision under IFRS or other applicable generally accepted accounting principles, because it is jointly controlled by the Guarantor and/or its Subsidiaries, on the one hand, and such other Persons, on the other); *provided*, *further*, that the Debt secured or to be secured by Liens is incurred to finance the business of such joint venture or similar entity or property or assets owned or hereafter acquired, directly or indirectly, by it.

For the avoidance of doubt, a Lien permitted by this "Limitation on Liens" covenant need not be permitted solely by reference to a single clause permitting such Lien, but may be permitted in part by such clause and in part by one or more other clauses of this covenant otherwise permitting such Lien.

(g) *Limitation on Consolidation, Merger or Transfer of Assets*

(1) The Guarantor shall not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its assets (on a consolidated basis) to, any Person, unless:

(A) The resulting, surviving or transferee Person (if not the Guarantor) shall be a Person organized and existing under the laws of Brazil or the United States of America, any State thereof or the District of Columbia or any other country that is a member country of the European Union or of the Organization for Economic Co-operation and Development or any other country whose long-term foreign currency-denominated debt has an Investment Grade rating from either S&P or Moody's as of the effective date of such transaction, and such Person shall expressly assume, by a supplement to the Indenture, executed and delivered to the Trustee, all obligations under the Guaranty and the Indenture;

(B) Immediately after giving effect to such transaction, no Event of Default will have occurred and be continuing; and

(C) The Guarantor shall have delivered to the Trustee an officer's certificate and an opinion of counsel, each stating that such consolidation, merger or transfer and such supplement to the Indenture, if any, comply with the Notes and the Indenture.

The Trustee will be entitled to conclusively rely on and will accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set forth in clause (C) above, in which event it shall be conclusive and binding on the Holders.

(2) Upon any consolidation or merger, or any sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Guarantor in accordance with Section 5(g)(1) in which the Guarantor is not the continuing obligor under the Guaranty and the Indenture, the surviving or transferor Person will succeed to, and be substituted for, and may exercise every right and power of, the Guarantor under the Guaranty and the Indenture with the same effect as if such successor had been named as the Guarantor herein and therein. When a successor assumes all the obligations of its predecessor under the Guaranty and the Indenture, the predecessor will be released from those obligations; *provided* that in the case of a transfer by lease, the predecessor will not be released from the payment of principal and interest on the Guaranty.

(3) If, upon any such consolidation of the Guarantor with or merger of the Guarantor into any other corporation, or upon any conveyance, lease or transfer of the property of the Guarantor substantially as an entirety to any other Person, any property or assets of the Guarantor would thereupon become subject to any Lien, then unless such Lien could be created pursuant to Section 5(f) without equally and ratably securing the Notes, the Guarantor, prior to or simultaneously with such consolidation, merger, conveyance, lease or transfer, will as to such property or assets, secure the outstanding Notes (together with, if the Guarantor will so determine, any other Debt of the Guarantor now existing or hereinafter created which is not subordinate in right of payment to the Notes) equally and ratably with (or prior to) the Debt which upon such consolidation, merger, conveyance, lease or transfer is to become secured as to such property or assets by such Lien.

(h) *Repurchase of Notes upon a Change of Control*

Not later than 30 days following a Change of Control that results in a Ratings Decline, the Issuer or the Guarantor will make an Offer to Purchase all outstanding Notes at a purchase price equal to 101% of the principal amount of Notes repurchased plus accrued and unpaid interest on such Notes to but excluding the date of purchase.

An "**Offer to Purchase**" must be made by written offer (with a copy to the Trustee), which will specify the principal amount of Notes subject to the offer and the purchase price. The offer must specify an expiration date (the "**Expiration Date**") not less than 30 days or more than 60 days after the date of the offer and a settlement date for purchase (the "**Purchase Date**") not more than five Business Days after the expiration date. The offer must include information concerning the business of the Guarantor and its Subsidiaries which the Guarantor in good faith believes will enable the holders to make an informed decision with respect to the Offer to Purchase. The offer will also contain instructions and materials necessary to enable holders to tender Notes pursuant to the offer. The Issuer or the Guarantor launching the Offer to Purchase will comply with Rule 14e-1 under the Exchange Act (to the extent applicable) and all other applicable laws in making any Offer to Purchase, and the above procedures will be deemed modified as necessary to permit such compliance.

A holder may tender all or any portion of its Notes pursuant to an Offer to Purchase, subject to the requirement that any portion of a Note tendered must be in a multiple of U.S.$1,000 principal amount and that the minimum holding of any holder must be no less than U.S.$200,000. Holders shall be entitled to withdraw Notes tendered up to the close of business on the Expiration Date. On the Purchase Date the purchase price will become due and payable on each Note accepted for purchase pursuant to the Offer to Purchase, and interest on Notes purchased will cease to accrue on and after the Purchase Date.

Neither the Issuer nor the Guarantor is required to offer to purchase the Notes unless the event that results in a Change of Control also results in a Ratings Decline. Consequently, if a Change of Control were to occur which does not result in a Rating Decline, neither the Issuer nor the Guarantor would be required to offer to repurchase the Notes. In addition, neither the Issuer nor the Guarantor will be required to make an Offer to Purchase upon a Change of Control if (1) a third party makes the Offer to Purchase in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Issuer or the Guarantor and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase or (2) notice of redemption for all outstanding Notes has been given pursuant to the Indenture as described above under the caption "Redemption and Repurchase," unless and until there is a default in payment of the applicable redemption price.

In the event that the holders of not less than 90% of the aggregate principal amount of the outstanding Notes accept an Offer to Purchase and the Issuer, the Guarantor (or one of its Affiliates) or a third party purchases all the Notes held by such holders, the Issuer and the Guarantor will have the right, on not less than 30 nor more than 60 days' prior notice thereafter (with a copy to the trustee), given not more than 30 days following the purchase pursuant to the Change of Control offer described above, to redeem all of the Notes that remain outstanding following such purchase at the purchase price equal to that in the Offer to Purchase plus, to the extent not included in the Offer to Purchase payment, accrued and unpaid interest and additional amounts, if any, on the Notes that remain outstanding, to the date of redemption.

Notwithstanding anything to the contrary contained herein, an Offer to Purchase maybe made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Offer to Purchase is made.

The Guarantor agrees to obtain all necessary consents and approvals from the Central Bank for any remittance of funds outside of Brazil prior to making any Offer to Purchase, if necessary.

(i) *Reporting Requirements*

The Guarantor will provide the Trustee with the following reports for delivery to noteholders upon their written request therefor:

(1) an English language version of the Guarantor's annual audited consolidated financial statements prepared in accordance with GAAP not later than 120 days after the close of its fiscal year;

(2) simultaneously with the delivery of the financial statements referred to in clause (1) above, an officer's certificate stating whether an Event of Default or Default exists on the date of such certificate and, if an Event of Default or Default exists, setting forth the details thereof and the action being taken or proposed to take with respect thereto;

(3) within ten calendar days after any director or officer of the Issuer or the Guarantor becomes aware of the existence of an Event of Default or Default, an officer's certificate setting forth the details thereof and what action the Issuer or the Guarantor proposes to take with respect thereto.

The above reports may be delivered by the Guarantor to the Trustee in physical or electronic form, as determined by the Guarantor.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such reports will not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's or the Guarantor's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on officer's certificates).

If the Guarantor makes the reports described in clause (1) available on its website, it will be deemed to have satisfied the reporting requirement set forth in such clause.

(j) *Waiver of Certain Covenants*

The Issuer or the Guarantor may omit in any particular instance to comply with any term, provision or condition set forth in Sections 5(f), (g), (h), (i) or (k) inclusive, if before or after the time for such compliance the Holders of at least a majority in principal amount of the outstanding Notes waive such compliance in such instance with such term, provision or condition, or generally waive compliance with such term, provision or condition, but no such waiver will extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver will become effective, the obligations of the Issuer or the Guarantor in respect of any such term, provisions or conditions will remain in full force and effect. The Issuer or the Guarantor will provide the Trustee with prompt written notification of any waiver of any covenant.

(k) *Limitations and Restrictions on the Issuer*

The Indenture contains the following covenants:

- the Issuer will not engage in any business, or conduct any operations, other than to finance the operations of the Guarantor and its subsidiaries and activities that are reasonably ancillary thereto (including, without limitation, on-lending of funds, repurchases of Debt not prohibited by the Indenture, entering into transactions involving Hedging Obligations relating to such Debt and investments not prohibited by the Indenture);

- the Issuer will not incur any Debt other than (1) the Notes and (2) any other Debt which (i) ranks equally with the notes or (ii) is subordinated to the notes;

- the Issuer will not redeem any of its shares; and

- the Issuer will not incur any Liens on any of its assets, except for any Liens imposed by operation of law.

The Guarantor and the Issuer will also agree in the Indenture that, for so long as any of the Notes are outstanding, neither the Guarantor nor the Issuer will take any corporate action with respect to:

- the consolidation or merger of the Issuer with or into any other person, except that the Issuer may merge with the Guarantor or a Wholly-Owned Subsidiary;

- the voluntary liquidation, wind-up or dissolution of the Issuer while the Issuer is the issuer of the Notes, unless the Guarantor fully and unconditionally assumes all of the obligations of the Issuer, including the Notes; or

- the transfer or disposition by the Guarantor of the Issuer to any person other than a Wholly-Owned Subsidiary, except as permitted under "—Limitation on Consolidation, Merger or Transfer of Assets."

(l) *Substitution of the Issuer*

Notwithstanding any other provision contained in the Indenture, (i) the Issuer may, without the consent of the holders of the Notes, be replaced and substituted by (i) the Guarantor or (ii) any Wholly Owned Subsidiary of the Guarantor as principal debtor (in such capacity, the "**Substituted Debtor**") in respect of the Notes provided that:

(A) such documents shall be executed by the Substituted Debtor, the Guarantor and the Trustee as may be necessary to give full effect to the substitution, including a supplemental Indenture whereby the Substituted Debtor assumes all of the Issuer's obligations under the Indenture and Notes (together, the "**Issuer Substitution Documents**");

(B) if the Substituted Debtor is organized in a jurisdiction other than the Cayman Islands, the Issuer Substitution Documents will contain covenants (1) to ensure that each Holder of

Notes has the benefit of a covenant in terms corresponding to the obligations of the Issuer in respect of the payment of Additional Amounts; and (2) to indemnify each Holder and beneficial owner of Notes against all taxes or duties (a) which arise by reason of a law or regulation in effect or contemplated on the effective date of the substitution, which may be incurred or levied against such Holder or beneficial owner of Notes as a result of the substitution and which would not have been so incurred or levied had the substitution not been made and (b) which are imposed on such Holder or beneficial owner of Notes by any political subdivision or taxing authority of any country in which such Holder or beneficial owner of the Notes resides or is subject to any such tax or duty and which would not have been so imposed had the substitution not been made, in each case, subject to similar exceptions set forth under clauses (B) through (H) under "—Additional Amounts," *mutatis mutandis*; provided, that any holder making a claim with respect to such tax indemnity shall provide the Issuer with notice of such claim, along with supporting documentation, within four weeks of the announcement of the substitution of the Issuer as issuer;

(C) the Issuer shall have delivered, or procured the delivery to the Trustee of, an opinion of counsel to the effect that the Issuer Substitution Documents constitute valid and binding obligations of the Substituted Debtor;

(D) the Substituted Debtor shall have appointed a process agent in the Borough of Manhattan, the City of New York to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Issuer Substitution Documents;

(E) no Event of Default will have occurred and be continuing; and

(F) the substitution will comply with all applicable requirements under the laws of the jurisdiction of organization of the Substitute Issuer, New York and Brazil

Upon the execution of the Issuer Substitution Documents as referred to in paragraph (A) above, the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. Except as set forth above, the execution of the Issuer Substitution Documents shall operate to release the Issuer (or such previous substitute as aforesaid) from all its obligations in respect of the Notes and its obligation to indemnify the Trustee under the Indenture. Upon the execution of the Issuer Substitution Documents as referred to in paragraph (A) above, the Issuer and the Substituted Debtor will not be subject to the provisions of the covenant described above under the caption "—Limitation and Restrictions on the Issuer."

6. Events of Default

"Event of Default" means, when used herein, any one of the following events:

(1) the Issuer or the Guarantor fails to pay any amount of (a) principal in respect of the Notes when the same becomes due and payable upon redemption, upon declaration or otherwise or (b) interest in respect of the Notes and such failure continues for a period of 30 days;

(2) the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Guaranty (other than those referred to in clause (1) of this Section 6) and such default remains unremedied for 60 days after the written notice specified below;

(3) the Guarantor or any Significant Subsidiary defaults under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Debt for money borrowed by the Guarantor or any such Significant Subsidiary (or the payment of which is guaranteed by the Guarantor or any such Significant Subsidiary) whether such Debt or guaranty now exists, or is created after the date of the Indenture, which default (a) is caused by failure to pay principal of or premium, if any, or interest on such Debt after giving effect to any grace period provided in such Debt on the date of such default ("Payment Default") or (b) results in the acceleration of such Debt prior to its expressed maturity and, in each case, the principal amount of any such Debt, together with the principal amount of any other such Debt under which there has been a Payment Default or the maturity of which has

been so accelerated, totals U.S.$100,000,000 (or the equivalent thereof at the time of determination) or more in the aggregate;

(4) one or more final judgments or decrees for the payment of money in excess of U.S.$100,000,000 (or the equivalent thereof at the time of determination) (other than judgments covered by enforceable insurance policies issued by reputable and creditworthy insurance companies) in the aggregate are rendered against the Guarantor or any Significant Subsidiary and are not paid (whether in full or in installments in accordance with the terms of the judgment) or otherwise discharged and, in the case of each such judgment or decree, either (a) an enforcement proceeding has been commenced by any creditor upon such judgment or decree and is not dismissed within 90 days following commencement of such enforcement proceedings or (b) there is a period of 90 days following such judgment during which such judgment or decree is not discharged, waived or the execution thereof stayed;

(5) certain events of bankruptcy or insolvency described in the Indenture with respect to the Guarantor or any Significant Subsidiary; and

(6) the Guaranty is not (or is claimed by the Guarantor not to be) in full force and effect.

A Default under clause (2) or (3) of this Section 6 is not an event of default until the Trustee or the Holders of at least 25% in principal amount of the Notes outstanding notify the Issuer and the Guarantor of the Default and the Issuer and/or the Guarantor does not or do not cure such Default within the time specified after receipt of such notice.

The Trustee is not to be charged with knowledge of any Default or Event of Default or knowledge of any cure of any Default or Event of Default unless either (i) an authorized officer or agent of the Trustee with direct responsibility for the administration of the Indenture has actual knowledge of such Default or Event of Default or (ii) written notice of such Default or Event of Default has been given to such authorized officer of the Trustee by the Issuer, the Guarantor or any Holder.

If an Event of Default (other than an Event of Default specified in clause (5) above) occurs and is continuing, the Trustee or the Holders of not less than 25% in principal amount of the Notes then outstanding may declare all unpaid principal of and accrued interest on all Notes to be due and payable immediately, by mailing a notice in writing to the Issuer and the Guarantor, and upon any such declaration such amounts will become due and payable immediately. If an Event of Default specified in clause (5) above) occurs and is continuing, then the principal of and accrued interest on all Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder.

In the case of any Event of Default referred to in clauses 3(a) and/or 3(b) above, such Event of Default will be automatically rescinded or annulled if the Payment Default and/or the acceleration of the Debt referred to therein is remedied or cured by the Issuer, the Guarantor or such Significant Subsidiary or waived by the holders of such Debt.

At any time after a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by any Holder, the Holders of a majority in principal amount of the Notes by written notice to the Issuer may rescind or annul such declaration if:

(i) the Issuer has paid or deposited with the Trustee and the other Paying Agents a sum sufficient to pay (a) all overdue interest (including any Additional Amounts) on outstanding Notes, (b) all unpaid principal of the Notes that has become due otherwise than by such declaration of acceleration and (c) to the extent that payment of such interest (including any Additional Amounts) is lawful, interest on such overdue interest (including any Additional Amounts) as provided herein and (d) all sums paid or advanced by the Trustee and the reasonable and duly-documented compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(ii) all Events of Default have been cured or waived as provided in Section 7 other than the nonpayment of principal that has become due solely because of acceleration.

No such rescission will affect any subsequent Default or Event of Default or impair any right consequent thereto.

Subject to the provisions of the Indenture relating to the duties of the Trustee in case an Event of Default will occur and be continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders, unless such holders will have offered to the Trustee indemnity satisfactory to the Trustee. Subject to such provision for the indemnification of the Trustee and certain other conditions set forth in the Indenture, the holders of a majority in aggregate principal amount of the outstanding notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

7. **Modification and Waiver**

Modifications and amendments to the Indenture and the Notes may be made by the Issuer and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding that are affected by such amendment, but no such modification or amendment may, without the consent of the Holder of each Note affected thereby:

(1) change the stated maturity of principal of or interest on any such Note, or reduce the principal amount of any such Note or the rate of interest thereon, or any premium or principal payable upon redemption thereof, or change any place where, or change the currency in which, any such Note or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity Date is otherwise due and payable (or, in the case of redemption, on or after the Optional Redemption Date);

(2) reduce the percentage in aggregate principal amount of such outstanding Notes, the consent of whose Holders is required for any such amendment or modification to such Notes or the Indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of the Indenture or certain defaults thereunder and their consequences) provided for in the Indenture;

(3) change any obligation on the Issuer's or the Guarantor's part to maintain an office or agency in the places and for the purposes specified in such Notes and the Indenture; or

(4) amend or modify certain provisions of such Notes or the Indenture pertaining to the waiver by Holders of such Notes of past defaults, amendments or modifications to such Notes or the Indenture with the consent of the Holders of such Notes and the waiver by Holders of such Notes of certain covenants, except to increase any specified percentage in aggregate principal amount required for any actions by Holders of Notes or to provide that certain other provisions of the Notes or the Indenture cannot be modified or waived without the consent of the Holder of each such Note affected thereby.

It will not be necessary for the consent of the Holders under the preceding paragraph to approve the particular form of any proposed amendment, but it will be sufficient if such consent approves the substance thereof. After an amendment under the preceding paragraph becomes effective, the Issuer will deliver to the Holders a notice briefly describing such amendment. The failure to give such notice to all Holders, or any defect therein, will not impair or affect the validity of an amendment under the preceding paragraph.

The Holders of a majority in aggregate principal amount of the outstanding Notes may waive on behalf of the Holders of all Notes an existing Default or Event of Default and its consequences except (i) a Default or Event of Default in the payment of the principal of, premium, if any, on or interest on a Note or (ii) a Default or Event of Default in respect of a provision that under this Section 7 cannot be modified or amended without the consent of the Holder of each outstanding Note. When a Default or Event of Default is waived, it is deemed cured, but no such waiver will extend to any subsequent or other Default or Event of Default or impair any consequent right.

The Issuer and the Trustee may, without the vote or consent of any Holder of Notes, modify or amend the Indenture or the Notes for the purpose of:

(a) adding to the covenants of the Issuer for the benefit of the Holders of the Notes;

(b) surrendering any right or power conferred upon the Issuer;

(c) securing the Notes pursuant to the requirements thereof or otherwise;

(d) evidencing the succession of another corporation to the Issuer and the assumption by any such successor of the covenants and obligations of the Issuer in the Notes and in the Indenture pursuant to any merger, consolidation or sale of assets;

(e) correcting any ambiguity, inconsistency or defective provision contained in the Indenture or in the Notes;

(f) making any modification, or granting any waiver or authorization of any breach or proposed breach of any of the terms and conditions of the Notes or any other provisions of the Indenture in any manner which the Issuer may determine and which does not adversely affect the interest of any Holders of Notes in any material respect;

(g) making any modification which is of a minor or technical nature or correcting a manifest error; or

(h) conforming the Indenture to the provisions of set forth in these Terms and Conditions.

Any instrument given by or on behalf of any Holder of a Note in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent Holders of such Note. Any modifications, amendments or waivers to the Indenture or to the terms and conditions of any Notes will be conclusive and binding on all Holders of such Notes, whether or not they have given such consent.

8. **Replacement of Notes**

Notes that become mutilated, destroyed, stolen or lost will be replaced upon delivery thereof to the Trustee or delivery to the Issuer and the Trustee of evidence of the loss, theft or destruction thereof satisfactory to the Issuer and the Trustee. In the case of a lost, stolen or destroyed Note, an indemnity satisfactory to the Trustee and the Issuer may be required at the expense of the Holder of such Note before a replacement Note will be issued. Upon the issuance of any Note, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and the expenses of the Trustee, its counsel and its agents) connected therewith.

9. **Notices**

Notices to Holders of Notes will be deemed to be validly given (i) if sent by first class mail to them (or, in the case of joint Holders, to the first-named in the Register) at their respective addresses as recorded in the Register, and will be deemed to have been validly given on the fourth Business Day after the date of such mailing and (ii) for so long as such Notes are listed on any stock exchange, and so long as and to the extent the rules of such stock exchange so require, upon publication in English in a leading daily newspaper of general circulation in the country in which such stock exchange is located. In the case of Global Notes, such notices shall instead be sent to DTC or its nominee, as the Holder thereof, and such clearing agency or agencies will communicate such notices to its participants in accordance with their standard procedures. As long as the Notes are listed on the official list of the Luxembourg Stock Exchange and its rules so require the Issuer also give notices to the holders of the Notes by publication in a daily newspaper of general circulation in Luxembourg (which is expected to be *Luxemburger Wort*). If publication in Luxembourg is impracticable, the Issuer will make the publication elsewhere in Western Europe. By daily newspaper, the Issuer means a newspaper that is published on each day, other than Sunday or holiday Luxembourg or, when applicable, elsewhere in Western Europe. Notices may also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Neither the failure to give notice nor any defect in any notice given to any particular Holder of a Note shall affect the sufficiency of any notice with respect to any other Notes.

10. **Currency Indemnity**

Any amount received or recovered in a currency other than the currency (the "**Denomination Currency**") in which such Note is denominated or in which such amount is payable, whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer or otherwise (the "**Judgment Currency**"), by the Holder of the Notes in respect of any sum expressed to be due to it from the Issuer or the Guarantor hereunder shall constitute a discharge of the Issuer only to the extent of the amount of the denomination currency that the Holder is able to purchase with the amount so received or recovered in the judgment currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). The Issuer agrees that it will indemnify the relevant Holder against any loss arising or resulting from any variation in rates of exchange between (i) the rate of exchange at which the denomination currency is converted into the judgment currency for the purpose of such judgment or order, winding up, dissolution or otherwise and (ii) the rate of exchange at which such Holder would have been able to purchase the denomination currency with the amount of the judgment currency actually received by such Holder if such Holder had utilized such amount of judgment currency to purchase the denomination currency as promptly as practicable upon such Holder's receipt thereof. This indemnity will constitute a separate and independent obligation from the other obligations contained in the terms and conditions of the Notes, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted from time to time and will continue in full force and effect notwithstanding any judgment, order, claim or proof for a liquidated sum or sums in respect of amounts due in respect of the relevant Note or under any such judgment, order, claim or proof. The term "rate of exchange" will include an allowance for any customary or reasonable premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

11. **Prescription**

Claims against the Issuer or the Guarantor for payments under the Notes or the Guaranty shall be prescribed unless made within a period of five years from the relevant payment date.

12. **Governing Law, Jurisdiction, Service of Process**

The Indenture, the Notes and the Guaranty are governed by, and will be construed in accordance with, the laws of the State of New York.

The Issuer and the Guarantor have irrevocably submitted to the non-exclusive jurisdiction of any state or federal court sitting in the Borough of Manhattan, City and State of New York for the purposes of any action or proceeding arising out of or related to the Notes, the Guaranty or the Indenture. The Issuer and the Guarantor have irrevocably waived, to the fullest extent permitted by law, any objection which it may have to the laying of the venue of any such action or proceeding brought in such a court and any claim that any such action or proceeding brought in such a court has been brought in an inconvenient forum and any right to which it may be entitled on account of place of residence or domicile. The Issuer and the Guarantor have agreed that final judgment in any such action or proceeding brought in such court shall be conclusive and binding upon such party and may be enforced in any court to the jurisdiction of which such party is subject by a suit upon such judgment; *provided*, *however*, that service of process is effected upon such Person in the manner specified in the following paragraph or as otherwise permitted by law.

As long as any Note remains outstanding, the Issuer and the Guarantor will at all times have an authorized agent in the Borough of Manhattan, City and State of New York, upon whom process may be served in any legal action or proceeding arising out of or relating to the Notes. Service of process upon such agent and written notice of such service mailed or delivered to the party being joined in such action or proceeding shall, to the extent permitted by law, be deemed in every respect effective service of process upon such party in any such legal action or proceeding. The Issuer and the Guarantor has each appointed National Corporate Research, Ltd., located at 10 East 40th Street, 10th Floor, New York, NY 10016 as its agent for service of process in any proceedings in the Borough of Manhattan, City and State of New York.

Service of process personally delivered upon the agents specified in the preceding paragraph and written notice of such service delivered to the Issuer and the Guarantor shall be deemed in every respect effective service of process upon the Issuer and the Guarantor, *provided*, *however*, that no notice by mail on the Issuer and the Guarantor or any of its agents shall be deemed effective service of process.

13. **Certain Definitions**

As used in the Notes, the following terms have the meanings indicated below:

"**Additional Amounts**" has the meaning specified in Section 5(d).

"**Advance Transaction**" means an advance from a financial institution involving either (i) a foreign exchange contract (*Adiantamento sobre Contrato de Câmbio*—ACC) or (ii) an export contract (*Adiantamento sobre Contrato de Exportação*—ACE).

"**Affiliate**" means, with respect to any specified Person, (1) any other Person which, directly or indirectly, is in control of, is controlled by or is under common control with such specified Person or (2) any other Person who is a director or officer (a) of such specified Person, (b) of any subsidiary of such specified Person or (c) of any Person described in clause (1) above. For purposes of this definition, "control" of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Business Day**" means any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in The City of New York, Tokyo, Japan or São Paulo, Brazil.

"**Capital Stock**" means, as applied to any Person, means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated), including any Preferred Stock, but excluding any debt securities convertible into or exchangeable for such equity.

"**Change of Control**" means:

(1) any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act, other than Permitted Holders) is or becomes the "beneficial owner" (as such term is used in Rules 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Guarantor, including as a result of any merger or consolidation transaction including the Guarantor; or

(2) Permitted Holders, directly or indirectly, cease to have the power to direct or cause the direction of the management and policies of the Guarantor, whether through the ownership of voting securities, by contract or otherwise.

"**Comparable Treasury Issue**" means the U.S. Treasury security selected by one of the Reference Treasury Dealers appointed by us as having an actual or interpolated maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

"**Comparable Treasury Price**" means, with respect to any Optional Redemption Date for the Notes:

- the arithmetic average of the Reference Treasury Dealer Quotations for such Optional Redemption Date, after excluding the highest and lowest of those Reference Treasury Dealer Quotations; or

- if the Issuer obtains fewer than four Reference Treasury Dealer Quotations, the arithmetic average of all such quotations obtained by the Independent Investment Banker.

"**Contingent Obligation**" means any obligation, contingent or otherwise, of any person directly or indirectly guaranteeing any Debt or other obligation of any person and any obligation, direct or indirect, contingent or otherwise, of such person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such person (whether arising by virtue of partnership arrangements, or by agreement to keep well, to purchase assets, goods, securities or services, to take or pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided*, *however*, that the term "Contingent Obligations" shall not include endorsements for collection or deposit in the ordinary course of business.

"**CVM**" means the Brazilian *Comissão de Valores Mobiliários* (Securities Commission).

"**Debt**" means, as applied to any Person (a "**Debtor**"), without duplication:

(1) the principal of and premium, if any, in respect of (a) indebtedness of such Person for money borrowed and (b) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable (but excluding trade accounts payable or other short-term obligations to suppliers payable within 360 days, in each case arising in the ordinary course of business);

(2) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable or other short-term obligations to suppliers payable within 360 days, in each case arising in the ordinary course of business);

(3) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance, surety bond or similar credit transaction if that similar credit transaction appears as a liability upon a balance sheet of such Person (other than obligations with respect to letters of credit securing obligations (other than obligations described in (1) and (2) above) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit);

(4) all Hedging Obligations;

(5) all obligations of the type referred to in clauses (1) through (4) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Contingent Obligation (other than obligations of other Persons that are customers or suppliers of such Person for which such Person is or becomes so responsible or liable in the ordinary course of business to (but only to) the extent that such Person does not, or is not required to, make payment in respect thereof); and

(6) all obligations of the type referred to in clauses (1) through (4) of other Persons secured by any Lien on any property or asset of such Debtor other than Capital Stock of such other Person (whether or not such obligation is assumed by such Debtor), the amount of such obligation being deemed to be the lesser of the value of such property or assets or the amount of the obligation so secured;

other than letters of credit and Hedging Obligations, if and to the extent any of the preceding items would appear as a liability upon the balance sheet of the specified person in accordance with GAAP.

"**Default**" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

"**Fitch**" means Fitch Rating Service, Inc., and its successors.

"**GAAP**" means, as elected from time to time by the Issuer, (i) the accounting principles prescribed by Brazilian Corporate Law, the rules and regulations issued by applicable regulators, including the CVM, as well as the technical releases issued by the Brazilian Institute of Accountants (*Instituto Brasileiro de Contadores*), or (ii) International Financial Reporting Standards, in each case, as in effect from time to time.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any interest rate swap agreement, foreign currency exchange agreement, interest rate collar agreement, option or futures contract or other similar agreement or arrangement designed to protect such Person against changes in interest rates or foreign exchange rates.

"**Independent Investment Banker**" means one of the Reference Treasury Dealers appointed by the Issuer.

"**Investment Grade**" means BBB— or higher by Standard & Poor's, Baa3 or higher by Moody's or BBB— or higher by Fitch, or the equivalent of such global ratings by Standard & Poor's, Moody's or Fitch.

"**issue**" means issue, assume, Guaranty, incur or otherwise become liable for; *provided*, *however*, that any Debt or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be issued by such Subsidiary at the time it becomes a Subsidiary; and the term "issuance" has a corresponding meaning.

"**Issuer Order**" means a written order signed in the name of the Company by the Chief Executive Officer, the Chief Financial Officer or any other officer of the Issuer.

"**Lien**" means any mortgage, pledge, security interest, conditional sale or other title retention agreement or other similar lien.

"**Moody's**" means Moody's Investors Service, Inc., and its successors.

"**Non-Recourse Debt**" means Debt (or any portion thereof) of a Subsidiary of the Guarantor (the "**Non-Recourse Debtor**") used to finance (i) the creation, development, construction, improvement or acquisition of projects, properties or assets and any increases in or extensions, renewals or refinancings of such Debt or (ii) the operations of projects, properties or assets of such Non-Recourse Debtor or its Subsidiaries; *provided* that the recourse of the lender thereof (including any agent, trustee, receiver or other person acting on behalf of such entity) in respect of such Debt is limited (other than in respect of the Odebrecht Recourse Amount (as defined below)) to the Non-Recourse Debtor, any debt securities issued by the Non-Recourse Debtor, the Capital Stock of the Non-Recourse Debtor, and any assets, receivables, inventory, equipment, chattels, contracts, intangibles, rights and any other assets of such Non-Recourse Debtor and its Subsidiaries connected with the projects, properties or assets created, developed, constructed, improved, acquired or operated, as the case may be, in respect of which such Debt has been incurred; *provided, further*, that if such lender has contractual recourse to the Guarantor or to any Subsidiary of the Guarantor (other than the Non-Recourse Debtor and its Subsidiaries) for the repayment of any portion of such Debt (such portion, the "**Odebrecht Recourse Amount**"), then the Odebrecht Recourse Amount will not constitute Non-Recourse Debt and the Guarantor will be deemed to have incurred Debt in an aggregate principal amount equal to the Odebrecht Recourse Amount.

"**Odebrecht Group**" means Odebrecht S.A. or (except with respect to the definition of Permitted Holders) any of its respective Affiliates.

"**Optional Redemption Date**" means an optional date of redemption of the Notes pursuant to Section 4(b) or 4(c) of these Terms and Conditions and pursuant to the Indenture.

"**Permitted Holders**" means any or all of the following:

(a) the Odebrecht Group; and

(b) any Affiliate thereof.

"**Permitted Liens**" means, with respect to any Person:

(1) any Lien existing on the date of the Notes, and any extension, renewal or replacement thereof or of any Lien referred to in clause (2), (3), (4) or (11) below; *provided*, *however*, that the total amount of Debt so secured is not increased except for any increase reflecting premiums, fees and expenses in connection with such extension, renewal or replacement;

(2) any Lien on any property or assets (including Capital Stock of any Person) securing Debt incurred solely for purposes of financing the acquisition, construction or improvement of such property or assets including related transaction fees and expenses (or securing Debt incurred to refinance a bridge or other interim financing that is initially incurred for the purpose of financing such acquisition, construction or improvement of such property or assets including related transaction fees and expenses) after the date of the Indenture; *provided* that (i) the aggregate principal amount of Debt secured by the Liens shall not exceed (but may be less than) the cost (*i.e.*, purchase price) of the property or assets so acquired, constructed or improved and (ii) the Lien is incurred before, or within 365 days after the completion of, such acquisition, construction or improvement and does not encumber any other property or assets of the Guarantor or any Significant Subsidiary; *provided, further*, that to the extent that the property or asset acquired is Capital Stock, the Lien also may encumber other property or assets of the Person so acquired; and *provided*, *further*, that any Lien is permitted to be incurred on the Capital Stock of any Person that is (a) Non-Recourse Debt and (b) incurred for purposes of financing the acquisition, construction or improvement of any property or assets of such Person;

(3) any Lien securing Debt for the purpose of financing all or part of the cost of the acquisition, construction or development of a project; *provided* that the Liens in respect of such Debt is limited to assets (including Capital Stock of the project entity), rights and/or revenues of such project; and *provided*, *further*, that the Lien is incurred before, or within 365 days after the completion of, that acquisition, construction or development and does not apply to any other property or assets of the Guarantor or any Significant Subsidiary;

(4) any Lien existing on any property or assets of any Person before that Person's acquisition by, merger into or consolidation with the Guarantor or any Subsidiary after the date of the Indenture; *provided* that (i) the Lien is not created in contemplation of or in connection with such acquisition, merger or consolidation, (ii) the Debt secured by the Liens may not exceed the Debt secured on the date of such acquisition, merger or consolidation, (iii) the Lien shall not apply to any other property or assets of the Guarantor or any of its Subsidiaries and (iv) the Lien shall secure only the Debt that it secures on the date of such acquisition, merger or consolidation;

(5) any Lien imposed by law that was incurred in the ordinary course of business, including, without limitation, carriers', warehousemen's and mechanics' liens and other similar encumbrances arising in the ordinary course of business, in each case for sums not yet due or being contested in good faith by appropriate proceedings;

(6) any pledge or deposit made in connection with workers' compensation, unemployment insurance or other similar social security legislation, any deposit to secure appeal bonds in proceedings being contested in good faith to which the Guarantor or any Subsidiary is a party, good faith deposits in connection with bids, tenders, contracts (other than for the payment of Debt) or leases to which the Guarantor or any Subsidiary is a party or deposits for the payment of rent, in each case made in the ordinary course of business;

(7) any Lien in favor of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of the Guarantor or any Subsidiary in the ordinary course of business;

(8) any Lien securing taxes, assessments and other governmental charges, the payment of which are not yet due or are being contested in good faith by appropriate proceedings and for which such reserves or other appropriate provisions, if any, have been established as required by GAAP;

(9) minor defects, easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, licenses, restrictions on the use of property or assets or minor imperfections in title that do not materially impair the value or use of the property or assets affected thereby, and any leases and subleases of real property that do not interfere with the ordinary conduct of the business of the Guarantor or any Subsidiary, and which are made on customary and usual terms applicable to similar properties;

(10) any rights of set-off of any Person with respect to any deposit account of the Guarantor or any Subsidiary arising in the ordinary course of business;

(11) any Liens granted to secure borrowings from, directly or indirectly, (i) *Banco Nacional de Desenvolvimento Econômico e Social*—BNDES (including loans from *Financiadora de Estudos e Projectos—FINEP*), Banco do Nordeste do Brasil S.A. or any other Brazilian federal, regional or state governmental development bank or credit agency or (ii) any international or multilateral development bank, government-sponsored agency, export-import bank or agency or official export-import credit insurer;

(12) any Lien securing Hedging Obligations under hedging agreements not for speculative purposes;

(13) any Liens on the inventory or receivables and related assets of the Guarantor or any Subsidiary securing the obligations of such Person under any lines of credit or working capital facility or in connection with any structured export or import financing or other trade transaction; *provided* that the aggregate amount of receivables securing Debt shall not exceed (i) with respect to transactions secured by receivables from export sales, 80% of the Guarantor's consolidated gross revenues from export sales for the most recently concluded period of four consecutive fiscal quarters or (ii) with respect to transactions secured by receivables from domestic sales, 80% of such Person's consolidated gross revenues from sales for the most recently concluded period of four consecutive fiscal quarters; and *provided*, *further*, that Advance Transactions shall not be deemed transactions secured by receivables for purpose of the above calculation;

(14) Liens securing obligations owed by any Restricted Subsidiary of the Guarantor to the Guarantor or one or more Restricted Subsidiaries of the Guarantor and/or by the Guarantor to one or more such Restricted Subsidiaries; and

(15) in addition to the foregoing Liens set forth in clauses (1) through (14) above, Liens securing Debt of the Guarantor or any Subsidiary (including, without limitation, guaranties of the Guarantor or any Subsidiary) which do not in aggregate principal amount, at any time of determination, exceed 15.0% of Total Consolidated Assets.

"**Person**" means any individual, corporation, partnership, joint venture, limited liability company trust, unincorporated organization or government or any agency or political subdivision thereof.

"**Preferred Stock**" means, as applied to the Capital Stock of any corporation, Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation.

"**Rating Agency**" means (i) Standard & Poor's, (ii) Moody's or (iii) Fitch.

"**Rating Decline**" means that at any time within 90 days (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by two Rating Agencies if the Notes are rated by three Rating Agencies or by one Rating Agency if the Notes are rated by two Rating Agencies or by one Rating Agency) after the date of public notice of a Change of Control, or of the Guarantor's intention or that of any Person to effect a Change of Control, the then applicable rating of the Notes is decreased by one or more categories by: (i) two Rating Agencies if the Notes are rated by three Rating Agencies, or (ii) one Rating Agency if the Notes are rated by two Rating Agencies or by one Rating Agency; *provided* that any such Rating Decline is in whole or in part in connection with a Change of Control.

"**Reference Treasury Dealer**" means at least three primary U.S. government securities dealers in New York City, New York designated by the Issuer not later than the fifth business day preceding such redemption date.

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any Optional Redemption Date, the arithmetic average, as determined by the Issuer, of the bid and asked prices of the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the

Issuer by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such Optional Redemption Date.

"**Restricted Subsidiary**" means any Subsidiary that is not an Unrestricted Subsidiary.

"**Significant Subsidiary**" means any Restricted Subsidiary of the Guarantor which at the time of determination either (1) had assets which, as of the date of the Guarantor's most recent quarterly consolidated balance sheet, constituted at least 10% of the Guarantor's total assets on a consolidated basis as of such date, or (2) had revenues for the 12-month period ending on the date of the Guarantor's most recent quarterly consolidated statement of income which constituted at least 10% of the Guarantor's total revenues on a consolidated basis for such period.

"**Standard & Poor's**" means Standard & Poor's Rating Group, a division of The McGraw-Hill Companies, Inc., and its successors

"**Stated Maturity Date**" means with respect to the Notes, the date specified as the fixed date on which the final installment of principal of the Notes is due and payable.

"**Subsidiary**" means any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (1) the Issuer or the Guarantor, (2) the Issuer or the Guarantor and one or more Subsidiaries or (3) one or more Subsidiaries.

"**Total Consolidated Assets**" means the total amount of assets of the Guarantor and its Subsidiaries as set forth in the most recent financial statements delivered by the Guarantor to the trustee in accordance with "—Covenants—Reporting Requirements," after giving *pro forma* effect to any acquisition or disposition of companies, divisions, lines of businesses, operations or assets by the Guarantor and its Subsidiaries subsequent to such date and on or prior to the date of determination.

"**Treasury Rate**" means, with respect to any Optional Redemption Date for the Notes, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated yield to maturity of the comparable treasury issue, as determined by a Reference Treasury Dealer appointed by the Issuer, of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that Optional Redemption Date. The Treasury Rate will be calculated on and as of the third business day preceding the Optional Redemption Date.

"**Unrestricted Subsidiary**" means (i) any Subsidiary which (a) as of the date of the indenture has consolidated total assets not exceeding 1% of the Guarantor's total assets, and (b) at any relevant time of determination has no Debt other than (x) Non-Recourse Debt and (y) Odebrecht Recourse Amounts, and (ii) any corporation, association, partnership or other business entity that is not a Subsidiary as of the date of the indenture but which (a) becomes a Subsidiary following the date of the indenture, and (b) at any relevant time of determination has no Debt other than (x) Non-Recourse Debt and (y) Odebrecht Recourse Amounts.

"**Voting Stock**" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"**Wholly Owned Subsidiary**" means a Subsidiary of which at least 95% of the Capital Stock (other than directors' qualifying shares) is directly or indirectly owned by the Guarantor.

TAXATION

The following discussion contains a description of the material Brazilian, Cayman Islands and United States federal income tax considerations that may be relevant to the acquisition, ownership and disposition of notes by a holder. This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your own tax advisors about the tax consequences of investing in and holding the notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws. The following discussion summarizes the main Brazilian tax considerations relating to the acquisition, ownership and disposition of the notes by an individual, entity, trust or organization that is not resident or domiciled in Brazil for purposes of Brazilian taxation, or Non-Resident Holder.

This summary is based upon tax laws of Brazil, the Cayman Islands and the United States as in effect on the date of this offering memorandum, which are subject to change, possibly with retroactive effect, and to differing interpretations. You should consult your own tax advisors as to the Brazilian, Cayman Islands, the United States or other tax consequences of the purchase, ownership and disposition of notes.

Cayman Islands Taxation

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws:

(1) payments of interest and principal on the notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the notes, nor will gains derived from the disposal of the notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax; and

(2) no stamp duty is payable in respect of the issue of the notes. An instrument of transfer in respect of a note in registered form is stampable if executed in or brought into the Cayman Islands.

The Company has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands in the following form:

The Tax Concessions Law
(1999 Revision)
Undertaking as to Tax Concessions

In accordance with the provision of section 6 of The Tax Concessions Law (1999 Revision), the Governor in Cabinet undertakes with Odebrecht Finance Ltd. (the "Company"):

(1) That no law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(2) In addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

(x) on or in respect of the shares, debentures or other obligations of the Company; or

(y) by way of the withholding in whole or part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

(3) These concessions shall be for a period of twenty years from February 13, 2007.

Brazilian Tax Considerations

The following is a general summary of the Brazilian tax considerations relating to an investment in the notes by a non-resident of Brazil. It is based on the tax laws of Brazil as in effect on the date hereof and is subject to any change in Brazilian law that may come into effect after such date, and is applicable to Odebrecht Finance Ltd. and Construtora Norberto Odebrecht S.A. The information set forth below is intended to be a general description only and does not address all possible tax consequences relating to an investment in the notes.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE CONSEQUENCES OF PURCHASING THE NOTES, INCLUDING, WITHOUT LIMITATION, THE CONSEQUENCES OF THE RECEIPT OF INTEREST AND THE SALE, REDEMPTION OR REPAYMENT OF THE NOTES OR COUPONS.

Generally, a holder that is an individual, entity, trust or organization resident or domiciled outside Brazil for tax purposes ("non-Brazilian holder") is taxed in Brazil only when income is derived from Brazilian sources or gains are realized on the disposition of assets located in Brazil. Therefore, based on the fact that Odebrecht Finance Ltd. is considered for tax purposes as domiciled abroad, any income (including interest and original issue discount, if any) paid by Odebrecht Finance Ltd. in respect of the notes issued by it in favor of non-Brazilian holders are not subject to withholding or deduction in respect of Brazilian income tax or any other taxes, duties, assessments or governmental charges in Brazil, *provided* that such payments are made with funds held by such entity outside of Brazil. It is expected that the notes will be issued without original issue discount.

If Construtora Norberto Odebrecht S.A. makes payments related to interest and original issue discount as guarantor in connection with the notes to a non-Brazilian holder, the Brazilian tax authorities could try to impose the withholding income tax at the rate of 15% (or 25%, in case the beneficiary is located in a tax haven jurisdiction) or at a lower rate provided for in any applicable tax treaty between Brazil and the country of the beneficiary. Investors should note that there is no tax treaty between Brazil and the United States. If Construtora Norberto Odebrecht S.A. makes payments of fees and commissions as guarantor under the notes, the Brazilian tax authorities could try to impose (i) withholding tax at the rate of 15% or 25% (depending on the nature of the service); (ii) CIDE at the rate of 10%; (iii) *Contribuição ao Programa de Integração Social* (PIS) and *Contribuição para o Financiamento da Seguridade Social* (COFINS) at the total rate of 9.25%; (iv) Tax on Services (ISS) at rates which may vary from 2% to 5%.

A tax haven is a jurisdiction that (i) does not impose any tax on income or which imposes such tax at a maximum effective rate lower than 20%; (ii) where applicable local laws impose restrictions on the disclosure of the shareholding composition or the ownership of investments or the ultimate beneficiary of the income derived from transactions carried out and attributable to a Non-Resident Holder ("Tax-Haven Residents"). In addition, on June 24, 2008, Law 11,727 was enacted with effect from January 1, 2009, establishing the concept of "privileged tax regime", in connection with transactions subject to transfer pricing and thin capitalization rules, which is more comprehensive than the tax haven concept. A privileged tax regime is considered to apply to a jurisdiction that meets any of the following requirements: (i) does not tax income or that taxes it at a maximum rate lower than 20%; (ii) grants tax advantages to a non-resident entity or individual (a) without the need to carry out a substantial economic activity in the country or one of its territories or (b) conditioned upon the non-exercise of a substantial economic activity in the country or one of its territories, or (iii) does not tax proceeds generated abroad or taxes them at a maximum rate lower than 20%, or (iv) restricts the ownership disclosure of assets and ownership rights or restricts disclosure about economic transactions carried out. Notwithstanding the fact that the "privileged tax regime" concept was enacted in connection with transfer pricing and thin capitalization rules, there is no assurance that Brazilian tax authorities will not attempt to apply the concept of Privileged Tax Regimes to other types of transactions. Prospective purchasers should consult with their own tax advisors regarding the consequences of the implementation of Law 11,727, Ordinance 1,037 and of any related Brazilian tax law or regulation concerning "tax haven" or "privileged tax regimes."

Capital gains generated outside Brazil as a result of a transaction between two non-residents of Brazil with assets located in Brazil are subject to tax in Brazil, according to article 26 of Law No. 10,833, enacted on December 29, 2003. Based on the fact that the notes are not issued by a Brazilian company and, thus, the notes will not fall within the definition of assets located in Brazil for purposes of Law No. 10,833, gains on the sale or other disposition of the notes made outside Brazil by a non-Brazilian holder to another non-Brazilian holder are not subject to Brazilian taxes. However, considering the general and unclear scope of this legislation and the absence of judicial guidance in respect thereto, we cannot assure prospective investors that such interpretation of this law will prevail in the courts of Brazil.

In case the notes are deemed to be located in Brazil, gains recognized by a non-Brazilian holder from the sale or other disposition of the notes to a non-resident in Brazil may be subject to income tax in Brazil at a rate of 15% or 25%, if such non-Brazilian holder is located in a tax haven jurisdiction, unless a lower rate is provided for in an applicable tax treaty between Brazil and the country where the non-Brazilian holder of the payment has its domicile.

The conversion into Brazilian currency of proceeds received by a Brazilian entity and the conversion into foreign currency of proceeds received in *reais* are subject to taxation of foreign exchange transactions (IOF/Câmbio). Currently, the IOF/Câmbio rate for almost all foreign currency exchange transactions, including foreign exchange transactions in connection with payments under the guaranty by the guarantor to Non-Resident Holders, is 0.38%, although the Brazilian federal government may increase such rate up to 25%. However, any increase in sales may only apply to future transactions.

Generally, there is no stamp, transfer or other similar tax in Brazil with respect to the transfer, assignment or sale of any debt instrument outside Brazil (including the notes) nor any inheritance, gift or succession tax applicable to the ownership, transfer or disposition of the notes, except for gift and inheritance taxes imposed in some states of Brazil on gifts and bequests by individuals or entities not domiciled or residing in Brazil to individuals or entities domiciled or residing within such Brazilian states.

United States Federal Income Tax Consequences

The following discussion is based on the United States Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated thereunder (the "Regulations"), judicial decisions and administrative pronouncements, all as in effect on the date hereof and all of which are subject to change, perhaps with retroactive effect. The discussion addresses only U.S. Holders, as defined below, that purchase the notes in the original offering for their "issue price" (defined below), hold the notes as a capital asset, within the meaning of Section 1221 of the Code, and that use the United States dollar as their functional currency. The discussion does not consider the circumstances of particular purchasers, some of which (such as banks, financial institutions, insurance companies, dealers in securities or currencies, partnerships and other pass-through entities (and investors in such partnerships or entities), tax-exempt entities, traders who elect to mark their investment to market and persons holding the notes as part of a hedge, straddle, conversion, constructive sale or integrated transaction) are subject to special tax regimes. Special rules also apply to individuals. The discussion does not address any U.S. federal tax consequences, such as the estate tax, gift tax or Medicare tax on net investment income, other than U.S. federal income tax consequences. Prospective investors should consult their own tax advisors regarding the specific U.S. federal tax consequences of purchasing, holding and disposing of the notes, as well as the effects of state, local and foreign tax law and any proposed tax law changes.

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, U.S. HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN BY US TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON U.S. HOLDERS UNDER THE CODE; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) U.S. HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

For purposes of this discussion, "U.S. Holder" means the beneficial owner of a note that is for U.S. federal income tax purposes (1) a citizen or resident of the United States, (2) a corporation or other business entity treated as a corporation for U.S. federal income tax purposes and organized in or under the laws of the United States or any political subdivision thereof, (3) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, (4) a trust if a (i) court within the United States is able to exercise primary supervision over its administration and (ii) one or more "United States persons" have authority to control all of its substantial decisions, or (5) a trust that has a valid election in effect under applicable Regulations to be treated as a U.S. person for U.S. federal income tax purposes.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership (or other entity). A partner in a partnership (or such entity) holding notes should consult its own tax advisor with regard to the U.S. federal income tax consequences of owning notes.

Stated interest

It is expected and this discussion assumes that either the issue price of the notes will equal the stated principal amount of the notes or the notes will be issued with no more than a *de minimis* amount of original issue discount. Therefore, interest on the notes will be includible in the gross income of a U.S. Holder as ordinary interest income in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes. The interest will constitute foreign source income for U.S. federal income tax purposes, which may be relevant to a U.S. Holder in calculating such U.S. Holder's foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, interest paid on the notes generally will constitute "passive category income" or, in the case of certain U.S. Holders, "general category income." U.S. Holders should consult with their own tax advisors with regard to the availability of a credit or deduction in respect of foreign taxes and, in particular, the application of the foreign tax credit rules to their particular situations.

Certain contingent payments

In certain circumstances, the issuer may be obligated to make contingent payments on the notes. Under the contingent payment debt instrument Regulations ("CPDI Regulations"), the possibility of a contingent payment on a note may be disregarded if the likelihood of the contingent payment, as of the date the notes are issued, is remote or incidental. We do not intend to treat the possibility of the contingent payments on the notes as subjecting the notes to the CPDI Regulations. It is possible, however, that the Internal Revenue Service ("IRS") may take a different position regarding the possibility of such contingent payments, in which case, if the position of the IRS were sustained, the timing, amount and character of income recognized with respect to a note may be different than described herein and a U.S. Holder may be required to recognize income significantly in excess of payments received and may be required to treat as interest income all or a portion of any gain recognized on the disposition of any note. The remainder of this discussion assumes that the notes will not be treated as contingent payment debt instruments. U.S. Holders should consult their tax advisors regarding the potential application of the CPDI Regulations to the Notes.

Disposition of the notes

A U.S. Holder generally will recognize gain or loss on the sale, exchange, retirement or other taxable disposition of a note equal to the difference between the amount realized on the sale, exchange, retirement or other taxable disposition (other than payments attributable to accrued but unpaid interest which will be treated as a payment of interest) and the tax basis of the note. A U.S. Holder's tax basis in a note generally will be its cost to the U.S. Holder. Any gain or loss recognized upon the sale or other taxable disposition of a note by a U.S. Holder generally will be U.S. source capital gain or loss, and will be treated as long-term capital gain or loss if, at the time of the sale or other taxable disposition, the U.S. Holder has held the note for more than one year. Long-term capital gains recognized by a non-corporate U.S. Holder generally are subject to U.S. federal income taxation at preferential rates. Capital gains of a corporate U.S. Holder generally are taxable at the regular rates applicable to corporations. The deductibility of capital losses is subject to significant limitations.

Substitution of the issuer

The issuer may, subject to certain conditions, be replaced and substituted by the Guarantor or any Wholly Owned Subsidiary of the Guarantor as principal debtor in respect of the notes (see "Terms and Conditions—Covenants—Substitution of the Issuer"), which may result in a taxable gain or other adverse tax consequences to holders. If the Substituted Debtor is organized in a jurisdiction other than the Cayman Islands, the Issuer Substitution Documents will contain covenants to indemnify each Holder and beneficial owner of notes against all taxes or duties (a) which arise by reason of a law or regulation in effect or contemplated on the effective date of the substitution, which may be incurred or levied against such holder or beneficial owner of notes as a result of the substitution and which would not have been so incurred or levied had the substitution not been made and (b) which are imposed on such holder or beneficial owner of notes by any political subdivision or taxing authority of any country in which such holder or beneficial owner of the notes resides or is subject to any such tax or duty and which would not have been so imposed had the substitution not been made, in each case subject to certain exceptions and a notice requirement. U.S. Holders are urged to consult their own tax advisors regarding any potential adverse tax consequences to them that may result from a substitution of the issuer.

Information reporting and backup withholding

Generally, tax reporting and backup withholding of U.S. federal income tax may apply to payments made to a U.S. Holder of the notes, or to proceeds from the sale by such owners of the notes, if such owner is not an "exempt recipient" and fails to provide certain identifying information (such as the owner's taxpayer identification number) in the required manner, or the IRS otherwise directs the paying agent to withhold. Any amounts withheld under the backup withholding rules from payments to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's U.S. federal income tax provided the required information is furnished to the IRS in a timely manner.

Foreign asset reporting

U.S. tax law requires certain U.S. Holders who are individuals to report information relating to an interest in the notes, subject to certain exceptions (including an exception for notes held in accounts maintained by financial institutions). U.S. Holders are urged to consult their tax advisors regarding the effect, if any, of new U.S. federal income tax legislation on their ownership and disposition of the notes.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a purchase agreement dated June 21, 2012, the issuer has agreed to sell to the initial purchasers named below, and each of the initial purchasers has agreed, severally and not jointly, to purchase from the issuer, the following respective principal amounts of notes:

Initial Purchasers	**Principal Amount of Notes**
Credit Suisse Securities (USA) LLC	U.S.$100,000,000
Itau BBA USA Securities, Inc.	100,000,000
J.P. Morgan Securities LLC	100,000,000
Santander Investment Securities Inc.	100,000,000
Total	**U.S.$400,000,000**

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the notes sold under the purchase agreement if any of these notes are purchased. We have agreed to indemnify the several initial purchasers and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part. The initial purchasers may offer and sell notes through certain of their affiliates.

Commissions and Discounts

The initial purchasers propose to offer the notes initially at the offering price on the cover page of this offering memorandum and may also offer the notes to selling group members at the offering price less a concession. After the initial offering, the offering price may be changed.

The Notes Are Not Being Registered

The notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to qualified institutional buyers in reliance on Rule 144A under the Securities Act. The initial purchasers will not offer, sell or deliver the notes (1) as part of their distribution at any time or (2) otherwise until 40 days after the later of the commencement of this offering and the closing date, within the United States or to, or for the account or benefit of, U.S. persons, other than in accordance with Rule 144A, and they will send to each broker-dealer to which they sell notes in reliance on Regulation S during such 40-day period, a confirmation or other notice detailing the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of notes within the United States by a broker-dealer (whether or not it is participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the notes will be deemed to have made the acknowledgements, representations and agreements described under "Transfer Restrictions" below.

New Issue of Notes

The notes are a new issue of securities with no established trading market. We have applied to list the notes on the Luxembourg Stock Exchange for trading on the Euro MTF market. However, we cannot assure you that an active trading market will develop. We have been advised by the initial purchasers that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Short Positions

In connection with this offering, certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, the initial purchasers may bid for and purchase notes in the open market to stabilize the price of the notes. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the initial purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market. In addition, the initial purchasers may bid for and purchase the notes in market-making transactions and impose penalty bids.

Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the initial purchasers make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the notes to be higher that they would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

Other Relationships

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Some of the initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking, financial advisory and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

OOL is a party to a U.S.$500.0 million revolving credit facility agreement with certain lenders that are affiliates of certain of the initial purchasers in this offering. As of the date hereof, we did not have any amounts drawn under this facility. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources— Standby Facility."

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments, including serving as counterparties to certain derivative and hedging arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In addition, the initial purchasers or their affiliates may acquire the notes for their own proprietary account. Such transactions may have an impact on demand, price and other terms of the offering.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), the notes which are the subject of the offering contemplated by this offering memorandum will not be offered to the public in that Relevant Member State other than any offers in any Relevant Member State where from the time a prospectus has been approved by the competent authority in that Relevant Member State and published and, if applicable, notified to the relevant competent authority or authorities in accordance with the Prospectus Directive as implemented in such Relevant Member State, and provided that the issuer has consented in writing to use of a prospectus for any such offers, except that the notes may, with effect from and including the Relevant Implementation Date, be offered to the public in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant initial purchaser or initial purchasers nominated by the issuer for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require the issuer or any initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each purchaser of notes described in this offering memorandum located within a relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

We have not authorized and do not authorize the making of any offer of notes through any financial intermediary on our behalf, other than offers made by the initial purchasers with a view to the final placement of the notes as contemplated in this offering memorandum. Accordingly, no purchaser of the notes is authorized to make any further offer of the notes on our behalf or of the initial purchasers.

United Kingdom

Each of the initial purchasers severally agrees that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 200, or FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Brazil

The notes have not been and will not be issued nor placed, distributed, offered or negotiated in the Brazilian capital markets. The issuance of the notes has not been nor will be registered with the CVM. Any public offering or distribution, as defined under Brazilian laws and regulations, of the notes in Brazil is not legal without prior registration under Law No. 6,385/76, as amended, and Instruction No. 400, issued by the CVM on December 29, 2003, as amended. Documents relating to the offering of the notes, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of the notes to the public in Brazil. The notes will not be offered or sold in Brazil except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets regulated by Brazilian legislation.

Persons wishing to offer or acquire the notes within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

Chile

The notes will not be registered under the Securities Market Law (*Ley de Mercado de Valores No. 18,045*), as amended, of Chile with the Chilean Securities Commission (*Superintendência de Valores y Seguros*), and, accordingly, they may not be offered to persons in Chile except in circumstances that do not constitute a public offering under Chilean law.

Cayman Islands

No invitation, whether directly or indirectly may be made to members of the public in the Cayman Islands to subscribe for the notes unless at the time of the invitation, the issuer is listed on the Cayman Islands Stock Exchange. Notes may, however, be offered and sold to ordinary non-resident and exempted companies of the Cayman Islands.

Germany

The notes offered by this offering memorandum have not been and will not be offered to the public within the meaning of the German Sales Prospectus Act (*Verkaufsprospektgesetz*) or the German Investment Act (*Investmentgesetz*). The notes have not been and will not be listed on a German exchange. No sales prospectus pursuant to the German Sales Prospectus Act has been or will be published or circulated in Germany or filed with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or any other governmental or regulatory authority in Germany. This offering memorandum does not constitute an offer to the public in Germany and it does not serve for public distribution of the notes in Germany. Neither this offering memorandum, nor any other document issued in connection with this offering, may be issued or distributed to any person in Germany except under circumstances which do not constitute an offer to the public within the meaning of the German Sales Prospectus Act or the German Investment Act.

France

The notes are being issued and sold outside the Republic of France and in connection with their initial distribution, are not being offered or sold and will not be offered or sold, directly or indirectly, to the public in the Republic of France. This offering memorandum and/ or any other offering material relating to the notes may not be distributed to the public in the Republic of France. Any offers, sales or distributions in the Republic of France will be made only to qualified investors (*investisseurs qualifiés*) in accordance with Article L.411-2 of the Monetary and Financial Code and *decrét* no. 98-880 dated 1st October, 1998.

Netherlands

The notes may not be offered, sold, transferred or delivered in or from the Netherlands as part of their initial distribution or at any time thereafter, directly or indirectly, other than to, individuals or legal entities situated in The Netherlands who or which trade or invest in securities in the conduct of a business or profession (which includes banks, securities intermediaries (including dealers and brokers), insurance companies, pension funds, collective investment institution, central governments, large international and supranational organizations, other institutional investors and other parties, including treasury departments of commercial enterprises, which as an ancillary activity regularly invest in securities; hereinafter, "Professional Investors"), provided that in the offer, prospectus and in any other documents or advertisements in which a forthcoming offering of our notes is publicly announced (whether electronically or otherwise) in The Netherlands it is stated that such offer is and will be exclusively made to such Professional Investors. Individual or legal entities who are not Professional Investors may not participate in the offering of our notes, and this offering memorandum or any other offering material relating to our notes may not be considered an offer or the prospect of an offer to sell or exchange our notes.

Luxembourg

The notes which are the subject of the offering contemplated by this offering memorandum will not be offered to the public in the Grand Duchy of Luxembourg, except that notes may be offered:

- in the cases described under the European Economic Area selling restrictions in which an initial purchaser can make an offer of notes to the public in an EEA Member State (including Luxembourg); and/or

- to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organizations; and/or

- to legal entities which are authorized or regulated to operate in the financial markets including credit institutions, investment companies, other authorized or regulated financial institutions, insurance companies, undertakings for collective investment and their management companies, pension and investment funds and their management companies, commodity dealers; and/or

- to certain natural persons or small and medium-sized companies (as defined in the Directive 2003/71/EC) recorded in the register of natural persons or small and medium-sized companies considered as qualified investors and held by the Commission de Surveillance du Secteur Financier (CSSF) as competent authority in Luxembourg in accordance with the Directive 2003/71/EC; and/or

- in any other circumstances for which the Luxembourg Act of 10th July, 2005 on prospectuses for securities does not require a public offering prospectus to be established.

Portugal

The notes may not be offered or sold in Portugal except in accordance with the requirements of the Portuguese Securities Code (*Código de Valores Mobiliários* as approved by the Decree-Law No. 486/99 of November 13, 1999) and the regulations governing the offer of securities issued pursuant thereto. Neither a public offer for subscription of the notes nor a public offer for the sale of the notes shall be promoted in Portugal.

Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the notes with a view to distribution. Any such investors will be individually approached by the initial purchasers from time to time.

Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Hong Kong

This offering memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The notes will not be offered or sold in Hong Kong other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Chapter 289) (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, then notes, debentures and units of notes and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

NOTICE TO CANADIAN RESIDENTS

Resale Restrictions

The distribution of the notes in Canada is being made only in the provinces of Ontario, Quebec, Alberta, British Columbia and Manitoba on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of notes are made. Any resale of the notes in Canada must be made under applicable securities laws which may vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the notes.

Representations of Purchasers

By purchasing notes in Canada and accepting delivery of a purchase confirmation, a purchaser is representing to us and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the notes without the benefit of a prospectus qualified under those securities laws as it is an "accredited investor" as defined under National Instrument 45-106 – Prospectus and Registration Exemptions,

- the purchaser is a "Canadian permitted client" as defined in National Instrument 31-103 - *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, or as otherwise interpreted and applied by the Canadian Securities Administrators,

- where required by law, the purchaser is purchasing as principal and not as agent,

- the purchaser has reviewed the text above under "Resale Restrictions", and

- the purchaser acknowledges and consents to the provision of specified information concerning the purchase of the Notes to the regulatory authority that by law is entitled to collect the information, including certain personal information. For purchasers in Ontario, questions about such indirect collection of personal information should be directed to the Ontario Securities Commission, Administrative Support Clerk, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario, M5H 3S8 or to the following telephone number: (416) 593-3684.

Rights of Action—Ontario Purchasers

Under Ontario securities legislation, certain purchasers who purchase a security offered by this document during the period of distribution will have a statutory right of action for damages, or while still the owner of the notes, for rescission against us in the event that this document contains a misrepresentation without regard to whether the purchaser relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the notes. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the notes. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against us. In no case will the amount recoverable in any action exceed the price at which the notes were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, we will have no liability. In the case of an action for damages, we will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the notes as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

Enforcement of Legal Rights

All of our directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Taxation and Eligibility for Investment

Canadian purchasers of notes should consult their own legal and tax advisors with respect to the tax consequences of an investment in the notes in their particular circumstances and about the eligibility of the investment by the purchaser under relevant Canadian legislation.

TRANSFER RESTRICTIONS

The notes (including the guaranty) have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the notes are being offered and sold only to (1) "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) ("QIBs") in compliance with Rule 144A and (2) outside the United States to persons other than U.S. persons ("foreign purchasers"), which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners (other than an estate or trust), in reliance upon Regulation S under the Securities Act.

By its purchase of notes, each purchaser of notes will be deemed to:

(1) represent that it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is (a) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A or (b) a foreign purchaser that is outside the United States (or a foreign purchaser that is a dealer or other fiduciary as referred to above);

(2) acknowledge that the notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) if it is a person other than a foreign purchaser outside the United States, agree that if it should resell or otherwise transfer the notes, it will do so only (a) to us, (b) to a QIB in compliance with Rule 144A, (c) outside the United States in compliance with Rule 904 under the Securities Act or (d) pursuant to an exemption from the registration requirements of the Securities Act (if available);

(4) agree that it will deliver to each person to whom it transfers notes notice of any restriction on transfer of such notes;

(5) if it is a foreign purchaser outside the United States, (a) understand that the notes will be represented by the Regulation S global note and that transfers are restricted and (b) represent and agree that it will not sell short or otherwise sell, transfer or dispose of the economic risk of the notes into the United States or to a U.S. person;

(6) understand that until registered under the Securities Act, the notes (other than those issued to foreign purchasers or in substitution or exchange therefor) will bear a legend to the following effect unless otherwise agreed by us and the holder thereof:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER

(1) REPRESENTS THAT

(A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT OR

(B) IT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND

(2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE OR ANY BENEFICIAL INTEREST

HEREIN, EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ONLY

(A) TO THE COMPANY,

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT,

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT,

(D) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR

(E) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH 2(E) ABOVE, THE COMPANY RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THIS LEGEND MAY BE REMOVED SOLELY AT THE OPTION OF THE ISSUER;

(7) understand that the following legend will appear on the face of the Regulation S global note which be used to notify transferees of the foregoing restrictions on transfer unless otherwise agreed by us and the holder thereof:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION; and

(8) acknowledge that we and the initial purchasers will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements, and agree that if any of the acknowledgements, representations or warranties deemed to have been made by it by its purchase of notes are no longer accurate, it shall promptly notify us and the initial purchasers; if they are acquiring notes as a fiduciary or agent for one or more investor accounts, they represent that they have sole investment discretion with respect to each such account and they have full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

VALIDITY OF NOTES

The validity of the notes (including the guaranty) offered and sold in this offering was passed upon for us by White & Case LLP, and for the initial purchasers by Clifford Chance US LLP. Certain matters of Brazilian law relating to the notes was passed upon for the initial purchasers by Souza, Cescon, Barrieu e Flesch Advogados. Certain matters of Cayman law, including the validity of the notes, was passed upon for us by Maples and Calder.

INDEPENDENT AUDITORS

Our consolidated financial statements at and for the years ended December 31, 2011 and 2010 and at and for the years ended December 31, 2010 and 2009, prepared in accordance with Brazilian GAAP are included elsewhere in this offering memorandum, and have been audited by PricewaterhouseCoopers Auditores Independentes, independent auditors, as stated in their reports appearing herein.

With respect to our condensed interim consolidated financial statements at March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011 included elsewhere in this offering memorandum, PricewaterhouseCoopers Auditores Independentes reported that they have applied limited procedures in accordance with the standards of IBRACON and the CFC for a review of such information. However, their separate report dated May 21, 2012, appearing herein states that they did not audit and they do not express an opinion on such condensed interim consolidated financial statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

The financial statements of Odebrecht Finance at and for the years ended December 31, 2011 and 2010 and as at and for the years ended December 31, 2010 and 2009, prepared in accordance with Brazilian GAAP are included elsewhere in this offering memorandum, and have been audited by PricewaterhouseCoopers Auditores Independentes, independent auditors, as stated in their reports appearing herein. The audit reports included in the financial statements at and for the years ended December 31, 2011 and 2010 and at and for the years ended December 31, 2010 and 2009 contain explanatory paragraphs regarding Odebrecht Finance's deficit in stockholders' equity and negative working capital requiring additional long-term funds to cover its commitments, which are currently guaranteed by its shareholder.

With respect to the interim financial statements of Odebrecht Finance at March 31, 2012and for the three-month periods ended March 31, 2012 and 2011, included elsewhere in this offering memorandum, PricewaterhouseCoopers Auditores Independentes reported that they have applied limited procedures in accordance with the standards of IBRACON and the CFC for a review of such information. However, their separate report dated May 21, 2012, appearing herein states that they did not audit and they do not express an opinion on such interim financial statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. The review report included in the interim financial statements at March 31, 2012 contains explanatory paragraphs regarding Odebrecht Finance's deficit in stockholders' equity and negative working capital requiring additional long-term funds to cover its commitments, which are currently guaranteed by its shareholder.

LISTING AND GENERAL INFORMATION

The notes have been accepted for clearance through DTC, Euroclear and Clearstream Luxembourg. The CUSIP and ISIN numbers and Common Codes for the notes are as follows:

	Regulation S Global Note	Rule 144A Global Note
CUSIP	G6710E AL4	675758 AJ5
ISIN	USG6710EAL41	US675758AJ51
Common Code	079955213	079955183

Copies of the issuer's and our latest audited consolidated annual financial statements and unaudited consolidated quarterly financial statements, if any, may be obtained during normal business hours at the offices of the trustee and any paying agent, including the Luxembourg paying agent. Copies of Odebrecht Finance's memorandum and articles of association and by-laws and our *estatuto social* (by-laws), as well as the indenture (including forms of the notes and the guaranty), will be available during normal business hours free at our expense at the offices of the trustee and any paying agent, including the Luxembourg paying agent.

Except as disclosed in this offering memorandum, there has been no material adverse change in the issuer's or our financial position since March 31, 2012, the date of the issuer's or our latest financial statements included in this offering memorandum.

Except as disclosed in this offering memorandum, neither we nor the issuer are involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, nor so far as either we or the issuer is aware is any such litigation or arbitration pending or threatened.

We have applied to list the notes on the Official List of the Luxembourg Stock Exchange and to trade the notes on the Euro MTF market of the Luxembourg Stock Exchange.

The issuance of the notes was authorized by the directors of Odebrecht Finance on June 22, 2012. The issuance of the guaranty was authorized pursuant to a meeting of the officers of CNO on June 21, 2012

INDEX TO FINANCIAL STATEMENTS

Report on the Review of Interim Financial Statements at March 31, 2012

To the Board of Directors and Stockholders
Odebrecht Finance Ltd.

Introduction

We have reviewed the accompanying interim balance sheet of Odebrecht Finance Ltd. (the "Company"), as at March 31, 2012 and the related statements of operations, changes in net capital deficiency and cash flows for the quarter then ended, and a summary of the significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC). 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 with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial statements consists of making 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 with Brazilian and International Standards on Auditing and consequently does not enable 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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements referred to above do not present fairly, in all material respects, the financial position of Odebrecht Finance Ltd. as at March 31, 2012, and its financial performance and cash flows for the quarter then ended in accordance with CPC 21

Odebrecht Finance Ltd.

Emphasis of matter

We draw attention to Note 1 to these interim financial statements, which discloses that Odebrecht Finance Ltd. incurred losses of US$ 386,659 thousand during the three-month period ended March 31, 2012 and, as of that date, the Company had a net capital deficiency of US$ 221,659 thousand, as well as an excess of current liabilities over current assets of US$ 45,454 thousand. This, together with other matters described in Note 1, indicates the need to obtain additional long-term financial resources, as currently guaranteed by its stockholder, to cover the Company´s commitments. Our conclusion is not qualified in respect of this matter.

Salvador, May 21, 2012

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 “F” BA

Fábio Cajazeira Mendes
Contador CRC 1SP196825/O-0 “S” BA

Odebrecht Finance Ltd.

Balance Sheets
In thousands of U.S. dollars

	March 31, 2012	December 31, 2011	
Assets			**Liabilities and net capital deficiency**
Current assets			Current liabilities
Cash and cash equivalents (Note 2.2)	2	1	Debts (Note 5)
	2	1	
Non-current assets			Non-current liabilities
Related parties (Note 4)	2,003,907	1,713,645	Debts (Note 5)
	2,003,907	1,713,645	
			Net capital deficiency (Note 6)
			Subscribed capital
			Accumulated losses
Total assets	2,003,909	1,713,646	**Total liabilities and net capital deficiency**

The accompanying notes are an integral part of these interim financial statements.

Odebrecht Finance Ltd.

Statements of Operations
Three-month periods ended March 31
In thousands of U.S. dollars, unless otherwise indicated

	2012	2011
Continuing operations		
Operating expenses		
Administrative expenses	(894)	(18)
Financial expenses, net (Note 7)	(35,539)	(31,350)
Loss for the period	(36,433)	(31,368)

The accompanying notes are an integral part of these interim financial statements.

Odebrecht Finance Ltd.

Statements of Changes in Net capital deficiency

In thousands of U.S. dollars

	Attributable to the owners		
	Subscribed capital	Accumulated losses	Total
At December 31, 2010	165,000	(165,220)	(220)
Loss for the period		(31,368)	(31,368)
At March 31, 2011	165,000	(196,588)	(31,588)

	Attributable to the owners		
	Subscribed capital	Accumulated losses	Total
At December 31, 2011	165,000	(350,226)	(185,226)
Loss for the period		(36,433)	(36,433)
At March 31, 2012	165,000	(386,659)	(221,659)

The accompanying notes are an integral part of these interim financial statements.

Odebrecht Finance Ltd.

Statements of Cash Flows
Three-month periods ended March 31
In thousands of U.S. dollars

	2012	2011
Cash flows from operating activities		
Loss for the period	(36,433)	(31,368)
Adjustments:		
Interest expense on debts	35,527	31,097
Net cash used in operating activities	(906)	(271)
Cash flows from financing activities		
Related parties, net	(290,262)	9,646
Debts		
Funds obtained	299,097	
Interest paid	(7,928)	(9,375)
Net cash provided by financing activities	907	271
Increase in cash and cash equivalents, net	1	
Cash and cash equivalents in the beginning of the period	1	14
Cash and cash equivalents at the end of the period	2	14

The accompanying notes are an integral part of these interim financial statements.

1 Operations

Odebrecht Finance Ltd. ("OFL" or the "Company") was established on January 30, 2007, to enter into and conduct financial transactions, to participate in insurance and reinsurance companies, and to participate in pension funds. OFL is registered in Grand Cayman - Cayman Islands.

The Company's only stockholder is Odebrecht S.A. ("ODB"), the ultimate parent company of the Odebrecht Organization, incorporated in Salvador, Brazil.

In March 31, 2012, the Company incurred losses of US$ 36,433 and had accumulated losses of US$ 386,659, resulting in a net capital deficiency of US$ 221,659, as well as an excess of current liabilities over current assets of US$ 45,454. To fund its activities, the Company relies on the operational structure of ODB and its operations depend on the remittance of funds from ODB and from other related parties of the Odebrecht Organization, with which the Company has intercompany receivables of US$ 2,003,907 (December 2011 - US$ 1,713,645) (Note 4).

In addition, Construtora Norberto Odebrecht S.A. ("CNO"), a related party, guarantees all the Company's debts with third parties and ODB is committed to provide the necessary level of financial support to the Company to enable it to pay its debts.

These financial statements were approved by the Company’s Executive Board on May 21, 2012.

2 Summary of Significant Accounting Policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented, unless otherwise stated.

2.1 Basis of preparation

These interim financial statements have been prepared and are being presented in accordance with the accounting pronouncement CPC 21 – Interim Financial Statements issued by the Accounting Pronouncements Committee (CPC), which has the objective to establish the minimum contents of interim financial statements.

There are no new pronouncements or interpretations of CPC’s effective as from 2012 that could have a significant impact on the Company's financial statements.

Considering that there are no other items of comprehensive income in the three-month periods ended march 31, 2011 and 2012, the Company is not presenting the statement of comprehensive income in these interim financial statements.

2.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.3 Financial assets

Classification and measurement

The Company classifies its financial assets in the category of loans and receivables, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and comprise 'cash and cash equivalents' in the balance sheet. At March 31, 2012, the amount of cash and cash equivalents is US$ 2 (December 31, 2011 - US$ 1).

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognized in the statements of operations.

2.4 Debts

Debts are recognized initially at fair value, net of transaction costs incurred and are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of operations over the life of the debt using the effective interest method.

2.5 Functional currency

As required by CPC 02 "The Effects of Changes in Foreign Exchange Rates", management performed an assessment of the Company's functional currency, taking into consideration all functional currency indicators described under CPC 02, including the level of autonomy of the Company in relation to the other Odebrecht Group companies.

As the Company's primary purpose is to provide funding to foreign Odebrecht Group companies through the issuance of U.S. dollar denominated debt and most of the Company's assets and liabilities are denominated in U.S. dollars, management has concluded that the U.S. dollar is the Company's functional currency.

2.6 Income tax

The Company is not subject to income tax in the Cayman Islands.

3 Financial risk management

The Company carries out financial transactions, involving (a) Cash and cash equivalents and (b) Debt, in order to manage the availability of funds for its operations, which are primarily related to funding the activities of the Odebrecht Group companies.

Risk management follows the policies approved by the Board of Directors. The purpose of risk management is to protect the cash flows of the Company.

In thousands of U.S. dollars, unless otherwise indicated

3.1 Liquidity risk

This is the risk that the Company lacks sufficient liquid funds to meet its financial commitments, due to the mismatch of terms or volumes of estimated receipts and payments.

The Company relies on the operational structure of ODB and its operations depend on the remittance of funds from ODB and from other related parties of the Odebrecht Organization (Note 1).

To manage liquidity of cash in local and foreign currencies, assumptions of future disbursements and receipts are determined, and monitored by the treasury department.

3.2 Derivative financial instruments

During the three–month period ended March 31, 2012 and year ended December 31, 2011, the Company did not enter into contracts which might be considered to be derivative financial instruments.

3.3 Interest risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Company is the vehicle for raising funds in the international market for the Odebrecht Organization. The Company's debts are all fixed interest rate borrowings, obtained mainly in the international financial market, in which the fixed rates are lower than the rates practiced in the countries where the Odebrecht Organization companies operate.

However, due to differences of interest rates and charges on financial transactions, including the funds raised in the international market and the remittances to related parties, the Company incurred losses in the three – month period ended March 31, 2012 of US$ 36,433 (March 31, 2011 - US$ 31,368).

The Company has guarantee from CNO on its financial obligations which may be used, if necessary, to meet its commitments and cash requirements.

Management monitors maturity mismatches in the Company's positions on a monthly basis and manages them within established limits, changing positions promptly as market outlooks change.

4 Related parties

	Long-term receivables	
	March, 31 2012	**December, 31 2011**
ODB	523,610	523,610
Odebrecht Overseas Ltd.	1,480,011	1,189,749
ONL Investments BV	286	286
	2,003,907	1,713,645

The main balances with the organization companies are governed by the contractual instrument "Current account and single cash management agreement", entered into by the organization companies. The operations consist of lending of funds, assignments of credits and assumptions of obligations, and are not subject to financial charges.

5 Debt

On October 18, 2007, OFL raised US$ 200,000 (US$ 196,312 net of the directly related transaction costs) in the international financial markets in the form of Notes due in October 2017. Such Notes have a coupon of 7.50% per year, payable semi-annually, and provide OFL with a call option for early repayment on October 18, 2012. In addition, on April 4, 2008, OFL raised an additional US$ 200,000 (US$ 199,455 net of the directly related transaction costs), under the same conditions as the Notes previously issued. On April 5th, 2011, OFL redeemed US$ 287,162 of these Notes, by means of a Tender Offer.

On April 9, 2009, OFL raised US$ 200,000 (US$ 197,520 net of the directly related transaction costs) in the international financial markets in the form of Notes due in April 2014. Such Notes have a coupon of 9.625% per year, payable semi-annually. On April 5, 2011, OFL redeemed US$ 156,116 of these Notes, by means of a Tender Offer.

On October 21, 2009, OFL raised US$ 500,000 (US$ 488,994 net of the directly related transaction costs) in the international financial markets in the form of Notes due in April 2020. Such Notes have a coupon of 7.00% per year, payable semi-annually, and provide OFL with a call option for early repayment on April 21, 2015.

On September 14, 2010, OFL raised US$ 500,000 (US$ 494,383 net of the directly related transaction costs) in the international financial markets in the form of Perpetual Bonds with a call option for repayment after five years. This amount was forwarded to Odebrecht Overseas Ltd. which settled a perpetual bond of US$ 200,000 on December 21, 2010 and retained the remaining balance in cash. On November 9, 2011, OFL raised an additional US$ 250,000 (US$ 248,438 net of the directly related transaction costs) in the international financial markets in the form of the Perpetual Bonds, under the same conditions as the Notes previously issued.

On April 5, 2011, OFL raised US$ 500,000 (US$ 497,363 net of the directly related transaction costs) in the international financial markets in the form of Notes due in April 2023. Such Notes have a coupon of 6.00% per year, payable semi-annually. The proceeds of this issuance were used to liquidate the Tender Offer on the Bonds due in 2014 and 2017 for US$ 156,116 and US$ 287,162 respectively, as described above.

On January 26, 2012, OFL raised an additional US$ 300,000 (US$ 299,097 net of the directly related transaction costs) in the international financial markets in the form of Notes, under the same conditions as the U$ 500,000 Notes due 2023, previously issued.

The total balance, including accrued interest on March 31, 2012, is US$ 2,225,568 (December 31, 2011 - US$ 1,898,872). All the above Notes have certain restrictive covenants, which are unconditionally and irrevocably guaranteed by CNO and are being complied with by the Company.

In thousands of U.S. dollars, unless otherwise indicated

6 Equity (net capital deficiency)

The Company's authorized capital consists of 1,500,000,000 shares. At March 31, 2012, issued capital comprises 165,000,000 shares with a par value of US$ 1 each.

7 Financial expenses, net

	Three-month periods ended March 31,	
	2012	**2011**
Interest expense on debts	(35,527)	(31,097)
Other, net	(12)	(253)
	(35,539)	(31,350)

* * *

Independent Auditor's Report on the Financial Statements

To the Board of Directors and Stockholders
Odebrecht Finance Ltd.

We have audited the accompanying financial statements of Odebrecht Finance Ltd. ("Company"), which comprise the balance sheet as at December 31, 2011 and the related statements of operations, changes in net capital deficiency and cash flows for the year then ended, as well as a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices adopted in Brazil and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Odebrecht Finance Ltd. as at December 31, 2011, and its financial performance and cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

PricewaterhouseCoopers, Av. Tancredo Neves, nº 620, 30º e 34º, Caminho das Árvores, Salvador, BA, Brasil, 41820-020, Caixa Postal 1003 T: (71) 3319-1900, F: (71) 3319-1937, www.pwc.com/br

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Odebrecht Finance Ltd.

Emphasis of matter

We draw attention to Note 1 to these financial statements, which discloses that Odebrecht Finance Ltd. incurred losses of US$ 185,006 thousand in the year ended December 31, 2011 and, as of that date, the Company had a net capital deficiency of US$ 185,226 thousand as well as an excess of current liabilities over current assets of US$ 19,684 thousand. This, together with other matters described in Note 1, indicates the need to obtain additional long-term financial resources to cover the Company´s commitments, currently guaranteed by its stockholder. Our opinion is not qualified in respect of this matter.

Salvador, February 10, 2012

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" BA

Felipe Edmond Ayoub
Contador CRC 1SP187402/O-4 "S" BA

Odebrecht Finance Ltd.

Balance Sheets

In thousands of U.S. dollars

	December 31, 2011	December 31, 2010	
Assets			**Liabilities and net capital deficiency**
Current assets			Current liabilities
Cash and cash equivalents (Note 2.2)	1	14	Debts (Note 5)
	1	14	
Non-current assets			Non-current liabilities
Related parties (Note 4)	1,713,645	1,592,564	Debts (Note 5)
	1,713,645	1,592,564	
			Net capital deficiency (Note 6)
			Subscribed capital
			Accumulated losses
Total assets	1,713,646	1,592,578	**Total liabilities and net capital deficiency**

The accompanying notes are an integral part of these financial statements.

Odebrecht Finance Ltd.

Statements of Operations
Years Ended December 31
In thousands of U.S. dollars, unless otherwise indicated

	2011	2010
Continued operations		
Operating expenses		
Administrative expenses	(500)	(693)
Financial expenses, net (Note 7)	(184,506)	(97,855)
Loss for the year	(185,006)	(98,548)
Loss per share from continued operations attributable to the owner at the end of the year (expressed in US$ per share)	(0.11)	(0.07)

The accompanying notes are an integral part of these financial statements.

Odebrecht Finance Ltd.

Statements of Changes in Net capital deficiency

In thousands of U.S. dollars

	Attributable to the owner		
	Subscribed capital	Accumulated losses	Total
At December 31, 2009	165,000	(66,672)	98,328
Loss for the year		(98,548)	(98,548)
At December 31, 2010	165,000	(165,220)	(220)
Loss for the year		(185,006)	(185,006)
At December 31, 2011	165,000	(350,226)	(185,226)

The accompanying notes are an integral part of these financial statements.

Odebrecht Finance Ltd.

Statements of Cash Flows
Years Ended December 31
In thousands of U.S. dollars

	2011	2010
Cash flows from operating activities		
Loss for the year	(185,006)	(98,548)
Adjustments:		
Interest expense on debts	122,696	96,874
Net cash used in operating activities	(62,310)	(1,674)
Cash flows from financing activities		
Related parties, net	(121,081)	(397,082)
Debts		
Funds obtained	745,801	494,383
Principal paid	(443,278)	
Interest paid	(119,145)	(95,614)
Net cash provided by financing activities	62,297	1,687
Increase (decrease) in cash and cash equivalents, net	(13)	13
Cash and cash equivalents in the beginning of the year	14	1
Cash and cash equivalents at the end of the year	1	14

The accompanying notes are an integral part of these financial statements.

1 Operations

Odebrecht Finance Ltd. ("OFL" or "Company") was established on January 30, 2007 to enter into and conduct financial transactions, to participate in insurance and reinsurance companies, and to participate in pension funds. OFL is registered in Grand Cayman - Cayman Islands.

The Company's only stockholder is Odebrecht S.A. ("ODB"), the ultimate parent company of the Odebrecht Organization, incorporated in Salvador, Brazil.

In 2011, the Company incurred losses of US$ 185,006 and, as of December 31, 2011, had accumulated losses of US$ 350,226, resulting in a net capital deficiency of US$ 185,226, as well as an excess of current liabilities over current assets of US$ 19,684. To fund its activities, the Company relies on the operational structure of ODB and its operations depend on the remittance of funds from ODB and from other related parties of the Odebrecht Organization, with which the Company has intercompany receivables of US$ 1,713,645 (2010 - US$ 1,592,564) (Note 4).

In addition, Construtora Norberto Odebrecht S.A. ("CNO"), a related party, guarantees all the Company's debts with third parties and ODB is committed to provide the necessary level of financial support to the Company to enable it to pay its debts.

These financial statements were approved by the Company’s Executive Board on February 10, 2012.

2 Summary of Significant Accounting Policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements were prepared and are presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC).

There are no new pronouncements or interpretations of CPC’s effective as from 2011 that could have a significant impact on the Company's financial statements.

2.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.3 Financial assets

Classification and measurement

The Company classifies its financial assets in the category of loans and receivables, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and comprise 'cash and cash equivalents' in the balance sheet. As at December 31, 2011, the amount of cash and cash equivalents is US$ 1 (December 31, 2010 - US$ 14).

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognized in the statements of operations.

2.4 Debts

Debts are recognized initially at fair value, net of transaction costs incurred and are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of operation over the life of the debts using the effective interest method.

2.5 Functional currency

As required by CPC 02 "The Effects of Changes in Foreign Exchange Rates", management performed an assessment of the Company's functional currency, taking into consideration all functional currency indicators described under CPC 02, including the level of autonomy of the Company in relation to the other Odebrecht Group companies.

As the Company's primary purpose is to provide funding to foreign Odebrecht Group companies through the issuance of U.S. dollar denominated debt and most of the Company's assets and liabilities are denominated in U.S. dollars, management has concluded that the U.S. dollar is the Company's functional currency.

2.6 Income tax

The Company is not subject to income tax in the Cayman Islands.

3 Financial risk management

The Company carries out financial transactions, involving (a) Cash and cash equivalents and (b) Debt, in order to manage the availability of funds for its operations, which are primarily related to funding the activities of the Odebrecht Group companies.

Risk management follows the policies approved by the Board of Directors. The purpose of risk management is to protect the cash flows of the Company.

In thousands of U.S. dollars, unless otherwise indicated

3.1 Liquidity risk

This is the risk that the Company not has sufficient liquid funds to meet its financial commitments, due to the mismatch of terms or volumes of estimated receipts and payments.

The Company relies on the operational structure of ODB and its operations depend on the remittance of funds from ODB and from other related parties of the Odebrecht Organization (Note 1).

To manage liquidity of cash in local and foreign currency, assumptions of future disbursements and receipts are determined, and these are monitored daily by the treasury department.

3.2 Derivative financial instruments

During the years ended December 31, 2011 and 2010, the Company did not enter into contracts which might be considered to be derivative financial instruments.

3.3 Interest risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Company is the vehicle for raising funds in the international market for the Odebrecht Organization. The Company's debts are all fixed interest rate borrowings, obtained mainly in the international financial market, in which the fixed rates are lower than the rates practiced in the countries where the Odebrecht Organization companies operate.

However, due to differences of interest rates and charges on financial transactions, including the funds raised in the international market and the remittances to related parties, the Company incurred losses in the year ended December 31, 2011 of US$ 185,006 (2010 - losses of US$ 98,548).

The Company has a guarantee of CNO for its financial obligations which may be used, if necessary, to meet its commitments and cash requirements.

Management monitors maturity mismatches in the Company's positions on a monthly basis and manages them within established limits, changing positions promptly as market outlooks change.

4 Related parties

	Long-term receivables	
	December, 31 2011	**December 31, 2010**
ODB	523,610	523,610
Odebrecht Overseas Ltd.	1,189,749	1,068,717
ONL Investments BV	286	237
	1,713,645	1,592,564

The main balances with Odebrecht Group companies are governed by the contractual instrument "Current account and single management agreement", entered into by the group companies. The operations consist of lending funds, assignments of credits and assumptions of obligations, all interest-free.

5 Debt

On October 18, 2007, OFL raised US$ 200,000 (US$ 196,312 net of the directly related transaction costs) in the international financial markets in the form of Notes due in October 2017. Such Notes have a coupon of 7.50% per year, payable semi-annually, and provide OFL with a call option for early repayment on October 18, 2012. In addition, on April 4, 2008, OFL raised an additional US$ 200,000 (US$ 199,455 net of the directly related transaction costs), under the same conditions as the Notes previously issued. On April 5, 2011, OFL redeemed US$ 287,162 of these Notes, by means of a Tender Offer.

On April 9, 2009, OFL raised US$ 200,000 (US$ 197,520 net of the directly related transaction costs) in the international financial markets in the form of Notes due in April 2014. Such Notes have a coupon of 9.625% per year, payable semi-annually. On April 5, 2011, OFL redeemed US$ 156,116 of these Notes, by means of a Tender Offer.

On October 21, 2009, OFL raised US$ 500,000 (US$ 488,994 net of the directly related transaction costs) in the international financial markets in the form of Notes due in April 2020. Such Notes have a coupon of 7.00% per year, payable semi-annually, and provide OFL with a call option for early repayment on April 21, 2015.

On September 14, 2010, OFL raised US$ 500,000 (US$ 494,383 net of the directly related transaction costs) in the international financial markets in the form of Perpetual Bonds with a call option for repayment after five years. This amount was forwarded to Odebrecht Overseas Ltd. which settled a perpetual bond of US$ 200,000 on December 21, 2010 and retained the remaining balance in cash. On November 9, 2011, OFL raised an additional US$ 250,000 (US$ 248,438 net of the directly related transaction costs) in the international financial markets in the form of the Perpetual Bonds, under the same conditions as the Notes previously issued.

On April 5, 2011, OFL raised US$ 500,000 (US$ 497,363 net of the directly related transaction costs) in the international financial markets in the form of Notes due in April 2023. Such Notes have a coupon of 6.00% per year, payable semi-annually. The proceeds of this issuance were used to liquidate the Tender Offer on the Bonds due in 2014 and 2017 for US$ 156,116 and US$ 287,162 respectively, as described above.

The total balance, including accrued interest on December 31, 2011, is US$ 1,898,872 (2010 - US$ 1,592,798). All the above Notes have certain restrictive covenants, which are unconditionally and irrevocably guaranteed by CNO and are being complied with by the Company.

6 Equity (net capital deficiency)

The Company's authorized capital consists of 1,500,000,000 shares. At December 31, 2011, issued capital comprises 165,000,000 shares with a par value of US$ 1 each.

In thousands of U.S. dollars, unless otherwise indicated

7 Financial expenses, net

	Year ended December 31,	
	2011	2010
Interest expense on debts (*)	(184,222)	(96,874)
Other, net	(284)	(981)
	(184,506)	(97,855)

(*) Includes financial costs related to call options for early repayment of Notes due in 2014 and 2017 in the amount of US$ 61,526 during the year ended December 31, 2011 (Note 5).

8 Subsequent events

On January 26, 2012, OFL raised an additional US$ 300,000 (US$ 299,097 net of the directly related transaction costs) in the international financial markets in the form of Notes, under the same conditions as the US$ 500,000 Notes due 2023 previously issued.

* * *

Report of independent auditors on the financial statements

To the Board of Directors and Stockholders
Odebrecht Finance Ltd.

We have audited the accompanying financial statements of Odebrecht Finance Ltd. ("Company"), which comprise the balance sheet as at December 31, 2010, and the related statements of operations, changes in equity (net capital deficiency) and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements in accordance with accounting practices adopted in Brazil, and for such internal control that management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Odebrecht Finance Ltd.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Odebrecht Finance Ltd. as at December 31, 2010, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Emphasis of matter

We draw attention to Note 1 to these financial statements, which discloses that Odebrecht Finance Ltd. incurred a loss of US$ 98,548 thousand in the year ended December 31, 2010 and, as of that date, the Company had a net capital deficiency of US$ 220 thousand as well as an excess of current liabilities over current assets of US$ 15,719 thousand. This, together with other matters described in Note 1, indicates the need to obtain additional long-term financial resources to cover the Company's commitments, currently guaranteed by its stockholder.

Salvador, March 16, 2011

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" BA

Felipe Edmond Ayoub
Contador CRC 1SP187402/O-4 "S" BA

Odebrecht Finance Ltd.

Balance Sheets

In thousands of U.S. dollars

Assets	December 31, 2010	December 31, 2009	January 1, 2009	Liabilities and equity (net capital deficiency)	Decemb
Current assets				Current liabilities	
Cash and cash equivalents (Note 2.3)	14	1	7	Debt (Note 5)	
	14	1	7		
Non-current assets				Non-current liabilities	
Related parties (Note 4)	1,592,564	1,195,482	437,946	Related parties (Note 4)	
				Debt (Note 5)	
	1,592,564	1,195,482	437,946		
				Equity (net capital deficiency) (Note 6)	
				Subscribed capital	
				Unpaid capital	
				Accumulated losses	
Total assets	1,592,578	1,195,483	437,953	**Total liabilities and equity (net capital deficiency)**	

The accompanying notes are an integral part of these financial statements.

Odebrecht Finance Ltd.

Statements of Operations
Years Ended December 31
In thousands of U.S. dollars, unless otherwise indicated

	2010	2009
Continued operations		
Operating expenses		
Administrative expenses	(693)	(701)
Financial expenses, net (Note 7)	(97,855)	(47,425)
Loss for the year	(98,548)	(48,126)
Loss per share of the capital attributable to the owners from continued operations at the end of the year - US$	(0.07)	(0.03)

The accompanying notes are an integral part of these financial statements.

Odebrecht Finance Ltd.

Statements of Changes in Equity (net capital deficiency)
In thousands of U.S. dollars

	Attributable to the owners		
	Subscribed capital	Accumulated losses	Total
At January 1, 2009		(18,546)	(18,546)
Subscribed capital	165,000		165,000
Loss for the year		(48,126)	(48,126)
At December 31, 2009	165,000	(66,672)	98,328
Loss for the year		(98,548)	(98,548)
At December 31, 2010	165,000	(165,220)	(220)

The accompanying notes are an integral part of these financial statements.

Odebrecht Finance Ltd.

Statements of Cash Flows
Years Ended December 31
In thousands of U.S. dollars

	2010	2009
Cash flows from operating activities		
Loss for the year	(98,548)	(48,126)
Adjustments:		
Interest from related parties, net		(4,805)
Interest expense on debts	96,874	50,664
Net cash used in operating activities	(1,674)	(2,267)
Cash flows from financing activities		
Related parties, net	(397,082)	(807,440)
Capital increase		165,000
Debt		
Funds obtained	494,383	684,326
Interest paid	(95,614)	(39,625)
Net cash provided by financing activities	1,687	2,261
Increase (decrease) in cash and cash equivalents, net	13	(6)
Cash and cash equivalents at the beginning of the year	1	7
Cash and cash equivalents at the end of the year	14	1

The accompanying notes are an integral part of these financial statements.

1 Operations

Odebrecht Finance Ltd. ("OFL" or "Company") was established on January 30, 2007 to enter into and conduct financial transactions, to participate in insurance and reinsurance companies, and to participate in pension funds. OFL is registered in Grand Cayman - Cayman Islands.

The Company's only stockholder is Odebrecht S.A. ("ODB"), the ultimate parent company of the Odebrecht Organization, incorporated in Salvador, Brazil.

In 2010, the Company incurred a loss of US$ 98,548 and, as of December 31, 2010, had accumulated losses of US$ 165,220, resulting in a net capital deficiency of US$ 220 as well as an excess of current liabilities over current assets of US$ 15,719. To fund its activities, the Company relies on the operational structure of ODB and its operations depend on the remittance of funds from ODB and from other related parties of the Odebrecht Organization, with which the Company has intercompany receivables of US$ 1,592,564 (December 31, 2009 - US$ 1,195,482 and January 1, 2009 - US$ 437,946) (Note 4). In addition, Construtora Norberto Odebrecht S.A. ("CNO") guarantees all the Company's debts with third parties and ODB is committed to provide the necessary level of financial support to the Company to enable it to pay its debts.

2 Summary of Significant Accounting Policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements were approved by the Company’s Executive Board on March 16, 2011.

These financial statements were prepared and are presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC).

These are the first financial statements presented by the Company in accordance with CPC. The first time adoption process of CPC pronouncements is described in Note 8.

In the preparation of the financial statements, it is necessary to utilize estimates to record certain assets, liabilities, revenues and expenses. Therefore, these financial statements include various estimates mainly relating to provisions. The actual results may differ from the estimated amounts.

2.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.3 Financial assets

Classification and measurement

The Company classifies its financial assets in the category of loans and receivables, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and comprise 'cash and cash equivalents' in the balance sheet. As at December 31, 2010, the amount of cash and cash equivalents is US$ 14 (December 31, 2009 - US$ 1 and January 1, 2009 - US$ 7).

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

2.4 Debts

Debts are recognized initially at fair value, net of transaction costs incurred and are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of operation over the life of the debts using the effective interest method.

2.5 Functional currency

As required by CPC 02 "The Effects of Changes in Foreign Exchange Rates", management has performed an assessment of the Company's functional currency, taking into consideration all functional currency indicators described under CPC 02, including the level of autonomy of the Company in relation to the other Odebrecht Group companies.

As the Company's primary purpose is to provide funding to foreign Odebrecht Group companies through the issuance of U.S. dollar denominated debt and most of the Company's assets and liabilities are denominated in U.S. dollars, management has concluded that the U.S. dollar is the Company's functional currency.

2.6 Income tax

The Company is not subject to income tax in the Cayman Islands.

3 Financial risk management

The Company carries out financial transactions, involving (a) Cash and cash equivalents and (b) Debt. In order to manage the availability of funds for its operations which are primarily related to funding the activities of the Odebrecht Group companies.

Risk management follows the policies approved by the Board of Directors. The purpose of risk management is to protect the cash flows of the Company.

3.1 Liquidity risk

This is the risk that the Company not has sufficient liquid funds to meet its financial commitments, due to the mismatch of terms or volumes of estimated receipts and payments.

The Company relies on the operational structure of ODB and its operations depend on the remittance of funds from ODB and from other related parties of the Odebrecht Organization (Note 1).

To manage liquidity of cash in local and foreign currency, assumptions for future disbursements and receipts are determined, and these are monitored daily by the treasury department.

3.2 Derivative financial instruments

During the years ended December 31, 2010 and 2009, the Company did not enter into contracts which might be considered to be derivative financial instruments.

In thousands of U.S. dollars, unless otherwise indicated

3.3 Interest risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Company is the vehicle for raising funds in the international market for the Odebrecht Organization. The Company's debts are all fixed interest rate borrowings, obtained mainly in the international financial market, in which the fixed rates are lower than the rates practiced in the countries where the Odebrecht Organization companies operate.

However, due to differences of interest rates and charges on financial transactions, including the funds raised in the international market and the remittances to related parties, the Company incurred a loss during the year ended December 31, 2010 of US$ 98,548 (2009 - loss of US$ 48,126). The Company has a CNO guarantee for its financial obligations which may be used, if necessary, to meet its commitments and cash requirements.

Management monitors maturity mismatches in the Company's positions on a monthly basis and administers them within established limits, changing positions promptly as market outlooks change.

4 Related parties

	Long-term receivables	Long-term liabilities	Financial income
ODB	523,610		
Odebrecht Overseas Ltd.	1,068,717		
ONL Investments BV	237		
At December 31, 2010	1,592,564		
At December 31, 2009	1,195,482		4,805
At January 1, 2009	437,946	54,708	

The main balances with Odebrecht Group companies are governed by the contractual instrument "Current account and single management agreement", entered into by the group companies. The operations consist of lending funds, assignments of credits and assumptions of obligations, all interest-free. The financial result is represented, mainly, by the foreign exchange variation on balances with related companies overseas.

5 Debt

On October 18, 2007, OFL raised US$ 200,000 (US$ 195,310 net of the directly related transaction costs) in the international financial markets in the form of Notes due in October 2017. Such Notes have a coupon of 7.50% per year, payable semi-annually, and provide OFL with a call option for early repayment on October 18, 2012.

On April 4, 2008, OFL raised an additional US$ 200,000 (US$ 199,455 net of the directly related transaction costs) in the international financial markets in the form of Notes due in October 2017, under the same conditions as the Notes previously issued.

On April 9, 2009, OFL raised US$ 200,000 (US$ 195,554 net of the directly related transaction costs) in the international financial markets in the form of Notes due in April 2014. Such Notes have a coupon of 9.625% per year, payable semi-annually.

On October 21, 2009, OFL raised US$ 500,000 (US$ 487,420 net of the directly related transaction costs) in the international financial markets in the form of Notes due in April 2020. Such Notes have a coupon of 7.00% per year, payable semi-annually, and provide OFL with a call option for early repayment on April 21, 2015.

On September 14, 2010, OFL raised US$ 500,000 (US$ 494,383 net of the directly related transaction costs) in the international financial markets in the form of Perpetual Bonds with a call option for repayment after five years. This amount was forwarded to Odebrecht Overseas Ltd. which settled a perpetual bond of US$ 200,000 on December, 21, 2010. The remaining balance was used to increase the Company's cash availability.

The total balance, including accrued interest on December 31, 2010, is US$ 1,592,798 (December 31, 2009 - US$ 1,097,155 and January 1, 2009 - US$ 401,791). All the above Notes have certain restrictive covenants, which are unconditionally and irrevocably guaranteed by CNO and are being complied with by the Company.

6 Net Capital Deficiency

The Company's authorized capital consists of 1,500,000 shares. At December 31, 2010, issued capital comprises 165,000 shares with a par value of US$ 1 each.

On July 28, 2009, the Company's issued 65,000 shares of US$ 1 each, totaling an original capital of US$ 65,000. These shares were fully subscribed and paid up by ODB.

On September 18, 2009, the Company's issued 100,000 new shares of US$ 1 each, totaling a capital increase of US$ 100,000. These shares were fully subscribed and paid up by ODB.

In thousands of U.S. dollars, unless otherwise indicated

7 Financial expenses, net

	Year ended December 31,	
	2010	2009
Interest expense on debts	(96,874)	(50,664)
Interest income from related parties (Note 4)		4,805
Other, net	(981)	(1,566)
	(97,855)	(47,425)

8 First-time adoption of the CPC pronouncements

8.1 Basis for transition

8.1.1 Application of CPC 37 and 43

The financial statements for the year ended December 31, 2010 are the first annual financial statements in accordance with the CPC pronouncements. The Company applied CPC 37 and CPC 43 in preparing these financial statements.

The transition date is January 1, 2009. Management prepared the opening balance sheet according to these CPC pronouncements on that date.

In preparing these financial statements, the Company applied all compulsory exceptions and did not apply voluntary exemptions to the full retrospective application of CPCs, as determined by CPC 37 and 43. The transition did not affect the loss or the equity (net capital deficiency) of the Company for the years ended December 31, 2010 and 2009.

* * *

Report on the Review of Condensed Interim Consolidated Financial Statements at March 31, 2012

To the Board of Directors and Stockholders
Construtora Norberto Odebrecht S.A.

Introduction

We have reviewed the accompanying condensed interim consolidated balance sheet of Construtora Norberto Odebrecht S.A. and its subsidiaries as at March 31, 2012 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended.

Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with the accounting standard CPC 21 - Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC). Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial statements consists of making 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 with Brazilian and International Standards on Auditing and consequently does not enable 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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements referred to above are not prepared, in all material respects, in accordance with the accounting standard CPC 21 - Interim Financial Reporting.

Salvador, May 21, 2012

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 “F” RJ

Fábio Cajazeira Mendes
Contador CRC 1SP196825/O-0 “S”

Construtora Norberto Odebrecht S.A. and its Subsidiaries

Condensed Consolidated Balance Sheets

In thousands of reais and U.S. dollars

	March 31, 2012		December 31, 2011
Assets	**US$**		**R$**
Current assets			
Cash and cash equivalents (Note 5)	2,679,616	4,882,529	6,708,484
Financial investments	27,224	49,604	41,780
Trade accounts receivable (Note 6)	2,662,266	4,850,914	4,179,320
Advances to suppliers, subcontractors and others	525,424	957,375	998,823
Taxes recoverable (Note 7)	244,680	445,831	440,122
Inventories (Note 8)	417,697	761,086	655,039
Current accounts with consortium members	327,433	596,615	505,120
Prepaid expenses	189,465	345,225	262,306
Other accounts receivable	310,270	565,344	670,009
	7,384,075	13,454,523	14,461,003
Non-current assets			
Long-term receivables			
Financial investments	40,539	73,867	80,805
Odebrecht Organization companies (Note 20)	809,108	1,474,275	1,144,488
Trade accounts receivable (Note 6)	369,170	672,664	544,052
Deferred income tax and social contribution (Note 13 (a))	133,381	243,033	272,804
Taxes recoverable (Note 7)	5,649	10,293	10,549
Eletrobras credits (Note 9)	146,690	267,284	267,284
Other accounts receivable	182,956	333,365	292,676
	1,687,493	3,074,781	2,612,658
Investments			
Associated companies (Note 10 (a))	778,856	1,419,153	1,355,553
Others	37,659	68,619	51,866
Property and equipment (Note 11)	979,461	1,784,676	1,774,389
Intangible assets	51,997	94,743	73,007
	3,535,466	6,441,972	5,867,473
Total assets	10,919,541	19,896,495	20,328,476

Liabilities and equity

Current liabilities
- Debts (Note 12)
- Suppliers and subcontractors
- Taxes, rates, salaries and payroll charges
- Provisions for tax, labor and civil contingencies (Note 19 (i))
- Advances from customers
- Current accounts with consortium members
- Other accounts payable

Non-current liabilities
- Odebrecht Organization companies (Note 20)
- Debts (Note 12)
- Advances from customers
- Deferred income tax and social contribution (Note 13 (a))
- Suppliers and subcontractors
- Provisions for tax, labor and civil contingencies (Note 19 (i))
- Taxes payable in installments (Note 19 (i))
- Other accounts payable

Equity
- Capital (Note 14 (a))
- Revenue reserves (Note 14 (b))
- Carrying value adjustments (Note 14 (c))
- Retained earnings

Non-controlling interest

Total liabilities and equity

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Construtora Norberto Odebrecht S.A.
and its Subsidiaries

Condensed Consolidated Statement of Income
Three-month periods ended March 31
In thousands of reais and U.S. dollars, unless otherwise indicated

		2012	2011
	US$		R$
Continuing operations			
Net service revenues (Note 15)	2,965,330	5,403,127	3,746,013
Cost of services rendered	(2,479,088)	(4,517,146)	(3,155,613)
Gross profit	486,242	885,981	590,400
Operating expenses			
General and administrative expenses	(222,463)	(405,350)	(300,840)
Management remuneration	(3,313)	(6,037)	(1,133)
Operating profit	260,466	474,594	288,427
Results from investments			
Equity in the results of investees (Note 10 (a))	12,880	23,470	59,868
Dividends received and others	4,183	7,621	15,370
Financial result			
Financial result, net (Note 16)	40,362	73,543	5,324
Other income (expenses)			
Other income (expenses), net	5,747	10,472	(7,910)
Income before social contribution and income tax	323,638	589,700	361,079
Social contribution (Note 17)	(13,084)	(23,841)	(5,687)
Income tax (Note 17)	(104,646)	(190,675)	(73,949)
Net income for the period	205,908	375,184	281,443
Attributable to			
Company's stockholders	204,421	372,475	262,701
Non-controlling interest	1,487	2,709	18,742
	205,908	375,184	281,443
Basic and diluted net income per share from continuing operations atributable to stockholders at the end of the period (in R$ and US$ per share)	0.730	1.330	0.998

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Construtora Norberto Odebrecht S.A.
and its Subsidiaries

Condensed Consolidated Statement of Comprehensive Income
Three-month periods ended March 31
In thousands of reais and U.S. dollars, unless otherwise indicated

		2012	2011
	US$		R$
Net income for the period	205,908	375,184	281,443
Other comprehensive income:			
Carrying value adjustment (Note 14 (c))	10,394	18,938	(7,893)
Exchange variation on foreign investments (Note 14 (c))	(24,478)	(44,600)	5,220
Total comprehensive income for the period	191,824	349,522	278,770
Attributable to:			
Company's Stockholders	190,337	346,813	260,028
Non-controlling interest	1,487	2,709	18,742
	191,824	349,522	278,770

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Construtora Norberto Odebrecht S.A. and is Subsidiaries

Condensed Statement of Changes in Equity
In thousands of U.S. dollars, unless otherwise indicated

	Attributable to Company							
		Revenue reserves						
	Capital	Legal	Investment grants	Investments (statutory)	Unrealized profit	Future capital increase	Carrying value adjustment	Retained earnings
At December 31, 2011	1,150,652	24,849	8,455	156,339	248,140	961,009	118,703	
Total comprehensive income for the period:								
Net income for the period - US$ 0.730 per share								204,421
Other comprehensive income (Note 14 (c))							(14,084)	
Total comprehensive income for the period							(14,084)	204,421
Capital transactions with stockholders:								
Other transactions with non-controlling interests								
At March 31, 2012	1,150,652	24,849	8,455	156,339	248,140	961,009	104,619	204,421

Construtora Norberto Odebrecht S.A.
and is Subsidiaries

Condensed Statement of Changes in Equity
In thousands of reais, unless otherwise indicated

	Attributable to Compan							
		Revenue reserves						
	Capital	Legal	Investment grants	Investments (statutory)	Unrealized profit	Future capital increase	Carrying value adjustment	Retained earnings
At December 31, 2011	2,096,603	45,278	15,406	284,865	452,135	1,751,054	216,289	
Total comprehensive income for the period:								
Net income for the period - US$ 1.330 per share								372,475
Other comprehensive income (Note 14 (c))							(25,662)	
Total comprehensive income for the period							(25,662)	372,475
Capital transactions with stockholders:								
Other transactions with non-controlling interests								
At March 31, 2012	2,096,603	45,278	15,406	284,865	452,135	1,751,054	190,627	372,475

Construtora Norberto Odebrecht S.A.
and is Subsidiaries

Condensed Statement of Changes in Equity
In thousands of reais, unless otherwise indicated

	Attributable to Company's s						
		Revenue reserves					
	Capital	Legal	Investment grants	Investments (statutory)	Future capital increase	Carrying value adjustment	Retained earnings
At December 31, 2010	1,113,126	222,625	15,406	890,501	1,751,054	(69,758)	
Total comprehensive income for the period:							
Net income for the period - R$ 0.998 per share							262,701
Other comprehensive income (Note 14 (c))						(2,673)	
Total comprehensive income for the period						(2,673)	262,701
Capital transactions with stockholders:							
Other transactions with non-controlling interests							
At March 31, 2011	1,113,126	222,625	15,406	890,501	1,751,054	(72,431)	262,701

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Construtora Norberto Odebrecht S.A. and its Subsidiaries

Condensed Consolidated Statement of Cash Flows
Three-month periods ended March 31
In thousand of reais and U.S. dollars

	2012		2011
	US$		R$
Cash flows from operating activities			
Profit before income tax and social contribution	323,638	589,700	361,079
Adjustments:			
Equity in results of investees and others	(17,063)	(31,091)	(75,238)
Decrease in construction contracts revenue	(135,083)	(246,135)	204,011
Depreciation and amortization	43,161	78,644	82,166
Residual value of reduction in property and equipment and project expenses	53,742	97,921	50,233
Interest and monetary and exchange variations, net	(53,112)	(96,771)	246,051
Cash from operations	215,283	392,268	868,302
Changes in assets and liabilities:			
Financial investments	2,047	3,729	20,193
Trade accounts receivable	(288,209)	(525,146)	(805,190)
Inventories	(55,237)	(100,647)	47,728
Taxes recoverable	(2,621)	(4,776)	(16,480)
Prepaid expenses and other assets	113,057	206,002	362,893
Suppliers and subcontractors	(202,355)	(368,711)	5,544
Advances from customers	(281,707)	(513,298)	(245,004)
Income tax and social contribution	42,439	77,328	(23,550)
Taxes, rates, salaries and payroll charges	578	1,053	(98,613)
Other liabilities	(86,025)	(156,747)	(16,447)
Net cash (used in) generated from operating activities	(542,750)	(988,945)	99,376
Cash flows from investing activities			
Acquisitions of investments	(19,115)	(34,830)	(24,470)
Acquisitions of property and equipment and intangible assets	(111,086)	(202,410)	(38,451)
Net cash used in investing activities	(130,201)	(237,240)	(62,921)
Cash flows from financing activities			
Related parties			
Repayment	(358,433)	(653,100)	(1,833,528)
New loans	148,958	271,417	831,778
Short and long-term debt, net			
New loans	125,934	229,464	329,730
Repayment - principal	(110,401)	(201,162)	(233,678)
Repayment - interest	(9,741)	(17,749)	(17,229)
Net cash used in financing activities	(203,683)	(371,130)	(922,927)
Effect of changes in the exchange rate on cash and cash equivalents	(125,482)	(228,640)	(44,099)
Decrease in cash and cash equivalents	(1,002,116)	(1,825,955)	(930,571)
Cash and cash equivalents at the beginning of the period	3,681,732	6,708,484	4,580,682
Cash and cash equivalents at the end of the period	2,679,616	4,882,529	3,650,111

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1 Operations

Construtora Norberto Odebrecht S.A. (“CNO” or “Company”) is part of the Odebrecht Organization (“Organization”) and has its legal headquarters in Rio de Janeiro and administrative headquarters in São Paulo. The main operations of the Company include the planning and execution of engineering projects of all types and specialties as contractor, administrator or other roles; technical installations of civil engineering, industrial assembly, consulting, planning, assistance and technical studies; rendering of administrative or technical services; investments in other companies to enhance development, stability and profitability, and other related activities, including import and export, rental and purchase and sale of equipment and transportation.

Through its branches and direct and indirect subsidiaries, the Company operates, mainly, in the countries: Venezuela, Angola and United Arab Emirates and others countries of the Latin America .

In the heavy civil construction segment, the Company and its main indirect subsidiaries in Brazil, CBPO Engenharia Ltda. ("CBPO") and Construtora Norberto Odebrecht Brasil S.A. (“CNO Brasil”), develop construction projects involving highways, railways, hydroelectric, thermoelectric and nuclear plants, port facilities, dams, and other industrial and infrastructure projects.

In the process of obtaining and performing contracts in Brazil and overseas, the Company and its subsidiaries use surety bonds obtained with the support of OCS - Odebrecht Administradora e Corretora de Seguros Ltda. (“OCS”), which is part of the Odebrecht Organization, by means of long-term strategic alliances with first-class insurance companies and brokerages in the global insurance market (Note 18).

These condensed interim consolidated financial statements were approved by the Company's Executive Board on May 21, 2012.

(i) Financial position and ratings (non audited)

The Company's credit has been monitored and analyzed by the main credit rating agencies for many years and, since its first rating, the Company has obtained consecutive upgrades on both the local and global scales.

In December 2009, the rating agency Moody's started to cover the Company, and assigned a Baa3 investment grade rating on the global scale and Aa1.br on the Brazilian national scale. In October 2010, the rating agency Fitch Ratings assigned a BBB- investment grade rating on the global scale and AA + on the Brazilian national scale.

In June 2011, the rating agency Standard & Poor's assigned a BB+ rating on the global scale and br AA + on the national scale.

CNO's corporate credit ratings assigned by the three rating agencies that monitor the Company are as follows:

	Moody's	Standard&Poors	FitchRatings
National Scale – Long term	Aa1.br	br AA +	AA+(bra)
Global Scale – Local and Foreign currency	Baa3	BB+	BBB-

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

These condensed interim consolidated financial statements (the "interim financial statements") should be read in conjunction with the Company's audited financial statements at December 31, 2011 and for the year then ended, which were prepared and presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC).

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management of the Company and its subsidiaries to exercise its judgment in the process of applying its accounting policies. There were no significative changes in the assumptions and judgements applied by management in relation to the estimates for the preparation of these interim financial statements as compared to the audited financial statements at December 31, 2011.

(a) Interim Financial Statements

The interim financial statements have been prepared and are being presented in accordance with the accounting pronouncement CPC 21 – Interim Financial Statements issued by the CPC, which has the objective to establish the minimum contents of interim financial statements.

In thousands of reais and U.S. dollars, unless otherwise indicated

2.2 Accounting practices

There have been no changes in the accounting practices applied in the preparation of these interim financial statements as compared to those applied in the audited financial statements at December 31, 2011.

2.3 Consolidated companies

The interim financial statements include those of the Company and its subsidiaries in which the following direct and indirect interest is held as of March 31, 2012 and December 31, 2011:

		Direct and indirect holding (%)	
	Country	March 31, 2012	December 31, 2011
Auto Pista Del Coral S.A.	Dominican Republic	100.00	100.00
Atlantic Charter LLC	USA	100.00	100.00
Belgrávia Empreendimentos Imobiliários S.A. ("Belgrávia")	Brazil	100.00	100.00
Bento Pedroso Construções S.A. ("BPC")	Portugal	100.00	100.00
Brazilian Olex Importação e Exportação S.A. Shanghai Representative Office	China	100.00	100.00
CBPO	Brazil	100.00	100.00
CBPO Engenharia Ltda. - Argentina	Argentina	100.00	100.00
CBPO Engenharia Ltda. - Chile	Chile	100.00	100.00
CBPO Engenharia Ltda. - Peru	Peru	100.00	100.00
CBPO Engenharia Ltda. - Uruguai	Uruguay	100.00	100.00
CBPO Engenharia Ltda. - Venezuela	Venezuela	100.00	100.00
CBPO Engenharia Ltda. - Panama	Panama	100.00	100.00
CBPO Ingeniería de Venezuela C.A.	Venezuela	100.00	100.00
CBPO Overseas Ltd.	Cayman Islands	100.00	100.00
Centaurus Investments Limited	Cayman Islands	100.00	100.00
CODEPA - Companhia de Desenvolvimento e Participações S.A.	Brazil	100.00	100.00
Companhia de Obras e Infra Estrutura	Brazil	100.00	100.00
Conirsa S.A.	Peru	100.00	100.00
Constructora Norberto Odebrecht de Colombia Ltda.	Colombia	100.00	100.00
Constructora Norberto Odebrecht del Ecuador S.A.	Ecuador	100.00	100.00
Constructora Odebrecht Chile S.A.	Chile	100.00	100.00
Constructora Odebrecht Uruguay S.A.	Uruguay	100.00	100.00
Construtora Norberto Odebrecht Bolivia S.A.	Bolivia	100.00	100.00
Construtora Norberto Odebrecht de Panama S.A.	Panama	100.00	100.00
Construtora Norberto Odebrecht S.A. - Angola	Angola	100.00	100.00
Construtora Norberto Odebrecht S.A. - Argelia	Argelia	100.00	100.00
Construtora Norberto Odebrecht S.A. - Argentina	Argentina	100.00	100.00
Construtora Norberto Odebrecht S.A. - Bolivia	Bolivia	100.00	100.00
Construtora Norberto Odebrecht S.A. - Colombia	Colombia	100.00	100.00
Construtora Norberto Odebrecht S.A. - Costa Rica	Costa Rica	100.00	100.00
Construtora Norberto Odebrecht S.A. - Arab Emirates	Arab Emirates	100.00	100.00
Construtora Norberto Odebrecht S.A. - Ecuador	Ecuador	100.00	100.00
Construtora Norberto Odebrecht S.A. - Spain	Spain	100.00	100.00
Construtora Norberto Odebrecht S.A. - Mexico	Mexico	100.00	100.00
Construtora Norberto Odebrecht S.A. - Mozambique	Mozambique	100.00	100.00
Construtora Norberto Odebrecht S.A. - Panama	Panama	100.00	100.00
Construtora Norberto Odebrecht S.A. - Peru	Peru	100.00	100.00
Construtora Norberto Odebrecht S.A. - Dominican Republic	Dominican Republic	100.00	100.00
Construtora Norberto Odebrecht S.A. - Uruguai	Uruguay	100.00	100.00
Construtora Norberto Odebrecht S.A. - Venezuela	Venezuela	100.00	100.00
Dhawahi Almadeena Construction LLC	USA	100.00	100.00
Dominicana Ingeniería y Construcción S.A.	Dominican Republic	100.00	100.00
Energipar Participações S.A.	Brazil	100.00	100.00
Libyan Brazilian Construction and Development Company	Libya	60.00	60.00
Multitrade S.A.	Brazil	100.00	100.00
Odebrecht Global Sourcing, Inc.	USA	100.00	100.00
Odebrecht Construction International Inc.	USA	100.00	100.00
Odebrecht Services GMBH	Austria	100.00	100.00
Odebrecht Guinea	Guinea Conakry	100.00	100.00
CBPO Overseas Sucursal Dominican Republic	Dominican Republic	100.00	100.00
Odebrecht Industrial Engineering America	USA	100.00	100.00

In thousands of reais and U.S. dollars, unless otherwise indicated

		Direct and indirect holding (%)	
	Country	**March 31, 2012**	**December 31, 2011**
Odebrecht Angola Projectos e Serviços Ltda.	Angola	100.00	100.00
Odebrecht Argentina S.A.	Argentina	100.00	100.00
Odebrecht Construction International, Inc.	Bahamas	100.00	100.00
Odebrecht Construction Malta Ltd.	Malta	100.00	100.00
Odebrecht Construction, Inc. ("OCI")	USA	100.00	100.00
Odebrecht Djibouti FZCO	Djibouti	100.00	100.00
Odebrecht Engenharia e Construção S.A.	Brazil	100.00	100.00
Odebrecht Engeneering & Construction Ltd.	Malta	100.00	100.00
Odebrecht Holding GMBH	Austria	100.00	100.00
Odebrecht Ingeniería y Construcción de España, S.L.	Spain	100.00	100.00
Odebrecht Ingeniería y Construcción de Mexico, S de RL de CV.	Mexico	100.00	100.00
Odebrecht Investimentos em Concessões Ferroviárias SGPS S.A.	Portugal	100.00	100.00
Odebrecht Investimentos em Concessões Rodoviárias SGPS S.A.	Portugal	100.00	100.00
Odebrecht Mining Services, Inc ("OMSI")	Cayman Islands	100.00	100.00
Odebrecht Services Limited	England	100.00	100.00
Odebrecht Overseas Ltd ("OOL")	Bahamas	100.00	100.00
Odebrecht Oil and Gas Angola ("OOGA")	Angola	100.00	100.00
Odebrecht Peru Ingeniería y Construcción S.A.C. ("OPIC")	Peru	100.00	100.00
OLEX Import and Export S.A. ("OLEX")	Brazil	100.00	100.00
OSEL - Odebrecht Serviços no Exterior Ltd. ("OSEL")	Cayman Islands	100.00	100.00
CNO Brasil (former name of OSEC)	Brazil	100.00	100.00
Tenenge (UK) Ltd.	England	100.00	100.00
Tenenge Overseas Corp. ("TOC")	Cayman Islands	100.00	100.00
Companies proportionally consolidated			
Proyectos Ebramex S. de R.L. de C.V.	México	33.33	33.33
Mina-Trico.S.de R.L. de C.V.	Mexico	33.33	33.33
Participações Energéticas S.A.	Brazil	50.00	50.00
Obras Civis, L.N.2.2. ACE	Portugal	63.90	63.90
BPC, CBPO, Somague, Profabril, Kaiser e Acer, ACE	Portugal	50.00	50.00
Obras Civis, L.N. 2.1. ACE	Portugal	40.00	40.00
Lismercado Construções – Bento Pedroso, Somague, H.Hagen, ACE	Portugal	40.00	40.00
Somague, BPC, Engil, SPIE em ACE	Portugal	26.32	26.32
Somague, BPC, Engil, SPIE-S.B.E.S.-Prolongamento da Linha Vermelha do Metropolitano, ACE	Portugal	26.32	26.32
Somague-Bento Pedroso-Necso-Dragados, ACE	Portugal	25.00	25.00
Edifer, Soconstroi, BPC, Somague e Acciona, ACE	Portugal	20.00	20.00
Norace – Construtoras das Auto-estradas do Norte, ACE	Portugal	17.34	17.34
Vianor – Construtoras das Auto-estradas da Costa de Prata, ACE	Portugal	17.25	17.25
Lusitânia – Construtoras das Auto-estradas das Beiras Litoral e Alta, ACE	Portugal	17.25	17.25
Portuscale – Construtoras das Auto-estradas do Grande Porto, ACE	Portugal	17.25	17.25
TACE - Construção da Travessia Rodoviária de Tejo, ACE	Portugal	16.67	16.67
Agrupamento para a Construção da Segunda Travessia do Tejo, ACE	Portugal	14.34	14.34
Baixo Sabor - Bento Pedroso Construções e Lena Engenharia e Construções, ACE	Portugal	50.00	50.00
Glace - Construtoras das Auto-estradas de Grande Lisboa, ACE	Portugal	17.25	17.25
Glex - Expropriações da Grande Lisboa, ACE	Portugal	14.23	14.23
United ODB LLC.	Arab Emirates	49.00	49.00
Xingu - Sócio Ambiental Ltda.	Brazil	33.33	33.33
ICN - Itaguai Construções Navais S.A.	Brazil	59.00	59.00

Construtora Norberto Odebrecht S.A. and its Subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements at March 31, 2012
In thousands of reais and U.S. dollars, unless otherwise indicated

Information on the main direct and indirect subsidiaries and branches included in consolidation:

	Number of shares or quotas directly or indirectly held		Stockholders' equity		
	March 31, 2012	December 31, 2011		March 31, 2012	December 31, 2011
			US$		R$
BPC	7,399,859	7,399,859	161,996	295,173	299,929
CBPO	2,321,413	2,321,413	506,910	923,641	920,908
OCI	86,806,032	86,806,032	193,927	353,354	363,931
OOL	165,213,213	165,213,213	182,443	332,430	378,199
OPIC	4,357,442	4,357,442	218,272	397,713	392,535
OSEL	100,000,000	100,000,000	99,715	181,690	228,405
CNO Brasil	684,148,629	684,148,629	273,887	499,050	472,054
Construtora Norberto Odebrecht S.A. - Venezuela (Branch)			237,963	433,593	354,364
Construtora Norberto Odebrecht S.A. - Angola (Branch)			32,258	58,777	9,274
Construtora Norberto Odebrecht S.A. - Peru (Branch)			18,819	34,290	66,003

For the jointly-controlled subsidiaries, assets, liabilities and profit or loss were consolidated in proportion to total interests
the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Comm

In the interim financial statements, the Company's interests in the subsidiaries' net worth and results, balances of intercom
and expenses were eliminated.

2.4 Basis of translation

The accounting records are maintained in reais. The financial information in U.S. dollars is presented solely for the convenience of the reader and has been translated from the amounts in the March 31, 2012 local currency financial statements, using the exchange rate prevailing on that date of R$ 1.8221 to US$ 1.00. This translation should not be construed as representing that the amounts in Brazilian reais represent, or have been, or could be, converted into U.S. dollars.

3 Financial Risk Management

3.1 Financial risk factors

The Company and its subsidiaries are exposed to market risks arising from variations in foreign exchange rates, interest rates and prices, and to credit risk arising from the possibility of default by its counterparties in financial investments, trade accounts receivable and derivatives.

Risk management is carried out under policies approved by the Board of Directors. The purpose of risk management is to protect the cash flows of the Company and its subsidiaries and reduce the threats to the financing of their operating working capital and investment programs.

(a) Foreign exchange risk

The Company and its subsidiaries operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar.

Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Company, through its branches, subsidiaries and associates, has a significant volume of operations abroad and part of which is denominated in U.S. dollars, with little exposure to local currencies, restricted to certain specific countries.

In addition, certain debts of the Company and its subsidiaries contracted overseas as well as liabilities to suppliers and other balances with related parties are denominated in foreign currencies.

The Company and its subsidiaries manage their exposure to foreign exchange rates through a mix of cash flows in foreign currencies, foreign currency denominated debt, investment in foreign currencies and derivatives. The policy of the Company and its subsidiaries to manage foreign exchange risks provides for maximum and minimum limits that must be followed and which are constantly monitored by management.

(b) Interest rate risk

As the Company and its subsidiaries have no significant interest-earning assets, the Company's revenue and operating cash flows are substantially independent of changes in market interest rates.

The Company and its subsidiaries are exposed to the risk that a variation in floating interest rates causes an increase in their finance costs from payments of future interest. Foreign currency denominated debt subject to floating rates is mainly subject to changes in the Libor. Local currency denominated debt is mainly subject to the variation in the Long-Term Interest Rate, fixed rates in Brazilian reais and the daily Interbank Deposit Certificate (CDI) rate.

The Company and its subsidiaries analyze their interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company and its subsidiaries define a reasonable expectation of changes in interest rates and calculate the impact on profit and loss of obligations. The scenarios are run only for liabilities that represent the major interest-bearing positions.

(c) Price index risk

A considerable number of the contracts to which the Company and its subsidiaries are a party are fixed-price contracts. The actual profit margins of these contracts may vary in relation to the estimated margins used when budgeting costs in a contract price proposal as a result of significant unexpected variations in the cost of equipment, materials to be used or labor related to inflationary or other effects, difficulties faced by the counterparty in obtaining government licenses or approvals, changes in the project that result in unexpected costs, delays caused by adverse climate conditions or errors in performance by contracted subcontractors and/or suppliers.

In order to minimize price index risks, the budgets of the fixed price contracts performed by the Company and its subsidiaries are periodically reviewed with the inclusion, in the revised budgets, of the matches or inconsistencies verified in relation to the amounts that were effectively realized. The policy of the Company and its subsidiaries is to discuss the collection of claims with respect to the contract price, resulting in future contract amendments, that includes the amount of said contracted price, as a result of the variations verified. The amendments are recorded upon the signature.

(d) Credit risk

Credit risk arises mainly from cash and cash equivalents and derivative financial instruments, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Company and its subsidiaries seek to maintain a sufficient volume of cash and cash equivalents to meet: (i) working capital requirements; (ii) investments budgeted in the business plans; and (iii) adverse conditions that may require increased working capital investments.

These funds are allocated so as to: (i) obtain a return that is compatible with the maximum volatility determined by the risk and investment policies; (ii) seek a highly diversified consolidated portfolio; (iii) avoid the credit risk arising from the concentration in few securities; and (iv) follow the variation in the market interest rates, in Brazil or abroad.

With respect to financial and other investments, the policy of the Company and its subsidiaries is to work with first-class financial institutions and avoid concentration of investments in a single economic group, weighting concentrations in accordance with the ratings and the daily prices observed in the Credit Default Swap market for the institutions.

The sales policy of the Company and its subsidiaries takes into consideration the level of credit risk which each company is willing to accept in the course of its business, in accordance with the general guidelines of the Organization.

The diversification of receivables, the selectivity in accepting customers, as well as the monitoring of the financing terms for sales by business segment and individual position limits are procedures adopted in order to minimize possible default problems in accounts receivable.

As a way of mitigating the risk of default, the Company and its subsidiaries are protected, in the provision of engineering and construction services, by regular prepayments from customers, which in period ended December 31, 2011 amounted to R$ 466,739. In the three-month period ended March 31, 2012, the net effect was the opposite since the amount of R$ 246,135 – US$ 135,083 was invested in the operations.

At March 31, 2012, the Company and its subsidiaries had overdue accounts receivable amounting to R$ 442,246 – US$ 242,713 (December 31, 2011 - R$ 456,584) for services rendered to Brazilian government entities, mainly state and municipal.

Historically, the Company and its subsidiaries have collected the amounts owed by these entities, including those overdue for one year or more. The collection of these overdue amounts occurs through payment or the receipt of government bonds or other government assets.

In order to reduce the volume of overdue receivables, the Company and its subsidiaries have adopted a policy of decentralizing the administrative collection negotiations with customers, delegating this responsibility to the administrative levels responsible for monitoring each contract. If these administrative actions are not successful, the collection of these amounts will occur through court actions.

In addition, the Company and its subsidiaries have applied a greater degree of selectivity when accepting customers, and have increased the sales revenue from private customers or public sector customers which the Company and its subsidiaries consider have the capacity to generate revenue independently and which do not rely on a government budget to pay their liabilities (mainly companies with both government and private stockholders), as well as those with contracts in which payments are financed by export agencies, multilateral agencies, commercial banks, private pension funds and private investors.

(e) Liquidity risk

This is the risk that the Company and its subsidiaries do not have sufficient liquid funds to meet their financial commitments, due to the mismatch of terms or volumes of estimated receipts and payments.

To manage liquidity of cash in local and foreign currency, assumptions related to future disbursements and receipts are determined, and are monitored daily by the companies' treasury departments.

In thousands of reais and U.S. dollars, unless otherwise indicated

3.2 Capital management

The Company presents below the capital-based financial gearing index. This ratio is calculated as net debt divided by total capital. Net debt corresponds to the financing (including short and long term borrowings, as shown in the consolidated balance sheet) less the amount of cash and cash equivalents. The total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

		March 31, 2012	**December 31, 2011**
	US$		**R$**
Total debts (Note 12)	686,459	1,250,797	1,237,532
Less: cash and cash equivalents (Note 5)	(2,679,616)	(4,882,529)	(6,708,484)
Net debt	(1,993,157)	(3,631,732)	(5,470,952)
Total equity	2,872,049	5,233,158	4,880,388
Total capital	878,892	1,601,426	(590,564)
Index of financial gearing - %	N/A	N/A	N/A

N/A – Not applicable – As shown in the table above, the Company has negative net debt (excess of cash and cash equivalents over total debts) in a greater amount than its total capital.

3.3 Derivative financial instruments

The Company uses derivative financial instruments solely for hedging purposes.

The Financial Policy of the Company and its subsidiaries provides for a continuous short-term hedging program for foreign exchange rate risk arising from their operations and financial items. The other market risks are addressed on a case-by-case basis for each operation.

In general, the Company and its subsidiaries assess the need for hedging in the analysis of prospective transactions and try to tailor it to the operations being considered in addition to maintaining it for the full term of the hedged operation.

At March 31, 2012, the Company and its subsidiaries had derivative contracts amounting to R$ 2,136,819 – US$ 1,172,723 (December 31, 2011 – R$ 1,916,903).

(i) Changing the return on other instruments

The Company and its subsidiaries may use derivatives to change the return on investments or the interest rate or adjustment index on financial liabilities, according to their judgment as to the most appropriate conditions for the Company and its subsidiaries. When the Company and its subsidiaries use derivatives to change the returns on investments, they seek to match the derivative obligations with the rights represented by the investments. When they use derivatives to change the interest rate or adjustment index on liabilities, they seek to match the derivative rights to the obligations.

These operations are carried out for an amount that does not exceed that of the underlying investment or liability. The Company and its subsidiaries do not leverage their positions with derivatives. At March 31, 2012 and December 31, 2011, the Company and its subsidiaries had no transactions of this type.

In thousands of reais and U.S. dollars, unless otherwise indicated

(ii) Other information on derivative financial instruments

All derivative financial instruments held at March 31, 2012 and December 31, 2011 were contracted at an over-the-counter market with large financial counterparties under global derivative contracts in Brazil or abroad.

The derivative financial instruments are presented in the balance sheet at their fair values in assets or liabilities based on whether the fair value represents a positive or negative balance to the Company and its subsidiaries, respectively. The derivative financial instruments are mandatorily classified as “held for trading”. Changes in the fair value of derivatives are recorded as finance income and costs in the same period in which they occur, except for when the derivative is designated and qualified for cash flow hedge accounting. At March 31, 2012 and December 31, 2011, the Company did not have any derivatives so classified.

The fair value of derivatives is obtained:

(a) from public sources when the derivative is traded on exchanges;

(b) through discounted cash flow models when the derivative is a forward purchase or sale or a swap contract; and

(c) through valuation models of options contracts, such as the Black-Scholes model when the derivative has the characteristics of an option.

The valuation assumptions (input to models) are obtained from sources that reflect the most recent observable market prices, particularly the curves of interest and future currency quotes disclosed by the Commodities & Futures Exchange, the spot exchange rate disclosed by the Central Bank of Brazil and the foreign interest curves disclosed by well-known pricing services such as Bloomberg or Reuters.

At March 31, 2012 and December 31, 2011, the Company and its subsidiaries did not have derivatives that required non-observable assumptions to calculate their fair value.

The table below shows the transactions with derivatives of the Company and its subsidiaries existing at March 31, 2012. The “Loss (gain)" column shows the effect recognized in finance income and costs associated with the settlements and to the change in the fair value of the derivatives in the three-month period ended March 31, 2012.

Instrument	Notional		Maturity	Fair value at March 31, 2012		Gain (loss)	Fair value at December 31, 2011
	US$	R$		US$			R$
NDF USDBRL	461,670	841,209	Oct-16	(6,062)	(11,046)	(6,737)	(4,309)
NDF USDPEN	60,992	111,134	Jan-13	1,414	2,577	170	2,407
NDF USDJPY	29,722	54,156	Dec-15	36	66	66	
Swaps LIBOR	219,887	400,656	Nov-19	(7,129)	(12,990)	291	(13,281)
Swaps TJLP			Mar-12			6	(6)
Options EURUSD	26,200	47,739	Jun-14	189	344	(17)	361
Options Heating Oil	252	460	Apr-12	7	12	12	
Options Petróleo	374,000	681,465	Oct-12				
	1,172,723	**2,136,819**		**(11,545)**	**(21,037)**	**(6,209)**	**(14,828)**

At March 31, 2012, the fair value of derivative financial instruments amounting to R$ 21,037 – US$ 11,545 (December 31, 2011 - R$ 14,828) is recorded as "Other accounts payable" in current liabilities.

3.4 Sensitivity analysis

The derivative financial instruments may be subject to changes in their fair value as a result of the variation in foreign exchange rates, interest rates, price indexes and other variables. The sensitivity of the derivative financial instruments to these variables is presented below:

(a) Selection of risks

Management selected the market risks that may most affect the value of the derivative financial instruments held by the Company and its subsidiaries, namely: a) Brazilian real-US dollar exchange rate; b) Peruvian New Sol-US dollar exchange rate; c) Japanese yen-US dollar exchange rate; and d) Libor floating interest rate.

For the purposes of the risk sensitivity analysis, the Company and its subsidiaries present the exposures to currencies and interest rates as if they were independent, that is, without reflecting in the exposure to a foreign exchange rate the risks of the variation in interest rates that could be indirectly influenced by it.

(b) Selection of scenarios

The sensitivity analysis includes three scenarios, one of which is probable and the other two represent adverse effects for the Company and its subsidiaries. In the preparation of the adverse scenarios, only the impact of the variables on the derivative financial instrument was considered. The overall impacts on the Company's operations, such as those arising from the revaluation of inventories and future revenue and costs, were not considered.

Since the Company and its subsidiaries manage their exposure to foreign exchange rate risk on a net basis, adverse effects from a depreciation of the Brazilian real in relation to the US dollar can be offset by opposing effects on their operating results.

As a probable scenario, the future curves of the Brazilian real-US dollar exchange rate, the Peruvian New Sol-US dollar exchange rate, the Japanese yen-US dollar exchange rate and the Libor rate at March 31, 2012, disclosed by Bloomberg, were considered.

A variation of 25% of the future curve quote disclosed by Bloomberg on March 31, 2012 was considered for the Brazilian real-US dollar, Peruvian New Sol – US dollar and Japanese yen-US dollar exchange rates for the possible adverse scenario and of 50% for the worst-case scenario.

A decrease of 25% of the future curve quote disclosed by Bloomberg on March 31, 2012 was considered for the Libor interest rate for the possible adverse scenario and of 50% for the worst-case scenario.

The sensitivity amounts in the table below are the changes in the value of the derivative financial instruments in each scenario.

In thousands of reais and U.S. dollars, unless otherwise indicated

(c) Sensitivity to the Brazilian real-US dollar exchange rate

The sensitivity of each derivative financial instrument to the variation in the Brazilian real-US dollar exchange rate is presented in the table below:

			R$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
NDF USDBRL	(11,046)	(44,534)	(67,102)
	(11,046)	**(44,534)**	**(67,102)**

			US$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
NDF USDBRL	(6,062)	(24,441)	(36,827)
	(6,062)	**(24,441)**	**(36,827)**

(d) Sensitivity to the Peruvian New Sol-US dollar exchange rate

The sensitivity of each derivative financial instrument to the variation in the Peruvian New Sol-US dollar exchange rate is presented in the table below:

			R$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
NDF USDPEN	2,577	(20,165)	(35,326)
	2,577	**(20,165)**	**(35,326)**

			US$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
NDF USDPEN	1,414	(11,067)	(19,388)
	1,414	**(11,067)**	**(19,388)**

In thousands of reais and U.S. dollars, unless otherwise indicated

(e) Sensitivity to the Japanese yen-US dollar exchange rate

The sensitivity of each derivative financial instrument to the variation in the Japanese yen-US dollar exchange rate is presented in the table below:

			R$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
NDF USDJPY	66	(10,778)	(18,008)
	66	**(10,778)**	**(18,008)**

			US$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
NDF USDJPY	36	(5,915)	(9,883)
	36	**(5,915)**	**(9,883)**

(f) Sensitivity to the Libor floating interest rate

The sensitivity of each derivative financial instrument to the Libor interest rate is presented in the table below:

			R$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
Swap LIBOR	(12,990)	(15,896)	(18,806)
	(12,990)	**(15,896)**	**(18,806)**

			US$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
Swap LIBOR	(7,129)	(8,724)	(10,321)
	(7,129)	**(8,724)**	**(10,321)**

In thousands of reais and U.S. dollars, unless otherwise indicated

4 Financial Instruments by Category

	Loans and receivables	Assets measured at fair value througnh profit or loss	Total R$	Total US$
March 31, 2012				
Assets, according to the balance sheet				
Derivative financial instruments		2,999	2,999	1,647
Trade accounts receivable, net of prepayments (i)	6,422,287		6,422,287	3,524,662
Financial assets measured at fair value through profit or loss		123,471	123,471	67,763
Cash and cash equivalents	4,882,529		4,882,529	2,679,616
	11,304,816	126,470	11,431,286	6,273,688

	Liabilities measured at fair value through profit or loss	Other financial liabilities	Total R$	Total US$
March 31, 2012				
Liabilities, according to the balance sheet				
Financing and lease obligations (ii)		1,250,797	1,250,797	686,459
Derivative financial instruments	24,036		24,036	13,191
Accounts payable and other, excluding legal obligations (iii)		2,989,250	2,989,250	1,640,552
	24,036	4,240,047	4,264,083	2,340,202

	Loans and receivables	Assets measured at fair value througnh profit or loss	Total R$
December 31, 2011			
Assets, according to the balance sheet			
Derivative financial instruments		2,768	2,768
Trade accounts receivable, net of prepayments (i)	5,686,057		5,686,057
Financial assets measured at fair value through profit or loss		122,585	122,585
Cash and cash equivalents	6,708,484		6,708,484
	12,394,541	125,353	12,519,894

	Liabilities measured at fair value through profit or loss	Other financial liabilities	Total R$
December 31, 2011			
Liabilities, according to the balance sheet			
Financing and lease obligations (ii)		1,237,532	1,237,532
Derivative financial instruments	17,596		17,596
Accounts payable and other, excluding legal obligations (iii)		3,402,057	3,402,057
	17,596	4,639,589	4,657,185

In thousands of reais and U.S. dollars, unless otherwise indicated

(i) The prepayments are excluded from the balance of "Trade accounts receivable and other accounts receivable" since the analysis is required only for financial instruments.
(ii) The categories in this disclosure are determined by CPC 38. Thus, the finance leases were presented together with financing.
(iii) The obligations arising from legislation are excluded from the balance of suppliers since the analysis is required only for financial instruments.

5 Cash and Cash Equivalents

		March 31, 2012	December 31, 2011
	US$		R$
Cash and banks	865,322	1,576,704	1,752,122
Short-term deposits	1,814,294	3,305,825	4,956,362
	2,679,616	4,882,529	6,708,484

6 Trade Accounts Receivable

		March 31, 2012	December 31, 2011
	US$		R$
Government entities			
Federal	1,769,770	3,224,698	2,327,579
State	132,199	240,880	319,965
Municipal	231,583	421,966	386,179
	2,133,552	3,887,544	3,033,723
Private sector	897,884	1,636,034	1,689,649
	3,031,436	5,523,578	4,723,372
(-) Current assets	(2,662,266)	(4,850,914)	(4,179,320)
Non-current assets	369,170	672,664	544,052

As part of their policy to mitigate performance risks in developing countries, CNO and its subsidiaries require advances from customers before starting a Project (down payment). Such advances are deducted from each invoice through the end of the contract.

The balances of trade accounts receivable were calculated taking into consideration the contractual terms, specific portfolio risks and negotiations in progress, including administrative and judicial collection processes, in order to recover amounts due for services rendered, including financial charges. Taking into consideration the history of minimal losses that the Company and its subsidiaries have incurred, management does not expect losses on the realization of such receivables and believes that, as a result of these actions, the recognition of amounts in addition to those recorded may occur when sufficient evidence exists to support that the corresponding amounts will be received.

In thousands of reais and U.S. dollars, unless otherwise indicated

Trade accounts receivable at March 31, 2012 include R$ 217,782 – US$ 119,523 (December 31, 2011 – R$ 228,053) of overdue receivables from government entities under judicial collection, the major part of which has received favorable decisions to the Company, and R$ 224,464 – US$ 123,190 (December 31, 2011 – R$ 228,531) of overdue receivables which the Company and its subsidiaries are attempting to collect through administrative actions with the debtors.

7 Taxes Recoverable

	March 31, 2012		December 31, 2011
	US$		R$
Current assets			
Social contributions recoverable	2,587	4,713	4,777
Withholding IR, CSL, PIS and COFINS from invoicing and withholding IR on earnings from financing investments and invoicing	92,539	168,616	177,302
Prepaid Income Tax by overseas branches and subsidiaries	84,824	154,557	151,335
Foreign branches/ subsidiaries value added tax			
Construtora Norberto Odebrecht S.A. - Venezuela	21,418	39,025	41,891
Construtora Norberto Odebrecht S.A. - Argentina	16,366	29,821	13,198
BPC	2,251	4,101	4,177
Other taxes recoverable	24,695	44,998	47,442
	244,680	445,831	440,122
Non-current assets			
IR withheld at source on dividends abroad	360	656	656
Other taxes recoverable	5,289	9,637	9,893
	5,649	10,293	10,549

8 Inventories

	March 31, 2012		December 31, 2011
	US$		R$
Raw materials	3,779	6,886	7,043
Materials to be used in construction works	289,147	526,854	452,235
Marketable properties	10,948	19,948	9,483
Imports and exports in progress	25,848	47,097	47,704
In transit inventories	7,859	14,320	23,732
Advances to suppliers	80,116	145,981	114,842
	417,697	761,086	655,039

9 Eletrobras Credits

On October 23, 2006 according to the "Contract of Assignment of Credit Rights Subject to a Legal Action with a Final and Unappealable Decision", Odebrecht Investimentos S.A. (merged into ODB) sold to the Company the credit rights arising from the proceeding No. 2001.34.00.029764-8, which was judged in a final and unappealable decision in 2006, originally filed by OPP Química S.A. (merged into Braskem S.A) against the Federal Government and Centrais Elétricas Brasileiras S.A. - Eletrobras ("Eletrobras"). Such assignment had the net amount of R$ 238,234 after deducting the fees of the lawyers contracted to accompany the legal action.

For the acquisition of the Eletrobras credits, the Company paid in cash the amount of R$ 149,959, and the remaining balance, in the amount of R$ 88,275 was used by the Company to partially reduce the receivables from ODB relative to the current account agreement between the parties.

According to the final and unappealable decision, Eletrobras was sentenced to (i) monetarily adjust the payments made by the plaintiff from 1977 up to 1994, as Eletrobras Compulsory Loan ("ECE") determined by Law No. 4,156/62, using the monetary adjustment rates defined in such legal decision; (ii) pay interest at the rate of 6% per year, according to Law No. 5,073/66, on the difference in the monetary adjustment; and (iii) reimburse the legal costs and pay the loss of lawsuit fees.

Further to the final and unappealable decision, the following events have occurred in respect to the legal action: (i) proposition of credit execution against Eletrobras, in the amount of R$ 261,557, adjusted through July 1, 2006; (ii) payment in court by Eletrobras of part of the executed amount of R$ 71,187; and (iii) challenge by Eletrobras for the purpose of discussing the criteria for calculating the amount of the remaining balance, offering the registered preferred shares of a subsidiary in guarantee sufficient to cover the remaining balance.

In January 2008, the Company received a portion of the payment made in court in the amount of R$ 59,104, and awaits the completion of the expert’s report to determine the difference challenged by Eletrobras.

On March 31, 2012, the balance of R$ 267,284 – US$ 146,690 (December 31, 2011 – R$ 267,284), is classified in non-current assets.

In thousands of reais and U.S. dollars, unless otherwise indicated

10 Investments

(a) Information on the investees

At March 31, 2012 and December 31, 2011, the balance of the investments in associates mainly relate to the indirect holding in Braskem S.A. ("Braskem") through the investees Belgrávia and Odebrecht Serviços e Participações S.A. ("OSP"), which is recorded using the equity method.

(i) Main information

	OSP	
	March 31, 2012	December 31, 2011
Number of shares hold - preferred	737,328,531	737,328,531
Direct holding (%)	41.47	41.47
Stockholder's equity - (In thousand of R$)	2,995,001	2,960,988
Stockholder's equity - (In thousand of US$)	1,643,708	

	Three-month periods ended March 31,	
	2012	2011
Net income (loss) for the period - (In thousand of R$)	52,983	129,844
Net income (loss) for the period - (In thousand of US$)	29,078	

(ii) Changes in the investments in an associate - OSP

		March 31, 2012	December 31, 2011
	US$		R$
Balance at the begining of the period	673,905	1,227,922	1,297,759
Carrying value adjustments	(4,318)	(7,867)	18,951
Equity in results (*)	12,058	21,972	(88,788)
Balance at the end of the period	681,645	1,242,027	1,227,922
Others	97,211	177,126	127,631
Total associated Companies	778,856	1,419,153	1,355,553

(*) Three-month periods ended March 31, 2011, the effect of equity in the Company's results concerning the OSP, was R$ 53,846.

In thousands of reais and U.S. dollars, unless otherwise indicated

11 Property and Equipment

			March 31, 2012		December 31, 2011	%
	Cost	Acumulated depreciation			Net	Annual depreciation rates
		R$	US$		R$	
Land	35,389		19,422	35,389	36,385	
Buildings and installations	336,296	(44,822)	159,966	291,474	284,754	4
Machinery and equipment	1,768,974	(1,026,157)	407,671	742,817	775,508	1 to 17
Vehicles and ships	411,155	(269,087)	77,969	142,068	131,243	25
Furniture and fixtures	120,338	(39,111)	44,579	81,227	74,897	10
IT equipment	76,330	(43,230)	18,166	33,100	32,368	20
Construction in progress	171,236		93,977	171,236	170,823	
Others	341,476	(54,111)	157,711	287,365	268,411	1 to 10
	3,261,194	(1,476,518)	979,461	1,784,676	1,774,389	

(i) Changes in property and equipment:

	Three-month periods ended March 31,		
		2012	2011
	US$		R$
At the beginning of the period	973,815	1,774,389	1,396,280
(+) Additions	111,086	202,410	37,951
(-) Transfer	(376)	(686)	
(-) Disposals	(53,742)	(97,921)	(50,233)
(-) Depreciation	(41,726)	(76,029)	(81,666)
(+ / -) Exchange variation	(9,596)	(17,487)	9,553
At the end of the period	979,461	1,784,676	1,311,885

In thousands of reais and U.S. dollars, unless otherwise indicated

12 Debts

Financial institution/type of loans	Currency	Annual financial charges
Banco do Brasil (b)	R$	113,00% CDI
Itaú-Unibanco (a)	US$	Libor + 1,90% + EV / 5,73% a 7,18% + EV
Bradesco (a)	US$	Libor + 5,10% + EV
HSBC (a)	US$	Libor + 4,50% + EV / 6,85% + EV
RBS-ABN Amro Bank	US$	Libor + 0,275% + EV
Votorantim (b)	US$	7,50% + EV
Banesco	US$ / VEF	7,00% a 18,50% + EV
Safra (a)	US$	Libor + 2,15% a 3,70% + EV / 5,90% + EV
Landesbank Baden	US$ / €	Libor + 2,025% + EV / Euribor + 2,375% + EV
Banco de Venezuela	VEF	13,00% a 20,00% + EV
Banco Mercantil de Venezuela	VEF	13,50% a 19,00% + EV
Bancaribe	VEF	21,00% a 22,00% + EV
BBVA Trade Finance	US$	3,93% a 4,85% + EV
Banco Exterior	VEF	17,00% a 22,50% + EV
IKB Deustche Bank	US$	Libor + 0,95% + EV
Banco del Sur	VEF	17,00% a 24,00% + EV
Banco Venezolano de Credito	VEF	16% + EV
Banco de Bogota	COP	DTF + 4,00% + EV
Banco Nacional de Credito	VEF	20% + EV
Banco de Credito del Peru	US$	4,25% a 5,15% + EV
Banco Alfa	R$	TJLP + 5,20% / fixed interest de 8,70%
CAT Financial	R$	115,00% CDI
Banco Mercedes	R$	fixed interest 8,34%
FINAME	R$	TJLP + 0,86% a 3,00% / fixed interest de 4,5%
FINEP	R$	fixed interest 5,25%
CCB Mercado de Capitais	R$	IPCA + 9,84%
PEC	R$	TJLP + 5,30%
Various foreign financial institutions	US$ / € / VEF / ARS	2,60% a 22,00% + EV / Libor + 0,85% + EV / Euribor + 2,00 a 4,50% + EV
Several brazilian financial institutions	R$ / US$ / €	4,50% a 14,60% / 110,00% CDI / Libor + 1,20% + EV / Euribor + 2,50% + EV
		(-) Non-current liabilities
		Current liabilities

Abbreviations:

CDI - Interbank Certificate Deposit	FINAME - Financing of Machinery and Equipment
EV - Exchange variation	VEF - Venezuelan Bolivares
LIBOR - London Interbank Offered Rate	TJLP - Long-term Interest Rate
COP - Colombian Peso	FINEP - Financing of Development and Projects
DTF - Deposits to Fixed Terms Rate	CCB - Bank Credit Certificate
IPCA - Amplified Consumer Price Index	Euribor - Euro Interbank Offered Rate
ARS – Argentine Peso	DTF - Fix-term deposit
COP - Peso Colombiano	

In thousands of reais and U.S. dollars, unless otherwise indicated

Non-current amounts mature as follows:

	March 31, 2012		December 31, 2011
	US$		R$
2013	140,581	256,153	225,930
2014	45,682	83,238	90,119
2015	45,684	83,241	83,435
2016	20,744	37,798	32,066
2017 and thereafter	26,573	48,417	52,253
	279,264	508,847	483,803

The fair value of the non-current loans are the same as their book value, and are based on discounted cash flows as shown on the table below:

Long term	March 31, 2012		December 31, 2011	
	Book value	Fair value	Book value	Fair value
Local currency (Reais)	241,421	241,421	172,640	172,640
Foreign currency	267,426	267,426	311,163	311,163
In R$	508,847	508,847	483,803	483,803
In US$	279,264	279,264		

The Company's loans were contracted in the following currencies:

	March 31, 2012		December 31, 2011
	US$		R$
Local currency (Reais)	214,714	391,230	310,768
Foreign currency (U.S. dollars)	391,111	712,643	725,816
Foreign currency (others)	80,634	146,924	200,948
	686,459	1,250,797	1,237,532

(i) Additional information on debts:

On May 18, 2006 OOL raised with financial entities in the international market, a credit line called "Revolving Credit Facility Agreement" in the total amount of US$ 300,000 maturing in February 2010, with financial charges equivalent to LIBOR plus 1.15% p.a. If the credit line is not used, the financial charges are 0.65% p.a. payable monthly. In January 2010, this revolving credit line was renewed for another 3 years and increased to US$ 500,000. The financial charges are equivalent to LIBOR plus 3.00% p.a. When the credit line is not being used, the charges are equivalent to 1.00% p.a. payable monthly. As of December 31, 2011 and 2010, this credit line is not being used.

(a) In June 2008, the subsidiary OOL contracted import financing (FINIMP) falling due within up to three years of the issue date. As of March 31, 2012, the balance of this financing is US$ 125,416 – R$ 228,519 (December 31, 2011 - R$ 275,954).

(b) In September 2008, the CNO's subsidiary Olex started to borrow via export credit notes (NCE), falling due within five years after the issue date. At March 31, 2012, the balance of this financing is US$ 51,825 – R$ 94,431 (December 31, 2011 - R$ 104,344).

(ii) Warranty

Odebrecht Finance Ltd. ("OFL"), a subsidiary of ODB, completed the following funding operations of which the Company is the guarantor:

. On October 18, 2007, OFL placed US$ 200,000 in Bonds on the international financial markets. These Bonds mature in October 2017 and have a call (repurchase) option in five years. On April 7, 2008, OFL increased the amount of this operation raising an additional US$ 200.000 with the same characteristics as the existing operation. On April 5, 2011, OFL amortized the amount of US$ 287,162 of this funding through a Tender Offer.

. On April 9, 2009, OFL once again placed US$ 200,000 in Bonds on the international financial markets. These Bonds mature on April 9, 2014. On April 5, 2011, OFL amortized the amount of US$ 156,116 of this funding through a Tender Offer.

. On October 21, 2009, it raised a further US$ 500,000 in Bonds on the international financial markets. These Bonds mature on April 21, 2020 and have a repurchase option after five years.

. On September 14, 2010, OFL completed another funding operation on the international financial markets raising US$ 500,000 in Perpetual Bonds with a repurchase option after five years. On November 9, 2011, it raised a further US$ 250,000 in Perpetual Bonds in the international financial markets under the same conditions of the original issue.

. On April 5, 2011, it raised a further US$ 500,000 in Bonds on the international financial markets. These Bonds mature on April 5, 2023. This funding was used to partially amortize the Bonds that mature in 2014 and 2017, in the amounts of US$ 287,162 and US$ 156,116 respectively, as described above. On January 26, 2012, OFL raised US$ 300,000 in Bonds on the international financial markets under the same conditions of the original issue.

(iii) Covenants

Some financing agreements and issues of securities of the Company and its subsidiaries, including other Odebrecht organization companies of which the Company is a guarantor, have restrictive covenants that are being complied with.

In thousands of reais and U.S. dollars, unless otherwise indicated

13 Current and Deferred Income Tax and Social Contribution

Deferred income tax and social contribution are calculated on income tax and social contribution loss carryforwards and temporary differences between the tax bases of assets and liabilities and book values. The rates in Brazil, currently established for determining these deferred taxes, are 25% for income tax and 9% for social contribution. The nominal rates on the other countries vary from 28% to 35%.

(a) Recognition of deferred income tax and social contribution

The asset balances relate to income tax and social contribution loss carryforwards, the later related investments in Brazil, and to temporary differences arising mainly from the Company and its indirect subsidiary CBPO. The liability balances relate to income tax and social contribution on unrealized profits on sales to government entities and the effects of exchange variations, mainly in the Company and CBPO, which will be taxed upon receipt since the Company opted for the cash method.

The composition of the deferred income tax and social contribution accounts on March 31, 2012 and December 31, 2011 is as follows:

(i) Income tax

					March 31, 2012	December 31, 2011
	On temporary differences	Deferred income and exchange variation	Accumulated income tax losses	Other	Total	Total
In R$						
Non-current assets	133,074		96,281	(24,604)	204,751	222,674
Non-current liabilities		(311,199)		4,774	(306,425)	(260,264)
In US$						
Non-current assets	73,033		52,840	(13,503)	112,370	
Non-current liabilities		(170,792)		2,620	(168,172)	

(ii) Social contribution

					March 31, 2012	December 31, 2011
	On temporary differences	Deferred income and exchange variation	Accumulated social contribution tax losses	Other	Total	Total
In R$						
Non-current assets	44,009		3,128	(8,855)	38,282	50,130
Non-current liabilities		(102,131)		13,780	(88,351)	(90,212)
In US$						
Non-current assets	24,154		1,717	(4,860)	21,011	
Non-current liabilities		(56,051)		7,563	(48,488)	

(b) Recoverability of recorded deferred income tax and social contribution assets

At March 31, 2012, the Company and its subsidiaries have deferred income tax and social contribution liabilities recognized mainly on deferred income and foreign exchange variation in Brazil. The asset balances mainly relate to temporary differences based on the realization of such differences supported by the forecast of future results of the other countries.

This forecast includes, as basic assumptions, the continuing increase in the order backlog (portfolio of revenue already contracted by the Company and its subsidiaries) in recent years; the expectation of increased investment in Brazil's power and infrastructure sectors; as well as the recognition, for tax purposes, of the operating results of foreign subsidiaries on the applicable balance sheet date.

Additionally, the Company has realized and cumulatively reduced net balance of deferred income tax and social contribution assets in the past three years.

(c) Foreign income tax

In the three-month period ended March 31, 2012, the income tax expense incurred overseas is represented primarily by the taxes generated by operations of the Company in Angola R$ 12,188 – US$ 6,689, Argentina R$ 13,533 – US$ 7,427 (March 31, 2011 - R$ 3,250), Venezuela R$ 42,976 – US$ 23,586 (March 31, 2011 - R$ 38,997) and Peru R$ 12,710 – US$ 6,975 (March 31, 2011 – R$ 18,176).

(d) Tax incentives – corporate income tax

The Company, by means of the constitutive report No. 0219/2006, of October 9, 2006, issued by the Agência de Desenvolvimento do Nordeste - ADENE of the Ministry of National Integration, acquired the right to a benefit of 75% reduction, until the base year 2016 (calendar year 2015), of the income tax otherwise payable on the profits arising from the branch established for the manufacturing and assembly of sea platforms for oil exploration contracted by Petrobras and PNBV. The manufacture and assembly plant is installed at Vila de São Roque de Paraguaçu, in the city of Maragogipe, State of Bahia.

14 Equity

(a) Capital

At March 31, 2012, capital amounts to R$ 2,096,603 – US$ 1,150,652 (December 31, 2011 – R$ 2,096,603), subscribed and paid up entirely by Brazilian individuals and legal entities and comprised 163,298,207 (December 31, 2011 – 163,298,207) common shares and 118,800,974 (December 31, 2011 – 118,800,974) preferred shares with no par value.

(b) Appropriation of net income

According to the Company's by-laws, appropriations of net income for the year (proposed as follows), including the distribution of dividends, will be deliberated at the Annual Stockholders' Meeting.

(i) Legal reserve

This reserve is established through the appropriation of 5% of net income of each year until the reserve equals 20% of total capital or until its balance, plus capital reserves, exceeds 30% of total capital.

(ii) Unrealized profit reserve

This reserve was established based on unrealized profit, according to items I and II of the 1st paragraph of Article 197 of Law No. 11,638/07, whose future realization will occur in accordance with legislation referred to above.

The amount destinated to the unrealized profit reserve in the year ended December 31, 2011 is R$ 452,135 – US$ 248,140.

(iii) Reserve for investments (statutory)

Refers to the remaining balance of retained earnings, until together with the legal reserve, it reaches 100% of total capital, in order to meet the business growth projections, established by the investment plan of the Company, as the capital budget approved and proposed by the Company´s management, deliberated on the General Stockholders' Meeting, realized on April 27, 2012, in compliance with Article 196 of Law No. 11,638/07.

The amount destinated to the reserve for investments (statutory) in the year December 31, 2011 is R$ 284,865 – US$ 156,339.

(iv) Revenue reserve – tax incentives

In compliance with Law No. 11,638/07 and CPC 07 – Government grants and assistance, the amounts related to the tax incentive determined as described in Note 13 (d), were accounted for in the statement of income and subsequently allocated to the Revenue reserve – tax incentives. This reserve may only be used to increase capital or offset losses, as provided for in Article 545 of the Income Tax Regulations.

As a result of the changes introduced by Laws No. 11,638/07 and No. 11,941/09 and Provisional Measure No. 449/08, the balance of the tax incentives reserve was reclassified from capital reserve to revenue reserve.

(v) Reserve for future capital increase

After the distribution of profits and transfers to the legal and investments (statutory) reserves, management appropriated the balance of net income for the years ended December 31, 2010 and 2009, of R$ 1,751,054, to a reserve for future capital increase, in compliance with Article 199 of Law No. 11,638/07 which determines that the total of revenue reserves cannot exceed the amount of capital. The purpose of the reserve is to increase capital in order to meet the needs of the expected volume of business and investments in the coming years.

In thousands of reais and U.S. dollars, unless otherwise indicated

(c) Carrying value adjustment account

This account was established by Law No. 11,638/07 to record the amounts in equity that have not yet been recognized in profit or loss for the year. The effects of these amounts on net income or loss for the year will be recognized upon their effective realization. The changes in this account in the three-month periods ended March 31, 2012 and 2011, were as follows:

	Three-month periods ended March 31,		
		2011	2010
	US$		R$
At the begining of the period	118,703	216,289	(69,758)
Carrying value adjustments in investees	10,394	18,938	(7,893)
Exchange variation on foreign investments	(24,478)	(44,600)	5,220
At the end of the period	104,619	190,627	(72,431)

(d) Share rights

Preferred shares, which are non-voting, have priority in the event of capital reimbursement upon liquidation and, based on Law nº. 10,303/01, the preferred and common shares have the same right with regards to the receipt of dividends. All stockholders are assured an annual dividend of at least 25% of the adjusted net income for the year, calculated in accordance with Brazilian corporate legislation.

The Company's management resolved to distribute dividends at an amount lower than the minimum compulsory dividend for the year ended December 31, 2011 at the amount of R$ 100,000 – US$ 53,311, in accordance with the approval of all stockholders in formal letter forwarded to management. The distribution was approved on the Annual General Meeting realized on April 27, 2012.

The undistributed balance of the minimum compulsory dividend, as well as the remaining portion of retained earnings, were appropriated to the unrealized profit reserve and the reserve for future capital increase, the latter supported by the capital budget prepared by the Company.

15 Service Revenue

The reconciliation of gross revenue from services rendered with the net revenue is as follows:

	Three-month periods ended March 31,		
		2012	2011
	US$		R$
Continuing operations			
Domestic market	1,383,716	2,521,269	1,865,017
Foreign market	1,658,547	3,022,038	2,021,568
	3,042,263	5,543,307	3,886,585
Taxes and contributions on services	(76,933)	(140,180)	(140,572)
Net service revenues	2,965,330	5,403,127	3,746,013

In thousands of reais and U.S. dollars, unless otherwise indicated

16 Finance Income, Net

	Three-month periods ended March 31,		
		2012	2011
	US$		R$
Income from financial investments	35,777	65,189	48,589
Exchange variation expense	(39,748)	(72,424)	(92,790)
Exchange variation income	88,640	161,511	104,760
Financial charges on debts	(43,580)	(79,407)	(26,099)
Bank comissions	(12,971)	(23,635)	(9,609)
Others, net (*)	12,244	22,309	(19,527)
	40,362	73,543	5,324

(*) Refers mainly to the monetary adjustment and interest on trade accounts receivable and other accounts payable.

17 Income Tax and Social Contribution Expense

	Three-month periods ended March 31,		
		2012	2011
	US$		R$
Deferred social contribution	(5,703)	(10,392)	5,417
Current social contribution	(10,084)	(18,374)	(11,104)
Others	2,703	4,925	
Total - social contribution	(13,084)	(23,841)	(5,687)
Deferred income tax	(15,834)	(28,851)	15,048
Current income tax	(27,436)	(49,992)	(29,486)
Foreign income tax (branches and subsidiaries)	(50,486)	(91,990)	(59,511)
Others	(10,890)	(19,842)	
Total - income tax	(104,646)	(190,675)	(73,949)

18 Insurance Coverage

Consistency in the approach to risks at the Odebrecht Organization is ensured by the Insurance and the Finance and Guarantees Policies ("Policies"), which establish the basic concepts, general guidelines and authority for contracting and administering insurance and guarantees, and for the relationship with the insurance market.

The Policies, which cover insurance and guarantees contracted through insurance companies, are: (i) complied with by ODB and its non-public subsidiaries, (ii) used as a guideline in the preparation of the Policies of the listed companies controlled by ODB, and (iii) used as a reference in the voting of its representatives for the approval of similar policies in joint ventures or jointly-controlled companies.

OCS, a wholly-owned subsidiary of ODB, which has international experience and operates worldwide, in line with ODB, is responsible for applying the Policy and supporting risk management at the level of the Odebrecht Organization, ensuring contracting at adequate prices and appropriate coverage for each contract or venture in the engineering and construction segment.

In the period ended March 31, 2012 and year ended December 31, 2011 the Policy was fully complied with. We are not aware of any risk covered by the Policies that has not been duly analyzed and mitigated, or of any loss event that has not been properly covered.

At March 31, 2012, the insurance coverage of the Company and its subsidiaries amounts to US$ 46,951,412 - R$ 85,550,168 (December 31, 2011 - US$ 48,709,676). The Company and its subsidiaries have Surety Bond operations, which, on March 31, 2012, amounted to US$ 10,272,871 – R$ 18,718,198 (December 31, 2011 - US$ 8,646,290).

19 Provisions for Tax, Labor and Civil Contingencies

(i) On March 31, 2012, the Company and its subsidiaries have provisions of R$ 100,257 – US$ 55,023 (December 31, 2011 - R$ 98,945) recorded in current liabilities and R$ 8,706 – US$ 4,778 (December 31, 2011 – R$ 8,706) in non-current liabilities to cover labor, tax and civil claims, which, in the opinion of management and its legal advisors, have a probable chance of unfavorable outcome.

In addition, the Company and its subsidiary CBPO are defending labor and tax claims amounting to R$ 246,986 – US$ 135,550 (December 31, 2011 - R$ 241,009), as well as civil claims of R$ 371,831 – US$ 204,067 (December 31, 2011 - R$ 362,832), for which no provision for losses has been recorded because management and the legal advisors believe that chances of losses arising from the final decision in these cases are possible, but not probable.

In November 2009, the Company joined a tax debt refinancing program by Law No. 11,941/09 and Provisional Measure No. 449/08 in order to settle its tax liabilities by means of a special installment system for the payment of its tax and social security obligations. At June 30, 2011, the corresponding balance, amounting to R$ 211,691, was divided into 161 monthly installments for the PAEX balance and 11 months for the other debts. The remaining balance at March 31, 2012 is equivalent to R$ 76,411 – US$ 41,936 (December 31, 2011 - R$ 119,171) and is recorded in non-current liabilities at the amount of R$ 54,813 – US$ 30,082 (December 31, 2011 – R$ 53,425) and the remaining balance at the amount of R$ 21,598 – US$ 11,854 (December 31, 2011 – R$ 65,746) is recorded in the “Taxes, rates, salaries and payroll charges” account in current liabilities.

(ii) In 2008, the Company’s branch in Venezuela was inspected by the Integrated National Customs and Tax Service (SENIAT), equivalent to the Brazilian Federal Revenue Service for federal taxes (IVA– Value-added Tax and ISLR - Income Tax), with respect to the income tax returns for 2006 and 2007. As a result of this inspection, the Venezuelan tax authority raised additional income tax assessments against this branch.

The approximate amounts of the assessments for 2006 and 2007 were US$ 53,177 - R$ 96,894 and US$ 43,749 - R$ 79,715, respectively (including interest, arrears fines and other potential charges).

The Company, based on the assessments of the inspection, accepted and paid in November 2008, the amount of US$ 14,497 - R$ 26,415, including fine and interest charges of US$ 5,600 – R$ 10,204, corresponding to the year of 2006 and US$ 8,897 – R$ 16,211, corresponding to the year of 2007.

In thousands of reais and U.S. dollars, unless otherwise indicated

Management understands that there are sufficient grounds for a favorable outcome, and based on the opinion of its external legal advisors, it recognized a provision in the amount of US$ 9,294 - R$ 16,935, considered sufficient to cover probable losses arising from this matter.

20 Odebrecht Organization Companies

Balance sheet

	Non-current receivables	Non-current liabilities
CBPO Malaysia SDN BHD	9,743	
Aqueduct Trading Services Co. Inc.		70,755
Odebrecht S.A.	1,231,076	
Odebrecht International Coporation		67,297
Sociedade de Desenvolvimento Mineiro de Angola, S.A.R.L.		17,841
Odebrecht Energia Participações	14,510	
Concessionária Trasvase Olmos	38,366	
ONL Investimentos B.V.	2,522	
Odebrecht Peru Inversiones em Infraestructura S.A.	125,744	
OCS International Ltd.		4,828
Others	52,314	
Balance at March 31, 2012 - R$	1,474,275	160,721
Balance at March 31, 2012 - US$	809,108	88,206
Balance at December 31, 2010 - R$	1,144,488	174,121

Finance income and costs

	Three-mont periods ended March 31,		
		2012	2011
	US$		R$
Aqueduct	(138)	(252)	(255)
Others			292
	(138)	(252)	37

The main balances with the Organization companies are governed by the contractual instrument "Current account and single cash management agreement", entered into by the Organization companies. The operations consist of lending of funds, assignments of credits and assumptions of obligations and are not subject to financial charges. Finance income and costs is represented, mainly, by the foreign exchange variation on balances with related companies overseas.

* * *

Independent Auditor's Report on the Consolidated Financial Statements

To the Board of Directors and Stockholders
Construtora Norberto Odebrecht S.A.

We have audited the accompanying consolidated financial statements of Construtora Norberto Odebrecht S.A. ("Company") and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2011, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting practices adopted in Brazil, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Construtora Norberto Odebrecht S.A.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Construtora Norberto Odebrecht S.A. and its subsidiaries as at December 31, 2011, and their financial performance and cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Salvador, March 6, 2012

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" RJ

Fabio Cajazeira Mendes
Contador CRC 1SP196825/O-0 “S” RJ

Construtora Norberto Odebrecht S.A. and its Subsidiaries

Consolidated Balance Sheets at December 31

In thousands of reais and U.S. dollars, unless otherwise indicated

	2011		2010
Assets	**US$**		**R$**
Current assets			
Cash and cash equivalents (Note 6)	3,576,332	6,708,484	4,580,682
Financial investments	22,273	41,780	128,959
Trade accounts receivable (Note 7)	2,228,020	4,179,320	3,844,987
Advances to suppliers, subcontractors and others	532,478	998,823	615,492
Taxes recoverable (Note 8)	234,632	440,122	316,422
Inventories (Note 9)	349,205	655,039	576,178
Current accounts with consortium members	269,282	505,120	272,735
Prepaid expenses	139,837	262,306	281,643
Other accounts receivable	357,188	670,009	822,167
	7,709,247	14,461,003	11,439,265
Non-current assets			
Long-term receivables			
Financial investments	43,078	80,805	7,415
Odebrecht Organization companies (Note 22)	610,133	1,144,488	943,007
Trade accounts receivable (Note 7)	290,037	544,052	528,544
Deferred income tax and social contribution (Note 14)	145,433	272,804	131,635
Taxes recoverable (Note 8)	5,624	10,549	15,246
Eletrobras credits (Note 10)	142,491	267,284	240,710
Other accounts receivable	156,027	292,676	310,621
	1,392,823	2,612,658	2,177,178
Investments			
Associated companies (Note 11 (a))	722,653	1,355,553	1,424,208
Others	27,650	51,866	47,721
Property and equipment (Note 12)	945,937	1,774,389	1,396,280
Intangible assets	38,920	73,007	96,231
	3,127,983	5,867,473	5,141,618
Total assets	10,837,230	20,328,476	16,580,883

Liabilities and equity
Current liabilities
Debts (Note 13)
Suppliers and subcontractors
Taxes, rates, salaries and payroll charges
Management profit sharing
Provisions for tax, labor and civil contingencies (Note 21 (i))
Advances from customers
Current accounts with consortium members
Other accounts payable
Non-current liabilities
Odebrecht Organization companies (Note 22)
Debts (Note 13)
Advances from customers
Deferred income tax and social contribution (Note 14)
Suppliers and subcontractors
Provisions for tax, labor and civil contingencies (Note 21 (i))
Taxes payable in installments (Note 21 (i))
Long-term incentives (Note 15)
Other accounts payable
Equity
Capital (Note 16 (a))
Revenue reserves (Note 16 (b))
Carrying value adjustments (Note 16 (c))
Non-controlling interest
Total liabilities and equity

The accompanying notes are an integral part of these consolidated financial statements.

Construtora Norberto Odebrecht S.A.
and its Subsidiaries

Consolidated Statement of Income
Years ended December 31
In thousands of reais and U.S. dollars, unless otherwise indicated

	2011		2010
	US$		R$
Continuing operations			
Net service revenues (Note 17)	11,473,894	21,522,731	16,207,219
Cost of services rendered	(9,545,470)	(17,905,393)	(13,449,753)
Gross profit	1,928,424	3,617,338	2,757,466
Operating expenses			
General and administrative expenses	(881,726)	(1,653,941)	(1,360,469)
Management remuneration	(15,739)	(29,524)	(37,672)
Operating profit before the result of equity interests and financial result, net	1,030,959	1,933,873	1,359,325
Results from investments			
Equity in the results of investees (Note 11 (a))	(21,170)	(39,712)	310,817
Dividends received			18,190
Financial result			
Financial result, net (Note 18)	(268,528)	(503,705)	(185,464)
Other income (expenses)			
Other income (expenses), net	(16,524)	(30,995)	127,443
Income before social contribution and income tax	724,737	1,359,461	1,630,311
Social contribution (Note 19)	(1,655)	(3,105)	(75,556)
Income tax (Note 19)	(233,234)	(437,500)	(330,700)
Net income for the year	489,848	918,856	1,224,055
Attributable to			
Company's stockholders	482,760	905,560	1,190,796
Non-controlling interest	7,088	13,296	33,259
	489,848	918,856	1,224,055
Net income per share at the end of the year - US$/R$	1.736	3.257	4.339

The accompanying notes are an integral part of these consolidated financial statements.

Construtora Norberto Odebrecht S.A.
and is Subsidiaries

Statement of Changes in Equity and Comprehensive Income
In thousands of U.S. dollars, unless otherwise indicated

	Attributable to Company'						
		Revenue reserves					
	Capital	Legal	Investment grants	Investments (statutory)	Unrealized profit	Future capital increase	Carrying value adjustments
December 31, 2010	593,414	118,683	8,213	474,731		933,497	(37,188)
Total comprehensive income for the year:							
Net income for the year - US$ 1.7363 per share							
Carrying value adjustments of investees (Note 11 (a) (ii))							5,054
Exchange variation on foreign investments (Note 2.3)							147,439
Total comprehensive income for the year							152,493
Capital transactions with stockholders:							
Capital increase (Note 16 (a))	593,414	(118,683)		(474,731)			
Capital decrease (Note 16 (a))	(69,117)						
Other transactions with non-controlling interests							
Apropriation of net income:							
Dividends - US$ 0.1887 per share (Note 16 (d))							
Other adjustments from investees							
Transfer to reserves		24,138		151,863	241,036		
December 31, 2011	1,117,711	24,138	8,213	151,863	241,036	933,497	115,305

Construtora Norberto Odebrecht S.A.
and is Subsidiaries

Statement of Changes in Equity and Comprehensive Income
In thousands of reais, unless otherwise indicated

	Attributable to Company						
		Revenue reserves					
	Capital	Legal	Investment grants	Investments (statutory)	Unrealized profit	Future capital increase	Carrying value adjustments
December 31, 2010	1,113,126	222,625	15,406	890,501		1,751,054	(69,758)
Total comprehensive income for the year:							
Net income for the year - R$ 3,257 per share							
Carrying value adjustments of investees (Note 11 (a) (ii))							9,480
Exchange variation on foreign investments (Note 2.3)							276,567
Total comprehensive income for the year							286,047
Capital transactions with stockholders:							
Capital increase (Note 16 (a))	1,113,126	(222,625)		(890,501)			
Capital decrease (Note 16 (a))	(129,649)						
Other transactions with non-controlling interests							
Apropriation of net income:							
Dividends - R$ 0,354 per share (Note 16 (d))							
Other adjustments from investees							
Transfer to reserves		45,278		284,865	452,135		
December 31, 2011	2,096,603	45,278	15,406	284,865	452,135	1,751,054	216,289

Construtora Norberto Odebrecht S.A.
and is Subsidiaries

Statement of Changes in Equity and Comprehensive Income
In thousands of reais, unless otherwise indicated

	Attributable to the C						
		Revenue Reserves					
	Capital	Legal	Investment grants	Investments (statutory)	Future capital increase	Carrying value adjustments	
December 31, 2009	1,378,375	186,298	15,406	1,072,234	275,000	127,026	
Total comprehensive income for the year:							
Net income for the year - R$ 4.339 per share							1
Carrying value adjustments of investees (Note 11 (a) (ii))						(36,010)	
Exchange variation on foreign investmentes (Note 2.3)						(153,020)	
Change in the market value of financial instruments of investess (Note 11 (a) (ii)						(7,754)	
Variation in percentage ownership of investees (Note 11 (a) (ii))							
Total comprehensive income for the year						(196,784)	1,
Capital transactions with stockholders:							
Capital decrease (Note 16 (a))	(265,249)						
Transactions whith non-controlling interests							
Apropriantion of net income:							
Dividends - R$ 0.354 per share (Note 16 (d))							(
Transfer between reserves (Note 16 (b) (ii))				(181,733)	181,733		
Transfer to reserves		36,327			1,294,321		(1,
December 31, 2010	1,113,126	222,625	15,406	890,501	1,751,054	(69,758)	

The accompanying notes are an integral part of these consolidated financial statements.

Construtora Norberto Odebrecht S.A.
and its Subsidiaries

Consolidated Statement of Cash Flows
Years Ended December 31
In thousand of reais and U.S. dollars

	2011		2010
	US$		R$
Cash flows from operating activities			
Profit before income tax and social contribution	724,737	1,359,461	1,630,311
Adjustments:			
Equity in results of investees and others	21,170	39,712	(329,007)
Decrease in construction contracts revenue	248,821	466,739	250,529
Loss on change in investment interest			115
Realization of carrying value and cumulative translation adjustments			(9,466)
Depreciation and amortization	194,005	363,915	444,804
Residual value of reduction in property and equipment and project expenses	47,126	88,397	90,010
Interest and monetary and exchange variations, net	157,569	295,569	613,512
Cash from operations	1,393,428	2,613,793	2,690,808
Changes in assets and liabilities:			
Financial investments	623	1,169	42,175
Trade accounts receivable	(431,328)	(809,086)	(767,849)
Inventories	(65,493)	(122,852)	(11,205)
Taxes recoverable	(75,863)	(142,303)	(120,850)
Prepaid expenses and other assets	(415,384)	(779,177)	(488,757)
Suppliers and subcontractors	627,472	1,177,012	301,662
Advances from customers	1,508,970	2,830,526	1,385,134
Income tax and social contribution	(169,851)	(318,607)	(200,560)
Taxes, rates, salaries and payroll charges	246,512	462,407	(27,804)
Other liabilities	7,352	13,791	363,862
Net cash generated from operating activities	2,626,438	4,926,673	3,166,616
Cash flows from investing activities			
Acquisitions of investments	(19,505)	(36,589)	(45,827)
Acquisitions of property and equipment and intangible assets	(249,571)	(468,145)	(626,005)
Net cash used in investing activities	(269,076)	(504,734)	(671,832)
Cash flows from financing activities			
Related parties			
Repayment	(1,622,221)	(3,042,964)	(4,753,837)
New loans	1,253,115	2,350,594	5,017,875
Short and long-term debt, net			
New loans	1,177,237	2,208,262	1,768,696
Repayment - principal	(1,325,230)	(2,485,866)	(2,517,855)
Repayment - interest	(78,865)	(147,937)	(167,476)
Net cash used in financing activities	(595,964)	(1,117,911)	(652,597)
Effect of changes in the exchange rate on cash and cash equivalents	(627,040)	(1,176,197)	(239,659)
Cash and cash equivalents of subsidiaries included in and/(or) excluded from the consolidation, net	(14)	(29)	(949)
Net increase in cash and cash equivalents	1,134,344	2,127,802	1,601,579
Cash and cash equivalents at the beginning of the year	2,441,988	4,580,682	2,979,103
Cash and cash equivalents at the end of the year	3,576,332	6,708,484	4,580,682

The accompanying notes are an integral part of these consolidated financial statements.

1 Operations

Construtora Norberto Odebrecht S.A. ("CNO" or "Company") is part of the Odebrecht Organization ("Organization") and has its legal headquarters in Rio de Janeiro and administrative headquarters in São Paulo. The main operations of the Company include the planning and execution of engineering projects of all types and specialties as contractor, administrator or other roles; technical installations of civil engineering, industrial assembly, consulting, planning, assistance and technical studies; rendering of administrative or technical services; investments in other companies to enhance development, stability and profitability, and other related activities, including import and export, rental and purchase and sale of equipment and transportation.

Through its branches, the Company operates directly in the following countries: Venezuela, Angola, Ecuador, Dominican Republic, Colombia, Mexico, United Arab Emirates, Bolivia, Argentina, Peru, Costa Rica and Panama. In addition to these countries, the Company operates, through its direct and indirect subsidiaries, in Portugal, United States of America, England, Chile, Uruguay, Spain, Libya, Liberia, Austria, Mozambique, Cuba and Guinea.

In the heavy civil construction segment, the Company and its main indirect subsidiaries in Brazil, CBPO Engenharia Ltda. ("CBPO") and Construtora Norberto Odebrecht Brasil S.A. ("CNO Brasil"), develop construction projects involving highways, railways, hydroelectric, thermoelectric and nuclear plants, port facilities, dams, and other industrial and infrastructure projects.

The main projects currently in progress in Brazil are: Santo Antônio hydroelectric plant in the State of Rondônia, Submarine Project in the State of Rio de Janeiro, Rnest refinery of Petróleo Brasileiro S.A. ("Petrobras"), sugarcane processing plants for EHT/Brenco, Transnordestina railway in the states of Piauí/Pernambuco, D. Pedro I highway in the State of São Paulo, Repar refinery in the State of Paraná, and Petrobras' P59 and P60 Platforms, in addition to many contracts to render services in oil platforms and petrochemical plants. Overseas, the Company has projects in 14 countries. The main ones are located in Venezuela (Maracaibo Plain Socialist Agrarian Project – El Dilúvio Irrigation, bridge over the Orinoco River, lines 3 and 5 of the Caracas subway, Guarenas Guatire subway, line 2 of Los Teques subway, and Tocoma hydroelectric plant), in the United States of America (Orange Line subway in Miami), in Colombia (Ruta Del Sol Road), in Argentina (expansion of a pipeline and Paraná de las Palmas Water Treatment Plant), in Peru (Highway Carhuaz – San Luiz and electric train), in Angola (highway works, sanitation projects, urbanization, and several infrastructure projects), in the Dominican Republic (Coral road, Palomino hydroelectric plant, and Samaná sanitation project), and in Panama (water collection system and water treatment plant).

In the process of obtaining and performing contracts in Brazil and overseas, the Company and its subsidiaries use surety bonds obtained with the support of OCS - Odebrecht Administradora e Corretora de Seguros Ltda. ("OCS"), which is part of the Odebrecht Organization, by means of long-term strategic alliances with first-class insurance companies and brokerages in the global insurance market (Note 20).

These consolidated financial statements were approved by the Company's Executive Board on March 6, 2012.

(i) Corporate restructuring

Following the corporate restructuring process started in 2004 for the optimization of the Odebrecht Organization structure, the concentration of the current accounts in the Company as the manager of the current account agreement and central management of the cash balances between the Organization companies, and the corporate segregation of the segments engineering and construction, real estate projects, environmental engineering, construction and assembly of industrial plants and investments in infrastructure, oil and gas and defense and technology, the following main transactions were performed in 2010 and 2011:

- On January 5, 2010, the Extraordinary Stockholders' Meeting approved a capital increase in ETH Bioenergia S.A. ("ETH") by R$ 217,698, with the issue of 301,771,580 new shares paid up with credits held between the Company and ETH. On February 25, 2010, the Company subscribed and paid up capital in ETH Investimentos S.A. ("ETHINV") amounting to R$ 191,693 with the investment held in ETH.

- On March 31, 2010, the Extraordinary General Stockholders' Meeting approved the reduction of the Company's capital by R$ 204,257, without the cancellation of shares. As a result of this reduction, the investment held by the Company in ETHINV was transferred to Odebrecht S.A. ("ODB") (Note 16 (a)).

- On April 30, 2010, the Extraordinary General Stockholders' Meeting approved the partial spin-off of the equity of Odebrecht Plantas Industriais e Participações S.A. ("OPIP"), at book value on the same date, with the transfer of the spun off portion to the Company. OPIP's capital was reduced by R$ 5,753, from R$ 300,000 to R$ 294,247, with the cancellation of 7,635,824 registered common shares with no par value. Taking into consideration that OPIP is a subsidiary of the Company, the merger of the shares from OPIP's spun off portion did not change the Company's capital.

- On May 31, 2010, the investment in Odebrecht Oil and Gas Angola Limited ("OOGA"), which was previously held by Odebrecht Óleo e Gás S.A. ("OOG"), was transferred to the Company, at the book value of US$ 100.00, through the current account between the companies.

- On June 10, 2010, Belgrávia Empreendimentos Imobiliários S.A. ("Belgrávia") issued and subscribed 14,146,918 new common shares at the book value of R$ 4.24 each, which were fully paid up by the Company, in the amount of R$ 60,000 through the current account between the companies.

- On June 22, 2010, the capital of CNO Brasil was reduced by R$ 60,992, from R$ 1,174,118 to R$ 1,113,126, without the cancellation of shares, by means of the transfer of the investment held in the Concessionária Rota das Bandeiras S.A. ("Rota das Bandeiras") to its stockholder Belgrávia as of the base date of May 31, 2010.

- Also on June 22, 2010, the capital of Belgrávia was reduced by R$ 60,992, without the cancellation of shares, by means of the transfer of the investment held in Rota das Bandeiras to the Company as of the base date of May 31, 2010. In turn, the Company reduced its capital by transferring the investment received from Belgrávia in Rota das Bandeiras to its stockholder ODB (Note 16 (a)).

. On August 31, 2010, the Extraordinary General Stockholders' Meeting approved the subscription and payment of the capital increase of Odebrecht Serviços e Participações S.A. ("OSP"), in the amount of R$ 1,896, through the contribution of the Company's investment in Odebrecht Equipamentos Ltda. ("ODEQ").

. On December 31, 2010, the Extraordinary General Stockholders' Meeting approved the reduction of the capital of the subsidiary at that time OPIP by R$ 215,000, from R$ 226,769 to R$ 11,769, through the cancellation of 283,258,945 common shares.

. On December 31, 2010 the Extraordinary General Stockholders' Meeting approved the capital increase of CNO Brasil in the amount of R$ 68,352, through the issuance of 85,721,820 registered common shares with no par value, fully subscribed and paid-up by the stockholder Belgrávia, through the current account held with Tenenge Overseas Corporation ("TOC").

. On the same date, a further increase in the capital of the subsidiary CNO Brasil by R$ 229,331 was approved, from R$ 240,016 to R$ 469,347, through the issue of 383,140,672 registered common shares with no par value, fully subscribed and paid-up by the stockholder Belgravia, through the current account held between the companies.

. On June 30, 2011, the Extraordinary General Stockholders' Meeting approved the reduction of the Company's capital by R$ 91,547 – US$ 48,804, from R$ 1,113,126 – US$ 593,414 to R$ 1,021,579 – US$ 544,610, without the cancellation of shares. As a result of this reduction, the investment held by CNO in OPIP was transferred to ODB. The date of the transfer of the investment, in accordance with the appraisal report, was May 31, 2011 (Note 16 (a)).

. On December 20, 2011, the Extraordinary General Stockholders' Meeting approved the reduction of the Company's capital by R$ 6,677 – US$ 3,560, from R$ 1,021,579 – US$ 544,610 to R$ 1,014,902 – US$ 541,050, without the cancellation of shares, transferring the investment in the amount of R$ 39 – US$ 21 and the accounts receivable in the amount of R$ 6,638 – US$ 3,539 from Porto Novo to ODB (Note 16 (a)).

. On December 29, 2011, the increase in the Company's capital by R$ 1,113,126 – US$ 593,414, from R$ 1,014,902 – US$ 541,050 to R$ 2,128,028 – US$ 1,134,464, was approved by means of the capitalization of the total balance of the Legal Reserve and Reserve for Investments (Note 16 (a)).

. On December 30, 2011, an increase in the capital of CNO Brasil by R$ 14,868 – US$ 7,926, from R$ 469,347 – US$ 250,212 to R$ 484,215 – 258,138, was approved by means of the issue of 22,078,990 registered common shares with no par value, fully subscribed and paid up by the Company, through the current account held between the Company and Belgrávia.

. Also on December 30, 2011, the spin-off of the subsidiary CNO Brasil was approved with the reduction of its capital by R$ 14,868 – US$ 7,926, from R$ 484,215 – US$ 258,138 to R$ 469,347 – US$ 250,212, and the spun-off portion was merged into the Company without changing its capital. The net assets related to the spun-off portion of CNO Brasil received by the Company were the investment in Concessionária Porto Novo S.A. ("Porto Novo").

In thousands of reais and U.S. dollars, unless otherwise indicated

. Additionally, on December 30, 2011, the Extraordinary General Stockholders' Meeting approved the reduction of the Company's capital by R$ 31,425 – US$ 16,753, from R$ 2,128,028 – US$ 1,134,464 to R$ 2,096,603 – US$ 1,117,711, without the cancellation of shares. In connection with this reduction, the investments held by the Company in Porto Novo and Madeira Energia S.A. ("MESA"), in the amount of R$ 14,868 – US$ 7,926 and R$ 16,556 – US$ 8,826, respectively, were transferred to ODB (Note 16 (a)).

The Company and its subsidiaries, as participants in the corporate restructuring process, may be affected by economic and/or corporate aspects resulting from the outcome of this process.

Financial position and ratings (non audited)

The Company's credit has been monitored and analyzed by the main credit rating agencies for many years and, since its first rating, the Company has obtained consecutive upgrades on both the local and global scales.

In December 2009, the rating agency Moody's started to cover the Company, and assigned a Baa3 investment grade rating on the global scale and Aa1.br on the Brazilian national scale. In October 2010, the rating agency Fitch Ratings assigned a BBB- investment grade rating on the global scale and AA + on the Brazilian national scale.

In June 2011, the rating agency Standard & Poor's assigned a BB+ rating on the global scale and br AA + on the national scale.

CNO's corporate credit ratings assigned by the three rating agencies that monitor the Company are as follows:

	Moody's	Standard&Poors	FitchRatings
National Scale – Long term	Aa1.br	br AA +	AA+(bra)
Global Scale – Local and Foreign currency	Baa3	BB+	BBB-

2 Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, as modified by certain financial assets and financial liabilities (including derivative financial instruments) measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management of the Company and its subsidiaries to exercise its judgment in the process of applying the accounting policies of the Organization. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC).

2.2 Consolidation

(a) Consolidated Financial Statements

The following accounting policies are applied in the preparation of the consolidated financial statements.

(i) Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally resulting from a shareholding of more than one half of the voting rights (voting capital). 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 on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Transactions, balances and unrealized income in transactions between the consolidated companies are eliminated. Unrealized losses are also eliminated, unless they indicate an impairment of the asset transferred. The accounting policies of the subsidiaries are changed, whenever necessary, in order to ensure the consistency with the policies adopted by the Company.

(ii) Participation of and transactions with non-controlling interests

The Company treats transactions with non-controlling interests as transactions with owners of Company's assets. In purchases of non-controlling interests, the difference between any consideration paid and the share acquired of the book value of the subsidiary's net assets is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Company ceases to have control, any retained interest is measured at its fair value and the change in carrying value recognized in the statement of income. The fair value is the initial carrying amount for subsequent recognition of the interest retained in an associate, joint venture or financial asset. Any amounts previously recognized in other comprehensive income, related to that entity, are recorded as if the Company had sold directly the related assets or liabilities. As a result, the amounts previously recognized in other comprehensive income are reclassified to the statement of income.

(iii) Associates

Associates are all entities over which the Company has significant influence but not control, generally resulting from a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Company's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss. See Note 2.5.4 for impairment of non-financial assets, including goodwill.

The Company's share of its associates' post-acquisition profits or losses is recognized in the statement of income, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

If the shareholding in the associate is reduced, but significant influence is retained, only a proportional part of the amounts previously recognized in other comprehensive income is reclassified to the statement of income, when applicable. Dilution gains and losses arising from investments in associates are recognized in the statement of income.

(iv) Consolidated companies

The consolidated financial statements include those of the Company and its subsidiaries in which the following direct and indirect interest is held as of December 31, 2011 and 2010:

In thousands of reais and U.S. dollars, unless otherwise indicated

		Direct and indirect holding (%)	
	Country	**2011**	**2010**
Auto Pista Del Coral S.A.	Dominican Republic	100,00	100,00
Atlantic Charter LLC	USA	100,00	100,00
Belgrávia	Brazil	100,00	100,00
Bento Pedroso Construções S.A. ("BPC")	Portugal	100,00	100,00
Brazilian Olex Importação e Exportação S.A. Shanghai Representative Office	China	100,00	100,00
CBPO	Brazil	100,00	100,00
CBPO Engenharia Ltda. - Argentina	Argentina	100,00	100,00
CBPO Engenharia Ltda. - Chile	Chile	100,00	100,00
CBPO Engenharia Ltda. - Peru	Peru	100,00	100,00
CBPO Engenharia Ltda. - Uruguai	Uruguay	100,00	100,00
CBPO Engenharia Ltda. - Venezuela	Venezuela	100,00	100,00
CBPO Engenharia Ltda. - Panama	Panama	100,00	100,00
CBPO Ingeniería de Venezuela C.A.	Venezuela	100,00	100,00
CBPO Overseas Ltd.	Cayman Islands	100,00	100,00
Centaurus Investments Limited	Cayman Islands	100,00	100,00
CODEPA - Companhia de Desenvolvimento e Participações S.A.	Brazil	100,00	100,00
Companhia de Obras e Infra Estrutura	Brazil	100,00	100,00
Conirsa S.A.	Peru	100,00	70,00
Constructora Norberto Odebrecht de Colombia Ltda.	Colombia	100,00	100,00
Constructora Norberto Odebrecht del Ecuador S.A.	Ecuador	100,00	100,00
Constructora Odebrecht Chile S.A.	Chile	100,00	100,00
Constructora Odebrecht Uruguay S.A.	Uruguay	100,00	100,00
Construtora Norberto Odebrecht Bolivia S.A.	Bolivia	100,00	100,00
Construtora Norberto Odebrecht de Panama S.A.	Panama	100,00	100,00
Construtora Norberto Odebrecht S.A. - Angola	Angola	100,00	100,00
Construtora Norberto Odebrecht S.A. - Argelia	Argelia	100,00	100,00
Construtora Norberto Odebrecht S.A. - Argentina	Argentina	100,00	100,00
Construtora Norberto Odebrecht S.A. - Bolivia	Bolivia	100,00	100,00
Construtora Norberto Odebrecht S.A. - Colombia	Colombia	100,00	100,00
Construtora Norberto Odebrecht S.A. - Costa Rica	Costa Rica	100,00	100,00
Construtora Norberto Odebrecht S.A. - Arab Emirates	Arab Emirates	100,00	100,00
Construtora Norberto Odebrecht S.A. - Ecuador	Ecuador	100,00	100,00
Construtora Norberto Odebrecht S.A. - Spain	Spain	100,00	100,00
Construtora Norberto Odebrecht S.A. - Mexico	Mexico	100,00	100,00
Construtora Norberto Odebrecht S.A. - Mozambique	Mozambique	100,00	100,00
Construtora Norberto Odebrecht S.A. - Panama	Panama	100,00	100,00
Construtora Norberto Odebrecht S.A. - Peru	Peru	100,00	100,00
Construtora Norberto Odebrecht S.A. - Dominican Republic	Dominican Republic	100,00	100,00
Construtora Norberto Odebrecht S.A. - Uruguai	Uruguay	100,00	100,00
Construtora Norberto Odebrecht S.A. - Venezuela	Venezuela	100,00	100,00
Dhawahi Almadeena Construction LLC	USA	100,00	100,00
Dominicana Ingeniería y Construcción S.A.	Dominican Republic	100,00	100,00
Energipar Participações S.A.	Brazil	100,00	100,00
Libyan Brazilian Construction and Development Company	Libya	60,00	60,00
Multitrade S.A.	Brazil	100,00	100,00
Odebrecht Global Sourcing, Inc.	USA	100,00	100,00
Odebrecht Construction International Inc.	USA	100,00	100,00
Odebrecht Services GMBH	Austria	100,00	100,00
Odebrecht Guinea (b)	Guinea Conakry	100,00	
CBPO Overseas Sucursal Dominican Republic (b)	Dominican Republic	100,00	
Odebrecht Industrial Engineering America (b)	USA	100,00	

In thousands of reais and U.S. dollars, unless otherwise indicated

	Country	Direct and indirect holding (%) 2011	2010
Odebrecht Angola Projectos e Serviços Ltda.	Angola	100,00	100,00
Odebrecht Argentina S.A.	Argentina	100,00	100,00
Odebrecht Construction International, Inc.	Bahamas	100,00	100,00
Odebrecht Construction Malta Ltd.	Malta	100,00	100,00
Odebrecht Construction, Inc. ("OCI")	USA	100,00	100,00
Odebrecht Djibouti FZCO	Djibouti	100,00	100,00
Odebrecht Engenharia e Construção S.A.	Brazil	100,00	100,00
Odebrecht Engeneering & Construction Ltd.	Malta	100,00	100,00
Odebrecht Holding GMBH	Austria	100,00	100,00
Odebrecht Ingeniería y Construcción de España, S.L.	Spain	100,00	100,00
Odebrecht Ingeniería y Construcción de Mexico, S de RL de CV.	Mexico	100,00	100,00
Odebrecht Investimentos em Concessões Ferroviárias SGPS S.A.	Portugal	100,00	100,00
Odebrecht Investimentos em Concessões Rodoviárias SGPS S.A.	Portugal	100,00	100,00
OMSI	Cayman Islands	100,00	100,00
Odebrecht Services Limited	England	100,00	100,00
OOL	Bahamas	100,00	100,00
OOGA	Angola	100,00	100,00
Odebrecht Peru Ingeniería y Construcción S.A.C. ("OPIC")	Peru	100,00	100,00
OPIP (a)	Brazil		100,00
OLEX Import and Export S.A. ("OLEX")	Brazil	100,00	100,00
OSEL - Odebrecht Serviços no Exterior Ltd. ("OSEL")	Cayman Islands	100,00	100,00
CNO Brasil (former name of OSEC)	Brazil	100,00	100,00
Tenenge (UK) Ltd.	England	100,00	100,00
Tenenge Overseas Corp. ("TOC")	Cayman Islands	100,00	100,00
Companies proportionally consolidated			
Proyectos Ebramex S. de R.L. de C.V.	México	33,33	33,33
Mina-Trico.S.de R.L. de C.V.	Mexico	33,33	33,33
Participações Energéticas S.A.	Brazil	50,00	50,00
Obras Civis, L.N.2.2. ACE	Portugal	63,90	63,90
BPC, CBPO, Somague, Profabril, Kaiser e Acer, ACE	Portugal	50,00	50,00
Obras Civis, L.N. 2.1. ACE	Portugal	40,00	40,00
Lismercado Construções – Bento Pedroso, Somague, H.Hagen, ACE	Portugal	40,00	40,00
Somague, BPC, Engil, SPIE em ACE	Portugal	26,32	26,32
Somague, BPC, Engil, SPIE-S.B.E.S.-Prolongamento da Linha Vermelha do Metropolitano, ACE	Portugal	26,32	26,32
Somague-Bento Pedroso-Necso-Dragados, ACE	Portugal	25,00	25,00
Edifer, Soconstroi, BPC, Somague e Acciona, ACE	Portugal	20,00	20,00
Norace – Construtoras das Auto-estradas do Norte, ACE	Portugal	17,34	17,34
Vianor – Construtoras das Auto-estradas da Costa de Prata, ACE	Portugal	17,25	17,25
Lusitânia – Construtoras das Auto-estradas das Beiras Litoral e Alta, ACE	Portugal	17,25	17,25
Portuscale – Construtoras das Auto-estradas do Grande Porto, ACE	Portugal	17,25	17,25
TACE - Construção da Travessia Rodoviária de Tejo, ACE	Portugal	16,67	16,67
Agrupamento para a Construção da Segunda Travessia do Tejo, ACE	Portugal	14,34	14,34
Baixo Sabor - Bento Pedroso Construções e Lena Engenharia e Construções, ACE	Portugal	50,00	50,00
Glace - Construtoras das Auto-estradas de Grande Lisboa, ACE	Portugal	17,25	17,25
Glex - Expropriações da Grande Lisboa, ACE	Portugal	14,23	14,23
United ODB LLC.	Arab Emirates	49,00	49,00
Xingu - Sócio Ambiental Ltda.	Brazil	33,33	33,33
ICN - Itaguai Construções Navais S.A.	Brazil	59,00	50,00

(a) Spin-off in May 30, 2011 (Note 1(ii)).
(b) Company founded in 2011.

Construtora Norberto Odebrecht S.A.
and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2011
In thousands of reais and U.S. dollars, unless otherwise indicated

Information on the main direct and indirect subsidiaries and branches included in consolidation:

	Number of shares or quotas directly or indirectly held		Stockholders' eq		
	2011	2010		2011	
			US$		
BPC	7,399,859	7,399,859	159,894	299,929	403
CBPO	2,321,413	2,321,413	490,941	920,908	926
OCI	86,806,032	86,806,032	194,014	363,931	308
OOL	165,213,213	165,213,213	201,620	378,199	321
OPIC	4,357,442	4,357,442	209,263	392,535	216
OSEL	100,000,000	100,000,000	121,764	228,405	341
CNO Brasil	684,148,629	301,007,957	251,655	472,054	427
Construtora Norberto Odebrecht S.A. - Venezuela (Branch)			188,914	354,364	166
Construtora Norberto Odebrecht S.A. - Angola (Branch)			4,944	9,274	2

For the jointly-controlled subsidiaries, assets, liabilities and profit or loss were consolidated in proportion to total interests held in their capital, pursuant to the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC).

In the consolidated financial statements, the Company's interests in the subsidiaries' net worth and results, balances of intercompany assets, liabilities, income and expenses were eliminated.

(b) Changes in accounting policies and disclosures

No new CPC pronouncements or interpretations became effective in 2011 that could have a significant impact on the consolidated financial statements of the Company and its subsidiaries, except with respect to the adoption of the equity method of accounting for investments in jointly-controlled subsidiaries instead of proportional consolidation, applicable as from January 1, 2013. Management is assessing the impact of this change in accounting pratice.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the entities included in consolidation are measured using the currency of the primary economic environment in which the respective entity operates ('the functional currency'). The consolidated financial statements are presented in Brazilian reais (R$), which is the CNO's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income as finance income or costs. All other foreign exchange gains and losses are presented in the statement of income within "Other gains (losses), net".

Changes in the fair value of securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in the statement of income, and other changes in carrying amount are recognized in equity.

Translation differences on non-monetary financial assets and liabilities, such as equities measured at fair value through profit or loss, are recognized in profit or loss as part of the fair value gain or loss.

(c) Consolidated entities

The results and financial position of all the company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

(ii) The opening equity for a year corresponds to the closing equity for the previous year as translated at the time. The changes in the opening equity for the year are translated at the rates in effect on the dates these changes occur.

(iii) Income and expenses for each statement of income are translated at average exchange rates.

(iv) All resulting exchange differences are recognized as a separate component of equity.

When a foreign operation is partially or integrally disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, payment orders issued by clients and other short-term highly liquid investments with original maturities of three months or less, with immaterial risk of change in value. Bank overdrafts are shown within “Debts” in current liabilities on the balance sheet.

2.5 Financial assets

2.5.1 Classification

The Company and its subsidiaries classify its financial assets in the following categories: measured at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

(a) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are the financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also classified as held for trading, unless they have been designated as hedging instruments. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets, except for those falling due more than 12 months after the balance sheet date (these are classified as non-current assets). The Company's loans and receivables comprise “Cash and cash equivalents”, “Trade accounts receivable” and “Other accounts receivable” (Notes 2.4 and 2.7).

2.5.2 Recognition and measurement

Purchases and sales of financial assets are recognized on the trade-date (the date on which the Company commits to purchase or sell the asset).

Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company and its subsidiaries have transferred substantially all risks and rewards of ownership. Loans and receivables are accounted for at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” are presented in the statement of income in “Financial result, net” in the period in which they occur. Dividend income from financial assets at fair value through profit or loss is recognized in the statement of income as part of other income when the Company’s right to receive payments is established.

The fair values of the investments that are publicly quoted are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company and its subsidiaries establish fair value by using valuation techniques. These techniques include the use of recent arm’s length transactions, the reference to other substantially similar instruments, discounted cash flow analysis and option pricing models that make maximum use of market inputs and rely as little as possible on entity-specific inputs.

The Company and its subsidiaries assess at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognized in the statement of income. Impairment testing of trade receivables is described in Note 2.7.

2.5.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.5.4 Impairment of financial and non-financial assets

The Company and its subsidiaries assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurs after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The non-financial assets that are subject to depreciation/amortization are reviewed for impairment whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognized for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

2.6 Derivative financial instruments and hedging activities

Initially, derivatives are recognized at fair value on the date the contract is entered into and are subsequently re-measured at their fair value. Although the Company and its subsidiaries use derivatives only for hedging purposes, they do not apply hedge accounting.

Changes in the fair value of derivative instruments are recognized immediately in the statement of income in "Finance income and costs, net". The fair values of various derivative instruments used for hedging purposes are disclosed in Note 4.3.

2.7 Trade accounts receivable

Initially, trade receivables are recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Usually, in practice, they are recognized at the amount billed, adjusted by the provision for impairment, when necessary. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.8 Inventories

Inventories of parts and materials to be used in construction works are stated at average purchase cost, which is lower than replacement costs or realizable values.

Imports in transit are stated at the cost accumulated in each import.

2.9 Judicial deposits

Deposits are monetarily restated and presented as a deduction from the corresponding liability when they cannot be redeemed, unless there is a favorable outcome for the Company and its subsidiaries in the related dispute.

2.10 Other assets

Other assets are presented at realizable value, including, when applicable, accrued earnings and monetary adjustments or, in the case of prepaid expenses, at cost.

2.11 Intangible assets

(a) Goodwill

Goodwill represents the excess of the amount paid payable for an acquisition over the net fair value of the assets and liabilities of the acquired subsidiary. Goodwill on acquisitions of subsidiaries is included in “Intangible assets”. If negative goodwill arises, it is recorded as a gain in the statement of income at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives, of up to ten years.

2.12 Property and equipment

Property and equipment mainly comprises machinery and equipment used in civil construction contracts.

Property and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items and it also includes finance costs related to the acquisition of qualifying assets.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost down to their residual values over their estimated useful lives, as presented in Note 12.

The assets’ residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. During the year ended December 31, 2011, the Company reviewed the useful lives of property and equipment and concluded that they are adequate. An asset’s book value is written down immediately to its recoverable amount if the asset’s carrying amount is greater than the estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other income (expenses), net" in the statement of income.

2.13 Debts

Debts are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over the period of the borrowings, using the effective interest method.

Debts are classified as current liabilities unless the Company and its subsidiaries have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.14 Provisions

Provisions for legal claims (labor, civil and indirect taxes) are recognized when the Company and its subsidiaries have a present legal obligation, it is likely that assets will be surrendered to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of a settlement related to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.15 Current and deferred income tax and social contribution

The income tax and social contribution expenses for the year, which comprises, income tax due by foreign Company's subsidiaries/associates, and in case of Brazil, social contribution also comprises current and deferred taxes. Income taxes are recognized in the statement of income, except to the extent that they relate to items recognized in comprehensive income or directly in equity. In this case, the taxes are also recognized in comprehensive income or directly in equity.

The current income tax and social contribution are calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income.

Deferred income tax and social contribution are recognized on income tax and social contribution loss carryforwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax and social contribution are determined using tax rates that have been enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable future taxable profit will be available against which the temporary differences and/or tax losses can be utilized, based on projections of future results prepared and based on internal assumptions and future economic scenarios that may, therefore, change.

2.16 Employee benefits

(a) Pension obligations

The Company and its subsidiaries have entered into an agreement with ODEPREV - Odebrecht Previdência ("ODEPREV"), a private pension fund established by the parent company ODB, as sponsoring companies.

ODEPREV offers its participants a defined contribution plan in which monthly and additional participant contributions and monthly and annual sponsor contributions are made to individual pension savings accounts.

In relation to the benefit payments due under the plan, the ODEPREV obligations are limited to the total value of the participants' quotas and, in conformity with the rules of the defined contribution plan, the sponsoring companies have no obligations or responsibilities to guarantee minimum levels of benefits to the retired participants. The contributions of the Company and its subsidiaries in years ended December 31, 2011 and 2010 were R$ 17,847 – US$ 9,514 and R$ 18,874, respectively.

Management assessed and concluded that the plan is a defined contribution plan where the risk of receiving benefits is responsibility of the participants, under CPC 33 - Employee Benefits.

2.17 Capital

Common and preferred shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When a company of the Organization purchases shares of the Company (treasury shares), the amount paid, including any additional costs that are directly attributable (net of income tax), is deducted from the equity attributable to the Company's stockholders until the shares are cancelled or redeemed. When these shares are reissued, any amount received is reduced by any additional costs of the transaction and directly attributable to the respective effects of income tax and social contribution and included in the equity attributable to the Company's stockholders.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the activities of the Company and its subsidiaries. Revenue is shown net of taxes, returns, rebates and discounts and after eliminating sales between the consolidated companies.

The Company and its subsidiaries recognize revenue when the amount thereof can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the activities of the Company and its subsidiaries.

The Company and its subsidiaries base their estimates on historical data, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Revenue from construction contracts

Revenue from construction contracts is recognized based on the percentage of completion of each contract on the date of the consolidated financial statements. The method used to determine the percentage of completion takes into consideration the proportion between the costs incurred in the services provided to that date, and the total costs estimated for the contract.

When revenue from construction contracts cannot be reliably measured in relation to the work performed using this method, the Company and its subsidiaries take into consideration an estimate of the work performed for the purposes of determining revenue.

The amounts received on construction contracts that exceed allocated revenue are recorded in the advances from customers account in current and non-current liabilities, in accordance with the contract term. The amounts received on construction contracts that are less than allocated revenue are recorded as trade accounts receivable in current and non-current assets, in accordance with the contract term.

(b) Interest income

Interest income is recognized on the accrual basis, using the effective interest method.

2.19 Dividends and interest on capital

Payment of dividends and interest on capital to the Company's stockholders is recognized as a liability in the financial statements at the end of the year in accordance with the Company's bylaws. Any amount exceeding the minimum compulsory dividend is provided on the date it is approved by the stockholders at the Stockholders' Meeting.

2.20 Basis of translation

The accounting records are maintained in reais. The financial information in U.S. dollars is presented solely for the convenience of the reader and has been translated from the amounts in the December 31, 2011 local currency financial statements, using the exchange rate prevailing on that date of R$ 1.8758 to US$ 1.00. This translation should not be construed as representing that the amounts in Brazilian reais represent, or have been, or could be, converted into U.S. dollars.

3 Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

Based on assumptions, the Company and its subsidiaries make estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below.

(a) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined based on valuation techniques.

The Company and its subsidiaries use their judgment to select the evaluation method and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(b) Provisions for tax, social security, labor and civil contingencies

Provisions are recognized for all contingencies related to the legal proceedings that represent probable losses and that can be estimated whit reasonable reability.

The analysis of the probability of loss includes the evidence available, the hierarchy of laws, case law, most recent decision in courts and their relevance in the legal system, as well as the opinion of the external legal advisors.

(c) Revenue recognition

The Company and its subsidiaries use the percentage-of-completion method in accounting for construction contracts.

The use of the percentage-of-completion method requires the Company and its subsidiaries to estimate the services performed to the balance sheet date as a proportion between the costs incurred in the services provided to that date, and the total costs estimated for each contract.

4 Financial Risk Management

4.1 Financial risk factors

The Company and its subsidiaries are exposed to market risks arising from variations in foreign exchange rates, interest rates and prices, and to credit risk arising from the possibility of default by its counterparties in financial investments, trade accounts receivable and derivatives.

Risk management is carried out under policies approved by the Board of Directors. The purpose of risk management is to protect the cash flows of the Company and its subsidiaries and reduce the threats to the financing of their operating working capital and investment programs.

(a) Foreign exchange risk

The Company and its subsidiaries operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar.

Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Company, through its branches, subsidiaries and associates, has a significant volume of operations abroad and part of which is denominated in U.S. dollars, with little exposure to local currencies, restricted to certain specific countries.

In addition, certain debts of the Company and its subsidiaries contracted overseas as well as liabilities to suppliers and other balances with related parties are denominated in foreign currencies.

The Company and its subsidiaries manage their exposure to foreign exchange rates through a mix of cash flows in foreign currencies, foreign currency denominated debt, investment in foreign currencies and derivatives. The policy of the Company and its subsidiaries to manage foreign exchange risks provides for maximum and minimum limits that must be followed and which are constantly monitored by management.

(b) Interest rate risk

As the Company and its subsidiaries have no significant interest-earning assets, the Company's revenue and operating cash flows are substantially independent of changes in market interest rates.

The Company and its subsidiaries are exposed to the risk that a variation in floating interest rates causes an increase in their finance costs from payments of future interest. Foreign currency denominated debt subject to floating rates is mainly subject to changes in the Libor. Local currency denominated debt is mainly subject to the variation in the Long-Term Interest Rate, fixed rates in Brazilian reais and the daily Interbank Deposit Certificate (CDI) rate.

The Company and its subsidiaries analyze their interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company and its subsidiaries define a reasonable expectation of changes in interest rates and calculate the impact on profit and loss of obligations. The scenarios are run only for liabilities that represent the major interest-bearing positions.

(c) Price index risk

A considerable number of the contracts to which the Company and its subsidiaries are a party are fixed-price contracts. The actual profit margins of these contracts may vary in relation to the estimated margins used when budgeting costs in a contract price proposal as a result of significant unexpected variations in the cost of equipment, materials to be used or labor related to inflationary or other effects, difficulties faced by the counterparty in obtaining government licenses or approvals, changes in the project that result in unexpected costs, delays caused by adverse climate conditions or errors in performance by contracted subcontractors and/or suppliers.

In order to minimize price index risks, the budgets of the fixed price contracts performed by the Company and its subsidiaries are periodically reviewed with the inclusion, in the revised budgets, of the matches or inconsistencies verified in relation to the amounts that were effectively realized. The policy of the Company and its subsidiaries is to discuss the collection of claims with respect to the contract price, resulting in future contract amendments, that includes the amount of said contracted price, as a result of the variations verified. The amendments are recorded upon the signature.

(d) Credit risk

Credit risk arises mainly from cash and cash equivalents and derivative financial instruments, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Company and its subsidiaries seek to maintain a sufficient volume of cash and cash equivalents to meet: (i) working capital requirements; (ii) investments budgeted in the business plans; and (iii)

adverse conditions that may require increased working capital investments.
These funds are allocated so as to: (i) obtain a return that is compatible with the maximum volatility determined by the risk and investment policies; (ii) seek a highly diversified consolidated portfolio; (iii) avoid the credit risk arising from the concentration in few securities; and (iv) follow the variation in the market interest rates, in Brazil or abroad.

With respect to financial and other investments, the policy of the Company and its subsidiaries is to work with first-class financial institutions and avoid concentration of investments in a single economic group, weighting concentrations in accordance with the ratings and the daily prices observed in the Credit Default Swap market for the institutions.

The sales policy of the Company and its subsidiaries takes into consideration the level of credit risk which each company is willing to accept in the course of its business, in accordance with the general guidelines of the Organization.

The diversification of receivables, the selectivity in accepting customers, as well as the monitoring of the financing terms for sales by business segment and individual position limits are procedures adopted in order to minimize possible default problems in accounts receivable.

As a way of mitigating the risk of default, the Company and its subsidiaries are protected, in the provision of engineering and construction services, by regular prepayments from customers, which in the year ended December 31, 2011 amounted to R$ 466,739 – US$ 248,821 (2010 - R$ 250,529).

At December 31, 2011, the Company and its subsidiaries had overdue accounts receivable amounting to R$ 456,584 – US$ 243,407 (2010 - R$ 585,708) for services rendered to Brazilian government entities, mainly state and municipal.

Historically, the Company and its subsidiaries have collected the amounts owed by these entities, including those overdue for one year or more. The collection of these overdue amounts occurs through payment or the receipt of government bonds or other government assets.

In order to reduce the volume of overdue receivables, the Company and its subsidiaries have adopted a policy of decentralizing the administrative collection negotiations with customers, delegating this responsibility to the administrative levels responsible for monitoring each contract. If these administrative actions are not successful, the collection of these amounts will occur through court actions.

In addition, the Company and its subsidiaries have applied a greater degree of selectivity when accepting customers, and have increased the sales revenue from private customers or public sector customers which the Company and its subsidiaries consider have the capacity to generate revenue independently and which do not rely on a government budget to pay their liabilities (mainly companies with both government and private stockholders), as well as those with contracts in which payments are financed by export agencies, multilateral agencies, commercial banks, private pension funds and private investors.

(e) Liquidity risk

This is the risk that the Company and its subsidiaries do not have sufficient liquid funds to meet their financial commitments, due to the mismatch of terms or volumes of estimated receipts and payments.

To manage liquidity of cash in local and foreign currency, assumptions related to future disbursements and receipts are determined, and are monitored daily by the companies' treasury departments.

In thousands of reais and U.S. dollars, unless otherwise indicated

4.2 Capital management

The Company presents below the capital-based financial gearing index. This ratio is calculated as net debt divided by total capital. Net debt corresponds to the financing (including short and long term borrowings, as shown in the consolidated balance sheet) less the amount of cash and cash equivalents. The total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

		2011	2010
	US$		R$
Total debts (Note 13)	659,735	1,237,532	1,451,354
Less: cash and cash equivalents (Note 6)	(3,576,332)	(6,708,484)	(4,580,682)
Net debt	(2,916,597)	(5,470,952)	(3,129,328)
Total equity	2,601,763	4,880,388	3,967,570
Total capital	(314,834)	(590,564)	838,242
Index of financial gearing - %	N/ A	N/ A	N/ A

N/ A – Not applicable – As shown in the table above, the Company has negative net debt (excess of cash and cash equivalents over total debts) in a greater amount than its total capital.

4.3 Derivative financial instruments

The Company uses derivative financial instruments solely for hedging purposes, although it does not use hedge accounting.

The Financial Policy of the Company and its subsidiaries provides for a continuous short-term hedging program for foreign exchange rate risk arising from their operations and financial items. The other market risks are addressed on a case-by-case basis for each operation.

In general, the Company and its subsidiaries assess the need for hedging in the analysis of prospective transactions and try to tailor it to the operations being considered in addition to maintaining it for the full term of the hedged operation.

At December 31, 2011, the Company and its subsidiaries had derivative contracts amounting to R$ 1,916,903 – US$ 1,021,912 (December 31, 2010 – R$ 297,359).

(i) Changing the return on other instruments

The Company and its subsidiaries may use derivatives to change the return on investments or the interest rate or adjustment index on financial liabilities, according to their judgment as to the most appropriate conditions for the Company and its subsidiaries. When the Company and its subsidiaries use derivatives to change the returns on investments, they seek to match the derivative obligations with the rights represented by the investments. When they use derivatives to change the interest rate or adjustment index on liabilities, they seek to match the derivative rights to the obligations.

These operations are carried out for an amount that does not exceed that of the underlying investment or liability. The Company and its subsidiaries do not leverage their positions with derivatives. At December 31, 2011 and 2010, the Company and its subsidiaries had no transactions of this type.

In thousands of reais and U.S. dollars, unless otherwise indicated

(ii) Other information on derivative financial instruments

All derivative financial instruments held at December 31, 2011 and 2010 were contracted at an over-the-counter market with large financial counterparties under global derivative contracts in Brazil or abroad.

The derivative financial instruments are presented in the balance sheet at their fair values in assets or liabilities based on whether the fair value represents a positive or negative balance to the Company and its subsidiaries, respectively. The derivative financial instruments are mandatorily classified as "held for trading". Changes in the fair value of derivatives are recorded as finance income and costs in the same period in which they occur, except for when the derivative is designated and qualified for cash flow hedge accounting. At December 31, 2011 and 2010, the Company did not have any derivatives so classified.

The fair value of derivatives is obtained:

(a) from public sources when the derivative is traded on exchanges;

(b) through discounted cash flow models when the derivative is a forward purchase or sale or a swap contract; and

(c) through valuation models of options contracts, such as the Black-Scholes model when the derivative has the characteristics of an option.

The valuation assumptions (input to models) are obtained from sources that reflect the most recent observable market prices, particularly the curves of interest and future currency quotes disclosed by the Commodities & Futures Exchange, the spot exchange rate disclosed by the Central Bank of Brazil and the foreign interest curves disclosed by well-known pricing services such as Bloomberg or Reuters.

At December 31, 2011 and 2010, the Company and its subsidiaries did not have derivatives that required non-observable assumptions to calculate their fair value.

The table below shows the transactions with derivatives of the Company and its subsidiaries existing at December 31, 2011. The "Loss (gain)" column shows the effect recognized in finance income and costs associated with the settlements and to the change in the fair value of the derivatives in the year ended December 31, 2011.

Instrument	Notional		Maturity	Fair Value at December 31, 2011		Loss (gain)	Fair Value at December 31, 2010
	US$	R$		US$	R$		R$
NDF USDBRL	367,300	688,981	Oct-16	(2,297)	(4,309)	(3,707)	(602)
NDF USDPEN	27,800	52,147	Jan-13	1,283	2,407	2,407	
Swaps LIBOR	228,158	427,979	Nov-19	(7,080)	(13,281)	(8,493)	(4,788)
Swaps TJLP	44	83	Mar-12	(3)	(6)	(452)	446
Options EURUSD	33,112	62,111	Jun-14	192	361	361	
Options Heating Oil	1,499	2,811	Apr-12				
Options Petróleo	364,000	682,791	Oct-12				
	1,021,913	**1,916,903**		**(7,905)**	**(14,828)**	**(9,884)**	**(4,944)**

At December 31, 2011, the fair value of derivative financial instruments amounting to R$ 14,828 – US$ 7,905 (2010 - R$ 4,944) is recorded as "Other accounts payable" in current liabilities.

4.4 Sensitivity analysis

The derivative financial instruments may be subject to changes in their fair value as a result of the variation in foreign exchange rates, interest rates, price indexes and other variables. The sensitivity of the derivative financial instruments to these variables is presented below:

(a) Selection of risks

Management selected the market risks that may most affect the value of the derivative financial instruments held by the Company and its subsidiaries, namely: a) Brazilian real-US dollar exchange rate; b) Peruvian New Sol-US dollar exchange rate; c) euro-US dollar exchange rate; and d) Libor floating interest rate.

For the purposes of the risk sensitivity analysis, the Company and its subsidiaries present the exposures to currencies and interest rates as if they were independent, that is, without reflecting in the exposure to a foreign exchange rate the risks of the variation in interest rates that could be indirectly influenced by it.

(b) Selection of scenarios

The sensitivity analysis includes three scenarios, one of which is probable and the other two represent adverse effects for the Company and its subsidiaries. In the preparation of the adverse scenarios, only the impact of the variables on the derivative financial instrument was considered. The overall impacts on the Company's operations, such as those arising from the revaluation of inventories and future revenue and costs, were not considered.

Since the Company and its subsidiaries manage their exposure to foreign exchange rate risk on a net basis, adverse effects from a depreciation of the Brazilian real in relation to the US dollar can be offset by opposing effects on their operating results.

As a probable scenario, the future curves of the Brazilian real-US dollar exchange rate, the Peruvian New Sol-US dollar exchange rate, the euro-US dollar exchange rate and the Libor rate at December 31, 2011, disclosed by Bloomberg, were considered.

A variation of 25% of the future curve quote disclosed by Bloomberg on December 31, 2011 was considered for the Brazilian real-US dollar, Peruvian New Sol – US dollar and Euro – US dollar exchange rates for the possible adverse scenario and of 50% for the worst-case scenario.

A decrease of 25% of the future curve quote disclosed by Bloomberg on December 31, 2011 was considered for the Libor interest rate for the possible adverse scenario and of 50% for the worst-case scenario.

The sensitivity amounts in the table below are the changes in the value of the derivative financial instruments in each scenario.

In thousands of reais and U.S. dollars, unless otherwise indicated

(c) Sensitivity to the Brazilian real-US dollar exchange rate

The sensitivity of each derivative financial instrument to the variation in the Brazilian real-US dollar exchange rate is presented in the table below:

			R$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
NDF USDBRL	(4,309)	(5,386)	(6,464)
Swap TJLP	(6)	(21)	(31)
	(4,315)	**(5,407)**	**(6,495)**

			US$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
NDF USDBRL	(2,297)	(2,871)	(3,446)
Swap TJLP	(3)	(11)	(17)
	(2,300)	**(2,882)**	**(3,463)**

(d) Sensitivity to the Peruvian New Sol-US dollar exchange rate

The sensitivity of each derivative financial instrument to the variation in the Peruvian New Sol-US dollar exchange rate is presented in the table below:

			R$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
NDF USDPEN	2,407	(8,504)	(15,778)
	2,407	**(8,504)**	**(15,778)**

			US$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
NDF USDPEN	1,283	(4,534)	(8,411)
	1,283	**(4,534)**	**(8,411)**

In thousands of reais and U.S. dollars, unless otherwise indicated

(e) Sensitivity to the euro-US dollar exchange rate

The sensitivity of each derivative financial instrument to the variation in the euro-US dollar exchange rate is presented in the table below:

			R$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
Options EURUSD	361	18	
	361	**18**	

			US$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
Options EURUSD	192	10	
	192	**10**	

(f) Sensitivity to the Libor floating interest rate

The sensitivity of each derivative financial instrument to the Libor interest rate is presented in the table below:

			R$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
Swap LIBOR	(13,281)	(16,167)	(19,365)
	(13,281)	**(16,167)**	**(19,365)**

			US$
Instrument	**Probable**	**Possible adverse (25%)**	**Adverse worst-case (50%)**
Swap LIBOR	(7,080)	(8,619)	(10,324)
	(7,080)	**(8,619)**	**(10,324)**

In thousands of reais and U.S. dollars, unless otherwise indicated

5 Financial Instruments by Category

	Loans and receivables	Assets measured at fair value througnh profit or loss	Total R$	Total US$
December 31, 2011				
Assets, according to the balance sheet				
Derivative financial instruments		4,006	4,006	2,136
Trade accounts receivable, net of prepayments (i)	5,686,057		5,686,057	3,031,270
Financial assets measured at fair value through profit or loss		122,585	122,585	65,351
Cash and cash equivalents	6,708,484		6,708,484	3,576,332
	12,394,541	126,591	12,521,132	6,675,089

	Liabilities measured at fair value through profit or loss	Other financial liabilities	Total R$	Total US$
December 31, 2011				
Liabilities, according to the balance sheet				
Financing and lease obligations (ii)		1,237,532	1,237,532	659,735
Derivative financial instruments	18,834		18,834	10,041
Accounts payable and other, excluding legal obligations (iii)		3,402,057	3,402,057	1,813,657
	18,834	4,639,589	4,658,423	2,483,433

In thousands of reais and U.S. dollars, unless otherwise indicated

	Loans and receivables	Assets measured at fair value througnh profit or loss	Total R$
December 31, 2010			
Assets, according to the balance sheet			
Derivative financial instruments		8,034	8,034
Trade accounts receivable, net of prepayments (i)	5,506,319		5,506,319
Financial assets measured at fair value through profit or loss		136,374	136,374
Cash and cash equivalents	4,580,682		4,580,682
	10,087,001	144,408	10,231,409

	Liabilities measured at fair value through profit or loss	Other financial liabilities	Total R$
December 31, 2010			
Liabilities, according to the balance sheet			
Financing and lease obligations (ii)		1,451,354	1,451,354
Derivative financial instruments	12,978		12,978
Accounts payable and other, excluding legal obligations (iii)		2,544,947	2,544,947
	12,978	3,996,301	4,009,279

(i) The prepayments are excluded from the balance of "Trade accounts receivable and other accounts receivable" since the analysis is required only for financial instruments.

(ii) The categories in this disclosure are determined by CPC 38. Thus, the finance leases were presented together with financing.

(iii) The obligations arising from legislation are excluded from the balance of suppliers since the analysis is required only for financial instruments.

6 Cash and Cash Equivalents

		2011	2010
	US$		R$
Cash and banks	934,067	1,752,122	1,799,400
Short-term deposits	2,642,265	4,956,362	2,781,282
	3,576,332	6,708,484	4,580,682

7 Trade Accounts Receivable

In thousands of reais and U.S. dollars, unless otherwise indicated

	2011		2010
	US$		R$
Government entities			
Federal	1,240,846	2,327,579	2,645,435
State	170,575	319,965	508,802
Municipal	205,874	386,179	377,076
	1,617,295	3,033,723	3,531,313
Private sector	900,762	1,689,649	842,218
	2,518,057	4,723,372	4,373,531
(-) Current assets	(2,228,020)	(4,179,320)	(3,844,987)
Non-current assets	290,037	544,052	528,544

As part of their policy to mitigate performance risks in developing countries, CNO and its subsidiaries require advances from customers before starting a Project (down payment). Such advances are deducted from each invoice through the end of the contract.

The balances of trade accounts receivable were calculated taking into consideration the contractual terms, specific portfolio risks and negotiations in progress, including administrative and judicial collection processes, in order to recover amounts due for services rendered, including financial charges. Taking into consideration the history of minimal losses that the Company and its subsidiaries have incurred, management does not expect losses on the realization of such receivables and believes that, as a result of these actions, the recognition of amounts in addition to those recorded may occur when sufficient evidence exists to support a reasonable expectation that the corresponding amounts will be received.

In thousands of reais and U.S. dollars, unless otherwise indicated

Trade accounts receivable at December 31, 2011 include R$ 228,053 – US$ 121,576 (2010 - R$ 324,225) of overdue receivables from government entities under judicial collection, the major part of which has received favorable decisions, and R$ 228,531 – US$ 121,831 (2010 – R$ 261,483) of overdue receivables which the Company and its subsidiaries are attempting to collect through administrative actions with the debtors.

8 Taxes Recoverable

		2011	2010
	US$		R$
Current assets			
Social contributions recoverable	2,547	4,777	1,118
Withholding IR, CSL, PIS and COFINS from invoicing and withholding IR on earnings from financing investments and invoicing	94,521	177,302	113,829
Prepaid Income Tax by overseas branches and subsidiaries	80,678	151,335	79,781
Foreign branches/ subsidiaries value added tax			
Construtora Norberto Odebrecht S.A. - Venezuela	22,332	41,891	13,670
Construtora Norberto Odebrecht S.A. - Argentina	7,036	13,198	79,019
BPC	2,227	4,177	2,791
Other taxes recoverable	25,291	47,442	26,214
	234,632	440,122	316,422
Non-current assets			
IR withheld at source on dividends abroad	350	656	2,090
Other taxes recoverable	5,274	9,893	13,156
	5,624	10,549	15,246

9 Inventories

		2011	2010
	US$		R$
Raw materials	3,755	7,043	5,219
Materials to be used in construction works	241,089	452,235	356,113
Marketable properties	5,055	9,483	88,191
Imports and exports in progress	25,431	47,704	79,302
In transit inventories	12,652	23,732	9,246
Advances to suppliers	61,223	114,842	38,107
	349,205	655,039	576,178

10 Eletrobras Credits

On October 23, 2006 according to the "Contract of Assignment of Credit Rights Subject to a Legal Action with a Final and Unappealable Decision", Odebrecht Investimentos S.A. (merged into ODB) sold to the Company the credit rights arising from the proceeding No. 2001.34.00.029764-8, which was judged in a final and unappealable decision in 2006, originally filed by OPP Química S.A. (merged into Braskem S.A) against the Federal Government and Centrais Elétricas Brasileiras S.A. - Eletrobras ("Eletrobras"). Such assignment had the net amount of R$ 238,234 after deducting the fees of the lawyers contracted to accompany the legal action.

For the acquisition of the Eletrobras credits, the Company paid in cash the amount of R$ 149,959, and the remaining balance, in the amount of R$ 88,275 was used by the Company to partially reduce the receivables from ODB relative to the current account agreement between the parties.

According to the final and unappealable decision, Eletrobras was sentenced to (i) monetarily adjust the payments made by the plaintiff from 1977 up to 1994, as Eletrobras Compulsory Loan ("ECE") determined by Law No. 4,156/62, using the monetary adjustment rates defined in such legal decision; (ii) pay interest at the rate of 6% per year, according to Law No. 5,073/66, on the difference in the monetary adjustment; and (iii) reimburse the legal costs and pay the loss of lawsuit fees.

Further to the final and unappealable decision, the following events have occurred in respect to the legal action: (i) proposition of credit execution against Eletrobras, in the amount of R$ 261,557, adjusted through July 1, 2006; (ii) payment in court by Eletrobras of part of the executed amount of R$ 71,187; and (iii) challenge by Eletrobras for the purpose of discussing the criteria for calculating the amount of the remaining balance, offering the registered preferred shares of a subsidiary in guarantee sufficient to cover the remaining balance.

In January 2008, the Company received a portion of the payment made in court in the amount of R$ 59,104, and awaits the completion of the expert’s report to determine the difference challenged by Eletrobras.

On December 31, 2011, the balance of R$ 267,284 – US$ 142,491 (2010 – R$ 240,710), adjusted through March 2010, is classified in non-current assets.

In thousands of reais and U.S. dollars, unless otherwise indicated

11 Investments

(a) Information on the investees

At December 31, 2011 and 2010, the balance of the investments in associates mainly relate to the indirect holding in Braskem through the investees Belgrávia and OSP, which is recorded using the equity method.

(i) Main information

	OSP	
	2011	**2010**
Number of shares hold - preferred	737,328,531	737,328,531
Direct holding (%)	41.47	41.47
Stockholder's equity - (In thousand of R$)	2,960,988	3,129,500
Stockholder's equity - (In thousand of US$)	1,578,520	

	Years ended December 31	
	2011	**2010**
Net income (loss) for the year - (In thousand of R$)	(214,102)	677,796
Net income (loss) for the year - (In thousand of US$)	(114,139)	

(ii) Changes in the investments in an associate - OSP

		2011	**2010**
	US$		**R$**
Balance at the begining of the year	691,843	1,297,759	853,214
Acquisition of investment			1,896
Change in ownership of investee			239,852
Carrying value adjustments	10,103	18,951	(43,764)
Equity in results	(47,334)	(88,788)	280,533
Others			(33,972)
Balance at the end of the year	654,611	1,227,922	1,297,759
Others	68,042	127,631	126,449
Total associated Companies	722,653	1,355,553	1,424,208

In thousands of reais and U.S. dollars, unless otherwise indicated

12 Property and Equipment

				2011	2010	%
	Cost	Acumulated depreciation			Net	Annual depreciation rates
		R$	US$		R$	
Land	36,385		19,397	36,385	31,409	
Buildings and installations	332,389	(47,635)	151,804	284,754	174,010	4
Machinery and equipment	1,904,614	(1,129,106)	413,428	775,508	682,869	1 to 17
Vehicles and ships	489,115	(357,872)	69,966	131,243	108,433	25
Furniture and fixtures	112,251	(37,354)	39,928	74,897	51,107	10
IT equipment	74,035	(41,667)	17,256	32,368	24,341	20
Construction in progress (*)	170,823		91,067	170,823	134,184	
Others	319,490	(51,079)	143,091	268,411	189,927	1 to 10
	3,439,102	(1,664,713)	945,937	1,774,389	1,396,280	

(*) Constructions in progress are mainly from the investment in OOGA.

(i) Changes in property and equipment:

		2011	2010
	US$		R$
At the beginning of the year	744,365	1,396,280	1,545,641
(+) Additions	249,571	468,145	625,055
(+) Transfer	(13,291)	(24,931)	
(-) Disposals	(47,125)	(88,397)	(51,510)
(-) Depreciation	(189,024)	(354,572)	(443,890)
(-) Exchange variation	201,441	377,864	(279,016)
At the end of the year	945,937	1,774,389	1,396,280

In thousands of reais and U.S. dollars, unless otherwise indicated

13 Debts

Financial institution/type of loans	Currency	Annual financial charges
Banco do Brasil (b)	R$	113.00%
Itaú-Unibanco (a)	US$	Libor + 1.90% + EV / 7.18% + EV
Bradesco (a)	US$	Libor + 5.10% + EV
HSBC (a)	US$	Libor + 4.50% + EV / 6.85% + EV
RBS-ABN Amro Bank	US$	Libor + 0.275% + EV
Votorantim (b)	US$	7.50% + EV
Banesco	US$ / VEF	7.00% to 18.50% + EV
Safra (a)	US$	Libor + 2.15% to 3.70% + EV / 5.90% + EV
Landesbank Baden	US$ / €	Libor + 2.025% + EV / Euribor + 2.375% + EV
Banco de Venezuela	VEF	13.00% to 20.00% + EV
Banco Mercantil de Venezuela	VEF	13.50% to 19.00% + EV
Bancaribe	VEF	21.00% to 22.00% + EV
Santander-Real	US$ / €	Libor + 1.45% + EV / Euribor + 1.25% + EV
BBVA Trade Finance	US$	3.93% to 4.85% + EV
Banco Exterior	VEF	17.00% to 22.50% + EV
Banco Africano de Investimento	US$ / KWA	7.50% + EV
IKB Deustche Bank	US$	Libor + 0.95% + EV
Banco del Sur	VEF	17.00% to 24.00% + EV
Banco Nacional de Paris	US$ / €	Euribor + 0.75% + EV
Banco Venezolano de Credito	VEF	16% + EV
Banco de Bogota	COP	DTF + 4,00% + EV
Banco Nacional de Credito	VEF	20% + EV
FINAME (c)	R$	TJLP + 0.86% to 3.00% / fixed interests 4.5%
FINEP	R$	Fixed interests 5.25%
CCB Mercado de Capitais	R$	IPCA + 9.84%
PEC	R$	TJLP + 5.30%
Several foreign financial institutions	US$ / € / VEF / ARS /	2.60% to 22.00% + EV / Libor + 0.85 + EV / Eibor + 2.00 to 4.50% + EV
Several brazilian financial institutions	R$ / US$ / €	4.50% to 14.60% / 110.00% CDI / Libor + 1.20% + EV / Euribor + 2.50% + EV
		(-) Non-current liabilities
		Current liabilities

Abbreviations:

CDI - Interbank Certificate Deposit
EV - Exchange variation
LIBOR - London Interbank Offered Rate
COP - Colombian Peso
DTF - Deposits to Fixed Terms Rate
IPCA - Amplified Consumer Price Index
ARS – Argentine Peso
COP - Peso Colombiano
FINAME - Financing of Machinery and Equipment
VEF - Venezuelan Bolivares
TJLP - Long-term Interest Rate
FINEP - Financing of Development and Projects
CCB - Bank Credit Certificate
Euribor - Euro Interbank Offered Rate
DTF - Depósito a Termo Fixo

In thousands of reais and U.S. dollars, unless otherwise indicated

Non-current amounts mature as follows:

		2011	**2010**
	US$		**R$**
2012			425,018
2013	120,445	225,930	152,449
2014	48,043	90,119	55,251
2015	44,480	83,435	53,367
2016	17,095	32,066	30,018
2017 and thereafter	27,855	52,253	46,921
	257,918	483,803	763,024

The fair value of the non-current loans are the same as their book value, and are based on discounted cash flows as shown on the table below:

Long term				**Consolidated**
		2011		**2010**
	Book value	**Fair value**	**Book value**	**Fair value**
Local currency (Reais)	172,640	172,640	281,866	281,866
Foreign currency	311,163	311,163	481,158	481,158
In R$	483,803	483,803	763,024	763,024
In US$	257,918	257,918		

The Company's loans were contracted in the following currencies:

		2011	**2010**
	US$		**R$**
Local currency (Reais)	165,672	310,768	509,811
Foreign currency	494,063	926,764	941,543
	659,735	1,237,532	1,451,354

(i) Additional information on debts:

On May 18, 2006 OOL raised with financial entities in the international market, a credit line called "Revolving Credit Facility Agreement" in the total amount of US$ 300,000 maturing in February 2010, with financial charges equivalent to LIBOR plus 1.15% p.a. If the credit line is not used, the financial charges are 0.65% p.a. payable monthly. In January 2010, this revolving credit line was renewed for another 3 years and increased to US$ 500,000. The financial charges are equivalent to LIBOR plus 3.00% p.a. When the credit line is not being used, the charges are equivalent to 1.00% p.a. payable monthly. As of December 31, 2011 and 2010, this credit line is not being used.

(a) In June 2008, the subsidiary OOL contracted import financing (FINIMP) falling due within up to three years of the issue date. As of December 31, 2011, the balance of this financing is US$ 147,113 – R$ 275,955 (2010 - R$ 379,620).

(b) In September 2008, the CNO's subsidiary Olex started to borrow via export credit notes (NCE), falling due within five years after the issue date. At December 31, 2011, the balance of this financing is US$ 55,627 – R$ 104,343 (2010 - R$ 235,369).

(c) At December 31, 2011, the debt related to equipment, vehicles and services used in the ordinary course of business of the Company, plus accrued interest, amounts to R$ 575,321 – US$ 306,707 (2010 - R$ 667,011). Most of the assets are financed through BNDES credit lines (FINAME), for which the assets themselves are given in guarantee. At December 31, 2011, the total amount financed was R$ 2,745 – US$ 1,463 (2010 - R$ 21,035).

(ii) Warranty

Odebrecht Finance Ltd. ("OFL"), a subsidiary of ODB, completed the following funding operations of which the Company is the guarantor:

. On October 18, 2007, OFL placed US$ 200,000 in Bonds on the international financial markets. These Bonds mature in October 2017 and have a call (repurchase) option in five years. On April 7, 2008, OFL increased the amount of this operation raising an additional US$ 200.000 with the same characteristics as the existing operation. On April 5, 2011, OFL amortized the amount of US$ 287,162 of this funding through a Tender Offer.

. On April 9, 2009, OFL once again placed US$ 200,000 in Bonds on the international financial markets. These Bonds mature on April 9, 2014. On April 5, 2011, OFL amortized the amount of US$ 156,116 of this funding through a Tender Offer.

. On October 21, 2009, it raised a further US$ 500,000 in Bonds on the international financial markets. These Bonds mature on April 21, 2020 and have a repurchase option after five years.

. On September 14, 2010, OFL completed another funding operation on the international financial markets raising US$ 500,000 in Perpetual Bonds with a repurchase option after five years. On November 9, 2011, it raised a further US$ 250,000 in Perpetual Bonds in the international financial markets under the same conditions of the original issue.

. On April 5, 2011, it raised a further US$ 500,000 in Bonds on the international financial markets. These Bonds mature on April 5, 2023. This funding was used to partially amortize the Bonds that mature in 2014 and 2017, in the amounts of US$ 287,162 and US$ 156,116 respectively, as described above. On January 26, 2012, OFL raised US$ 300,000 in Bonds on the international financial markets under the same conditions of the original issue.

(ii) Covenants

Some financing agreements and issues of securities of the Company and its subsidiaries, including other Odebrecht organization companies of which the Company is a guarantor, have restrictive covenants that are being complied with.

In thousands of reais and U.S. dollars, unless otherwise indicated

14 Current and Deferred Income Tax and Social Contribution

Deferred income tax and social contribution are calculated on income tax and social contribution loss carryforwards and temporary differences between the tax bases of assets and liabilities and book values. The rates in Brazil, currently established for determining these deferred taxes, are 25% for income tax and 9% for social contribution. The nominal rates on the other countries vary from 28% to 35%.

(a) Recognition of deferred income tax and social contribution

The asset balances relate to income tax and social contribution loss carryforwards, the later related investments in Brazil, and to temporary differences arising mainly from the Company and its indirect subsidiary CBPO. The liability balances relate to income tax and social contribution on unrealized profits on sales to government entities and the effects of exchange variations, mainly in the Company and CBPO, which will be taxed upon receipt since the Company opted for the cash method.

The composition of the deferred income tax and social contribution accounts on December 31, 2011 and 2010 is as follows:

(i) Income tax

					2011	2010
	On other temporary differences	Deferred income and exchange variation	Accumulated income tax losses	Other	Total	Total
In R$						
Non-current assets	83,771		94,790	44,113	222,674	118,949
Non-current liabilities		(260,264)			(260,264)	(360,421)
In US$						
Non-current assets	44,659		50,532	23,517	118,708	
Non-current liabilities		(138,748)			(138,748)	

(ii) Social contribution

					2011	2010
	On other temporary differences	Deferred income and exchange variation	Accumulated social contribution tax losses	Other	Total	Total
In R$						
Non-current assets	31,540		2,709	15,881	50,130	12,686
Non-current liabilities		(90,212)			(90,212)	(132,580)
In US$						
Non-current assets	16,815		1,444	8,466	26,725	
Non-current liabilities		(48,093)			(48,093)	

(b) Recoverability of recorded deferred income tax and social contribution assets

At December 31, 2011, the Company and its subsidiaries have deferred income tax and social contribution liabilities recognized mainly on deferred income and foreign exchange variation in Brazil. The asset balances mainly relate to temporary differences based on the realization of such differences supported by the forecast of future results of the other countries.

This forecast includes, as basic assumptions, the continuing increase in the order backlog (portfolio of revenue already contracted by the Company and its subsidiaries) in recent years; the gains to be earned from the disposal of assets not pertaining to the engineering and construction activity; the expectation of increased investment in Brazil's power and infrastructure sectors; as well as the recognition, for tax purposes, of the operating results of foreign subsidiaries on the applicable balance sheet date.

Additionally, the Company has realized and cumulatively reduced net balance of deferred income tax and social contribution assets in the past three years.

(c) Foreign income tax

In the year ended December 31, 2011, the income tax expense incurred overseas is represented primarily by the taxes generated by operations of the Company in Angola R$ 76,428 – US$ 40,744 (2010 –
R$ 58,059), Argentina R$ 51,071 – US$ 27,226 (2010 - R$ 27,823), Venezuela R$ 186,058 –
US$ 99,189 (2010 - R$ 67,371) and Peru R$ 92,003 – US$ 49,047 (2010 – R$ 60,161).

(d) Tax incentives – corporate income tax

The Company, by means of the constitutive report No. 0219/2006, of October 9, 2006, issued by the Agência de Desenvolvimento do Nordeste - ADENE of the Ministry of National Integration, acquired the right to a benefit of 75% reduction, until the base year 2016 (calendar year 2015), of the income tax otherwise payable on the profits arising from the branch established for the manufacturing and assembly of sea platforms for oil exploration contracted by Petrobras and PNBV. The manufacture and assembly plant is installed at Vila de São Roque de Paraguaçu, in the city of Maragogipe, State of Bahia.

15 Long-Term Incentives

Through the benefit plan called "Long-term incentives" (which is not a stock options plan), employees designated annually by management may acquire securities issued by the Company that are called "Investment Unit" ("I.U."). The objectives of the plan are to strengthen the convergence of interests in the creation of long-term value between the Company's employees and the stockholders, promote the sense of ownership and motivate the vision and commitment of employees to long-term results.

On December 31, 2010, the Company transferred a portion of the long-term incentives obligation, through the current account with ODB, in the amount of R$ 121,170 – US$ 64,596, corresponding to R$ 65,488 – US$ 34,912 in Alfa investment units and R$ 55,682 – US$ 29,684, in Beta investment units. The transaction was carried out through the current account between the companies.

At December 31, 2011 and 2010, the number of investment units is 3,000,576, which represent an obligation of R$ 4,295 – US$ 2,290 (2010 – R$ 4,344).

16 Equity

(a) Capital

At December 31, 2011, capital amounts to R$ 2,096,603 – US$ 1,117,711 (2010 – R$ 1,113,126), subscribed and paid up entirely by Brazilian individuals and legal entities and comprised 163,298,207 (2010 – 163,298,207) common shares and 118,800,974 (2010 – 118,800,974) preferred shares with no par value.

On March 31, 2010, the Extraordinary General Stockholders' Meeting approved the reduction of the Company's capital by R$ 204,257, without the cancellation of shares. In connection with this reduction, the investment held by the Company in ETHINV was transferred to ODB (Note 1 (i)).

On June 22, 2010, the Company's capital was reduced by R$ 60,992, from R$ 1,174,118, to R$ 1,113,126, without the cancellation of shares. In connection with this reduction, the investment the Company received from Belgrávia in Rota das Bandeiras was transferred to ODB (Note 1 (i)).

On June 30, 2011, the Company's capital was reduced by R$ 91,547 – US$ 48,804 , from R$ 1,113,126 to R$ 1,021,579, without the cancellation of shares. In connection with this reduction, the investment held by the Company in OPIP was transferred to ODB (Note 1 (i)).

On December 20, 2011, the Extraordinary General Stockholders' Meeting approved the reduction of the Company's capital by R$ 6,677 – US$ 3,560, from R$ 1,021,579 – US$ 544,610 to R$ 1,014,902 – US$ 541,050, without the cancellation of shares, and the investment in and the accounts receivable from Porto Novo were transferred to ODB (Note 1 (i)).

On December 29, 2011, the increase in the Company's capital by R$ 1,113,126 – US$ 593,414, from R$ 1,014,902 – US$ 541,050 to R$ 2,128,028 – US$ 1,134,464 was approved by means of the capitalization of the total balance of the Legal Reserve and Reserve for Investments (Note 1 (i)).

Additionally, on December 30, 2011, the Extraordinary General Stockholders' Meeting approved the reduction of the Company's capital by R$ 31,425 – US$ 16,753, from R$ 2,128,028 – US$ 1,134,464 to R$ 2,096,603 – US$ 1,117,711, without the cancellation of shares. In connection with this reduction, the investments held by the Company in Porto Novo and Madeira Energia S.A. ("MESA"), in the amount of R$ 14,868 – US$ 7,926 and R$16,556 – US$ 8,826 respectively, were transferred to ODB (Note 1 (i)).

(b) Appropriation of net income

According to the Company's by-laws, appropriations of net income for the year (proposed as follows), including the distribution of dividends, will be deliberated at the Annual Stockholders' Meeting.

(i) Legal reserve

This reserve is established through the appropriation of 5% of net income of each year until the reserve equals 20% of total capital or until its balance, plus capital reserves, exceeds 30% of total capital.

(ii) Unrealized profit reserve

This reserve was established based on unrealized profit, according to items I and II of the 1st paragraph of Article 197 of Law No. 11,638/07, whose future realization will occur in accordance with legislation referred to above.

On December 31, 2011, the amount destinated to the unrealized profit reserve is R$ 452,135 – US$ 241,036.

(iii) Reserve for investments (statutory)

Refers to the remaining balance of retained earnings, until together with the legal reserve, it reaches 100% of total capital, in order to meet the business growth projections, established by the investment plan of the Company, as the capital budget approved and proposed by the Company´s management, to be deliberate on the General Stockholders' Meeting in compliance with Article 196 of Law No. 11,638/07.

On December, 31 2011, the amount destinated to the reserve for investments (statutory) is R$ 284,865 – US$ 151,863.

(iv) Revenue reserve – tax incentives

In compliance with Law No. 11,638/07 and CPC 07 – Government grants and assistance, the amounts related to the tax incentive determined as described in Note 14 (d) were accounted for in the statement of income and subsequently allocated to the Revenue reserve – tax incentives. This reserve may only be used to increase capital or offset losses, as provided for in Article 545 of the Income Tax Regulations.

As a result of the changes introduced by Laws No. 11,638/07 and No. 11,941/09 and Provisional Measure No. 449/08, the balance of the tax incentives reserve was reclassified from capital reserve to revenue reserve.

(v) Reserve for future capital increase

After the distribution of profits and transfers to the legal and investments (statutory) reserves, management appropriated the balance of net income for the years ended December 31, 2010 and 2009, of R$ 1,751,054, to a reserve for future capital increase, in compliance with Article 199 of Law No. 11,638/07 which determines that the total of revenue reserves cannot exceed the amount of capital. The purpose of the reserve is to increase capital in order to meet the needs of the expected volume of business and investments in the coming years.

In thousands of reais and U.S. dollars, unless otherwise indicated

(c) Carrying value adjustment account

This account was established by Law No. 11,638/07 to record the amounts in equity that have not yet been recognized in profit or loss for the year. The effects of these amounts on net income or loss for the year will be recognized upon their effective realization. The changes in this account in the years ended December 31, 2011 and 2010, were as follows:

	Year ended December 31		
	2011		2010
	US$		R$
At the begining of the year	(37,188)	(69,758)	127,026
Carrying value adjustments in investees (Note 11 (a) (ii))	5,054	9,480	(36,010)
Exchange variation on foreign investments (Note 2.3)	147,439	276,567	(153,020)
Change in market value of financial instruments of investees (Note 11 (a) (ii))			(7,754)
At the end of the year	115,305	216,289	(69,758)

(d) Share rights

Preferred shares, which are non-voting, have priority in the event of capital reimbursement upon liquidation and, based on Law nº. 10,303/01, the preferred and common shares have the same right with regards to the receipt of dividends. All stockholders are assured an annual dividend of at least 25% of the adjusted net income for the year, calculated in accordance with Brazilian corporate legislation.

The Company's management resolved to distribute dividends at an amount lower than the minimum compulsory dividend for the year ended December 31, 2011 at the amount of R$ 100,000 – US$ 53,311, in accordance with the approval of all stockholders in formal letter forwarded to management, which will also be ratified at the Annual General Meeting to be held on or befort April 30, 2011.

The undistributed balance of the minimum compulsory dividend, as well as the remaining portion of retained earnings, were appropriated to the unrealized profit reserve and the reserve for future capital increase, the latter supported by the capital budget prepared by the Company.

17 Service Revenue

The reconciliation of gross revenue from services rendered with the net revenue is as follows:

	Years ended December 31,		
	2011		2010
	US$		R$
Continuing operations			
Gross revenue from services			
Domestic market	5,286,780	9,916,942	6,936,733
Foreign market	6,547,972	12,282,686	9,726,612
	11,834,752	22,199,628	16,663,345
Taxes and contributions on services	(360,858)	(676,897)	(456,126)
Net service revenues	11,473,894	21,522,731	16,207,219

In thousands of reais and U.S. dollars, unless otherwise indicated

18 Finance Income, Net

	Years ended December 31,		
		2011	2010
	US$		R$
Income from financial investments	149,424	280,289	293,443
Exchange variation expense	(404,679)	(759,097)	(280,942)
Exchange variation income	207,056	388,396	419,238
Financial charges on debts	(79,404)	(148,946)	(321,862)
Bank comissions	(41,768)	(78,349)	(137,463)
Others, net (*)	(99,157)	(185,998)	(157,878)
	(268,528)	(503,705)	(185,464)

(*) Refers mainly to the monetary adjustment and interest on trade accounts receivable and other accounts payable.

19 Income Tax and Social Contribution Expense

		2011	2010
	US$		R$
Deferred social contribution	26,581	49,861	(20,279)
Current social contribution	(28,236)	(52,966)	(55,277)
Total - social contribution	(1,655)	(3,105)	(75,556)
Deferred income tax	73,772	138,381	(59,953)
Current income tax	(75,761)	(142,113)	(81,036)
Foreign income tax (branches and subsidiaries)	(231,245)	(433,768)	(189,711)
Total - income tax	(233,234)	(437,500)	(330,700)

20 Insurance Coverage

Consistency in the approach to risks at the Odebrecht Organization is ensured by the Insurance and the Finance and Guarantees Policies (“Policies”), which establish the basic concepts, general guidelines and authority for contracting and administering insurance and guarantees, and for the relationship with the insurance market.

The Policies, which cover insurance and guarantees contracted through insurance companies, are: (i) complied with by ODB and its non-public subsidiaries, (ii) used as a guideline in the preparation of the Policies of the listed companies controlled by ODB, and (iii) used as a reference in the voting of its representatives for the approval of similar policies in joint ventures or jointly-controlled companies.

OCS, a wholly-owned subsidiary of ODB, which has international experience and operates worldwide, in line with ODB, is responsible for applying the Policy and supporting risk management at the level of the Odebrecht Organization, ensuring contracting at adequate prices and appropriate coverage for each contract or venture in the engineering and construction segment.

In the years ended December 31, 2011 and 2010, the Policy was fully complied with. We are not aware of any risk covered by the Policies that has not been duly analyzed and mitigated, or of any loss event that has not been properly covered.

At December 31, 2011, the insurance coverage of the Company and its subsidiaries amounts to US$ 48,709,673 - R$ 91,369,609 (2010 - US$ 42,237,160). The Company and its subsidiaries have Surety Bond operations, which, on December 31, 2011, amounted to US$ 8,646,290 - R$ 16,218,710 (2010 - US$ 7,165,633).

21 Provisions for Tax, Labor and Civil Contingencies

(i) On December 31, 2011, the Company and its subsidiaries have provisions of R$ 98,945 – US$ 52,748 (2010 - R$ 115,035) recorded in current liabilities and R$ 8,706 – US$ 4,641 (2010 – R$ 34,040) in non-current liabilities to cover labor, tax and civil claims, which, in the opinion of management and its legal advisors, have a probable chance of unfavorable outcome.

In addition, the Company and its subsidiary CBPO are defending labor and tax claims amounting to R$ 241,009 – US$ 128,483 (2010 - R$ 215,927), as well as civil claims of R$ 362,832 – US$ 193,428 (2010 - R$ 325,072), for which no provision for losses has been recorded because management and the legal advisors believe that chances of losses arising from the final decision in these cases are possible, but not probable.

In November 2009, the Company joined a tax debt refinancing program by Law No. 11,941/09 and Provisional Measure No. 449/08 in order to settle its tax liabilities by means of a special installment system for the payment of its tax and social security obligations. At June 30, 2011, the corresponding balance, amounting to R$ 211,691, was divided into 161 monthly installments for the PAEX balance and 11 months for the other debts. The remaining balance at December 31, 2011 is equivalent to R$ 119,171 – US$ 63,531 (2010 - R$ 219,864) and is recorded in non-current liabilities at the amount of R$ 53,425 – US$ 28,481 (2010 – R$ 201,888) and the remaining balance at the amount of R$ 65,746 – US$ 35,050 (2010 – R$ 17,976) is recorded in the "Taxes, rates, salaries and payroll charges" account in current liabilities.

(ii) In 2008, the Company's branch in Venezuela was inspected by the Integrated National Customs and Tax Service (SENIAT), equivalent to the Brazilian Federal Revenue Service for federal taxes (IVA– Value-added Tax and ISLR - Income Tax), with respect to the income tax returns for 2006 and 2007. As a result of this inspection, the Venezuelan tax authority raised additional income tax assessments against this branch.

The approximate amounts of the assessments for 2006 and 2007 were US$ 35,814 - R$ 67,180 and US$ 28,837 - R$ 54,092, respectively (including interest, arrears fines and other potential charges).

The Company, based on the assessments of the inspection,accepted and paid in November 2008, the amount of US$ 13,900 - R$ 26,074, including fine and interest charges.

Management understands that there are sufficient grounds for a favorable outcome, and based on the opinion of its external legal advisors, it recognized a provision in the amount of US$ 9,200 - R$ 17,257, considered sufficient to cover probable losses arising from this matter.

In thousands of reais and U.S. dollars, unless otherwise indicated

22 Odebrecht Organization Companies

Balance sheet

	Non-current receivables	Non-current liabilities
CBPO Malaysia SDN BHD	10,031	
Aqueduct Trading Services Co. Inc. ("Aqueduct")		72,568
ODB	1,035,566	
Odebrecht International Coporation ("ODBIC")		79,717
Odebrecht Energia Participações ("OEP")	14,228	
Concessionária Trasvase Olmos ("OLMOS")	39,165	
OCS International Ltd. ("OCSI")		3,469
ONL Investimentos B.V.	1,956	
Others	43,542	18,367
Balance at December 31, 2011 - R$	1,144,488	174,121
Balance at December 31, 2011 - US$	610,133	92,825
Balance at December 31, 2010 - R$	943,007	175,630

Finance income and costs

	Years ended December 31,		
		2011	2010
	US$		R$
Aqueduct	(562)	(1,055)	(1,206)
	(562)	(1,055)	(1,206)

The main balances with the Organization companies are governed by the contractual instrument "Current account and single cash management agreement", entered into by the Organization companies. The operations consist of lending of funds, assignments of credits and assumptions of obligations and are not subject to financial charges. Finance income and costs is represented, mainly, by the foreign exchange variation on balances with related companies overseas.

* * *

Independent Auditor's Report on the consolidated financial statements

To the Board of Directors and Stockholders
Construtora Norberto Odebrecht S.A.

We have audited the accompanying consolidated financial statements of Construtora Norberto Odebrecht S.A. ("Company") and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2010, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Construtora Norberto Odebrecht S.A.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Construtora Norberto Odebrecht S.A. and its subsidiaries as at December 31, 2010, and their financial performance and cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Salvador, March 16, 2011

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" RJ

Fabio Cajazeira Mendes
Contador CRC 1SP196825/O-0 “S” RJ

Construtora Norberto Odebrecht S.A.
and its Subsidiaries

Consolidated Balance Sheets

In thousands of reais and U.S. dollars

Assets	US$	December 31, 2010	December 31, 2009	January 1, 2009 R$
Current assets				
Cash and cash equivalents (Note 6)	2,749,179	4,580,682	2,979,103	2,269,006
Financial investments	77,397	128,959	134,771	172,054
Trade accounts receivable (Note 7)	2,307,638	3,844,987	3,649,783	2,848,986
Advances to suppliers, subcontractors and others	369,399	615,492	416,674	700,862
Taxes recoverable (Note 8)	189,906	316,422	409,753	473,105
Inventories (Note 9)	345,804	576,178	773,322	1,051,050
Current accounts with consortium members	163,687	272,735	115,165	110,355
Prepaid expenses	169,033	281,643	202,690	175,325
Other accounts receivable	493,438	822,167	548,292	748,333
	6,865,481	11,439,265	9,229,553	8,549,076
Non-current assets				
Long-term receivables				
Financial investments	4,450	7,415	4,003	4,003
Odebrecht Organization companies (Note 23)	565,963	943,007	1,054,291	1,016,172
Trade accounts receivable (Note 7)	317,215	528,544	722,158	1,263,959
Deferred income tax and social contribution (Note 14)	79,003	131,635	168,194	113,398
Taxes recoverable (Note 8)	9,150	15,246	109,599	128,428
Eletrobras credits (Note 10)	144,466	240,710	221,312	207,149
Other accounts receivable	186,425	310,621	100,717	57,855
	1,306,672	2,177,178	2,380,274	2,790,964
Investments				
Associated companies (Note 11 (a))	854,764	1,424,208	939,516	713,442
Others (Note 11 (b))	28,641	47,721	219,057	311,020
Property and equipment (Note 12)	838,003	1,396,280	1,545,641	1,903,253
Intangible Assets	57,755	96,231	54,480	34,720
	3,085,835	5,141,618	5,138,968	5,753,399
Total assets	9,951,316	16,580,883	14,368,521	14,302,475

Liabilities and equity	U
Current liabilities	
Debts (Note 13)	413,1
Suppliers and subcontractors	1,144,3
Taxes, rates, salaries and payroll charges	713,4
Management profit sharing	7,5
Provisions for contingencies (Note 22 (i))	69,0
Advances from customers	798,1
Current accounts with consortium members	433,3
Other accounts payable	287,9
	3,866,8
Non-current liabilities	
Odebrecht Organization companies (Note 23)	105,4
Debts (Note 13)	457,9
Advances from customers	2,599,0
Deferred income tax and social contribution (Note 14)	295,8
Suppliers and subcontractors	43,2
Provisions for contingencies (Note 22 (i))	20,4
Taxes payable in installments (Note 22 (i))	121,1
Provision for losses on investments	5,6
Long-term incentives (Note 15)	2,6
Other accounts payable	51,9
	3,703,3
Equity	
Capital (Note 16 (a))	668,0
Revenue reserves (Note 16 (b))	1,728,2
Carrying value adjustments (Note 16 (c))	(41,8
	2,354,4
Non-controlling interest	26,7
	2,381,2
Total liabilities and equity	9,951,3

The accompanying notes are an integral part of these consolidated financial statements.

Construtora Norberto Odebrecht S.A.
and its Subsidiaries

Consolidated Statements of Income
Years ended December 31
In thousands of reais and U.S. dollars, unless otherwise indicated

	2010		2009
	US$		R$
Continuing Operations:			
Net service revenues (Note 17)	9,727,055	16,207,219	18,162,978
Cost of services rendered	(8,072,112)	(13,449,753)	(15,915,042)
Gross profit	1,654,943	2,757,466	2,247,936
Operating expenses			
General and administrative	(816,510)	(1,360,469)	(1,040,121)
Directors' remuneration	(15,107)	(25,172)	(12,320)
Management profit sharing	(7,502)	(12,500)	(12,500)
Operating profit before the result of equity interests and financial result, net	815,824	1,359,325	1,182,995
Results from investments			
Equity in the results of investees (Note 11 (a))	175,948	293,165	4,878
Dividends received and others	21,511	35,842	27,891
Financial result			
Financial result, net (Note 19)	(111,310)	(185,464)	419,919
Other income (expenses)			
Other income (expenses), net (Note 18)	76,487	127,443	(124,161)
Income before social contribution and income tax	978,460	1,630,311	1,511,522
Social contribution (Note 20)	(45,346)	(75,556)	(60,037)
Income tax (Note 20)	(198,476)	(330,700)	(563,463)
Net income for the year	734,638	1,224,055	888,022
Attributable to			
Stockholders of the Company	714,678	1,190,796	886,176
Non-controlling interest	19,960	33,259	1,846
	734,638	1,224,055	888,022
Net income per thousand shares at the end of the year - US$/R$	2.604	4.339	3.148

The accompanying notes are an integral part of these consolidated financial statements.

Construtora Norberto Odebrecht S.A.
and its Subsidiaries

Consolidated Statements of Changes in Equity and Comprehensive Income
In thousands of U.S. dollars, unless otherwise indicated

	Attributable to th					
		Revenue Reserves				
	Capital	Legal	Investment grants	Investments (statutory)	Future capital increase	Carrying value adjustments
December 31, 2009	827,257	111,811	9,246	643,521	165,046	76,237
Total comprehensive income for the year:						
Net income for the year - US$ 2.6011 per share						
Carrying value adjustments of investees (Note 11 (a) (ii))						(21,612)
Exchange variation on foreign investments (Note 2.3)						(91,838)
Change in the market value of financial instruments of investees (Note 11 (a) (i))						(4,654)
Variation in the percentage of ownership in investees (Note 2.2 (a) (ii))						
Total comprehensive income for the year						(118,104)
Capital decrease	(159,194)					
Transactions with non-controlling interests						
Apropriantion of net income:						
Dividends - US$ 0.212 per share (Nota 16 (d))						
Transfer between reserves (Note 16 (b) (ii)				(109,070)	109,070	
Transfer to reserves		21,802			776,810	
December 31, 2010	668,063	133,613	9,246	534,451	1,050,926	(41,867)

Construtora Norberto Odebrecht S.A.
and its Subsidiaries

Consolidated Statements of Changes in Equity and Comprehensive Income
In thousands of reais, unless otherwise indicated

	Attributable to t					
		Revenue Reserves				
	Capital	Legal	Investment grants	Investments (statutory)	Future capital increase	Carrying value adjustments
December 31, 2009	1,378,375	186,298	15,406	1,072,234	275,000	127,026
Total comprehensive income for the year:						
Net income for the year - R$ 4.339 per share						
Carrying value adjustments of investees (Note 11 (a) (ii))						(36,010)
Exchange variation on foreign investments (Note 2.3)						(153,020)
Change in the market value of financial instruments of investees (Note 11 (a) (i))						(7,754)
Variation in percentage ownership of investees (Note 2.2 (a) (ii))						
Total comprehensive income for the year						(196,784)
Capital decrease	(265,249)					
Transactions with non-controlling interests						
Apropriantion of net income:						
Dividends - R$ 0.354 per share (Nota 16 (d))						
Transfer between reserves (Note 16 (b) (ii)				(181,733)	181,733	
Transfer to reserves		36,327			1,294,321	
December 31, 2010	1,113,126	222,625	15,406	890,501	1,751,054	(69,758)

Construtora Norberto Odebrecht S.A.
and its Subsidiaries

Consolidated Statements of Changes in Equity and Comprehensive Income

In thousands of reais, unless otherwise indicated

	Attributable to the					
		Revenue Reserves				
	Capital	Legal	Investment grants	Investments (statutory)	Future capital increase	Carrying value adjustments
January 1, 2009	1,378,375	137,097	15,406	678,509		353,370
Total comprehensive income for the year:						
Net income for the year - R$ 3.148 per share						
Carrying value adjustments of investees (Note 11 (a) (ii))						145,052
Exchange variation on foreign investments (Note 2.3)						(376,975)
Change in the market value of financial instruments of investees (Note 11 (a) (ii))						5,579
Total comprehensive income for the year						(226,344)
Capital transactions with non-controlling interests						
Apropriation of net income:						
Interest on own capital - R$ 0.206 per share (Note 16 (d))						
Prepaid dividends - R$ 0.390 per share (Note 16 (d))						
Transfer to reserves		49,201		393,725	275,000	
December 31, 2009	1,378,375	186,298	15,406	1,072,234	275,000	127,026

The accompanying notes are an integral part of these consolidated financial statements.

Construtora Norberto Odebrecht S.A.
and its Subsidiaries

Consolidated Statements of Cash Flows
Years ended December 31
In thousands of reais and U.S. dollars

	2010		2009
	US$	R$	
Cash flows from operating activities			
Profit before income tax and social contribution	978,461	1,630,311	1,511,522
Ajustments:			
Equity in the results of investees and others	(197,459)	(329,007)	(32,769)
Decrease in construction contracts revenue	150,360	250,529	284,265
Gain (loss) on change in investment interest	69	115	(3,000)
Realization of carrying value and cumulative translation adjustments	(5,681)	(9,466)	
Depreciation and amortization	266,957	444,804	587,311
Residual value of reductions in property and equipment and project expenses	54,021	90,010	128,286
Interest and monetary and exchange variation, net	368,210	613,512	(953,133)
Cash from operations	1,614,938	2,690,808	1,522,482
Changes in assets and liabilities:			
Financial investments	25,312	42,175	(163)
Accounts receivable	(460,838)	(767,849)	(932,786)
Inventories	(6,725)	(11,205)	101,877
Taxes recoverable	(72,530)	(120,850)	128,392
Prepaid expenses and other assets	(293,336)	(488,757)	(5,826)
Suppliers and subcontractors	181,048	301,662	394,526
Advances from customers	831,313	1,385,134	425,831
Income tax and social contribution	(120,370)	(200,560)	(131,704)
Taxes, rates, salaries and payroll charges	(16,687)	(27,804)	339,685
Other liabilites	218,378	363,862	(171,163)
Net cash provided by operating activities	1,900,503	3,166,616	1,671,151
Cash flows from investing activities			
Additions to investments	(27,504)	(45,827)	(8,868)
Additions to property and equipment and intangible assets	(375,708)	(626,005)	(582,377)
Net cash used in investment activities	(403,212)	(671,832)	(591,245)
Cash flows from financing activities			
Related parties			
Repayment	(2,853,101)	(4,753,837)	(3,980,373)
New loans	3,011,568	5,017,875	3,935,531
Short-term and long-term debt, net			
New loans	1,061,515	1,768,696	2,111,141
Repayment - Principal	(1,511,136)	(2,517,855)	(2,066,945)
Repayment - interest	(100,514)	(167,476)	(156,762)
Net cash used in financing activities	(391,668)	(652,597)	(157,408)
Effect of changes in the exchange rate on cash and cash equivalents	(143,836)	(239,659)	(369,867)
Cash and cash equivalents of subsidiaries included in and/(or) excluded from the consolidation, net	(570)	(949)	157,466
Net increase in cash and cash equivalents	961,217	1,601,579	710,097
Cash and cash equivalents at the beginning of the year	1,787,962	2,979,103	2,269,006
Cash and cash equivalents at the end of the year	2,749,179	4,580,682	2,979,103

Non-cash transactions: At December 31, 2010 the Company has transactions in connection with the acquisition of property and equipment financed with funds onlent by the BNDES (FINAME) amounting to R$ 33,506, which are not included in the consolidated statements of cash flows.

The accompanying notes are an integral part of these consolidated financial statements.

1 Operations

Construtora Norberto Odebrecht S.A. ("CNO" or "Company") is part of the Odebrecht Organization ("Organization") and has its legal headquarters in Rio de Janeiro and administrative headquarters in São Paulo. The main operations of the Company include the planning and execution of engineering projects of all types and specialties as contractor, administrator or other roles; technical installations of civil engineering, industrial assembly, consulting, planning, assistance and technical studies; rendering of administrative or technical services; investments in other companies to enhance development, stability and profitability, and other related activities, including import and export, rental and purchase and sale of equipment and transportation.

Through its branches, the Company operates directly in the following countries: Venezuela, Angola, Ecuador, Dominican Republic, Colombia, Mexico, United Arab Emirates, Bolivia, Argentina, Peru, Costa Rica and Panama. In addition to these countries, the Company operates, through its direct and indirect subsidiaries, in Portugal, United States of America, Djibouti, England, Chile, Uruguay, Spain, Libya, Liberia, Austria and Mozambique.

In the heavy civil construction segment, the Company and its main indirect subsidiaries in Brazil, CBPO Engenharia Ltda. ("CBPO") and Construtora Norberto Odebrecht Brasil S.A. ("CNO Brasil" - former Odebrecht Serviços de Engenharia e Construção S.A. "OSEC"), develop construction projects involving highways, railways, hydroelectric, thermoelectric and nuclear plants, port facilities, dams, and other industrial and infrastructure projects.

The main projects currently in progress in Brazil are: Santo Antônio hydroelectric plant in the State of Rondônia, Submarine Project in the State of Rio de Janeiro, Renest refinery of Petróleo Brasileiro S.A. ("Petrobras"), sugarcane processing plants for EHT/Brenco, Transnordestina railway in the states of Piauí/Pernambuco, D. Pedro I highway in the State of São Paulo, Repar refinery in the State of Paraná, and Petrobras' P59 and P60 Platforms, in addition to many contracts to render services in oil platforms and petrochemical plants. Overseas, the Company has projects in 14 countries. The main ones are located in Venezuela (Maracaibo Plain Socialist Agrarian Project – El Dilúvio Irrigation, bridge over the Orinoco River, lines 3 and 5 of the Caracas subway, Guarenas Guatire subway, line 2 of Los Teques subway, and Tocoma hydroelectric plant), in the United States of America (Orange Line subway in Miami), in Colombia (Ruta Del Sol Road), in Argentina (expansion of a pipeline and Paraná de las Palmas Water Treatment Plant), in Peru (Highway Carhuaz – San Luiz and electric train), in Angola (highway works, sanitation projects, urbanization, and several infrastructure projects), in the Dominican Republic (Coral road, Palomino hydroelectric plant, and Samaná sanitation project), and in Panama (water collection system and water treatment plant).

In the process of obtaining and performing contracts in Brazil and overseas, the Company and its subsidiaries use surety bonds obtained with the support of OCS - Odebrecht Administradora e Corretora de Seguros Ltda. ("OCS"), which is part of the Odebrecht Organization, by means of long-term strategic alliances with first-class insurance companies and brokerages in the global insurance market (Note 21).

(i) Participation in the diamond sector

Through its investees, the Company also conducts mineral prospection and exploration. Its wholly-owned indirect subsidiary Odebrecht Mining Services, Inc. ("OMSI") holds 16.4% in Sociedade Mineira de Catoca, Limitada ("Catoca"), which conducts prospection, recognition, exploration, treatment and sale of diamonds and other ores in the Catoca Project in the Lunda Sul Province (Angola), having a concession from the Angolan Government to exploit diamonds mined from the kimberlite area. Currently, Catoca is investing in two new concession areas, Luemba and Lapi.

Additionally, the Company also holds, through OMSI, 50% of Sociedade de Desenvolvimento Mineiro de Angola, S.A.R.L. ("SDM"), which conducts the activities of prospection, exploration and sale of diamonds extracted in a concession area granted by the Angolan Government in the Hydrographic Basin of the Cuango River (Angola). SDM has a concession for diamond mining in the Luzamba region, and this exploration was terminated at December 31, 2009, as the economically viable diamond reserves had been depleted. The Company's management has been analyzing new concessions, as well as other projects for diamond exploration in the region.

Based on pronouncements CPC 18 – Investments in Associates and Subsidiaries, and CPC 19 – Interests in Joint Ventures, issued by the Accounting Pronouncements Committee, the investment in Catoca started to be accounted for on the equity method as from January 1, 2009 (Note 24).

(ii) Corporate restructuring

Following the corporate restructuring process started in 2004 for the optimization of the Organization structure, the concentration of the current accounts in the Company as the manager of the current account agreement and central management of the cash balances between the Organization companies, and the corporate segregation of the engineering and construction segments, real estate projects, environmental engineering, construction and assembly of industrial plants and investments in infrastructure and oil and gas segments, the following main transactions were performed in 2009 and 2010:

- On December 31, 2009, the controlling stockholder Odebrecht S.A. ("ODB") sold to the Company and its direct subsidiary Belgrávia Empreendimentos Imobiliários S.A. ("Belgrávia"), its interest in the direct subsidiaries Odebrecht Plantas Industriais e Participações S.A. ("OPIP") and CNO Brasil at book value of December 31, 2009 for R$ 228,570 - US$ 137,180 and R$ 168,878 – US$ 101,355, respectively, with a corresponding entry to the current account with the Company and Belgrávia.

- On December 31, 2009, the Extraordinary Stockholders' Meeting approved the subscription and payment of the capital increase of Odebrecht Serviços e Participações S.A. ("OSP") by R$ 735,901 – US$ 441,664 with shares issued by Braskem S.A. ("Braskem") held by the direct subsidiary Belgrávia at the book value of November 30, 2009.

- On January 5, 2010, the Extraordinary Stockholders' Meeting approved the capital increase of ETH Bionergia S.A. ("ETH") by R$ 217,698 – US$ 130,655, with the issue of 301,771,580 new shares paid up with credits held between the Company and ETH. On February 25, 2010, the Company subscribed and paid up capital in ETH Investimentos S.A. ("ETHINV") amounting to R$ 191,693 – US$ 115,048 with the investment held in ETH.

- On March 31, 2010, the Extraordinary Stockholders' Meeting approved the reduction of the Company' capital by R$ 204,257 – US$ 122,589, without the cancellation of shares. As a result of this reduction, the investment held by the Company in ETHINV was transferred to ODB (Note 16 (a)).

- On April 30, 2010, the Extraordinary Stockholders' Meeting approved the partial spin-off of the equity of OPIP, at book value on the same date, with the transfer of the spun off portion to the Company. OPIP's capital was reduced by R$ 5,753 – US$ 3,453, from R$ 300,000 - US$ 180,050 to R$ 294,247 – US$ 176,598, with the cancellation of 7,635,824 registered common shares with no par value. Taking into consideration that OPIP is a subsidiary of the Company, the merger of the shares from OPIP's spun off portion did not change the Company's capital.

- On May 31, 2010, the investment in Odebrecht Óleo e Gás Angola ("OOGA"), which was previously held by Odebrecht Óleo e Gás S.A. ("OOG"), was transferred to the Company, at the book value of US$ 100.00, through the current account between the companies (Note 12).

- On June 10, 2010, Belgrávia issued and subscribed 14,146,918 new common shares at the book value of R$ 4.24 – US$ 2.54 each, which were fully paid up by the Company, in the amount of R$ 60,000 – US$ 36,010 through the current account between the companies.

- On June 22, 2010, the capital of CNO Brasil was reduced by R$ 60,992 – US$ 36,605, without the cancellation of shares, by means of the transfer of the investment held in the Concessionária Rota das Bandeiras ("Rota das Bandeiras") to its stockholder Belgrávia as of the base date of May 31, 2010.

- Also on June 22, 2010, the capital of Belgrávia was reduced by R$ 60,992 – US$ 36,605, without the cancellation of shares, by means of the transfer of the investment held in Rota das Bandeiras to the Company as of the base date of May 31, 2010. In turn, the Company reduced its capital by transferring the investment received from Belgrávia in Rota das Bandeiras to ODB (Note 16 (a)).

- On August 31, 2010, the Extraordinary Stockholders' Meeting approved the subscription and payment of the capital increase of OSP, in the amount of R$ 1,896 – US$ 1,138, through the contribution of the Company's investment in Odebrecht Equipamentos Ltda. ("ODEQ").

  On December 31, 2010, the Extraordinary Stockholders' Meeting approved the reduction of OPIP's capital by R$ 215,000 – US$ 129,036, from R$ 226,769 – US$ 136,100 to R$ 11,769 – US$ 7,063, through the cancellation of 283,258,945 common shares.

- On December 31, 2010 the Extraordinary Stockholders' meeting approved the capital increase of CNO Brasil in the amount of R$ 68,352 – US$ 41,023, through the issuance of 85,721,820 common shares with no par value, fully paid-up and subscribed by Belgrávia, through the current account held with Tenenge Overseas Corporation ("TOC").

- On the same date, a further increase in the capital of CNO Brasil by R$ 229,331 – US$ 137,637 was approved, from R$ 240,016 – US$ 144,050 to R$ 469,347 – US$281,687, through the issue of 383,140,672 new registered common shares with no par value, fully subscribed and paid-up by Belgravia, through the current account held between the companies.

In thousands of reais and U.S. dollars, unless otherwise indicated

The Company and its subsidiaries, as participants in the corporate restructuring process, may be affected by economic and/or corporate aspects as a result of the outcome of this process.

(iii) Financial position and ratings

In September 2010, ODB's subsidiary, Odebrecht Finance Ltd. ("OFL"), issued Perpetual Bonds in the amount of US$ 500,000 (Note 13 (f)), which are guaranteed by the Company. Part of these funds was used to refinance the Perpetual Bonds issued in 2005 by Odebrecht Overseas Ltd. ("OOL") and to prepay other debts. These funds, plus financial resources arising from significant receipts of advances from customers and invoices in 2010, comprise the balance of cash and cash equivalents and financial investments at the end of the year.

The Company's credit has been monitored and analyzed by the main credit rating agencies for many years and, since its first rating, the Company has obtained consecutive upgrades on both the local and global scales.

In December 2009, the rating agency Moody's started to cover the Company, and assigned a Baa3 investment grade rating on the global scale and Aa1.br on the Brazilian national scale. In October 2010, the rating agency Fitch Ratings assigned a BBB- investment grade rating on the global scale and AA+ on the Brazilian national scale.

CNO's corporate credit ratings assigned by the three rating agencies that monitor the Company are as follows:

	Moody's	Standard&Poors	FitchRatings
National Scale – Long term	Aa1.br	br AA -	AA+ (bra)
Global Scale – Local and Foreign Currency	Baa3	BB	BBB-

2 Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements were approved by the Company's Executive Board on March 16, 2011.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management of the Company and its subsidiaries to exercise judgment in the process of applying the accounting policies of the Organization. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

These financial statements were prepared and are presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC).

These are the first financial statements presented by the Company in accordance with the CPC pronouncements. The main differences between the accounting practices previously adopted in Brazil (former BR GAAP) and the CPC pronouncements are described in Note 24.

2.2 Consolidation

(a) Consolidated financial statements

The following accounting policies are applied in the preparation of the financial statements.

(i) Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally resulting from a shareholding of more than one half of the voting rights (voting capital). 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 on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Transactions, balances and unrealized income in transactions between the consolidated companies are eliminated. Unrealized losses are also eliminated, unless they indicate an impairment of the asset transferred. The accounting policies of the subsidiaries are changed whenever necessary, in order to ensure the consistency with the policies adopted by the Company.

(ii) Transactions with non-controlling interests

The Company treats transactions with non-controlling interests as transactions with owners of Company's assets. In purchases from non-controlling interests, the difference between any consideration paid and the share acquired of the book value of the subsidiary's net assets is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Company ceases to have control, any retained interest is measured at its fair value and the change in carrying value recognized in the statement of income. The fair value is the initial carrying amount for subsequent recognition of the interest retained in an associate, joint venture or financial asset. Any amounts previously recognized in other comprehensive income, related to that entity, are recorded as if the Company had sold directly the related assets or liabilities. As a result, the amounts previously recognized in other comprehensive income are reclassified to the statement of income.

(iii) Associates

Associates are all entities over which the Company has significant influence but not control, generally resulting from a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Company's investments in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. See Note (2.5.4) for impairment of non-financial assets, including goodwill.

The Company's share of its associates' post-acquisition profits or losses is recognized in the statement of income, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the book value of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

If the shareholding in the associate is reduced, but significant influence is retained, only a proportional part of the amounts previously recognized in other comprehensive income is reclassified to the statement of income, when applicable. Dilution gains and losses arising from investments in associates are recognized in the statement of income.

(iv) Consolidated companies

The consolidated financial statements include those of the Company and its subsidiaries in which the following direct and indirect interest is held as of December 31, 2010 and 2009 and January 1, 2009:

In thousands of reais and U.S. dollars, unless otherwise indicated

	Country	Direct and indirect holding (%)		
		December 31, 2010	December 31, 2009	January 1, 2009
Auto Pista Del Coral S.A. (a)	Dominican Republic	100.00	50.00	
Atlantic Charter LLC	USA	100.00	100.00	100.00
Belgrávia	Brazil	100.00	100.00	100.00
Bento Pedroso Construções S.A. ("BPC")	Portugal	100.00	100.00	100.00
Brazilian Olex Importação e Exportação S.A. Shanghai Representative Office (a)	China	100.00	100.00	
CBPO	Brazil	100.00	100.00	100.00
CBPO Engenharia Ltda. - Argentina	Argentina	100.00	100.00	100.00
CBPO Engenharia Ltda. - Chile	Chile	100.00	100.00	100.00
CBPO Engenharia Ltda. - Peru	Peru	100.00	100.00	100.00
CBPO Engenharia Ltda. - Uruguai	Uruguai	100.00	100.00	100.00
CBPO Engenharia Ltda. - Venezuela	Venezuela	100.00	100.00	100.00
CBPO Engenharia Ltda. - Panama (e)	Panama	100.00		
CBPO Ingeniería de Venezuela C.A.	Venezuela	100.00	100.00	100.00
CBPO Overseas Ltd.	Cayman Islands	100.00	100.00	100.00
Centaurus Investments Limited	Cayman Islands	100.00	100.00	100.00
CODEPA - Companhia de Desenvolvimento e Participações S.A. (a)	Brazil	100.00	100.00	
Companhia de Obras e Infra Estrutura	Brazil	100.00	100.00	100.00
Conirsa S.A.	Peru	70.00	70.00	70.00
Constructora Norberto Odebrecht de Colombia Ltda.	Colombia	100.00	100.00	100.00
Constructora Norberto Odebrecht del Ecuador S.A.	Ecuador	100.00	100.00	100.00
Constructora Odebrecht Chile S.A.	Chile	100.00	100.00	100.00
Constructora Odebrecht Uruguay S.A.	Uruguay	100.00	100.00	100.00
Construtora Norberto Odebrecht Bolivia S.A.	Bolivia	100.00	100.00	100.00
Construtora Norberto Odebrecht de Panama S.A.	Panama	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Angola	Angola	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Argelia	Argelia	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Argentina	Argentina	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Bolivia	Bolivia	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Colombia	Colombia	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Costa Rica	Costa Rica	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Arab Emirates	Arab Emirates	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Ecuador	Ecuador	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Spain	Spain	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Mexico	Mexico	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Mozambique	Mozambique	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Panama	Panama	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Peru	Peru	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Dominican Republic	Dominican Republic	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Uruguai	Uruguai	100.00	100.00	100.00
Construtora Norberto Odebrecht S.A. - Venezuela	Venezuela	100.00	100.00	100.00
Dhawahi Almadeena Construction LLC	USA	100.00	100.00	100.00
Dominicana Ingeniería y Construcción S.A.	Dominican Republic	100.00	100.00	100.00
Energipar Participações S.A.	Brazil	100.00	100.00	100.00
Libyan Brazilian Construction and Development Company	Líbia	60.00	60.00	60.00
Multitrade S.A.	Brazil	100.00	100.00	100.00
Odebrecht Global Sourcing, Inc. (a) (d)	USA	100.00	100.00	
Odebrecht Construction International Inc. (a)	USA	100.00	100.00	
Odebrecht Services GMBH (a)	Austria	100.00	100.00	

In thousands of reais and U.S. dollars, unless otherwise indicated

		Direct and indirect holding (%)		
	Country	December 31, 2010	December 31, 2009	January 1, 2009
Odebrecht Angola Projectos e Serviços Ltda.	Angola	100.00	100.00	100.00
Odebrecht Argentina S.A. (a)	Argentina	100.00	100.00	
Odebrecht Construction International, Inc.	Bahamas	100.00	100.00	100.00
Odebrecht Construction Malta Ltd.	Malta	100.00	100.00	100.00
Odebrecht Construction, Inc. ("OCI")	USA	100.00	100.00	100.00
Odebrecht Djibouti FZCO	Djibouti	100.00	100.00	100.00
Odebrecht Engenharia e Construção S.A.	Brazil	100.00	100.00	100.00
Odebrecht Equipamentos Ltda. (g)	Brazil		100.00	100.00
Odebrecht Engeneering & Construction Ltd.	Malta	100.00	100.00	100.00
Odebrecht Holding GMBH (a)	Austria	100.00	100.00	
Odebrecht Ingeniería y Construcción de España, S.L.	Spain	100.00	100.00	100.00
Odebrecht Ingeniería y Construcción de Mexico, S de RL de CV.	Mexico	100.00	100.00	100.00
Odebrecht International B.V. (h)	Netherlands		100.00	100.00
Odebrecht Investimentos e Participações SGPS S.A. (i)	Portugal		100.00	100.00
Odebrecht Investimentos em Concessões Ferroviárias SGPS S.A.	Portugal	100.00	100.00	100.00
Odebrecht Investimentos em Concessões Rodoviárias SGPS S.A.	Portugal	100.00	100.00	100.00
OMSI	Cayman Islands	100.00	100.00	100.00
Odebrecht Services Limited (c)	England	100.00	100.00	100.00
OOL	Bahamas	100.00	100.00	100.00
OOGA (f)	Angola	100.00		
Odebrecht Peru Ingeniería y Construcción S.A.C. ("OPIC")	Peru	100.00	100.00	100.00
OPIP (b)	Brazil	100.00	100.00	
OLEX Import and Export S.A. ("OLEX")	Brazil	100.00	100.00	100.00
OSEL - Odebrecht Serviços no Exterior Ltd. ("OSEL")	Cayman Islands	100.00	100.00	100.00
CNO Brasil (former name of OSEC) (b)	Brazil	100.00	100.00	
Tenenge (UK) Ltd.	England	100.00	100.00	100.00
Tenenge Overseas Corp. ("TOC")	Cayman Islands	100.00	100.00	100.00
Companies proportionally consolidated				
SDM	Angola	50.00	50.00	50.00
Proyectos Ebramex S. de R.L. de C.V.	Mexico	33.33	33.33	33.33
Mina-Trico.S.de R.L. de C.V.	Mexico	33.33	33.33	33.33
Participações Energéticas S.A.	Brazil	50.00	50.00	50.00
Obras Civis, L.N.2.2. ACE	Portugal	63.90	63.90	63.90
BPC, CBPO, Somague, Profabril, Kaiser e Acer, ACE	Portugal	50.00	50.00	50.00
Obras Civis, L.N. 2.1. ACE	Portugal	40.00	40.00	40.00
Lismercado Construções – Bento Pedroso, Somague, H.Hagen, ACE	Portugal	40.00	40.00	40.00
Somague, BPC, Engil, SPIE em ACE	Portugal	26.32	26.32	26.32
Somague, BPC, Engil, SPIE-S.B.E.S.-Prolongamento da Linha Vermelha do Metropolitano, ACE	Portugal	26.32	26.32	26.32
Somague-Bento Pedroso-Necso-Dragados, ACE	Portugal	25.00	25.00	25.00
Edifer, Soconstroi, BPC, Somague e Acciona, ACE	Portugal	20.00	20.00	20.00
Norace – Construtoras das Auto-estradas do Norte, ACE	Portugal	17.34	17.34	17.34
Vianor – Construtoras das Auto-estradas da Costa de Prata, ACE	Portugal	17.25	17.25	17.25
Lusitânia – Construtoras das Auto-estradas das Beiras Litoral e Alta, ACE	Portugal	17.25	17.25	17.25
Portuscale – Construtoras das Auto-estradas do Grande Porto, ACE	Portugal	17.25	17.25	17.25
TACE - Construção da Travessia Rodoviária de Tejo, ACE	Portugal	16.67	16.67	16.67
Agrupamento para a Construção da Segunda Travessia do Tejo, ACE	Portugal	14.34	14.34	14.34
Baixo Sabor - Bento Pedroso Construções e Lena Engenharia e Construções, ACE	Portugal	50.00	50.00	50.00
Glace - Construtoras das Auto-estradas de Grande Lisboa, ACE	Portugal	17.25	17.25	17.25
Glex - Expropriações da Grande Lisboa, ACE	Portugal	14.23	14.23	14.23
United ODB LLC.	Arab Emirates	49.00	49.00	49.00
Xingu - Sócio Ambiental Ltda.	Brazil	33.33	33.33	33.33
ICN - Itaguai Construções Navais S.A. (a)	Brazil	50.00	50.00	

(a) Company founded in 2009.
(b) Investment acquired in 2009.
(c) The former corporate name Odebrecht Oil and Gas Services Ltd. was changed in 2008.
(d) The former corporate name Odebrecht - Olex International Inc. was changed in 2009.
(e) Company founded in 2007, operating as from June 2010.
(f) Investment acquired in 2010.
(g) Company merged into OSP, as mentioned in Note 1 (ii)
(h) Investment liquidated in November 2010.
(i) Investment liquidated in December 2010.

In thousands of reais and U.S. dollars, unless otherwise indicated

Information on the main direct and indirect subsidiaries included in consolidation:

	Number of shares or quotas directly or indirectly held				
	December 31, 2010	December 31, 2009		December 31, 2010	December 31, 2009
			US$		
BPC	7,399,859	7,399,859	242,286	403,697	266,236
CBPO	2,321,413	2,321,413	556,101	926,575	933,222
OCI	86,806,032	86,806,032	184,915	308,106	254,052
OOL	165,213,213	165,213,213	192,951	321,494	370,626
OPIC	4,357,442	4,357,442	130,231	216,992	119,847
OSEL	100,000,000	100,000,000	204,799	341,236	508,000
Construtora Norberto Odebrecht S.A. - Venezuela (Branch)			100,066	166,729	114,768
OPIP (a)	294,246,934	300,000,000	5,088	8,477	228,570
CNO Brazil - formerly named OSEC (a)	301,007,957	301,007,957	256,776	427,841	168,878

(a) Investments acquired on December 31, 2009 (Note 1 (ii)).

For the jointly-controlled subsidiaries, assets, liabilities and profit or loss accounts are consolidated in proportion to total interests held in their capital, pursuant to the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC).

In the consolidated financial statements, the Company's interests in the subsidiaries' net worth and results, balances of intercompany assets, liabilities, income and expenses are eliminated.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Brazilian reais (R$), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the statement of income.

Foreign exchange gains and losses that relate to debts and cash and cash equivalents are presented in the statement of income within finance income or expenses. All other foreign exchange gains and losses are presented in the statement of income within "Other gains (losses), net".

Changes in the fair value of securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the book value of the security. Translation differences related to changes in amortized cost are recognized in the statement of income, and other changes in book value are recognized in equity.

Translation differences on non-monetary financial assets and liabilities, such as equities, measured at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the carrying value adjustment account in equity.

(c) Company entities

The results and financial position of all the Company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) Income and expenses for each statement of income are translated at average exchange rates.

(iii) All resulting exchange differences are recognized as a separate component of equity.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, payment orders issued by clients and other short-term highly liquid investments with original maturities of three months or less and that are subject to insignificant risk of change in value. Overdrafts are presented in the balance sheet as debts in the current liabilities.

2.5 Financial instruments

2.5.1 Classification

The Company classifies its financial assets in the following categories: measured at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are the financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also classified as held for trading, unless they have been designated as hedging instruments. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets, except for those falling due more than 12 months after the balance sheet date (these are classified as non-current assets). The Company's loans and receivables comprise “Cash and cash equivalents”, “Trade accounts receivable” and “Other accounts receivable” (Note 2.4 and 2.7).

2.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date (the date on which the Company commits to purchase or sell the asset).

Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company and its subsidiaries have transferred substantially all risks and rewards of ownership. Loans and receivables are accounted for at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss are presented in the statement of income in "Financial result, net" in the period in which they occur. Dividend income from financial assets at fair value through profit or loss is recognized in the statement of income as part of other income when the Company's right to receive payments is established.

The fair values of the investments that are publicly quoted are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These techniques include the use of recent arm's length market transactions, the reference to other substantially similar instruments, discounted cash flow analysis and option pricing models that make maximum use of market inputs and rely as little as possible on entity-specific inputs.

At the balance sheet date, the Company evaluates whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognized in the statement of income on equity instruments are not reversed through the statement of income. Impairment testing of trade receivables is described in Note 2.7.

2.5.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.5.4 Impairment of financial and non-financial assets

The Company and its subsidiaries assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The non-financial assets that are subject to depreciation/amortization are reviewed for impairment whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognized for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

2.6 Derivative financial instruments and hedge activities

Initially, derivatives are recognized at fair value on the date when the contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. Although the Company and its subsidiaries use derivatives only for the purposes of protection, they do not apply hedge accounting.

Changes in the fair value of any these derivative instruments are recognized immediately in the statement of income in "Financial result, net". The fair values of various derivative instruments used for hedging purposes are disclosed in Note 4.3.

2.7 Trade accounts receivable

Initially, trade accounts receivable are recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Usually, in practice, they are recognized at the amount billed, adjusted by the provision for impairment, when necessary. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as noncurrent assets.

2.8 Inventories

Inventories of parts and materials to be used in construction works are stated at average purchase cost, which is lower than replacement costs or realizable values.

Imports in transit are stated at the cost accumulated in each import.

2.9 Judicial deposits

Deposits are monetarily restated and presented as a deduction from the corresponding liability when they cannot be redeemed, unless there is a favorable outcome for the Company and its subsidiaries in the related dispute.

2.10 Other assets

Other assets are presented at realizable value, including, when applicable, accrued earnings and monetary adjustments or, in the case of prepaid expenses, at cost.

2.11 Intangible assets

(a) Goodwill

Goodwill represents the excess of the amount paid or payable for an acquisition over the fair value of the assets and liabilities of the acquired subsidiary. Goodwill on acquisitions of subsidiaries is included in "Intangible assets". If negative goodwill arises, it is recorded as a gain in the statement of income at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the book value of goodwill relating to the entity sold.

(b) Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software to use. These costs are amortized over their estimated useful lives, of up to ten years.

2.12 Property and equipment

Property and equipment mainly comprises machinery and equipment used in civil construction contracts.

Property and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and it also includes finance costs related to the acquisition of qualifying assets.

Subsequent costs are included in the asset's book value or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The book value of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost down to their residual values over their estimated useful lives. See disclosure in Note 12.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. During the year ended December 31, 2010, the Company reviewed the useful lives of property and equipment and concluded that they are adequate. An asset's book value is written down immediately to its recoverable amount if it is greater than the estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the book value and are recognized within "Other income (expenses), net" in the statement of income.

2.13 Debts

Debts are recognized initially at fair value, net of transaction costs. Debts are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the settlement value is recognized in the statement of income over the period of the debts, using the effective interest method.

Debts are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.14 Provisions

Provisions for litigation in progress (labor, civil and indirect taxes) are recognized when the Company and its subsidiaries have a present legal obligation, it is likely that assets will be surrendered to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations is considered to be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.15 Income tax and social contribution - current and deferred

Income tax and social contribution expenses for the period comprise current and deferred taxes.

The current income tax and social contribution charges are calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income.

Deferred income tax and social contribution are recognized on income tax and social contribution losses, and temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates enacted at the balance sheet date and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax and social contribution assets are recognized only to the extent that it is probable future taxable profit will be available against which the temporary differences and/or tax losses can be utilized, based on projections of future results prepared based on internal assumptions and future economic scenarios that may, therefore, change.

2.16 Employee benefits

(a) Pension obligations

The Company and its subsidiaries have entered into an agreement with ODEPREV -Odebrecht Previdência ("ODEPREV"), a private pension fund established by the parent company ODB, as sponsoring companies.

ODEPREV offers its participants a defined contribution plan in which monthly and additional participant contributions and monthly and annual sponsor contributions are made to individual pension savings accounts.

In relation to the benefit payments due under the plan, the ODEPREV obligations are limited to the total value of the participants' quotas and, in conformity with the rules of the defined contribution plan, no obligations or responsibilities can be required from the sponsoring companies to guarantee minimum levels of benefits to the retired participants. The contributions of the Company and its subsidiaries for the year ended December 31, 2010 were R$ 18,874 - US$ 11,328 (2009 - R$ 13,961 – US$ 8,379).

Management has concluded that the plan is a defined contribution plan under the terms of the CPC 33 - Employee Benefits, as the Company does not have actuarial risks.

2.17 Recognition of revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the activities of the Company and its subsidiaries. Revenue is presented net of taxes, returns, rebates and discounts and after eliminating sales between the consolidated companies.

The Company and its subsidiaries recognize revenue when the amount thereof can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the activities of the Company and its subsidiaries.

The Company and its subsidiaries base their estimates on historical data, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Revenue from construction contracts

Revenue from construction contracts is recognized based on the percentage of completion of each contract on the date of the consolidated financial statements. The method used to determine the percentage of completion takes into consideration the proportion between the costs incurred in the services provided to that date, and the total costs estimated for the contract. When revenue from construction contracts cannot be reliably measured using this method, the Company and its subsidiaries take into consideration an estimate of the work performed up to the relevant date.

The amounts received on construction contracts that exceed allocated revenue are recorded in the advances from customers account in current and non-current liabilities, in accordance with the contract term. The amounts received on construction contracts which are less than allocated revenue are recorded in the trade accounts receivable account, in current and non-current assets, in accordance with the contract term.

(b) Interest income

Interest income is recognized on the accrual basis using the effective interest method.

2.18 Dividends and interest on capital

Payment of dividends and interest on capital to the Company's stockholders is recognized as a liability in the financial statements at the end of the year in accordance with the Company's By-laws. Any amount exceeding the minimum compulsory dividend is provided on the date it is approved by stockholders at the Stockholders' Meeting. The tax benefit from interest on capital is recognized in the statement of income (Note 16 (d)).

2.19 Transitory tax system

The transitory tax system will be effective until such a time as a law that regulates the tax effects of the new accounting methods is enacted. The system was optional for calendar years 2008 and 2009, provided that: (i) it was applied to both 2008 and 2009 and not only to one calendar year; and (ii) the option was declared in the corporate income tax return (DIPJ). The Company and its direct subsidiaries opted for the adoption of the system in 2008 and 2009.

Consequently, for determining income tax and social contribution for the years ended December 31, 2009 and 2008, the Company and its direct subsidiaries used the criteria defined in the transitory tax system. Taking into consideration the fact that legislation that governs the tax effects of the new accounting methods has not yet been enacted, the Company and its subsidiaries continued to use the same criteria in the year ended December 31, 2010.

In accordance with Article 15, section IV, paragraph 3 of Law No. 11,941/09, provided that the term established in paragraph 1 of this Article is observed, the transitory tax system will be compulsory from calendar year 2010, also for determining income tax on deemed or stipulated income, Social Contribution on Net Income ("CSLL"), Social Integration Program ("PIS") and Social Contribution on Revenues ("COFINS").

2.20 Basis of translation

The accounting records are maintained in reais. The financial information in U.S. dollars is presented solely for the convenience of the reader and has been translated from the amounts in the December 31, 2010 local currency financial statements, using the exchange rate prevailing on that date of R$ 1.6662 to US$ 1.00. This translation should not be construed as representing that the amounts in Brazilian reais represent, or have been, or could be, converted into U.S. dollars.

3 Critical accounting estimates and judgments

Estimates and judgments are continually reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

Based on assumptions, the Company and its subsidiaries make estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the book values of assets and liabilities within the next financial year are addressed below.

(a) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

The Company and its subsidiaries use judgment to select the appropriate method and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(b) Revenue recognition

The Company and its subsidiaries use the percentage-of-completion method in accounting for construction contracts.

The use of the percentage-of-completion method requires the Company and its subsidiaries to estimate the proportion between the costs incurred in the services performed under each contract up to the balance sheet date, and the total costs estimated for the respective contract.

4 Financial risk management

4.1 Financial risk factors

The Company and its subsidiaries are exposed to market risks arising from variations in foreign exchange rates, interest rates and prices, and to credit risk arising from the possibility of default by its counterparties in financial investments, trade accounts receivable and derivatives.

Risk management follows the policies approved by the Board of Directors. The purpose of risk management is to protect the cash flows of the Company and its subsidiaries and reduce the threats to the financing of their operating working capital and investment programs.

(a) Foreign exchange rate risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Company, through its branches, subsidiaries and associated companies, has a significant volume of operations abroad and part of which is denominated in U.S. dollars, with little exposure to local currencies, restricted to certain specific countries.

In addition, certain debts of the Company and its subsidiaries contracted overseas as well as liabilities to suppliers and other balances with related parties are denominated in foreign currencies.

The Company and its subsidiaries manage their exposure to foreign exchange rates through a mix of cash flows in foreign currencies, foreign currency denominated debt, investment in foreign currencies and derivatives. The policy of the Company and its subsidiaries to manage foreign exchange risks provides for maximum and minimum limits that must be followed and which are constantly monitored by management.

(b) Interest rate risk

As the Company and its subsidiaries have no significant interest-earning assets, the Company's revenue and operating cash flows are substantially independent of changes in market interest rates.

The Company and its subsidiaries are exposed to the risk that a variation in floating interest rates causes an increase in their financial expenses from payments of future interest. Foreign currency denominated debt subject to floating rates is mainly subject to changes in the Libor. Local currency denominated debt is mainly subject to the variation in the Long-Term Interest Rate, fixed rates in Brazilian reais and the daily Interbank Deposit Certificate (CDI) rate.

The Company and its subsidiaries analyze their interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company and its subsidiaries define a reasonable expectation of changes in interest rates and calculate the impact on profit and loss of obligations. The scenarios are run only for liabilities that represent the major interest-bearing positions.

(c) Price index risk

A considerable portion of the contracts to which the Company and its subsidiaries are a party is fixed-price contracts. The real profit margins of these contracts may vary in relation to the estimated margins used when budgeting costs in a contract price proposal as a result of significant unexpected variations in the cost of equipment, materials to be used or labor related to inflationary or other effects, difficulties faced by the counterparty in obtaining government licenses or approvals, changes in the project that result in unexpected costs, delays caused by adverse climate conditions or errors in performance by contracted subcontractors and/or suppliers.

In order to minimize price index risks, the budgets of the fixed price contracts performed by the Company and its subsidiaries are periodically reviewed with the inclusion, in the reviewed budgets, of the matches or inconsistencies verified in relation to the amounts that were effectively realized, and the policy of the Company and its subsidiaries is to discuss the collection of claims with respect to the contract price, resulting in future contract amendments, including the amount of said contracted price, as a result of the variations verified, which is recorded upon the signature of the amendments.

(d) Credit risk

Credit risk arises mainly from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Company and its subsidiaries seek to maintain a sufficient volume of cash and cash equivalents to meet: (i) working capital requirements; (ii) investments budgeted in the business plans; and (iii) adverse conditions that may require increased working capital investments.

These funds are allocated so as to: (i) obtain a return that is compatible with the maximum volatility determined by the risk and investment policies; (ii) seek a highly diversified consolidated portfolio; (iii) avoid the credit risk arising from the concentration in few securities; and (iv) follow the variation in the market interest rates, in Brazil or abroad.

With respect to financial and other investments, the policy of the Company and its subsidiaries is to work with first-class financial institutions and avoid concentration of investments in a single economic group, weighting concentrations in accordance with the ratings and the daily prices observed in the Credit Default Swap market for the institutions.

The sales policy of the Company and its subsidiaries takes into consideration the level of credit risk which each company is willing to accept in the course of its business, in accordance with the general guidelines of the Odebrecht Organization.

The diversification of receivables, the selectivity in accepting customers, as well as the monitoring of the financing terms for sales by business segment and individual position limits are procedures adopted in order to minimize possible default problems in accounts receivable.

As a way of mitigating the risk of default, the Company and its subsidiaries are protected, in the provision of engineering and construction services, by regular prepayments from customers, which in the year ended December 31, 2010 amounted to R$ 250,529 – US$ 150,360 (December 31, 2009 – R$ 284,265 and January 1, 2009 – R$ 105,062).

In thousands of reais and U.S. dollars, unless otherwise indicated

At December 31, 2010, the Company and its subsidiaries had overdue accounts receivable amounting to R$ 585,708 – US$ 351,523 (December 31, 2009 - R$ 544,234 and January 1, 2009 – R$ 856,799) for services rendered to Brazilian government entities, mainly state and municipal.

Historically, the Company and its subsidiaries have collected the amounts owed by these entities, including those overdue for one year or more. The collection of these overdue amounts from government entities occurs through payment or the receipt of government bonds or other government assets.

In order to reduce the volume of overdue receivables, the Company and its subsidiaries have adopted a policy of decentralizing the administrative collection negotiations with customers, delegating this responsibility to the administrative levels responsible for monitoring each contract. If these administrative actions are not successful, the collection of these amounts will occur through court actions.

In addition, the Company and its subsidiaries have applied a greater degree of selectivity when accepting customers, and have increased the sales revenues from private customers or public sector customers which the Company and its subsidiaries consider have the capacity to generate revenues independently and which do not rely on a government budget to pay their liabilities (mainly companies with both government and private stockholders), as well as those with contracts in which payments are financed by export agencies, multilateral agencies, commercial banks, private pension funds and private investors.

(e) Liquidity risk

This is the risk that the Company and its subsidiaries do not have sufficient liquid funds to meet their financial commitments, due to the mismatch of terms or volumes of estimated receipts and payments.

To manage liquidity of cash in local and foreign currency, assumptions related to future disbursements and receipts are determined, and are monitored daily by the companies' treasury departments.

4.2 Capital management

The Company presents below the capital-based financial gearing index. This ratio represents the net debt in relation to total capital. Net debt corresponds to the total financing (including short and long term borrowings, as shown in the consolidated balance sheet) less the amount of cash and cash equivalents. The total capital is calculated as the equity, as shown in the consolidated balance sheet, plus net debt.

		December 31, 2010	December 31, 2009
	US$		R$
Total borrowings (Note 13)	871,056	1,451,354	2,300,994
Less: cash and cash equivalents (Note 6)	(2,749,179)	(4,580,682)	(2,979,103)
Net debt	(1,878,123)	(3,129,328)	(678,109)
Total equity	2,381,209	3,967,570	3,087,916
Total capital	503,086	838,242	2,409,807
Index of financial gearing - %	(373)	(373)	(28)

4.3 Derivative financial instruments

The Company uses derivative financial instruments solely for hedging purposes.

The Financial Policy of the Company and its subsidiaries provides for a continuous short-term hedging program for foreign exchange rate risk arising from its operations and financial items. The other market risks are addressed on a case-by-case basis for each transaction.

In general, the Company and its subsidiaries assess the need for hedging in the analysis of prospective transactions and seek to customize the hedge for each operation and keep it in place for the whole period of the hedged transaction.

At December 31, 2010, the Company had derivative contracts with a notional value of R$ 297,359 – US$ 178,465 (December 31, 2009 – R$ 463,515 and January 1, 2009 – R$ 1,233,231).

(i) Changing the return on other instruments

The Company and its subsidiaries may use derivatives to change the return on investments or the interest rate or adjustment index on financial liabilities, according to their judgment as to the most appropriate conditions for the Company and its subsidiaries. When the Company and its subsidiaries use derivatives to change the returns on investments, they seek to match the derivative obligations with the rights represented by the investments. When they use derivatives to change the interest rate or adjustment index on liabilities, they seek to match the derivative rights to the obligations.

These operations are carried out for an amount that does not exceed that of the underlying investment or liability. The Company and its subsidiaries do not leverage their positions with derivatives. At December 31, 2010 and 2009 and January 1, 2009, the Company and its subsidiaries had no transactions of this type.

(ii) Other information on derivative financial instruments

All derivative financial instruments held at December 31, 2010 and 2009 and January 1, 2009 were contracted on an over-the-counter market with large financial counterparties under global derivative contracts in Brazil or abroad.

The derivative financial instruments are presented in the balance sheet at their fair values in assets or liabilities based on whether the fair value represents a positive or negative balance to the Company and its subsidiaries, respectively. The derivative financial instruments are mandatorily classified as "held for trading". Changes in the fair value of derivatives are recorded as financial income or expenses in the same period in which they occur, except for when the derivative is designated and qualified for cash flow hedge accounting in the relevant period. At December 31, 2010 and 2009 and January 1, 2009, the Company did not have any derivatives so classified. The fair value of derivatives is obtained:

a) from public sources when the derivative is traded on exchanges;

b) through discounted cash flow models when the derivative is a forward purchase or sale or a swap contract; and

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c) through valuation models of options contracts, such as the Black-Scholes model when the derivative has the characteristics of an option.

The valuation assumptions (input to models) are obtained from sources that reflect the most recent observable market prices, particularly the curves of interest and future currency quotes disclosed by the Commodities & Futures Exchange, the spot exchange rate disclosed by the Central Bank of Brazil and the foreign interest curves disclosed by well-known pricing services such as Bloomberg or Reuters.

At December 31, 2010 and 2009, the Company and its subsidiaries did not have derivatives that required non-observable assumptions to calculate their fair value.

The table below shows the transactions with derivative financial instruments of the Company and its subsidiaries at December 31, 2010. The "Loss (gain)" column shows the effect recognized in financial income or expenses associated with the settlements and the change in the fair value of the derivatives in the year ended December 31, 2010.

Operation	Notional		Maturity	Fair value at December 31, 2010		Loss (gain)	Fair value at December 31, 2009
	US$	R$		US$			R$
NDF USDBRL I	530	883	Mar-11	119	199		85
NDF USDBRL II	17,250	28,742	Sep-11	3,869	6,447		2,269
NDF USDBRL III	530	883	Mar-11	(127)	(212)		(92)
NDF USDBRL IV	17,250	28,742	Sep-11	(4,223)	(7,036)		(2,391)
SWAP TJLP	6,095	10,155	Mar-12	268	446	997	(659)
SWAP LIBOR I	22,359	37,254	Oct-19	(687)	(1,145)	(514)	
SWAP LIBOR II	25,080	41,789	May-19	(1,148)	(1,912)	(1,345)	(272)
SWAP LIBOR III	22,705	37,831	Nov-19	(1,070)	(1,783)	(1,195)	(381)
SWAP LIBOR IV	16,667	27,770	Sep-11	(534)	(890)	(1,758)	(2,523)
SWAP LIBOR V	50,000	83,310	Jul-15	566	942	(253)	
				(2,967)	**(4,944)**	**(4,068)**	**(3,964)**

On December 31, 2010, the fair value of derivatives amounting to R$ 4,944 - US$ 2,967 (December 31, 2009 - R $ 3,964) is recorded as "Other receivables" in current assets.

(iii) Exposure by counterparty

The current exposure of the Company and its subsidiaries to the risk of default by their counterparties in derivative financial instruments used for hedging purposes are listed in the table below, taking into consideration the market value of the derivatives plus the guarantees:

Counterparty	Notional		Exposure on December 31, 2010	
	US$	R$	US$	R$
Barclays	530	883	119	199
Bank of America Merrill Lynch	17,780	29,625	(4,350)	(7,248)
Deutsche Bank	42,330	70,531	2,722	4,535
Goldman Sachs	95,064	158,395	(1,192)	(1,986)
Santander	22,761	37,925	(266)	(444)
	178,465	**297,359**	**(2,967)**	**(4,944)**

In managing the credit risk, the Company and its subsidiaries take into consideration the ratings and the prices in the Credit Default Swap market for their counterparties in derivatives.

4.4 Sensitivity analysis

(a) Sensitivity analysis

The derivative financial instruments may be subject to changes in their fair value as a result of the variation in foreign exchange rates, interest rates, price indexes and other variables. The sensitivity of the derivative financial instruments to these variables is presented below:

(i) Selection of risks

Management selected the two market risks that may most affect the value of the derivative financial instruments held by the Company and its subsidiaries, namely: a) Brazilian real-US dollar exchange rate; and b) Libor floating interest rate.

For the purposes of the risk sensitivity analysis, the Company and its subsidiaries present the exposures to currencies and interest rates as if they were independent, that is, without reflecting in the exposure to a foreign exchange rate the risks of the variation in interest rates that could be indirectly influenced by it.

(ii) Selection of scenarios

The sensitivity analysis includes three scenarios, one of which is probable and the other two represent adverse effects for the Company and its subsidiaries. In the preparation of the adverse scenarios, only considered the impact of the variables on the derivative financial instrument was considered. The overall impacts on the Company's operations, such as those arising from the revaluation of inventories and revenue and future costs, were not considered.

Since the Company and its subsidiaries manage their exposure to foreign exchange rate risk on a net basis, adverse effects from an appreciation of the Brazilian real in relation to the US dollar can be offset by opposing effects on their operating results.

As a probable scenario, the future curves of the Brazilian real-US dollar exchange rate and the Libor rate at December 31, 2010, disclosed by Bloomberg, were considered.

An increase of 25% of the future curve quote disclosed by Bloomberg on December 31, 2010 was considered for the Brazilian real-US dollar exchange rate for the possible adverse scenario and of 50% for the worst-case scenario.

A decrease of 25% of the future curve quote disclosed by Bloomberg on December 31, 2010 was considered for the Libor interest rate for the possible adverse scenario and of 50% for the worst-case scenario.

The sensitivity amounts in the table below are the changes in the value of the derivative financial instruments in each scenario.

In thousands of reais and U.S. dollars, unless otherwise indicated

(iii) Sensitivity to the Brazilian real-US dollar exchange rate

The sensitivity of each derivative financial instrument to the variation in the Brazilian real-US dollar exchange rate is presented in the table below:

			R$
Operation	**Probable**	**Possible Adverse (25%)**	**Adverse worst-case (50%)**
NDF USDBRL I	199	(17)	(162)
NDF USDBRL II	6,447	(591)	(5,283)
NDF USDBRL III	(212)	11	234
NDF USDBRL IV	(7)	537	8,110
SWAP TJLP	446	(2,160)	(3,898)
	6,873	**(2,220)**	**(999)**

			US$
Operation	**Probable**	**Possible Adverse (25%)**	**Adverse worst-case (50%)**
NDF USDBRL I	119	(10)	(97)
NDF USDBRL II	3,869	(355)	(3,171)
NDF USDBRL III	(127)	7	140
NDF USDBRL IV	(4)	322	4,867
SWAP TJLP	268	(1,296)	(2,339)
	4,125	**(1,332)**	**(600)**

(iv) Sensitivity of future cash flows to the Libor floating interest rate

The sensitivity of future interest income and expenses of each derivative financial instrument is presented in the table below:

In thousands of reais and U.S. dollars, unless otherwise indicated

			R$
Operation	**Probable**	**Possible Adverse (25%)**	**Adverse worst-case (50%)**
SWAP LIBOR I	(1,145)	(2,144)	(3,144)
SWAP LIBOR II	(1,912)	(2,964)	(4,015)
SWAP LIBOR III	(1,783)	(2,820)	(3,858)
SWAP LIBOR IV	(890)	(927)	(962)
SWAP LIBOR V	942	(915)	(2,773)
	(4,788)	**(9,770)**	**(14,752)**

			US$
Operation	**Probable**	**Possible Adverse (25%)**	**Adverse worst-case (50%)**
SWAP LIBOR I	(687)	(1,287)	(1,887)
SWAP LIBOR II	(1,148)	(1,779)	(2,410)
SWAP LIBOR III	(1,070)	(1,692)	(2,315)
SWAP LIBOR IV	(534)	(556)	(577)
SWAP LIBOR V	565	(550)	(1,665)
	(2,874)	**(5,864)**	**(8,854)**

In thousands of reais and U.S. dollars, unless otherwise indicated

5 Financial Instruments by Category

	Loans and receivables	Assets measured at fair value through profit or loss	Total R$	Total US$
December 31, 2010				
Assets, according to the balance sheet				
Derivative financial instruments		8,034	8,034	4,822
Trade accounts receivable, net of prepayments (i)	5,506,319		5,506,319	3,304,717
Financial assets measured at fair value through profit or loss		136,374	136,374	81,847
Cash and cash equivalents	4,580,682		4,580,682	2,749,179
	10,087,001	144,408	10,231,409	6,140,565

	Liabilities measured at fair value through profit or loss	Other financial liabilities	Total R$	Total US$
December 31, 2010				
Liabilities, according to the balance sheet				
Financing and lease obligations (ii)		1,451,354	1,451,354	871,056
Derivative financial instruments	12,978		12,978	7,789
Accounts payable and other , excluding legal obligations (iii)		2,544,947	2,544,947	1,527,396
	12,978	3,996,301	4,009,279	2,406,241

	Loans and receivables	Assets measured at the fair value through profit or loss	Total R$	Total US$
December 31, 2009				
Assets, according to the balance sheet				
Derivative financial instruments		2,354	2,354	1,413
Trade accounts receivable, net of prepayments (i)	5,020,950		5,020,950	3,013,414
Financial assets measured at fair value through profit or loss		138,774	138,774	83,288
Cash and cash equivalents	2,979,103		2,979,103	1,787,962
	8,000,053	141,128	8,141,181	4,886,077

In thousands of reais and U.S. dollars, unless otherwise indicated

	Liabilities measured at fair value through profit or loss	Other financial liabilities	Total R$	Total US$
December 31, 2009				
Liabilities, according to the balance sheet				
Financing and lease obligations (ii)		2,300,994	2,300,994	1,380,983
Derivative financial instruments	6,318		6,318	3,792
Accounts payable and other , excluding legal obligations (iii)		2,304,575	2,304,575	1,383,132
	6,318	4,605,569	4,611,887	2,767,907

	Loans and receivables	Assets measured at fair value through profit or loss	Total R$	Total US$
January 1, 2009				
Assets, according to the balance sheet				
Derivative financial instruments		38,253	38,253	22,958
Trade accounts receivable, net of prepayments (i)	4,919,133		4,919,133	2,952,306
Financial assets measured at fair value through profit or loss		176,057	176,057	105,664
Cash and cash equivalents	2,269,006		2,269,006	1,361,785
	7,188,139	214,310	7,402,449	4,442,713

	Liabilities measured at fair value through profit or loss	Other financial liabilities	Total R$	Total US$
January 1, 2009				
Liabilities, according to the balance sheet				
Financing and lease obligations (ii)		2,539,873	2,539,873	1,524,351
Derivative financial instruments	212,296		212,296	127,413
Accounts payable and other , excluding legal obligations (iii)		2,266,670	2,266,670	1,360,383
	212,296	4,806,543	5,018,839	3,012,147

(i) The prepayments are excluded from the balance of “trade accounts receivable and other accounts receivable” since the analysis is required only for financial instruments.
(ii) The categories in this disclosure are determined by CPC 38. Thus, the finance leases were presented together with financing.
(iii) The legal obligations are excluded from the accounts payable balance, since the analysis is required only for financial instruments.

In thousands of reais and U.S. dollars, unless otherwise indicated

6 Cash and Cash Equivalents

	December 31, 2010	December 31, 2010	December 31, 2009	January 1, 2009
	US$			R$
Cash and banks	1,079,942	1,799,400	1,311,185	1,319,059
Short-term deposits	1,669,237	2,781,282	1,667,918	949,947
	2,749,179	4,580,682	2,979,103	2,269,006

7 Trade Accounts Receivable

	December 31, 2010	December 31, 2010	December 31, 2009	January 1, 2009
	US$			R$
Government entities				
Federal	1,587,706	2,645,435	2,701,694	2,081,473
State	305,367	508,802	549,045	868,749
Municipal	226,308	377,076	381,982	310,547
	2,119,381	3,531,313	3,632,721	3,260,769
Private sector	505,472	842,218	739,220	852,176
	2,624,853	4,373,531	4,371,941	4,112,945
Current assets	(2,307,638)	(3,844,987)	(3,649,783)	(2,848,986)
Non-current assets	317,215	528,544	722,158	1,263,959

As part of its policy to mitigate performance risks in developing countries, the Company and its subsidiaries require advances from customers before starting a project (down payment). Such advances are deducted from each invoice through the end of the contract.

The balances of trade accounts receivable were calculated taking into consideration the contractual terms, specific portfolio risks and negotiations in progress, including administrative and judicial collection processes, in order to recover amounts due for services rendered, including financial charges. Taking into consideration the history of minimal losses that the Company and its subsidiaries have incurred, management does not expect losses on the realization of such receivables and believes that the recognition of amounts in addition to those recorded may occur when sufficient evidence exists to support a reasonable expectation that the corresponding amounts will be received.

Trade accounts receivable at December 31, 2010 include R$ 324,225 – US$ 194,589 (December 31, 2009 - R$ 331,242 and January 1, 2009 – R$ 656,729) of overdue receivables from government entities under judicial collection, the major part of which has received favorable decisions, and R$ 261,483 – US$ 156,934 (December 31, 2009 – R$ 212,992 and January 1, 2009 – R$ 200,070) of overdue receivables which the Company and its subsidiaries are attempting to collect through administrative actions with the debtors.

In thousands of reais and U.S. dollars, unless otherwise indicated

8 Taxes Recoverable

		December 31, 2010	December 31, 2009	January 1, 2009
	US$			R$
Current assets				
Social contributions recoverable	671	1,118	174	2,871
Withholding IR, CSL, PIS and COFINS from invoicing and withholding IR on earnings from financing investments and invoicing	68,317	113,829	105,531	100,162
Prepaid income tax by overseas branches and subsidiaries	47,882	79,781	140,652	113,260
Foreign branches/ subsidiaries value added				
Construtora Norberto Odebrecht S.A. - Ecuador				
Construtora Norberto Odebrecht S.A. - Venezuela (*)	8,204	13,670	104,699	185,691
Construtora Norberto Odebrecht S.A. - Argentina	47,425	79,019	52,323	49,750
Construtora Norberto Odebrecht S.A. - Mexico				
BPC	1,675	2,791	3,500	7,530
Other taxes recoverable	15,732	26,214	2,874	13,841
	189,906	316,422	409,753	473,105
Non-current assets				
Foreign branches/subsidiaries value added tax - Venezuela (*)			100,000	98,510
IR withheld at source on dividends abroad	1,254	2,090	656	22,018
Other taxes recoverable	7,896	13,156	8,943	7,900
	9,150	15,246	109,599	128,428

(*) Refers mainly to tax credits for which branch management has requested reimbursement of the related withholding tax in the amount of R$ 28,382 – US$ 17,034 from the Venezuelan tax authorities. The balance of R$ 13,670 – US$ 8,204 is recorded at its realizable value and additional losses are not expected. The variation of these balances between December 31, 2009 and 2010, refers basically to the exchange devaluation in Venezuela and receipts since January 1, 2010.

9 Inventories

		December 31, 2010	December 31, 2009	January 1, 2009
	US$			R$
Raw materials	3,132	5,219	2,521	1,564
Materials to be used in construction works	213,728	356,113	484,043	663,763
Marketable properties	52,929	88,191	102,735	71,934
Imports and exports in progress	47,595	79,302	38,319	91,196
In transit inventories	5,549	9,246	1,550	
Advances to suppliers	22,871	38,107	144,154	222,593
	345,804	576,178	773,322	1,051,050

10 Eletrobras Credits

On October 23, 2006 according to the "Contract of Assignment of Credit Rights Subject to a Legal Action with a Final and Conclusive determination", Odebrecht Investimentos S.A. (merged into ODB) sold to the Company, the credit rights arising from the proceeding No. 2001.34.00.029764-8, which was judged in a final and unappealable decision in 2006, originally filed by OPP Química S.A. (merged into Braskem S.A) against Centrais Elétricas Brasileiras S.A. - Eletrobras ("Eletrobras"). Such assignment had the net amount of R$ 238,234 – US$ 142,980, after deducting the fees of the lawyers contracted to accompany the legal action.

The Company paid the amount corresponding to such sale in cash, in the amount of R$ 149,959 – US$ 90,001, and the remaining balance in the amount of R$ 88,275 – US$ 52,980 was used by the Company to partially reduce the receivables from ODB relative to the current account agreement between the parties.

According to the final and unappealable decision, Eletrobras was sentenced to (i) monetarily adjust the payments made by the plaintiff from 1977 up to 1994, as Eletrobras Compulsory Loan ("ECE") determined by Law No. 4,156/62, using the monetary adjustment rates decided in such legal decision; (ii) pay interest at the rate of 6% per year, according to Law No. 5,073/66, on the difference in the monetary adjustment; and (iii) reimburse the legal costs and pay the loss of lawsuit fees.

Further to the final and unappealable decision, the following events have occurred in respect to the legal action: (i) proposition of credit execution against Eletrobras, in the amount of R$ 261,557 – US$ 156,978; (ii) payment in court by Eletrobras of part of the executed amount of R$ 71,187 – US$ 42,724- ; and (iii) challenge by Eletrobras for the purpose of discussing the criteria for calculating the amount of the remaining balance, offering the registered preferred shares of a subsidiary in guarantee sufficient to cover the remaining balance.

In January 2008, the Company received a portion of the payment made in court in the amount of R$ 59,104 – US$ 35,472, and awaits the completion of the expert's report to determine the difference challenged by Eletrobras.

On February 11, 2010, the Federal Court of Brasília determined the amount of the expert's fees and established a date for the expert to present his report to the court. At this time, the Company is still awaiting the expert's report.

Eletrobras filed an interlocutory appeal against the decision. This appeal was deemed groundless and this decision was communicated to the court of origin in order to continue with the accounting expert's evaluation, which is still pending.

11 Investments

(a) Information on the investees

At December 31, 2010 and 2009 and January 1, 2009, the balance of the investments in associated companies mainly relate to the indirect holding in Braskem through the investees Belgrávia and OSP (Note 1 (ii)), which is recorded using the equity method.

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In December 2009, the Extraordinary Stockholders' Meeting approved the subscription and payment of the capital increase of OSP by R$ 735,901 – US$ 441,664 with 78,512,673 preferred shares issued by Braskem held by the direct subsidiary Belgrávia at the book value of November 30, 2009. See Notes (i) and (ii) below, for relevant information on and changes in investments for the year:

(i) Main information

	OSP		Braskem (*)
	December 31, 2010	December 31, 2009	January 1, 2009
Number of shares held - preferrred	737,328,531	735,901,322	78,512,673
Direct holding (%)	41.47	41.42	15.47
Equity - In R$	3,129,500	1,742,266	3,679,858
Equity - In US$	1,878,226	1,045,652	2,208,533

	December 31, 2010	Loss from December 1 to 31, 2009	11-month period ended November 30, 2009 (*)
Net income (loss) for the year/period - In R$	677,796	(44,148)	1,033,554
Net income (loss) for the year/period - In US$	406,792	(26,496)	620,306

(*) On November 30, 2009, the Company's investment in Braskem was transferred to OSP.

(ii) Changes in the investments in associated companies

		December 31, 2010	December 31, 2009	January 1, 2009
	US$			R$
Braskem				
Opening balance of investment in Braskem			680,188	770,376
Increased participation - book value (a)				151,525
Equity in results			15,667	(234,397)
Gain (loss) on equity participation			3,000	(63,107)
Carrying value adjustments			146,571	55,671
Investment used to acquire shares in OSP			(714,214)	
Others			328	120
OSP				
Opening balance of investment in OSP	512,072	853,214	735,901	
Acquisition of investment	1,138	1,896		
Change in ownership of investee	143,952	239,852		
Carrying value adjustments	(26,266)	(43,764)	4,060	
Equity in results	168,367	280,533	(18,287)	
Others	(20,390)	(33,972)		
Total associated companies	778,873	1,297,759	853,214	680,188
Others	75,891	126,449	86,302	33,254
Balance at the end of the year	854,764	1,424,208	939,516	713,442

(a) In 2009, there were changes in the shareholding position of Braskem, resulting in adjustments to the Company's ownership interest which were recorded in equity (Note 2.2 (a)).

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(b) Other investments

Represented mainly by the investments of the indirect subsidiary BPC, headquartered in Portugal, in companies with highway concessions, all recorded at cost as the participations are less than 20% of voting capital and no significant influence exists, in addition to the investment held in Catoca included in "others" below. The main balances are as follows:

	December 31, 2010		December 31, 2009	January 1, 2009
	US$			R$
Aenor - Auto Estradas do Norte S.A. (*)			39,089	50,482
Lusolisboa - Auto Estradas da Grande Lisboa S.A.	14,244	23,734	26,710	19,375
Lusoscut - Auto Estradas da Costa de Prata S.A. (*)			13,917	15,492
Lusoscut - Auto Estradas das Beiras e Alta S.A. (*)			30,447	41,802
Lusoscut - Auto Estradas do Grande Porto S.A. (*)			22,076	34,329
Shopping Belas	12,405	20,670	15,831	
Others	1,992	3,317	70,987	149,540
	28,641	47,721	219,057	311,020

(*) On December 13, 2010, the indirect subsidiary BPC sold its investment in these investees for the amount of € 126,406 thousand – R$ 289,015. The gain on the sale, amounting to € 85,026 thousand – R$ 194,403, is recorded in the "Other income (expenses), net" account.

12 Property and Equipment

	December 31, 2010				December 31, 2009	January 1, 2009	%
	Cost	Accumulated depreciation		Net	Net	Net	Annual depreciation rates
		R$	US$	R$	R$	R$	
Land	31,409		18,851	31,409	29,891	6,111	
Buildings and installations	203,007	(28,997)	104,435	174,010	118,712	129,578	4
Machinery and equipment	1,493,821	(810,952)	409,836	682,869	946,029	1,217,946	1 to 17
Vehicles and ships	392,560	(284,127)	65,078	108,433	268,343	333,192	25
Furniture and fixtures	79,293	(28,186)	30,673	51,107	55,497	47,611	10
Construction in progress (*)	134,184		80,533	134,184			
Others	284,124	(69,856)	128,597	214,268	127,169	168,815	1 to 10
	2,618,398	(1,222,118)	838,003	1,396,280	1,545,641	1,903,253	

(*) Constructions in progress are mainly from the investment in OOGA.

In thousands of reais and U.S. dollars, unless otherwise indicated

(i) Changes:

	2010		2009
	US$		R$
At the beginning of the year	927,644	1,545,641	1,903,253
(+) Additions	375,138	625,055	581,282
(+) Additions due to corporate changes			7,136
(-) Disposals	(30,915)	(51,510)	(99,007)
(-) Depreciation	(266,409)	(443,890)	(586,306)
(+/-) Exchange variation (Note 2.3 (b))	(167,455)	(279,016)	(260,717)
At the end of the year	838,003	1,396,280	1,545,641

In thousands of reais and U.S. dollars, unless otherwise indicated

13 Debts

Financial institution/type of loans	Currency	Annual financial charges	D
			US$
Perpetual Bonds (a) (f)	US$	9.625%+ EV	
Medium-Term Note Program	US$	11.50%+ EV	
Banco do Brasil (d)	R$	113.00% to 129.00% CDI	86,632
Itau-Unibanco (c) (d)	US$	Libor + 1.90% to 2.45%+ EV / 7.18% to 875%+ EV	73,322
Bradesco (c)	US$	Libor + 5.10%+ EV	75,254
HSBC (c)	US$	Libor + 4.50%+ EV / 6.85%+ EV	65,486
RBS-ABN Amro Bank	US$	Libor + 0.275%+ EV	50,198
Votorantim	US$	7.50%+ EV	37,805
Banesco	US$ / VEF	7.00% to 18.50%+ EV	13,423
Safra (c)	US$	Libor + 2.15% to 3.70%+ EV / 5.90%+ EV	30,597
Landesbank Baden	US$ / €	Libor + 2.025%+ EV / Euribor + 2.375%+ EV	31,954
Banco de Venezuela	VEF	13.00% to 19.00%+ EV	4,585
Banco Mercantil de Venezuela	VEF	13.50% to 19.00%+ EV	30,862
BCP Investimento	€	2.71% to 5.10%+ EV	
BES de Investimento	€	2.50% to 3.64%+ EV / Euribor + 1.25% to 2.00%+ EV	
Bancaribe	VEF	21.00% to 24.00%+ EV	
Banco Nacional de Credito	VEF	24.00%+ EV	
Santander-Real	US$ / €	Libor + 1.65%+ VC/ Euribor + 1.25%+ EV	6,085
BBVA Trade Finance	US$	3.93% to 4.85%+ EV	7,044
Banco Exterior	VEF	19.00% to 24.00%+ EV	
Banco Africano de Investimento	US$ / KWA	7.00% to 23.50%+ EV	3,055
Banco Fomento de Angola	US$ / KWA	Libor + 1.18%+ EV / 22.50%+ EV	
IKB Deustche Bank	US$	Libor + 0.95%+ EV	3,255
Societe Generale	US$	Libor + 2.50%+ EV	
Banco de Credito del Peru	US$	Libor + 0.95%+ EV	
Banco del Sur	VEF	21.00% to 24.00%+ EV	15,607
Banco Nacional de Paris	US$ / €	Libor + 0.80%+ EV / Euribor + 0.75%+ EV / 1.80% to 2.34%+ EV	15,716
BBVA Bancomer S.A.	US$	Libor + 0.85%+ EV	
BSN Portugal	€	1.88% to 5.00%+ EV	
Banco de Bogota	US$	7.50%+ EV	45,077
FINAME (e)	R$	TJLP + 0.86% to 4.45%/ fixed interest 4.5% to 11.50%	12,625
FINEP	R$	Fixed interest 5.25%	57,157
CCB Mercado de Capitais	R$	IPCA + 9.84%	43,360
PEC	R$	TJLP + 5.30%	60,017
Various foreign financial institutions	US$ / € / AED/ VEF /	2.34% to 24.00%+ EV / Libor + 1.00 to 5.00%+ EV / Eibor + 1.25 to	51,233
Various Brazilian financial institutions	R$	107.00% to 149.00% CDI	50,708
			871,057
		Less: Non-current liabilities	457,943
		Current liabilities	413,114

Abbreviations:

CDI - Interbank Deposit Certificate	FINAME - Financing of Machinery and Equipment
EV - Exchange variation	VEF - Venezuelan Bolivars
LIBOR - London Interbank Offered Rate	KWA - Angola Kwanza
Eibor - Emirates Interbank Offered Rate	TJLP - Long-term Interest Rate
AED - Arab Emirates Dirham	FINEP - Financing of Development and Projects
IPCA - Amplified Consumer Price Index	CCB - Bank Credit Certificate
ARS – Argentine Peso	Euribor - Euro Interbank Offered Rate

In thousands of reais and U.S. dollars, unless otherwise indicated

Non-current amounts mature as follows:

		December 31, 2010	December 31, 2009	January 1, 2009
	US$			R$
2010				808,085
2011			496,890	197,584
2012	255,082	425,018	377,001	40,429
2013	91,495	152,449	179,481	243,338
2014	33,160	55,251	118,157	18,278
2015 and thereafter	78,206	130,306	489,193	367,406
	457,943	763,024	1,660,722	1,675,120

The fair value of the non-current loans approximates their book value since the impact of the discount to present value is not significant. The fair values are based on discounted cash flows. The book values of current loans approximate their fair values.

The Company's loans were contracted in the following currencies:

		December 31, 2010	December 31, 2009	January 1, 2009
	US$			R$
Local currency (Reais)	305,972	509,811	838,497	425,822
Foreign currency	565,084	941,543	1,462,497	2,114,051
	871,056	1,451,354	2,300,994	2,539,873

(i) Additional information about debts:

(a) On September 24, 2005, OOL raised US$ 200,000 in the European, Asian and North American international financial markets in Perpetual Bonds, with annual interest equivalent to 9.625% (effective rate) a year, paid quarterly. Such bonds have no maturity date but provide to the issuer a call option after 5 years from the issuance date, starting in September 2010 and, subsequently, upon each payment of interest. The call option was exercised and this operation was settled in December 2010, as mentioned in Note 1 (iii).

(b) On May 18, 2006, OOL raised with financial entities in the international market, a credit line called "Revolving Credit Facility Agreement" in the total amount of US$ 300,000 maturing in February 2010, with financial charges equivalent to LIBOR plus 1.15% p.a. If the credit line is not used, the financial charge is 0.65% p.a. payable monthly. In January 2010, this revolving credit line was renewed for an additional 3 years and increased to US$ 500,000. The financial charges are equivalent to LIBOR plus 3.00% p.a. When the credit line is not being used, the charges are equivalent to 1.00% p.a. payable monthly. As of December 31, 2010, this credit line is not being used.

(c) In June 2008, the subsidiary OOL contracted import financing (FINIMP) falling due within up to three years after the issue date. At December 31, 2010, the balance of this financing is US$ 227,836 – R$ 379,620 (December 31, 2009 - R$ 427,303 and January 1, 2009 – R$ 428,154).

(d) In September 2008, the subsidiary Olex raised export credit notes falling due within up to five years after the issue date. At December 31, 2010, the balance of this financing is US$ 141,261 – R$ 235,370 (December 31, 2009 - R$ 395,002 and January 1, 2009 – R$ 304,365).

(e) At December 31, 2010, the debt related to equipment, vehicles and services used in the Company's ordinary course of business, plus accrued interest, amounts to R$ 667,011 – US$ 400,319 (December 31, 2009 – R$ 756,019 and January 1, 2009 – R$ 844,444). Most of the assets are financed through BNDES credit lines (FINAME), for which the assets themselves are given in guarantee. At December 31, 2010, these debts amount to R$ 21,035 – US$ 12,625 (December 31, 2009 - R$ 163,694 and January 1, 2009 – R$ 204,791).

(f) The ODB subsidiary OFL obtained funds, with the Company as guarantor, as follows:

. On October 18, 2007, US$ 200,000 in Bonds on the international financial markets. These Bonds mature in October 2017 and have a call (repurchase) option in five years. On April 7, 2008, OFL increased the amount of this operation raising an additional US$ 200,000 with the same characteristics of the existing operation.

. On April 9, 2009, US$ 200,000 in Bonds on the international financial markets. These Bonds mature on April 9, 2014.

. On October 21, 2009, a further US$ 500,000 in Bonds on the international financial markets. These Bonds mature on April 21, 2020 and have a repurchase option after five years.

. On September 14, 2010, a further US$ 500,000 thousand in Perpetual Bonds on the international financial markets with a repurchase option after five years (Note 1 (iii)).

(ii) Restrictive clauses and guarantees

Certain borrowings mentioned above, and those of other Odebrecht Organization companies the Company guarantees, have certain restrictive clauses, which are being complied with.

14 Deferred income tax and social contribution

Deferred income tax and social contribution are calculated on income tax and social contribution loss carryforwards and temporary differences between the tax bases of assets and liabilities and book values in the financial statements. The currently defined tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred taxes.

(a) Balances of deferred income tax and social contribution

The asset balances relate to income tax and social contribution tax loss carryforwards and temporary differences, mainly in the Company and its indirect subsidiary CBPO.

In thousands of reais and U.S. dollars, unless otherwise indicated

The liability balances relate to income tax and social contribution on unrealized profits on sales to government entities and the effects of exchange variations, mainly in the Company and its indirect subsidiary CBPO.

The composition of the deferred income tax and social contribution accounts on December 31, 2010, 2009 and January 1, 2009 is as follows:

(i) Income tax

					December 31, 2010	December 31, 2009	January 1, 2009
	Other temporary differences	Deferred income and exchange variation	Accumulated income tax losses	Offsets	Total	Total	Total
In R$							
Non-current assets	41,572		94,676	(17,299)	118,949	133,569	95,655
Non-current liabilities		(380,526)	2,806	17,299	(360,421)	(318,319)	(102,780)
In US$							
Non-current assets	24,951		56,822	(10,382)	71,391		
Non-current liabilities		(228,380)	1,684	10,382	(216,314)		

(ii) Social contribution

					December 31, 2010	December 31, 2009	January 1, 2009
	On other temporary differences	Deferred income and exchange variation	Accumulated social contribution losses	Offsets	Total	Total	Total
In R$							
Non-current assets	10,434		3,747	(1,495)	12,686	34,625	17,743
Non-current liabilities		(134,138)		1,558	(132,580)	(94,994)	(56,087)
In US$							
Non-current assets	6,262		2,249	(897)	7,614		
Non-current liabilities		(80,504)		935	(79,569)		

(b) Recoverability of recorded deferred tax assets

At December 31, 2010, the Company and its subsidiaries have deferred income tax and social contribution liabilities recognized mainly on deferred income and foreign exchange variation in Brazil. The asset balances mainly relate to temporary differences based on the realization of such differences supported by the forecast of future results.

This forecast includes, as basic assumptions, the continuing increase in the order backlog (portfolio of revenues already contracted by the Company and its subsidiaries) in recent years; the gains to be earned from the disposal of assets not pertaining to the engineering and construction activity; the expectation of increased investment in Brazil's power and infrastructure sectors; as well as the recognition, for tax purposes, of the operating results of foreign subsidiaries on the applicable balance sheet date.

Additionally, the Company, together with its main subsidiary, CBPO, have realized and cumulatively reduced their net balance of deferred income tax and social contribution assets in the past three years.

(c) Foreign income tax

In the year ended December 31, 2010, the income tax expense incurred overseas is represented primarily by the taxes generated by operations in Angola - R$ 58,059 – US$ 34,845 (2009 - R$ 55,638), Argentina R$ 27,823 - US$ 16,698 (2009 - R$ 67,520) and Venezuela R$ 67,371 - US$ 40,434 (2009 - R$ 91,219).

(d) Tax incentive – corporate income tax

The Company, by means of the constitutive report No. 0219/2006, of October 9, 2006, issued by the Agência de Desenvolvimento do Nordeste - ADENE of the Ministry of National Integration, acquired the right to a benefit of 75% reduction, until the base year 2016 (calendar year 2015), of the income tax otherwise payable on the profits arising from the branch established for the manufacturing and assembly of sea platforms for oil exploration contracted by Petrobras and PNBV. The manufacture and assembly plant is installed at Vila de São Roque de Paraguaçu, in the city of Maragogipe, State of Bahia.

15 Long-term incentives

Through the benefit plan called "Long-term incentives" (which is not a stock options plan), employees designated annually by management may acquire securities issued by the Company that are called "Investment Unit" ("I.U."). The objectives of the plan are to strengthen the convergence of interests in the creation of long-term value between the Company's employees and the stockholders, promote the sense of ownership and motivate the vision and commitment of employees to long-term results.

The I.U. does not make its holder a stockholder of the Company nor does it give any right or privilege that is inherent to stockholders, particularly voting and other political rights.

The I.U. is issued annually and its value is restated each year in accordance with the economic value of the Company's shares.

There are three types of I.U.:

- acquired by the participant, called "Alfa";
- received by the participant as a consideration of the Company, called "Beta"; and
- received by the participant as dividends, called "Gama".

The I.U. is issued on a personal basis and may only be sold back to the Company by means of redemption in accordance with the following conditions:

- as from August 30, 2011 the buyer may redeem up to 20% of the accumulated balance of investment units; and
- from the initial redemption, redemption is limited to 10% of the accumulated balance.

On December 31, 2010, the Company transferred a portion of the long-term incentives obligation, through the current account with ODB, in the amount of R$ 121,170 – US$ 72,722, corresponding to R$ 65,488 – US$ 39,304 in Alfa investment units and R$ 55,682 – US$ 33,419, in Beta investment units.

At December 31, 2010, the number of outstanding investment units is 3,000,576 (December 31, 2009 – 2,957,660), which represent an obligation of R$ 4,344 – US$ 2,607 (December 31, 2009 – R$ 78,378).

16 Equity

(a) Capital

At December 31, 2010, the Company's capital of R$ 1,113,126 – US$ 668,063 (December 31, 2009 - R$ 1,378,375 and January 1, 2009 – R$ 1,378,375), is subscribed and paid-up entirely by Brazilian individuals and corporations and comprised 163,298,207 (December 31, 2009 - 163,298,207 and January 1, 2009 – 163,298,207) common shares and 118,800,974 (December 31, 2009 – 118,800,974 and January 1, 2009 – 118,800,974) preferred shares with no par value.

On March 31, 2010, the Extraordinary Stockholders' Meeting approved the reduction of the Company's capital by R$ 204,257 – US$ 122,589, without the cancellation of shares. As a result of this reduction, the investment held by the Company in ETHINV was transferred to ODB (Note 1 (ii)).

On June 22, 2010, the Company's capital was reduced by R$ 60,992 – US$ 36,605, without the cancellation of shares, through the transfer of the investment received from Belgrávia in Rota das Bandeiras to ODB (Note 1 (ii)).

(b) Appropriation of net income

According to the Company's by-laws, appropriations are made to revenue reserves as described below. The utilization of the remaining balance after these appropriations and distribution of dividends will be decided at the Annual Stockholders' Meeting.

(i) Legal reserve

This reserve is established through the appropriation of 5% of net income of each year until the reserve equals 20% of total capital or until its balance, plus capital reserves, exceeds 30% of total capital.

(ii) Reserve for investments (statutory)

This is established through the appropriation of up to 70% of net income for the year, after transfer to the legal reserve, until, together with the legal reserve, it reaches 100% of total capital.

As a result of the capital reductions described above, the value of R $ 181,733 - US$ 109,070 was transferred to the reserve for future capital increase due to the fact that the reserve for investments, together with the legal reserve, exceeded the amount of the Company's capital.

(iii) Revenue reserve - tax incentives

In compliance with Law No. 11,638/07 and CPC 07 – Government grants and assistance, the amounts related to the tax incentive determined as described in Note 14 (d) were accounted for in the statement of income and subsequently allocated to the Revenue reserve - tax incentives. This reserve may only be used to increase capital or offset losses, as provided for in Article 545 of the Income Tax Regulations.

In thousands of reais and U.S. dollars, unless otherwise indicated

As a result of the changes introduced by Laws No. 11,638/07 and No. 11,941/09 and Provisional Measure No. 449/08, the balance of the tax incentives reserve was reclassified from capital reserve to revenue reserve.

(iv) Reserve for future capital increase

After the distribution of profits and transfers to the legal and investments (statutory) reserves, management appropriated the balance of net income for the year, of R$ 1,751,054 – US$ 1,050,927, to a reserve for future capital increase, in compliance with Article 199 of Law No. 11,638/07 which determines that the total of revenue reserves cannot exceed the amount of capital. The purpose of the reserve is to increase capital in order to meet the needs of the expected volume of business and investments in the coming years.

(c) Carrying value adjustment account

This account was established by Law No. 11,638/07 in order to record in equity amounts that have not yet been recognized in profit or loss for the year. These amounts will affect the statement of income upon their effective realization. The changes in this account in the years ended December 31, 2010 and 2009, were as follows:

	Years ended December 31,		
		2010	2009
	US$		R$
At the begining of the year	76,237	127,026	353,370
Carrying value adjustments in investees (Note 11 (a) (ii))	(21,612)	(36,010)	145,052
Exchange variation of investments abroad (Note 2.3)	(91,838)	(153,020)	(376,975)
Change in market value of financial instruments of investees (Note 11 (a) (ii))	(4,654)	(7,754)	5,579
At the end of the year	(41,867)	(69,758)	127,026

(d) Share rights

Preferred shares, which are non-voting, have priority in the event of capital reimbursement upon liquidation and, based on Law n°. 10,303/01, the preferred and common shares have the same right with regards to the receipt of dividends. All stockholders are assured an annual dividend of at least 25% of the adjusted net income for the year, calculated in accordance with Brazilian corporate legislation.

At December 31, 2009, interest on capital in the amount of R$ 58,250 – US$ 34,960 (2008 - R$ 254,600), was paid to stockholders, and the amount net of withholding income tax was imputed to the minimum compulsory dividend for 2009, pursuant to the legal provision in paragraph 7 of Article 9 of Law No. 9,249/95.

For disclosure purposes, the interest on own capital expense was reversed in the statement of income itself under "Financial result, net", and presented in a manner similar to dividend distributions in the statement of changes in equity, in accordance with CVM Resolution No. 207/96.

In thousands of reais and U.S. dollars, unless otherwise indicated

The Company's management proposed dividends for the year ended December 31, 2010 in the amount of R$ 100,000 - US$ 60,017 (December 31, 2009 - R$ 110,000), which will be paid through the current account between the companies, pursuant to the formal approval of stockholders. This distribution will be ratified at the Annual General Meeting.

The Company's management resolved to distribute dividends at an amount lower than the minimum compulsory dividend for the year ended December 31, 2010, in accordance with the approval of all stockholders in a formal letter forwarded to management, which will also be ratified at the Annual General Meeting to be held on or before April 30, 2011. The undistributed balance of the minimum compulsory dividend, as well as the remaining portion of retained earnings, was appropriated to the reserve for future capital increase.

(e) Retained earnings

	US$	R$
January 1, 2009		
Net income for the year	532,962	888,022
Dividends	(100,978)	(168,250)
Transfer to legal reserve	(29,529)	(49,201)
Transfer to investment reserve	(236,301)	(393,725)
Transfer to future capital increase reserve	(165,046)	(275,000)
Non-controlling interest	(1,108)	(1,846)
December 31, 2009		
January 1, 2010		
Net income for the year	734,639	1,224,055
Dividends	(60,018)	(100,000)
Transfer to legal reserve	(21,802)	(36,327)
Transfer to future capital increase reserve	(776,810)	(1,294,321)
Transfer to investment reserve	143,952	239,852
Non-controlling interest	(19,961)	(33,259)
December 31, 2010		

In thousands of reais and U.S. dollars, unless otherwise indicated

17 Service revenue

The reconciliation of gross revenue from services rendered to the net revenue is as follows:

		Years ended December 31,	
		2010	2009
	US$		R$
Continuing operations			
Gross revenue from services			
Domestic market	4,163,205	6,936,733	5,684,148
Foreign market	5,837,602	9,726,612	12,880,255
	10,000,807	16,663,345	18,564,403
Taxes and contributions on services	(273,752)	(456,126)	(401,425)
Net service revenues	9,727,055	16,207,219	18,162,978

18 Other income (expenses), net

		Years ended December 31,	
		2010	2009
	US$		R$
Gain on disposal of equity interest (Note 11 (b))	116,674	194,403	
Net result on disposals of property and equipment	(44,877)	(74,774)	(127,189)
Others	4,690	7,814	3,028
	76,487	127,443	(124,161)

19 Financial results, Net

		Years ended December 31,	
		2010	2009
	US$		R$
Income from financial investments	176,115	293,443	456,663
Exchange variation expense	(168,612)	(280,942)	(279,836)
Exchange variation income	251,613	419,238	861,773
Financial charges on debts	(193,171)	(321,862)	(220,824)
Bank commissions	(82,501)	(137,463)	(65,565)
Others, net (*)	(94,754)	(157,878)	(332,292)
	(111,310)	(185,464)	419,919

(*) Refers mainly to the monetary adjustment and interest on trade accounts receivable and other accounts payable.

In thousands of reais and U.S. dollars, unless otherwise indicated

20 Income tax and social contribution expense

	Years ended December 31,		
		2010	2009
	US$		R$
Deferred social contribution	(12,171)	(20,279)	(43,686)
Current social contribution	(33,175)	(55,277)	(16,351)
Total - social contribution	(45,346)	(75,556)	(60,037)
Deferred income tax	(35,982)	(59,953)	(243,609)
Current income tax	(48,635)	(81,036)	(50,162)
Foreign income tax (branches and subsidiaries)	(113,859)	(189,711)	(269,692)
Total - income tax	(198,476)	(330,700)	(563,463)

21 Insurance Coverage

Consistency in the approach to risks at the Odebrecht Organization is ensured by the Insurance and the Finance and Guarantees Policies ("Policies"), which establish the basic concepts, general guidelines and authority for contracting and administering insurance and guarantees, and for the relationship with the insurance market.

The Policies, which cover insurance and guarantees contracted through insurance companies is: (i) complied with by ODB and its non-public subsidiaries, (ii) used as a guideline in the preparation of the Policies of the listed companies controlled by ODB, and (iii) used as a reference in the voting of its representatives for the approval of similar policies in joint ventures or jointly-controlled companies.

OCS, a wholly-owned subsidiary of ODB, which has international experience and operates worldwide, in line with ODB, is responsible for applying the Policy and supporting risk management at the level of the Odebrecht Organization, ensuring contracting at adequate prices and appropriate coverage for each contract or venture in the engineering and construction segment.

In the years ended December 31, 2010 and 2009, the Policy was fully complied with. We are not aware of any risk covered by the Policies that has not been duly analyzed and mitigated, or of any loss event that has not been properly covered.

At December 31, 2010, the insurance coverage of the Company and its subsidiaries amounts to US$ 42,237,160 - R$ 70,375,555 (December 31, 2009 - US$ 35,172,526 and January 1, 2009 - US$ 19,749,728). The Company and its subsidiaries have Surety Bonds operations, which, on December 31, 2010, amounted to US$ 7,165,633 - R$ 11,914,534 (December 31, 2009 - US$ 7,422,898 and January 1, 2009 – US$ 4,908,364).

22 Contingencies

(i) On December 31, 2010, the Company and its subsidiaries have provisions of R$ 115,035 – US$ 69,040 (December 31, 2009 - R$ 73,437 and January 1, 2009 – R$ 36,540) recorded in current liabilities and R$ 34,040 – US$ 20,430 (December 31, 2009 – R$ 13,911 and January 1, 2009 – R$ 905) in non-current liabilities to cover labor, tax and civil claims, which, in the opinion of management and its legal advisors have a probable chance of unfavorable outcome.

In addition, the Company and its subsidiary CBPO are defending labor and tax claims amounting to R$ 215,927 – US$ 129,592 (December 31, 2009 - R$ 166,409 and January 1, 2009 – R$ 138,512), as well as civil claims of R$ 325,072 – US$ 195,098 (December 31, 2009 - R$ 296,106 and January 1, 2009 – R$ 401,615), for which no provision for losses has been recorded because management and the legal advisors believe that chances of losses arising from the final decision in these cases are possible, but not probable.

In November 2009, the Company joined a tax debt refinancing program established by Law 11,941/09 and Provisional Measure 449/08 in order to settle its tax liabilities by means of a special installment system for the payment of its tax and social security obligations. The corresponding balance, amounting to R$ 192,478 – US$ 115,519, was divided into 65 monthly installments for the PAEX balance and 180 months for the other debts. On December 31, 2010, R$ 201,888 – US$ 121,167 (December 31, 2009 - R$ 176,370 and January 1, 2009 - R$ 50,452) is recorded under non-current liabilities and the remaining R$ 17,976 – US$ 10,789 (December 31, 2009 - R$ 16,555 and January 1, 2009 - R$ 5,552), is recorded under current liabilities.

In thousands of reais and U.S. dollars, unless otherwise indicated

(ii) Since 2003, the Company's branch in Ecuador has been inspected by the Internal Revenue Service (local equivalent to the Brazilian Federal Revenue Service) relating to income tax returns filed from 1999 to 2002 and 2004, 2005, 2006 and 2007. As a result of these inspections, the Ecuadorian tax authorities assessed this branch for additional amounts in relation to income and value added taxes, of approximately US$ 41,636 (R$ 69,374) (not including interest, arrears fines and other potential charges).

Management understands that there are sufficient grounds for a favorable outcome, and based on the opinion of its external legal advisors, who believe that the chances of a loss are remote, did not set up a provision to cover potential losses arising from this matter.

(iii) In 2008, the Company’s branch in Venezuela was inspected by the Integrated National Customs and Tax Service (SENIAT), equivalent to the Brazilian Federal Revenue Service for federal taxes (IVA– Value-added Tax and ISLR - Income Tax), with respect to the income tax returns for 2006 and 2007. As a result of this inspection, the Venezuelan tax authority raised additional income tax assessments against this branch.

The approximate amounts of the assessments for 2006 and 2007 were US$ 35,814 (R$ 59,673) and US$ 28,837 (R$ 48,048), respectively (including interest, arrears fines and other potential charges).

Based on these assessments, in December 2008, the Company accepted and paid the amount of US$ 13,900 (R$ 23,160), including fine and interest charges of US$ 5,600 (R$ 9,330), for 2006 and US$ 8,300 (R$ 13,829), for 2007.

Management understands that there are sufficient grounds for a favorable outcome, and based on the opinion of its external legal advisors, recognized a provision in the amount of US$ 7,588 (R$ 12,643), considered sufficient to cover probable losses arising from this matter.

23 Odebrecht Organization Companies

	Non-current receivables	**Non-current liabilities**
CBPO Malaysia SDN BHD	8,880	
Aqueduct Trading Services Co. Inc. ("Aqueduct")		65,018
ODB	555,670	
IIRSA SUL TRAMO 2		46,849
IIRSA SUL TRAMO 3		46,933
OLMOS	33,606	
ONL Investimentos B.V.	329,994	
Others	14,857	16,830
Balance at December 31, 2010 - R$	943,007	175,630
Balance at December 31, 2010 - US$	565,963	105,408
Balance at December 31, 2009 - R$	1,054,291	68,583
Balance at January 1, 2009 - R$	1,016,172	305,192

In thousands of reais and U.S. dollars, unless otherwise indicated

	Financial result, net		
	Years ended December 31,		
	2010		2009
	US$		R$
Aqueduct	(724)	(1,206)	(1,292)
ONL Investimentos B.V.			11,656
Others			2,001
	(724)	(1,206)	12,365

The main balances with the Organization companies are governed by the contractual instrument "Current account and single cash management agreement", entered into by the Organization companies. The operations consist of lending of funds, assignments of credits and assumptions of obligations and are not subject to financial charges. The financial result is represented, mainly, by the foreign exchange variation on balances with related companies overseas.

24 First-time adoption of the CPC pronouncements

24.1 Basis for transition

(a) Application of CPC 37 and 43

The consolidated financial statements for the year ended December 31, 2010 are the first annual consolidated financial statements in accordance with the CPC pronouncements. The Company applied CPC 37 and CPC 43 in preparing these consolidated financial statements.

Management prepared the opening balance sheet according to these CPC pronouncements on January 1, 2009, which was determined to be the transition date.

In preparing these financial statements, the Company applied the relevant compulsory exceptions and certain voluntary exemptions to the full retrospective application.

24.1.1 Exemptions to full retrospective application elected by the Company

The Company opted to apply the following exemption to retrospective application:

(a) Business combinations

The Company applied the exemption for business combinations described in CPC 37 and, as a result, did not restate the business combinations before January 1, 2009. In the years ended December 31, 2010 and 2009, there were no business combinations.

(b) Fair value as deemed cost

Because of the characteristics of the assets of the Company and its subsidiaries, which mainly comprise machinery and equipment used to perform the civil construction contracts and whose average useful life is shorter than 6 years, the Company elected not to measure items of property and equipment at fair value at January 1, 2009. Management understands that any fair value impact would not be material.

24.1.2 Exceptions to retrospective application followed by the Company

The Company applied the following compulsory exceptions to retrospective application.

(i) Accounting for estimates

The estimates used in the preparation of the financial statements at January 1, 2009 and December 31, 2009 are consistent with the estimates made on the same dates in accordance with the accounting practices previously adopted in Brazil ("former BR GAAP").

The other compulsory exceptions did not apply as there were no significant differences in relation to the former BR GAAP in these areas:

. Reversal of financial assets and financial liabilities.
. Non-controlling interests.

24.2 Reconciliation of former BR GAAP and CPC pronouncements

The material adjustments to the balance sheets and the income statement are described and quantified below.

(a) Consolidation

Under the former BR GAAP, the investee Catoca was proportionally consolidated. This entity has been excluded from the consolidation in accordance with the CPCs since it is not considered a joint venture under CPC 19 – Investments in Joint Ventures. The investment in Catoca is therefore included in the financial statements using the equity method (Note 1(ii)).

(b) Pre-operating expenses

Under former BR GAAP, the Company and its subsidiaries capitalized pre-operating expenses as "Deferred charges" up until December 31, 2008. Under CPC, pre-operating expenses that cannot be attributed to the cost of fixed assets or intangible assets are recognized as expenses in the statement of income, as incurred.

Therefore, the balances of R$ 112,902 – US$ 67,760 and R$ 50,195 – US$ 30,125, at January 1 and December 31, 2009, respectively, have been written off against equity and the amortization of R$ 62,707 – US$ 37,635 recognized in 2009 was reversed from the statement of income.

(c) Effects of adjustments in accounting practices of investee

The Company's investments at December 31, 2010 and 2009 and at January 1, 2009, comprise substantially its indirect participation in Braskem, through the investees Belgrávia and OSP, which are accounted for using the equity method.

In connection with the first-time adoption of CPC pronouncements, Braskem adjusted its opening balance sheet at January 1, 2009, its balance sheet at December 31, 2009 and its statement of income for 2009. The Company's percentage participation in these adjustments has been reflected in the Company´s consolidated financial statements.

(d) Tax and social contribution

The changes in deferred taxes and social contribution represent the deferred tax impacts of the adjustments related to the transition to CPC pronouncements.

(e) Retained earnings

Except for the reclassification items, all the adjustments above were recognized against opening retained earnings at January 1, 2009.

The reconciliations below quantifies the impact of the transition to the CPC pronouncements at the following dates and period:

. Equity at the transition date of January 1, 2009 (Note 24.2.1).
. Equity at December 31, 2009 (Note 24.2.2).
. Net income for the year ended December 31, 2009 (Note 24.2.3).

In thousands of reais and U.S. dollars, unless otherwise indicated

24.2.1 Reconciliation of equity as of January 1, 2009

	According to former BR GAAP	Exclusion of Catoca from the consolidation (Note 24.2 (a))	Pre-operating expenses write off (Note 24.2 (b))	Effects from investees (Note 24.2 (c))	According to CPCs
Assets					
Current assets					
Cash and cash equivalents	2,270,365	1,359			2,269,006
Financial investments	172,054				172,054
Trade accounts receivable	2,857,778	8,792			2,848,986
Advances to suppliers, subcontractors and others	708,169	7,307			700,862
Deferred income tax and social contribution	52,125			(52,125)	
Taxes recoverable	480,773	7,668			473,105
Inventories	1,121,443	70,393			1,051,050
Current accounts with consortium members	110,355				110,355
Prepaid expenses	175,854	529			175,325
Other accounts receivable	750,221	1,888			748,333
	8,699,137	97,936		(52,125)	8,549,076
Non-current assets					
Long-term receivables					
Financial investments	4,003				4,003
Odebrecht Organization companies	1,034,409	18,237			1,016,172
Trade accounts receivable	1,263,959				1,263,959
Deferred income tax and social contribution	22,886		38,387	52,125	113,398
Taxes recoverable	128,428				128,428
Eletrobras credits	207,149				207,149
Other accounts receivable	71,335	13,480			57,855
	2,732,169	31,717	38,387	52,125	2,790,964
Investments					
Associated companies	586,361			127,081	713,442
Others	194,660	(116,360)			311,020
Property and equipment	1,992,734	89,481			1,903,253
Intangible assets	34,720				34,720
Deferred charges	112,902		(112,902)		
	5,653,546	4,838	(74,515)	179,206	5,753,399
Total assets	14,352,683	102,774	(74,515)	127,081	14,302,475

	According to former BR GAAP
Liabilities and equity	
Current liabilities	872,747
Debts	1,597,490
Suppliers and subcontractors	1,139,366
Taxes, rates, salaries and payroll charges	12,500
Management profit sharing	36,540
Provisions for contingencies	2,300,060
Advances from customers	195,552
Current accounts with consortium members	515,630
Other accounts payable	
	6,669,885
Non-current liabilities	
Odebrecht Organization companies	305,192
Debts	1,702,163
Advances from customers	2,705,967
Deferred income tax and social contribution	158,867
Suppliers and subcontractors	85,702
Provisions for contingencies	905
Taxes payable in installments	50,452
Provision for losses on investments	9,986
Other accounts payable	103,354
	5,122,588
Equity	
Capital	1,378,375
Revenue reserves	850,214
Carrying value adjustments	281,602
	2,510,191
Non-controlling interest	50,019
	2,560,210
Total liabilities and equity	14,352,683

In thousands of reais and U.S. dollars, unless otherwise indicated

24.2.2 Reconciliation of equity as of December 31, 2009

	According to former BR GAAP	Effects from the opening balance sheet adjustments as January 1, 2009	Exclusion of Catoca from the consolidation (Note 24.2 (a))	Pre-operating expenses write off (Note 24.2 (b))	Effects from investees (Note 24.2 (c))	According to CPCs
Assets						
Current assets						
Cash and cash equivalents	2,996,187		17,084			2,979,103
Financial investments	134,771					134,771
Trade accounts receivable	3,649,840		57			3,649,783
Advances to suppliers, subcontractors and others	422,955		6,281			416,674
Deferred income tax and social contribution	51,822				(51,822)	
Taxes recoverable	409,753					409,753
Inventories	800,719		27,397			773,322
Current accounts with consortium members	115,165					115,165
Prepaid expenses	202,811		121			202,690
Other accounts receivable	551,639		3,347			548,292
	9,335,662		54,287		(51,822)	9,229,553
Non-current assets						
Long-term receivables						
Financial investments	4,003					4,003
Odebrecht Organization companies	1,071,340		17,049			1,054,291
Trade accounts receivable	722,158					722,158
Deferred income tax and social contribution	99,306			17,066	51,822	168,194
Taxes recoverable	109,599					109,599
Eletrobras credits	221,312					221,312
Other accounts receivable	112,615		11,898			100,717
	2,340,333		28,947	17,066	51,822	2,380,274
Investments						
Associated companies	806,610	127,081			5,825	939,516
Others	161,176		(57,881)			219,057
Property and equipment	1,592,240		46,599			1,545,641
Intangible assets	54,537		57			54,480
Deferred charges	50,195			(50,195)		
	5,005,091	127,081	17,722	(33,129)	57,647	5,138,968
Total assets	14,340,753	127,081	72,009	(33,129)	5,825	14,368,521

	According to former BR GAAP	Effects fr… opening b… adjustm… January…
Liabilities and equity		
Current liabilities	644,834	
Borrowings	1,775,688	
Suppliers and subcontractors	1,205,398	
Taxes, rates, salaries and payroll charges	12,500	
Management profit sharing	73,437	
Provisions for contingencies	1,928,154	
Advances from customers	117,356	
Current accounts with consortium members	415,035	
Other accounts payable		
	6,172,402	
Non-current liabilities		
Odebrecht Organization companies	68,583	
Borrowings	1,676,658	
Advances from customers	2,591,211	
Deferred income tax and social contribution	413,313	
Suppliers and subcontractors	116,200	
Provisions for contingencies	13,911	
Taxes payable in installments	176,370	
Provision for losses on investments	10,177	
Long-term incentives	78,378	
Other accounts payable	35,411	
	5,180,212	
Equity		
Capital	1,378,375	
Revenue reserves	1,665,981	
Carrying value adjustments	(89,794)	
Retained earnings		
	2,954,562	1
Non-controlling interest	33,577	
	2,988,139	12
Total liabilities and equity	14,340,753	12

In thousands of reais and U.S. dollars, unless otherwise indicated

24.2.3 Reconciliation of net income for the year ended December 31, 2009

	According to former BR GAAP	Exclusion of Catoca from the consolidation (Note 24.2 (a))	Pre-operating expenses write off (Note 24.2 (b))	Effects from investees (Note 24.2 (c))	According to CPCs
Net service revenues	18,305,562	142,584			18,162,978
Cost of services rendered	(16,046,679)	(131,637)			(15,915,042)
Gross profit	2,258,883	10,947			2,247,936
Operating expenses					
General and administrative expenses	(1,102,828)		62,707		(1,040,121)
Directors' remuneration	(12,320)				(12,320)
Management profit sharing	(12,500)				(12,500)
Operating profit before the result of equity investments and financial result, net	1,131,235	10,947	62,707		1,182,995
Results from investments					
Equity in the results of investees	148,970	4,865		(139,227)	4,878
Dividends received and others	27,891				27,891
Financial result					
Financial result, net	418,657	(1,262)			419,919
Other income (expense)					
Other income (expenses), net	(125,258)	(1,097)			(124,161)
Income before social contribution and income tax	1,601,495	13,453	62,707	(139,227)	1,511,522
Social contribution	(54,393)		(5,644)		(60,037)
Income tax	(561,239)	(13,453)	(15,677)		(563,463)
Net income for the year	985,863		41,386	(139,227)	888,022
Attributable to					
Stockholders of the Company	984,017		41,386	(139,227)	886,176
Non-controlling interest	1,846				1,846
	985,863		41,386	(139,227)	888,022

* * *

APPENDIX A
SUMMARY OF CERTAIN DIFFERENCES BETWEEN BRAZILIAN GAAP AND U.S. GAAP

General Information

As set out under "Presentation of Financial and Other Information", our financial statements as of and for the years ended December 31, 2008, 2009 and 2010 and as of and for the six months ended June 30, 2011 and 2010 are prepared and presented in accordance with Brazilian GAAP. Accounting practices adopted in Brazil include those established by Brazilian corporate law (Law No. 6,404/76, as amended, including the amendments introduced by Law 11,638).

Brazilian GAAP differs from generally accepted accounting principles in the United States, or U.S. GAAP. There are certain differences between Brazilian GAAP and U.S. GAAP which may be relevant to the financial information presented herein. We are responsible for preparing the summary below. We have made no attempt to identify or quantify the impact of these differences for all the periods presented. We have summarised certain aspects of those differences, but this summary should not be construed to be exhaustive. Brazilian GAAP is stated more generally than U.S. GAAP and the body of pronouncements in which Brazilian GAAP is set forth is less comprehensive than in the case of U.S. GAAP. Since no reconciliation to U.S. GAAP of the consolidated financial statements presented in this offering memorandum or their respective footnotes has been prepared for the purposes of this offering memorandum or for any other purposes, no assurance is provided that the following summary of differences between Brazilian GAAP and U.S. GAAP is complete. This summary does not address differences related solely to the classification of amounts in the financial statements or footnote disclosures.

In making an investment decision, prospective investors must rely upon their own examination of Construtora Norberto Odebrecht S.A., the terms of the offering and the financial information herein. Potential investors should consult their own professional advisers for an understanding of the differences between Brazilian GAAP and U.S. GAAP, and how those differences might affect the financial information herein. Future differences between Brazilian GAAP and U.S. GAAP resulting from changes in accounting standards or from transactions or events that may occur in the future have not been taken into account in this summary and we have not attempted to identify them, including ongoing projects of the regulatory bodies that promulgate Brazilian GAAP and U.S. GAAP that can affect future comparisons between Brazilian GAAP and U.S. GAAP, such as this summary.

Monetary Correction of Financial Statements

Due to the highly inflationary conditions which have prevailed in Brazil in the past, a form of inflation accounting, referred to as monetary correction, has been in use for many years to minimise the impact of distortions in financial statements caused by inflation. However, from January 1, 1996, no inflation accounting adjustments are permitted for financial statements prepared under Brazilian GAAP.

Under U.S. GAAP, in most cases, the price-level restatement of financial statements is not permitted. However, price level restatement is permitted for companies operating in hyper-inflationary environments, where inflation has exceeded 100.0% over the last three years, and who report in local currency. Until June 30, 1997, Brazil was considered to have a hyper-inflationary economy.

Foreign Currency Translation

Under Brazilian GAAP, the financial statements of subsidiaries operating in non-highly-inflationary currency environments are translated using the current exchange rate. Financial statements of entities operating in highly inflationary currency environments are generally adjusted for the effects of inflation prior to translation. Translation gains and losses are taken into the income statement.

Under U.S. GAAP, FASB Codification ("ASC") 830 provides for two different translation methodologies, depending on which is the functional currency of the subsidiary. For subsidiaries operating in highly-inflationary environments (a cumulative inflation rate of approximately 100.0% or more over a three-year period) the reporting currency is considered to be the functional currency.

When the functional currency of the subsidiary is the local currency, the translation of foreign currency financial statements from the local currency to the reporting currency should be made using the current exchange rate for all assets and liabilities. Revenue and expenses should be translated at the exchange rate on the dates when they were recognised. Translation gains and losses are reported as a separate component of stockholders' equity. When the functional currency of the subsidiary is a currency other than the local currency, including the reporting currency, the methodology differs in that the translation gain and losses should be recognised in income.

Equity Method of Accounting

Under Brazilian GAAP, a company is required to record an original investment in the equity of another entity at cost which is there after periodically adjusted to recognise the investor's share of the investee's earnings or losses after the date of original investment. A Brazilian parent company is required to use the equity method of accounting to record investments when the investor has significant influence, when it owns 20.0% or more of the voting capital of the investee, or when the investee is under common control with the reporting company, in all cases irrespective of the materiality of the investment.

Under U.S. GAAP, the equity method of accounting is applicable to those investments: (i) in which the parent company's participation through common voting stock is greater than 20.0% and less than 50.0% and where the parent company does not have control; or (ii) in which the parent company's participation through common voting stock is less than 20.0%, but the parent company exerts significant influence. The equity method of accounting is not an appropriate substitute for consolidation and, where consolidated financial statements are required, unconsolidated financial statements are not reported.

Consolidation and Proportional Consolidation

Under Brazilian GAAP, companies should consolidate the following entities: (i) entities in which the company has voting rights that provide it with the ability to have the majority on corporate decisions or to elect the majority of the members of both the Administrative Council and the Board; (ii) overseas branches; and (iii) companies under common control or controlled by stockholders' agreements irrespective of their participation in voting stock. Joint ventures (including investees in which the company exerts significant influence through its participation in a stockholders' agreement in which such group controls the investee) are to be accounted for under the proportional consolidation method. Additionally, companies are required to consolidate special-purpose entities ("SPE") when the nature of its relationship with the reporting company indicates that the activities of the SPE are controlled or joint-controlled, directly or indirectly, by the reporting company.

Under Brazilian GAAP the portion of net assets and net income of a subsidiary owned by shareholders other than the reporting entity is identified as "minority interest". Minority interest is presented after the liability section and before shareholders equity in the balance sheet and the portion of net income corresponding to minority interest is deducted in arriving to net income.

Under U.S. GAAP, two models exist which should be assessed to determine whether an entity should be consolidated: the voting interest model and the variable interest model. An initial analysis should be made to conclude whether consolidation is required under the variable interest model established by ASC 810-10. If an entity is not required to be consolidated under the variable interest model it should be assessed if consolidation is required under the voting interest model.

Under the voting model, the usual condition for consolidation is ownership of a majority voting interest, and therefore, as a general rule, ownership by one company, directly or indirectly, of over 50.0% of the outstanding voting shares of another company. Joint ventures are usually accounted following the equity method of accounting. Proportional consolidation generally is not allowed under U.S. GAAP.

ASC 810-10 requires consolidation of "variable interest entities". Variable interest entities are entities with the following characteristics: (i) the equity at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties; and (ii) the equity investors lack one or more of the following essential characteristics of a controlling financial interest: (a) the direct or indirect ability to make decisions about the entity's activities through voting rights or similar rights, (b) the obligation to absorb the expected losses of the entity if they occur, which makes it possible for the entity to finance its activities and (c) the right to receive the expected residual returns of the entity if they occur, which is the compensation for the risk of absorbing the expected losses. Specific disclosures are required to be made in financial statements regarding variable interests.

Under U.S. GAAP the portion of net assets and net income of a subsidiary owned by shareholders other than the reporting entity is identified as a "non-controlling interest". Non-controlling interests are presented as part of shareholders equity in the balance sheet and the portion of net income corresponding to non-controlling interests is not deducted in arriving to net income.

Business Combinations, Purchase Accounting and Goodwill

Under Brazilian GAAP, combinations are not specifically addressed by accounting pronouncements. Application of the purchase method is generally based on book values. Goodwill or negative goodwill recorded on the acquisition of a company is generally calculated as the difference between the cost of acquisition and the net book value. Goodwill is amortised over a period not to exceed ten years with immediate amortisation accepted. Negative goodwill may be recorded in income over a period consistent with the period over which the investee is expected to incur losses or otherwise is normally only realised upon disposal of the investment.

Under U.S. GAAP, ASC 805, requires, among other things, that all business combinations, except those involving entities under common control, be accounted for by the purchase method. Under the purchase method, the acquiring company records identifiable assets and liabilities acquired based on their fair values. Goodwill and other intangible assets with indefinite lives are not amortised. The amount of goodwill is evaluated for impairment at least annually or when circumstances indicate impairment has occurred, and in the case of impairment, its recorded value will be adjusted accordingly. The purchase price does not include direct costs of acquisition. If assets other than cash are distributed as part of the purchase price, such assets should also be valued at fair value, at the date of the consummation of the transaction. The excess of fair value of net assets acquired over the purchase price, referred to as negative goodwill, is allocated to reduce non-current assets to zero, and any remaining unallocated balance is recognised as an extraordinary gain in the statement of operations.

Marketable Debt and Equity Securities

Under Brazilian GAAP, the Central Bank establishes the criteria by which securities are classified, based on the investment strategy of the financial institution as either trading securities, available for sale or held-to maturity, and defines the recognition of the fair market value of such securities as the basis for its presentation in the financial statements, except in the case where the investment strategy is to hold the investment until maturity. Recognition of changes in fair market value for trading securities is in income, while for available for sale securities it is directly in stockholders' equity. An impairment loss for security classified as "available-for-sale" or "held-to maturity" whose cost exceeds its fair value is required to be recorded when such loss is considered permanent. No specific guidance exists under Brazilian GAAP on how to determine fair value.

Under U.S. GAAP, in accordance with ASC 320, marketable securities are carried at: (i) amortised cost (debt securities held to maturity); (ii) market value, with gains and losses reflected in income (debt and equity securities classified as trading account securities); and (iii) market value, with gains and losses reflected in equity (debt and equity securities classified as available for sale). Under U.S. GAAP an impairment loss is recognized when the loss is considered to be other-than-temporary. U.S. GAAP includes several standards that prescribe how to determine fair value and a hierarchy on criteria for determining fair values exists.

Comprehensive Income

Brazilian GAAP does not recognise the concept of comprehensive income.

Under U.S. GAAP, ASC 220 requires the disclosure of comprehensive income. Comprehensive income is composed of net income and "other comprehensive income" that includes charges or credits taken directly to equity that are not the result of transactions with owners. Examples of other comprehensive income items are cumulative translation adjustments, unrealized gains and losses for available-for-sale securities, as well as the effects of cash flow hedge accounting and the funded status of pension and other post-retirements benefits.

Accounting for Guarantees by a Guarantor

Under Brazilian GAAP, guarantees granted to third parties are recorded in memorandum accounts. When fees are charged for issuing guarantees, the fee is recognised in income over the period of the guarantee. When the guaranteed party has not honoured its commitments and the guarantor should assume a liability, a credit is recognised against the guaranteed party representing the right to seek reimbursement for such party with recognition of the related allowance for losses when considered appropriate.

Under U.S. GAAP, ASC 460 requires that a guarantor is required to recognise, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. Specific disclosures of guarantees granted are also required.

Accrued Interest, Indexation Adjustments and Gains and Losses

Under Brazilian GAAP, accrued interest and indexation adjustments are presented with the principal amounts in the balance sheet. Income from financial intermediation and expenses from financial intermediation in the statement of income comprise interest, indexation adjustments, foreign exchange gains and losses on interest-earning assets and interest-bearing liabilities, as well as realised and unrealised gains and losses on securities and derivative instruments.

Under U.S. GAAP, accrued interest and indexation adjustments would be separately recorded in the balance sheet. Foreign exchange gains and losses on interest-earning assets and interest-bearing liabilities, realized and unrealised gains and losses on securities and realised and unrealised gains and losses on derivative instruments would be presented as separate lines in the statement of income and separated from interest income.

Income Taxes

Under Brazilian GAAP, the recognition of tax credits derived from temporary differences and tax losses is an area that requires considerable judgement. In general, tax credits are recognised when there is evidence of future realisation in a continuous operation.

Under U.S. GAAP, the liability method is used to calculate the income tax provision, as specified in ASC 740. Under the liability method, deferred tax assets or liabilities are recognised with a corresponding charge or credit to income for differences between the financial and tax basis of assets and liabilities to each year/period end. Deferred taxes are computed based on the enacted tax rate of income taxes. Net operating loss carry-forwards arising from tax losses are recognised as assets. A valuation allowance is recognised against a deferred tax asset if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realised. Benefits related to uncertain tax positions are recognised only when it is "more likely than not" that the benefit will be realised and requires additional disclosures with respect to uncertain tax positions.

Earnings Per Share

Under Brazilian GAAP, disclosure of earnings per share is generally computed based on the number of shares outstanding at the end of the year while computing it based on average number of shares outstanding is also acceptable.

Under U.S. GAAP, in accordance with ASC 260, the presentation of earnings per share includes earnings per share from continuing operations and net income per share on the face of the income statement, and the per share effect of changes in accounting principles, discontinued operations and extraordinary items either on the face of the income statement or in a note to the financial statements. A dual presentation is required: basic and diluted.

Computations of basic and diluted earnings per share data should be based on the weighted average number of common shares outstanding during the period and all potentially dilutive common shares outstanding during each period presented, respectively.

Typically, a participating security is entitled to share in a company's earnings, often via a formula tied to dividends on the company's common shares. When an instrument is deemed to be a participating security, it has the potential to significantly reduce basic earnings per common share because the two-class method must be used to compute the instrument's effect on earnings per share. The consensus also covers other instruments whose terms include a participation feature. If undistributed earnings must be allocated to participating securities under the two class method, losses should also be allocated. However U.S. GAAP limits this allocation only to situations when the security has: (i) the right to participate in the earnings of the company; and (ii) an objectively determinable contractual obligation to share in net losses of the company.

Segment Information

Under Brazilian GAAP, there is no requirement for financial reporting of operating segments.

Under U.S. GAAP, publicly-held companies should report both financial and descriptive information about their reportable operating segments. Reportable operating segments are defined as those about which separate financial information is available and is regularly evaluated by the chief decision-maker. Segment information is given about any operating segment that broadly accounts for 10.0% or more of all segment revenue, results of operating activities or total assets. Generally, companies will report financial information on the basis used internally for evaluating segment performance. Financial information to be disclosed includes segment profit or loss, certain specific revenue and expense items and segment assets, as well as reconciliation of total segment revenues, profit or loss and assets to the corresponding amounts in the financial statements.

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