



BRASÍLIA – FEDERAL DISTRICT - BRAZIL

ROSA MARIA CAMPOS DA SILVA

Sworn Translator

Address: SQN 115 – Bl. G – Ap.202 -70772-070 – Brasília – D.F. – Brazil – Tel:
33455083/99892522 - RG 969691-SSP/DF - CPF 416 338 811-72 – Reg. JCDF 44

TRANSLATION No2012-234

BOOK No 074

PAGE N°163

I, ROSA MARIA CAMPOS DA SILVA, OFFICIAL PUBLIC TRANSLATOR, CERTIFY AND ACKNOWLEDGE THE RECEIPT OF A DOCUMENT IN PORTUGUESE, WHICH I IDENTIFY AS A PATRIMONIAL BALANCE, AND TRANSLATE INTO ENGLISH:

POST OFFICE

ACCOUNTS RENDERING -FISCAL YEAR-2011

CNPJ 34.028.316/0001-03

PATRIMONIAL BALANCE ON DECEMBER 31ST (in thousands of R\$)

ASSETS

2011

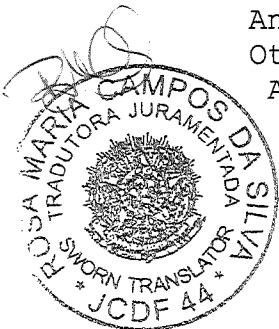
2010

(Represented)

Note

Current

Available	4	3,165,389	2,990,291
Cash	4.1	1,317,216	1,342,211
Banks	4.2	368	182
Applications	4.3	8,903	28,334
Credits	5	1,307,945	1,313,695
Inventory	6	1,270,334	1,156,469
Anticipated Expenses	7	45,875	45,757
Other Values & Assets	8	247	3,013
Advancements	8.1	531,717	442,841
		104,432	101,092





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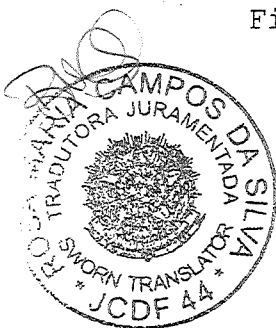
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ASSETS

2011

2010
(Represented)

	Note		
Values to Compensate	8.2	415,110	328,636
Juridical Collection/Default	8.3	3,850	6,722
Values to determine	8.4	5,890	5,848
Other Credits	8.5	2,435	543
Non-Current	9	7,338,337	5,782,971
Long-term Achievable		5,923,644	4,274,829
Applications	4.3	4,685,347	3,347,429
Functional Real Estates Sold	9.1	2,371	5,648
Adjourned Taxes	9.2	898,211	769,394
Judicial Deposits	9.3	102,421	95,947
Values to Compensate	9.4	173,880	-
Others	9.5	61,414	56,411
Investments	10	33,262	36,801
Fixed Assets	11	1,348,404	1,451,321
Real estates		1,237,866	1,313,411
(-) Accumulated Depreciation		(604,601)	(537,838)





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ASSETS		2011	2010 (Represented)
	Note		
Real Estates		2,554,242	2,359,731
(-) Accumulated Depreciation		(1,839,103)	(1,683,983)
Intangible Assets	12	33,027	20,020
Software		228,892	200,021
(-) Amortization		(195,865)	(180,001)
TOTAL		10,503,726	8,773,262

*THE EXPLANATIONS NOTES ARE PART OF THESE FINANCIAL STATEMENTS

LIABILITIES		2011	2010 (Represented)
	Note		
Current	13	3,022,634	2,769,232
Suppliers	13.1	509,151	324,473
Salaries & Consignations	13.2	798,368	687,949
Social Charges	13.3	392,798	365,797
Taxes & Contributions	13.4	559,452	599,508





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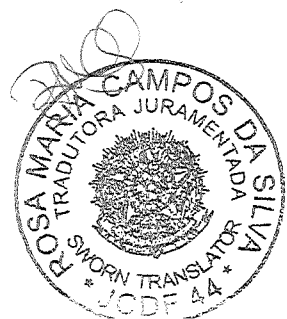
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LIABILITIES		2011	2010 (Represented)
	Note		
Dividends to Pay	13.5	-	191,703
Collections & Receipts	13.6	48,082	45,533
Advancements from Clients	13.7	9,048	5,631
International Accounts to Pay	13.8	52,522	50,090
Judicial Rogatory Letters	13.9	51,850	27,491
Provisions	13.10	13,624	44,358
Loans and Financings	13.11	23,428	33,058
Participations on Profits and Results	13.12	42,280	102,215
Incomes Received in Advance	13.13	483,500	64,544
Interests over Own Capital	13.14	-	201,097
Other Debts		38,531	25,785
Non-Current	14	3,611,554	1,818,374
Loans and Financings	13.11	22,766	38,188
Postalis Reserves to Redeem	14.1	1,175,593	1,223,726
Contingent Liabilities	14.2	450,483	436,050
Compensated Taxes	14.3	120,750	117,745





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LIABILITIES

		2011	2010 (Represented)
	Note		
Writs and Rogatory Letters	14.4	1,962	2,665
Incomes Received in Advance	14.5	1,840.000	-
Net Assets	15	3,869,536	4,185,656
Capital	15.1	2,264,968	2,919,060
Capital Reserves	15.2	37,596	37,632
Profits Reserves	15.3	1,558,474	1,412,996
Legal Reserve	15.3.1	279,298	250,803
Reserve for Investment Project	15.3.2	380,965	392,800
Reserve of Achievable Profits	15.3.3	898,211	769,393
Additional Proposed Dividend	13.5	8,500	-
Accumulated Profits (Losses)		-	(184.032)
TOTAL		10,503,726	8,773,262

*THE EXPLANATION NOTES ARE PART OF THESE FINANCIAL STATEMENTS

Wagner Pinheiro de Oliveira
President

Luis Mario Lepka
Economic-Financial Vice-President





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Larry Manoel Medeiros de Almeida
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with Clients

Hudson Alves da Silva
Accountant CRC/DF 14022/0-9

José Furian Filho
Vice-President of Business

Antonio Luiz Fuschino
Vice-President of Technology and Infrastructure

José Eduardo Xavier
Vice-President of Operations

Jefferson Carlos C. Guedes
Juridical Vice-President

STATEMENTS OF RESULTS OF FISCAL YEAR ENDED ON DECEMBER 31 ST (in thousands of R\$)			
RUBRICS	Notes	2011	2010 (Represented)
SALES AND SERVICES GROSS INCOME	16.1	13,791,061	12,687,016





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RUBRICS	Notes	2011	2010 (Represented)
DEDUCTIONS OF GROSS INCOME		(576,953)	(603,169)
Taxes and abatements over Income		(501,427)	(508,168)
Cancelled Incomes		(75,526)	(95,001)
NET INCOME OF SALES AND SERVICES	16.2	13,214,108	12,083,847
COSTS OF PRODUCTS SOLD AND OF SERVICES RENDERED	16.3	(8,918,506)	(7,914,766)
GROSS PROFIT		4,295,602	4,169,081
OPERATIONAL EXPENSES		(3,341,664)	(3,214,193)
Sales	16.4	(1,535,280)	(1,528,120)
Net Financial Charges	16.5	61,764	(26,988)
General and Administrative	16.6	(2,003,500)	(1,858,891)
Other Incomes and Operational Expenses	16,7	135,352	199,806
OPERATIONAL RESULT		953,938	954,888
RESULT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		953,938	954,888
INCOME TAX AND SOCIAL CONTRIBUTION	17	(275,651)	(337,019)
Income Tax		(295,052)	(282,708)
Social Contribution		(109,418)	(104,917)
Income Tax/Social Contribution Adjourned		128,819	50,606
RESULT BEFORE INTERESTS W/OUT OWN CAPITAL		678,287	167,869





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RUBRICS	Notes	2011	2010
			(Represented)
REVERSION OF INTERESTS W/OUT OWN CAPITAL		204,460	201,097
RESULT OF THE PERIOD		882,747	818,966

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Vice-President of Administration

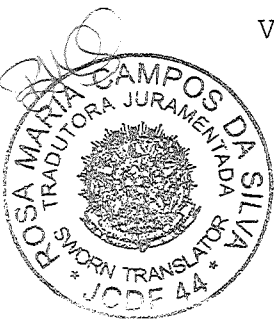
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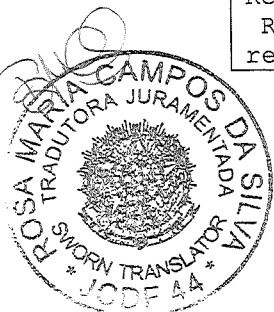
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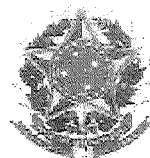
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Vice-President of Operations

Jefferson Carlos C. Guedes
Juridical Vice-President

STATEMENTS OF CHANGES ON NET ASSETS UNTIL DECEMBER 31ST (in thousands of R\$)

	CAPITAL	CAPITAL RESERVE (81.1)	RESERVE LEGAL (18.2)	OF INVESTMENTS (18.3)	PROFITS ACHIEVABLE PROFITS (18.4)	ACCUMULATED PROFITS	PROPOSED ADDITIONAL DIVIDEND	TOTAL
Balance on Dec/31/09 (Re-presented)	2,919,060	37,633	209,456		718,787	(125,445)		3,759,491
2010 Additions to Reserves: Real EStaes received/returned								





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donations						818,966		
Result of the period			41,347			(41,347)		818,966
Destinations:				392,800		(392,800)		
Legal Reserve					50,606	(50,606)		
Investment								
Projects						(392,800)		(392,800)
Achievable								
Profits								
Dividends of								
Union and JCP								
Balance on								
Dec/31/2010								
(Represented)	2,919,060	37,633	250,803	392,800	769,393	(184,032)		4,185,657
2011								
Additions to								
Reserves:								
Real Estates								
received/returned								
donations		(37)						(37)
Result of the								
Period						882,747		882,747
Destinations:								





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Legal Reserve			28,495			(28,495)		
Investment	194,737			(11,835)		(182,902)		
Projects					128,818	(128,818)		
Achievable								
Profits	(848,829)					(350,000)		(1,198,829)
Dividends of								
Union and JCP								
Proposed								
Additional						(8,500)	8,500	
Dividend								
	2,264,968	37,596	279,298	380,965	898,211	-	8,500	3,869,538

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Wagner Pinheiro de Oliveira
President

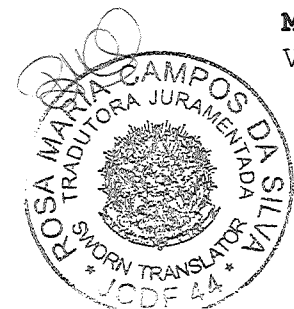
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with Clients

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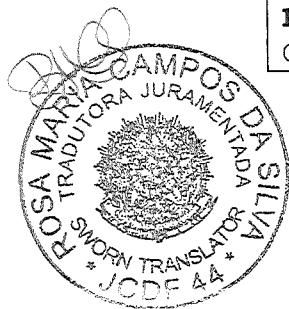
Vice-President of Operations

Jefferson Carlos C. Guedes

Juridical Vice-President

STATEMENT OF VALUE ADDED ON DECEMBER 31ST (in thousands of R\$)

	Notes	2011		2010 (Represented)	
I - GENERATION OF VALUE ADDED		13,909,138		12,826,470	
Operational Incomes		13,715,535		12,592,015	
Provision for Losses w/ Credits of Doubtful Liquidation	19.1	(17,671)		8,662	
Other Operational Incomes		18,291		220,357	
Non-Operational Incomes		192,983		5,436	
Raw Material Acquired from Third Parties		4,262,951		3,901,450	
		4,088,022		3,547,567	
Costs of Services Rendered		245,196		184,280	





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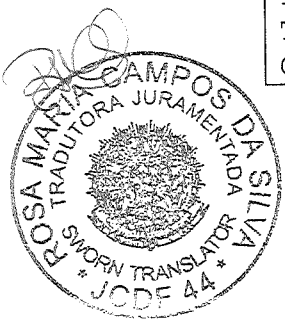
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Services Acquired from Third Parties		25,420		9,283	
Materials Consumed		49,501		37,218	
Advertisement and Communication		(372)		3,098	
Utilities and Services		(144,816)		120,004	
Different Provisions		9,646,187		8,925,020	
Gross Added Value		(285,669)		(296,221)	
Depreciation/Amortization		711,308		495,257	
Financial Incomes					
VALUE ADDED AT THE DISPOSAL OF THE COMPANY	19.2	10,071,826	%	9,124,056	%
II - DISTRIBUTION OF VALUE ADDED					
Labor Remuneration		6,580,098	65.0	5,955,939	65.0
Salaries, Emoluments, and Benefits		6,084,018		5,484,496	
Participations on Profits and Results-PLR		89,527		98,200	
Social Charges		406,553		373,243	
Government Remuneration		2,060,791	21.0	1,947,896	21.0
INSS over Salaries		1,026,895		1,014,472	
Taxes and Contributions (except IRPJ and CSLL)		629,426		596,405	
		404,470		337,019	





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Income Tax and Social Contribution		548,190	5.0	401,255	5.0
Remuneration of Third Parties' Capital		494,883		347,363	
Rents, interests, exchange variation		53,307		53,892	
Other remunerations to third parties		882,747	9.0	818,966	9.0
Remuneration to Stockholders		524,247		426,166	
Retained Profit/Reserve		358,500		392,800	
Interests over Own Capital and Dividends					
TOTAL OF DISTRIBUTED VALUE	19.3	10,071,826	100.00	9,124,056	100.00

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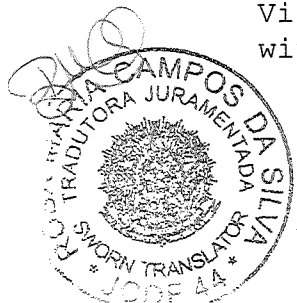
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Vice-President of Business

Antonio Luiz Fuschino

Vice-President of Technology and Infrastructure

José Eduardo Xavier

Vice-President of Operations

Jefferson Carlos C. Guedes

Juridical Vice-President

STATEMENTS OF CASH FLOW OF THE FISCAL YEARS ENDED ON DECEMBER 31ST (in thousands of R\$)
2011 **2010**
(Represented) 20.1

1 - OPERATIONAL ACTIVITIES	Notes		
Net Profit of the Period		882,747	818,966
Result items that do not interfere on Cash			
Depreciation and Amortization		285,669	296,221
Write offs of Capital Reserves		(37)	-
Provisions		3,223	11,342
Expenses of Patrimonial Variation and Losses		1,673	23,333
Income of Patrimonial Variation		33,137	(1,159)
Write offs of Fixed/Intangible assets		(919)	3,562





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Interests over Dividends/Interests over Own Capital	148,662	1,963
Patrimonial Changes		
Credits Increase	(134,294)	(169,074)
Stocks Increase	(118)	(4,600)
Decrease on Provisions/Writs and Rogatory Letters	(66,810)	(113,702)
Decrease of Other Values and Assets Added with variation of the Long-Term Achievable	(408,797)	(107,211)
Increase/(Decrease) of Suppliers	183,131	(2,587)
Increase of Salaries and Consignations	110,419	74,874
Decrease/(Increase of Obligations added with the variation of the Non-Current	(24,481)	213,387
Increase of the Incomes Received in Advance	2,258,956	0
(=) Net Cash of Operational Activity	3,272,161	1,145,315
2 - INVESTMENT ACTIVITIES		
Applications on Fixed/Intangible Asset	(195,228)	(224,798)
Financial Applications	(1,337,918)	136,514
Applications on Investments	(215)	22
(=) Net Cash of Investment Activities	(1,533,361)	(381,290)
3 - FINANCING ACTIVITIES		
Transfer to the Union - Interests over Own Capital and		





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Dividends		(1,740,291)	(57,798)
Loans and Financings		(23,504)	(35,637)
(=)Net Cash of Financing Activities		(1,763,795)	(93,435)
4 - INCREASE OF AVAILABILITIES/ (DECREASE)		(24,995)	(670,590)
Cash Balance and Cash-Equivalent at the beginning of the year		1,342,211	671,621
Cash Balance and Cash-Equivalent at the end of the year		1,317,216	1,342,211

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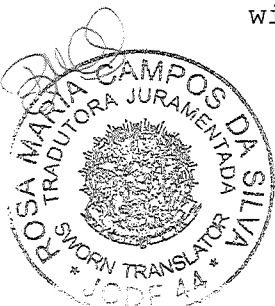
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Vice-President of Personnel Management

Maria da Glória G. dos Santos
Vice-President of Net and Relationship
with Clients

Hudson Alves da Silva
Accountant CRC/DF 14022/0-9





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José Furian Filho

Vice-President of Business

Antonio Luiz Fuschino

Vice-President of Technology and Infrastructure

José Eduardo Xavier

Vice-President of Operations

Jefferson Carlos C. Guedes

Juridical Vice-President

POST OFFICE

ACCOUNTS RENDERING – FISCAL YEAR – 2011

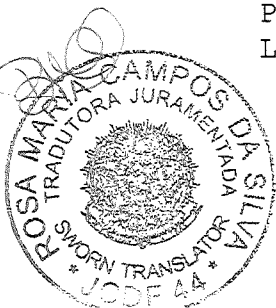
BRAZILIAN COMPANY OF MAILS AND TELEGRAPHS – ECT

**EXPLANATORY NOTES OF THE FINANCIAL STATEMENTS OF THE YEARS ENDED ON DECEMBER 31ST, 2011
AND 2010**

(Values presented in thousands of Reais (R\$), except when indicated otherwise)

NOTE 1 – OPERATIONAL CONTEXT

The Brazilian Company of Mails and Telegraphs – ECT, with head office in Brasília-DF is a Public Company of private law created by Law-Decree No.509, of Mar/20/1969 (altered by Law No.12.490/2011), linked to the Ministry of Communications. It is ruled by the Federal





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Legislation and by its Bylaws - Decree No.7.483, of May 16th, 2011. Its administrative-operational structure is constituted by the Central Administration - AC, composed by the General Assembly, by the Administration and Fiscal Councils, by the Executive Head Office, by the Departments and Bodies of same level, and by 28 Regional Head Offices. It acts in the postal segment, being the owner of the exclusivity over the services of receipt, transportation/deliver of letter, postcard, and grouped correspondence, and receipt/transmission, and delivery of telegrams, in accordance with Law No. 6.538/1978. In the financial segment, it renders payment services to retired people and pensioners of the social security, and as bank correspondent it executes basic bank services, such as, opening bank and savings accounts, withdrawals, deposits, as well as the receipt of titles, among others. It also renders service of integrated logistics, express and electronic orders.

In the terms of Law No. 12.490/2011, for the execution of activities encompassed in its object, ECT may: constitute subsidiaries, acquire the control or stock participation in business associations already established, make commercial partnerships that gather value to its mark, and provide more efficiency for its infrastructure, especially for its assistance net, as long as it obeys the specific regulation of the subject, and the exceptions mentioned on such Law.





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NOTE 2 – SUMMARY OF THE MAIN PRACTICES AND ACCOUNTING POLICIES

2.1. Statement of conformity

The statements of ECT encompass the financial statements prepared in accordance with the accounting practices adopted in Brazil, which encompass those included in the Brazilian association legislation, the pronouncements, the guidelines, and the interpretations issued by the Committee of Accounting Pronouncements – CPC.

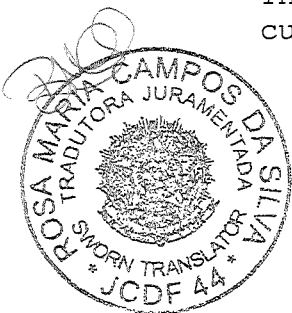
2.2. Base of elaboration and measurement

The financial statements have been approved and authorized for publication by the Administration on March 05th, 2012.

The financial statements have been elaborated based on the historical cost, except for certain financial instruments measured by its just values, according to description on the accounting practices. The historical cost is generally based on the just value of the counter-installments paid in exchange of assets.

2.3. Functional currency and of presentation

The financial statements are presented in Real (thousands of Reais), which is the currency of function and of presentation.





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2.4. Transactions and balances in foreign currencies

Transactions in foreign currency are converted for the functional currency of ECT (Real) using the exchange rates in force on the transactions dates. The balances of the balance accounts are converted by the exchange rate in force on the balance dates. Gains and the losses from exchange variation resulting from the liquidation of such operations, and of the conversion of monetary assets and liabilities named in foreign currency are acknowledged in the result of the period.

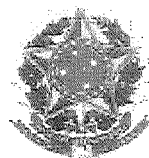
2.5. Use of estimates and judgments

On the elaboration of financial statements, it is necessary to use estimates for certain assets, liabilities, and other transactions, when requested. Meaningful assets and liabilities subject to estimates and premises include the residual value of the fixed and intangible assets, the estimated losses with credits of doubtful liquidation (over accounts to receive), passive and for pension funds provisions. Once the judgment of the administration involves estimates regarding the probability of occurrence of future events, the real amounts may diverge from these estimates, which will only be known at their liquidation moment. The estimates and premises are periodically reviewed.

2.6. Cash Flow Statements - DFC

Elaborated through the indirect method.





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2.7. Added Value Demonstration - DVA

Although it is not compulsory, due to the fact that it is not an open capital company, it has been elaborated on the terms of Technical Pronouncement No.09 of the Committee of Accounting Pronouncements.

2.8. Cash and Cash Equivalents

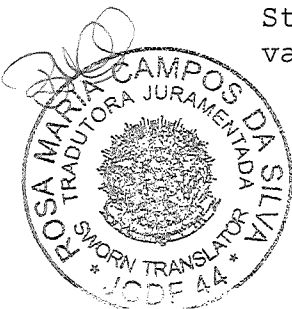
They include cash, bank accounts, and financial applications with immediate liquidity, and with low risk of variation in the value, being demonstrated by the cost added with interests earned. Cash and cash equivalent are classified as financial assets measured at just value, and their profits are registered in the result of the year.

2.9. Credits

They are represented by accounts to receive from clients, including international postal administrations, and other receivable, which are registered by the billed value, adjusted to the present value, when applicable, net of the estimated losses in credits of doubtful liquidation.

2.10. Stocks.

Stocks are presented by the smaller value between the cost value and the achievable net value. Stock costs are determined by the average cost method.





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When it is necessary and considered relevant, stocks are deducted from provision for losses, constituted in cases of obsolescence of consume materials. No provision was registered in 2011.

2.11. Advancements

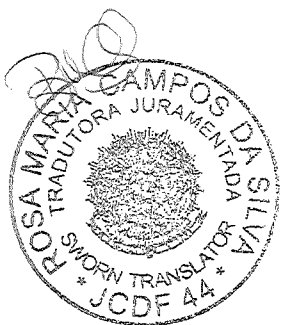
They are represented, substantially, by balances of salary advancements, vacations advancements that are discounted on the following month, or in installments, other debts from employees, as well as by balances to receive from ceded employees.

2.12. Values to Compensate

They are represented, mainly, by balances to compensate from the Contribution for the Financing of Social Security - COFINS, from the Social Integration Program - PIS, from the Legal Entity Income Tax - IRPJ, and from Social Contribution over Profit - CSLL, which are compensated through the fulfillment of accessory obligation required by federal legislation.

2.13. Investments

Irrelevant investments are registered by the acquisition cost deducted from the provision for losses. At the moment, there is no intention of selling this Asset.





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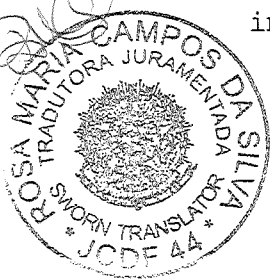
There are real estates that are kept for the generation of income, or for valorization (ceded, rented, vacant, and being refurbished), and, thus, they are classified as Property for Investments.

2.14. Fixed Assets

Lands, buildings, fixed assets in progress, real estates, and utensils, machinery and equipments, and vehicles are demonstrated to the value of cost and/or construction, deducted form the respective accumulated depreciations, and monetarily corrected until December 31st, 1995. Costs from loans capitalized in accordance with accounting policy, and professional emoluments are registered as part of the costs of fixed assets in progress, in the case of assets that can be qualified.

Fixed assets in progress are classified on the fixed assets definite categories when finished and ready for the intended use, moment in which depreciation/amortization starts.

Depreciation is acknowledged based on the estimate useful life of each asset by the linear method, so that the value of the cost minus its residual value after its useful life be integrally written off (except for lands and constructions in progress). For improvements in third parties' real estates, amortization is calculated considering the





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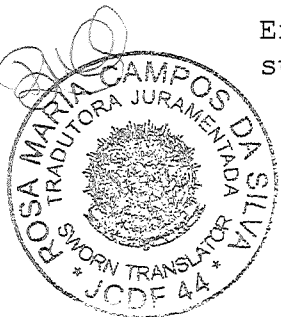
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shorter period between the rental contract term or the useful life time of the assets.
The depreciation rates by assets category are demonstrated below:

NATURE OF THE FIXED ASSET	ANNUAL RATE
Real Estates	4%
Informatics Equipments	20%
Installations, Machinery, and Equipments	10%
Light Motorized Vehicles	20%
Heavy Motorized Vehicles and Motorcycles	25%
Non-Motorized Vehicles	20%
Other Fixed Assets	20%

An item from the fixed asset is written off after alienation, or when future economic benefits resulting from the continuous use of the asset are not expected. Any gains or losses on the sale or write off of an item from the fixed asset are determined by the difference between the values receives on the sale and the accounting value of the asset and are acknowledged on the result.

Expenses with maintenance and repairs are accounted as expenses when they do not substantially affect the useful life of the assets; or aggregated to the value when they





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contribute in a relevant way for the increase of the useful life period of the installations and of the equipments.

Gains and losses from alienations are determined by the comparison of the results to the accounting value, and are acknowledged in Other Incomes/Operational Expenses on the result statements (note 16.7).

Due to the change on the Brazilian accounting practice for the full adherence to the process of convergence to international practices, at the adoption of the Technical Pronouncement CPC 27 (IAS 16), and ICPC 10 – Interpretation about the Initial Application of the Fixed Asset, there is the option of proceeding with adjustments on the initial balances like what is allowed by the international accounting norms, with the use of the concept of deemed cost. ECT has not adopted CPC 27 yet, and has kept its Fixed Asset acknowledged to the cost value and/or construction, deducted from the respective accumulated depreciations, and monetarily corrected until December 31st, 1995.

2.5. Intangible Assets

They are substantially represented by software not integrated to machines and equipments, with defined useful lives, separately acquired, and they are registered by the cost value, deducted from amortization, calculated by the linear method to the rate of 10%.





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2.16. Evaluation of the assets recoverable value

The administration should annually revise the net accounting value of the assets aiming at evaluating the events or changes on the economic, operational, or technological circumstances that may indicate deterioration or loss of its recoverable value, and when these evidences are identified, and the net accounting value exceeds the recoverable one, one should constitute provision for deterioration adjusting the net accounting value to the recoverable of the asset.

In regards to the relevant items composed mainly by machines and equipments, real estates and vehicles, traces of devaluation per impairment have not been identified, and recoverability test have been made through future cash flow, specific for equipments of automatized sorting, and that represents approximately 30% of the total fixed assets.

The administration aims at reviewing, from 2012, the accounting value of the long life assets, especially the fixed asset, and the intangible one to be kept and used on operations, aiming at determining and evaluating the deterioration periodically or whenever events or changes on circumstances indicate that the accounting value of an asset or group of assets will not be able to be recovered.

2.17. Adjustment to present value of the assets and liabilities





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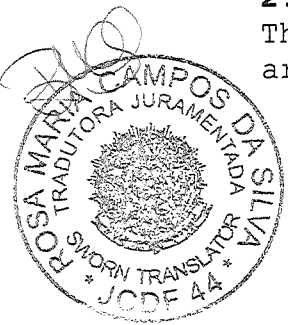
Monetary assets and liabilities are subject to the evaluation of the impact of adjustment to present value on the initial registration of the transaction, considering the contractual cash flow, explicit interests rate, and certain implicit cases, of the respective assets and liabilities, and the rates practiced in the market for similar transactions. Subsequently, these interests are relocated on the lines of financial expenses and incomes on the result through the use of the method of interests effective rate in relation to contractual cash flow. In the years of 2010 and 2011 there were no long term transaction (neither short term relevant ones) that could be qualified for this adjustment.

2.18. Obligations with Suppliers

They are obligations to pay for assets or services that have been acquired from suppliers in the normal course of business, demonstrated by known or calculable values, added, when applicable, to values correspondent to charges, monetary, and/or exchange variations incurred until the balance date, being classified as Current Liabilities once the liquidation is in short term.

2.19. Salaries ad Social Charges.

They are substantially represented by values regarding vacations owed to employees that are proportionally accrued to the acquisition period, and include the corresponding





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social charges, as well as by balances of values to pay to employees, and/or third parties from the monthly appropriation of the pay sheet. Contributions over the pay sheet of employees and third parties (INSS and FGTS) are acknowledged as social charges, and, also, by short term values owed to the social security plan that benefits employees and is kept by ECT and by the employees, as fully paid defined paid benefit plan, and defined contribution plan.

2.20. Taxes and Contributions

They are represented by values to be collected from the Municipal, State, and Federal Taxes Administrations, determined according the applicable legislation, and corresponding to taxes over incomes (PIS/COFINS/ICMS/ISS), taxes over profit (IRPJ/CSLL), and taxes retained for legal responsibilities (INSS, IRF, CSRF).

2.21. Incomes Received in Advance - Clients Advancements

They are classified in the Current and Non-Current Liabilities, and represented basically by the values received in advance from the contracting party Banco do Brasil S/A, in face of the contract of rendering services of bank correspondent (Postal Bank), with beginning of services rendering on Jan/02/2012, and duration term of 5 years from signing. On the terms of CPC 30 - Incomes (IAS 18), considering that the services rendered correspond to





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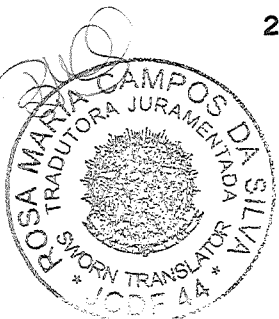
an undetermined number of phases, during a specific period of time, the income will be acknowledged linearly on the result during the contract duration term.

2.22. Contingent Asset and Compensated Taxes

They correspond to provisions for labor, civil, and taxes causes, and the evaluation of losses risk probability include the evaluation of available evidences, laws hierarchy, jurisprudences available, most recent court decisions, and their relevance on the juridical ordering, everything under responsibility of the juridical area of ECT. Provisions are revised and adjusted to take in consideration alterations on circumstances, such as applicable prescription term, conclusions of fiscal inspections, or additional expositions identified based on new subjects or court decisions.

Contingent Liabilities are accrued when losses are evaluated as probable and the amounts involved are measurable with enough safety. Contingent liabilities evaluated as possible losses are only broadcasted in explanatory notes, and contingent liabilities evaluated as remote losses are not accrued, and, although their broadcasting is not compulsory, ECT opted for mentioning them according to note 14.2.2.2.

2.23. Dividends Distribution and Interests over Own Capital





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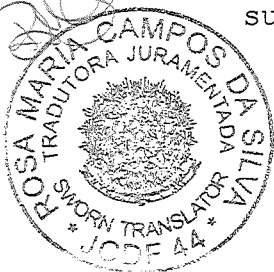
Dividends distribution and interests over own capital for the stockholder is acknowledged as a liability on the financial statement at the end of the year, based on ECT's bylaws, considering the impacts of the values distributed in advance. Any value proposed above the compulsory minimum, or values that exceed the amounts distributed in advance, are accrued only on the date in which they are approved in a General Meeting. Interests tax benefit over own capital is acknowledged on the statement of the result of the year as financial expense, according to federal legislation determination.

2.24. Loans and Financings

Loans and financings are acknowledged, initially, by the just, net value of costs incurred on transaction and are, subsequently, demonstrated by the amortized cost. Any difference between the captured values (net of transaction costs) and the value of liquidation is acknowledged on the result statements during the period in which the loans are in progress, using the method of effective rate.

2.25. Benefits to employees

Pension Fund – ECT is the sponsor of a closed entity of complementary private social security, without profits purposes, constituted on January 26th, 1981, called Social security Institute of Mails and Telegraphs – Postalís, which aims at guaranteeing the supply of retirement and pension benefits to its employees and participants, through the





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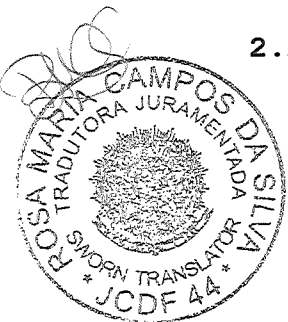
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Defined Benefit Plan – PDB, and through the Defined Contribution Plan – Postalprev. Nowadays, PBD does not receive anymore adherences. Its settlement occurred in March 2008, and in 2010 there was the assumption of the difference, as provision, from the amount of the Previous Services Technical Reserve. Since Aug/01/2010, the obligation is considered a financial debt (and not actuarial) with evolution equivalent to INPC variation, plus interests of 6% (six per cent) per year, and amortizations deducted from the payments made.

Participation on results – it is adopted by ECT based on the fulfillment of performance objectives of its action area and performance of the company. ECT makes the monthly provision respecting the competence regime, and understands that the estimate amount is reasonable, and the exit of resources should occur on the first months of 2012. The provision counterpart is registered as services rendered costs, or operational expenses according to the employee's office in productive or administrative activities, respectively.

2.26. Current and adjourn income tax and social contribution

2.26.1 Current Taxes





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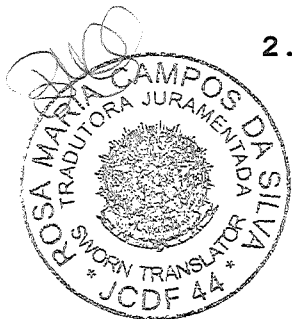
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Provision for income tax and social contribution is based on taxable profit of the year. Income tax was constituted to the aliquot of 15%, increased of the additional of 10% over the taxable profit exceeding R\$240.0 thousand. The social contribution was calculated to the aliquot of 9% over the adjusted accounting profit. The taxable profit is different from the profit present on the result statements because it excludes taxable or deductible incomes or expenses in other years, besides excluding non-taxable or non-deductable items permanently. The provision for income tax and social contribution is calculated based on the aliquots in force in the year.

2.26.2 Adjourned taxes

The adjourned income tax and social contribution were acknowledged as a whole, considering the permissions and requirements of the Technical Pronouncement CPC 32 (IAS 12) over the differences between the assets and liabilities acknowledged for fiscal purposes, and their correspondent values acknowledged on the financial statements. The adjourned income tax and social contribution are determined considering the aliquots and the laws in force on the date of the financial statements preparation. Impacts/details are on note 17.

2.17. Financial Instruments





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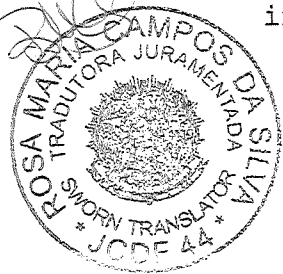
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ECT financial instruments are represented by the availabilities, mainly by financial applications, accounts to receive, accounts to pay, and loans.

The financial assets and liabilities are initially measured by the just value. The transaction costs directly attributed to acquisition or issue of financial assets and liabilities (except for financial assets and liabilities acknowledged to the just value on the result) they are added or deducted from the just value of the financial assets or liabilities, if applicable, after the initial acknowledgement. Transaction costs directly attributed to acquisition of financial assets and liabilities to the just value through the result are immediately acknowledged.

Receivable loans are financial assets that have fixed or determinable payments, and that are not quoted in an active market, being measured by the amortized cost using the method of effective interests, deducted from provision for impairment. The income with interests is acknowledged applying the effective rate method, except for the short term receivables, when the acknowledgement of interests is material.

Financial liabilities are classified by the just value through the result, or as other financial liabilities. Net gains or losses acknowledged on the result incorporate any interests paid on the financial liabilities. Other financial liabilities are initially





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measured to the just, net value of the transaction costs, and subsequently measured by the amortized cost, using the effective interests method, being the expenses with interests acknowledged based on profit. The effective interests method is a method that calculates the amortized cost of a liability and allocates the expenses with interests during the relevant period. The effective interests rate is the rate that exactly discount future payments amortized from cash through the expected life of the financial liability, or, when applicable, through a shorter period.

2.28. Income acknowledgment

The income is measured through the just value of the counterpart received or to be received, deducted from any estimates of devolutions, commercial discounts and/or bonus granted to the purchaser, and other similar deductions.

The income from services sales is acknowledged when all the following conditions are fulfilled:

- a) There is transfer to the purchaser of meaningful risks and benefits related to services rendered;
- b) There is no continuous involvement on the management of services sold in a degree normally associated to the property, neither effective control over such services;
- c) The income value may be measured trustworthily;





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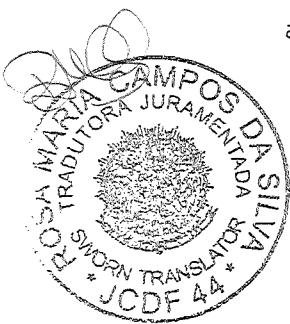
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- d) Economic benefits associated to the transaction will probably flow for the Company;
and
 - e) Costs incurred or to be incurred related to the transaction may be measured
trustworthily.
- More specifically, income from services sales is acknowledged when the services are
rendered.

NOTE 3 – RETROSPECTIVE PRESENTATION OF BALANCES FROM MODIFIED PREVIOUS PERIODS

After finishing the process of review of the interpretations of application of tax legislation regarding the calculations of PIS, COFINS, IRPJ, and CSLL that were causing distortions on the financial statements, there was the calculation of such taxes from previous periods, and, on the terms of technical pronouncement CPC 23 – Accounting Policies, Estimate Changes, Error Rectification (IAS 08), there was the representation of balances of opening of assets, of liabilities, and of net assets for the previous period, and the representation of comparative values for the previous period, according to what is shown below:

- a) Representation of balances of opening of assets, of liabilities, and of the net
assets, for the previous period.





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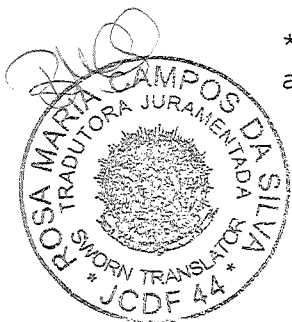
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Description	Balance on Dec/31/09 (Published)	Adjustments	Balance on Dec/31/09 (Represented)
Assets			
Current	1,939,819	176,320	2,116,139
Values to Compensate(1)		107,960	
Values to Compensate(2)		68,360	
Non Current	4,927.528	718,788	5,646,316
Adjourned Taxes (3)		718,788	
Liabilities and Net Assets			
Current Liabilities	(1,861,063)	(301,766)	(2,162,829)
Taxes and Contributions (1)		(153,160)	
Taxes and Contributions (2)		(148,606)	
Non Current Liabilities	(1,840,136)		(1,840,136)
Net Assets*	(3,166,148)	(593,343)	(3,759,491)
Accumulated Profits (1)		45,199	
Accumulated Profits (2)		80,246	
Accumulated Profits (3)		(718,788)	

*It is highlighted that the adjustments previously detailed made the loss value accumulated in 2009 (represented), according to DMLP, amount for R\$125.4 million.





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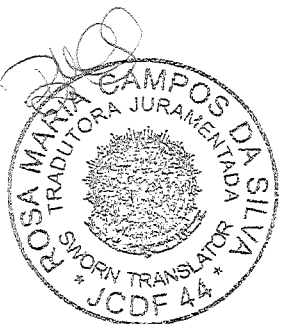
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- b) Representation of comparative values of assets, of liabilities, and of net assets for the previous period:

Description	Balance on Dec/31/10 (Published)	Adjustments	Balance on Dec/31/10 (Represented)
Assets			
Current	2,756,645	233,646	2,990,291
Values to Compensate(1)		162,155	
Values to Compensate(2)		95,502	
Credits (4)		(24,011)	
Non Current	5,013.577	769,394	5,783,971
Adjourned Taxes		769,394	
Investments (6)		31,672	
Fixed (6)		(31,672)	
Liabilities and Net Assets			
Current Liabilities	(2,232,745)	(536,487)	(2,769,232)
Taxes and Contributions (1)		(244,728)	
Taxes and Contributions (2)		(172,950)	





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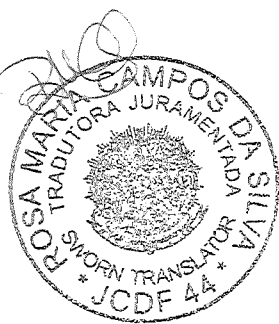
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Social Charges (7)		(118,809)	
Non Current Liabilities	(1,937,183)	(118,809)	(1,818,374)
Reserve Postalís to Amortize(7)		118,809	
Contingent Liabilities (8)		(161,560)	
Writs and Rogatory Letters(8)		161,560	
Net Assets*	(3,600,295)	(585,361)	(4,185,656)
Accumulated Profits (1)		45,199	
Accumulated Profits (2)		80,246	
Accumulated Profits (3)		(718,788)	
Accumulated Profits (5)		7,981	

*The losses of 2009 (R\$125.4 million) allied to the representation of 2010 and respective destinations generated an accumulated loss n 2010 of R\$184.0 million.

c) Representation of comparative net profit for the previous period:





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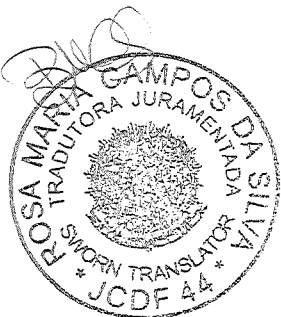
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Description	2010 (Published)	Adjustments	2010 (Represented)
Result of the Period	826,947	(7,981)	818,966
Taxes and Abatements over Income(1)		(22,706)	
Cancelled Incomes (4)		(24,012)	
Net Financial Charges (1 and 2)		(22,414)	
Income Tax and Current Social Contribution (2)		10,545	
Income Tax and Adjourned Social Contribution (3)		50,606	

- (1) Values coming from recalculation of PIS/COFINS from the period of January/2007 to December/2010, considering the taxation of such contributions by the mixed regime of taxation, that is, part by the cumulative regime, and part by the non cumulative regime. This recalculation generated values to compensate from these contributions, represented by major collection in the cumulative regime and additions in taxes and contributions to pay, represented by the acknowledgment of the obligation linked to the noncumulative regime. The net value generated by the meeting of accounts between values to compensate and contributions to pay until Dec/31/2009 was registered on the balance of the opening of the previous period in the Net Assets. The recalculation corresponding to the year of 2010 was acknowledged on the result of the year 2010 represented in taxes and abatements





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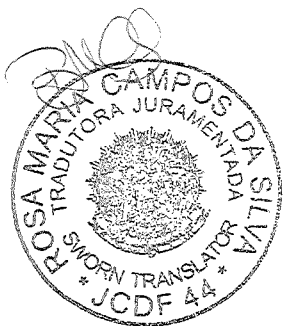
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over the income, as well as the default charges (interests/fine) corresponding to the social year of 2010, in net financial charges;

- (2) Values coming from the recalculation of IRPJ/CSLL of the period from January/2007 to December /2010, mainly in face of non-deductable provisions, and cultural fiscal incentive. This recalculation generated values to compensate from these taxes, represented by major collections in some trimesters, and increases in taxes to pay, for minor collections in other quarter. The net value generated by the meeting of accounts between values to compensate and contributions to pay until Dec/31/2009 was registered on the balance of opening of the previous period in the Net Asset. The recalculation corresponding to the year of 2010 was acknowledged on the result of the year of 2010 represented on income tax, and on the current social contribution, as well as on the default charges (interests/fine) corresponding to the social year of 2010, in net financial charges;
- (3) In face of the accounting acknowledgment of provision, whose value will be liquidated in future periods through the exit of resources, what characterizes the existence of a temporary difference between the accounting value of the liability and its fiscal base, there was the registration of the adjourned fiscal asset





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regarding the IRPJ, and CSLL, which will be recoverable in future periods when such passive is deductible to determined the taxable profit, on the terms of Technical Pronouncement CPC 32 – Taxes over Profit (IAS 12). The value of Adjourned IRPJ/CSLL generated until Dec/31/2009 was registered on the balance of opening of the previous period in the Net Assets. The calculation corresponding to the year of 2010 was acknowledged on the result of the year of 2010 represented on adjourned income tax and social contribution;

- (4) It refers to the reclassification, for the result of the year, such as cancelled incomes, of a cancellation of invoice that in the year of 2010 remained, equivocally, registered in Current Assets.
- (5) Values corresponding to the impact on the result of the year of 2010 (altered from R\$826,947 thousand for the value of R\$818,966 thousand) due to adjustments from recalculations of PIS/COFINS/IRPJ/CSLL, and form the low on the cancelled profit.
- (6) Values corresponding to ceded, rented, or vacant real estates, that is, which are not being used on the production or provision of assets and services or administrative ends, are characterized as kept by the owner to obtain incomes or valuation of capital, or both, and, on the terms of Technical Pronouncement CPC 28





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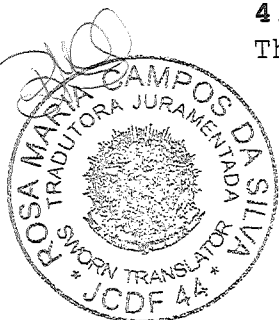
- Properties for Investments (IAS 40), were reclassified as Fixed for Property for Investments.

- (7) Values corresponding to the reclassification of reserve Postalís to amortize from the Non-current Liabilities for social charges in the Current Liabilities, to better represent the values to pay with short term maturity.
- (8) Values corresponding to provisions linked to collection action from suppliers, reclassified of writs and rogatory letters for contingent liabilities.

NOTE 4 – AVAILABLE

4.1 – Cash: Dec/31/2011, the value of R\$367.8 million in cash was distributed heterogeneously, in 6,348 Units of Assistance, present in every States of the Federation. This amount aims at facing the operations in the first days of the month of January, 2012.

4.2 – Banks: represent the movement of numbers in accounts kept with bank institutions. The balance on Dec/31/2011 corresponded to R\$8.9 million.





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4.3-Applications: the financial availabilities, deriving from own incomes, are applied on Exclusive Extra Market Investment Funds at Bank of Brazil Distributor of Titles and Securities S.A. – BBDM, on portfolios composed by Financial Letters of the Treasury (LFT), Note of the National Treasury (NTN-B), Letter of the National Treasury (LTN), and committed operations, registered by the net value of realization, on the date of the balance, according to the details below:

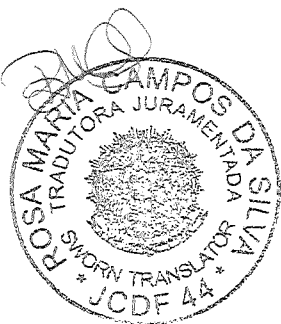
4.3.1. Position on Dec/31/2011

SHORT TERM COMPOSITION

MATURITY	LFT	NTN-B	LTN	COMMITTED OPERATIONS	IR PROVISION	ADJUSTMENTS	TOTALS
						FUND	
2012	884,057			431.719	(7,687)	(144)	1,307,948
TOTALS	884,057			431,719	(7,687)	(144)	1,307.946

LONG TERM COMPOSITION

MATURITY	LFT	NTN-B	LTN	COMMITTED OPERATIONS	IR PROVISION	ADJUSTMENTS	TOTALS
						FUND	
2013	1,484,076	32,455	235,588				1,752,119
2014	881,465	21,969					903,434
2015	864,037		76,953				940,991





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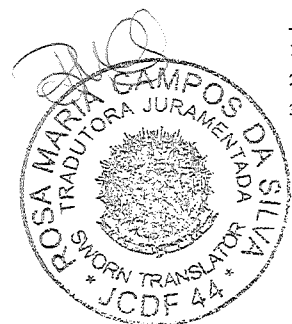
MATURITY	LFT	NTN-B	LTN	COMMITTED OPERATIONS	IR PROVISION	FUND	TOTALS
2016	479,550						479,550
2017	293,623						293,623
2018	315,630						315,630
TOTALS	4,318,382	54,424	312,542				4,685,347

APPLICATION	VALUE	PART (%)
LFT	5,141,084	85.67
LTN	312,541	5.21
NTN-B	54,424	0.91
Committed Operations ¹	431,719	7.19
Subtotal	5,939,768	98.98
Adjustments ²	(143)	0.00
Multimarket Fund ³	61,355	1.02
Total	6,000,980	100.00
Income Tax	(7,687)	-0.13
Net	5,993,293	99.87

¹ Committed Operations deducted form adjustments.

² Administration Rate, future market adjustment and others on the management of Fund XIII

³ Should have investment policies that involve various risk factors, without the commitment of concentration in any factor, in specific case, CDI and exchange.





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Information from the Exclusive Extra Market Fund XIII

CP (1) => 1,315,633

LP (2) => 4,623,992

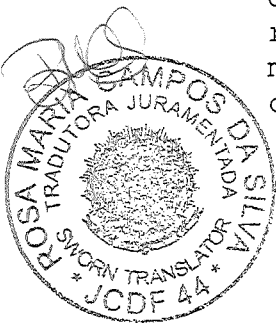
Total => 5,939,625

(1) => Short Term: Titles with maturity until Dec/2012.

(2) => Long Term: Titles with maturity from Jan/2013.

The amount above is distributed in R\$1,315.6 million in the current referring to titles with maturity in the next twelve months, and in R\$4,624.0 million in the non current corresponding to maturities after this term. The existing difference between the previous table and the assets balance correspond to income tax, in the value of R\$ 7.7 million, and the value of fund XV of R\$61.3 million.

The derivatives used in the Exclusive Extra Market Fund XIII are Futures of DI, and they are registered in the operations realized by the fund. Their objective is to transform the pre-fixed titles (LTN) into post-fixed at the moments in which the administration deems necessary. They are exclusively used with the objective of protection, as they reduce the volatility of the portfolio, and its notional value on Dec/31/2011 was R\$312.5 million, and such value was placed within the limit established on resolution 3.284/2005 of May/25/2005 of the National Monetary Council.





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Fund 15 - Composition of the portfolio on Dec/31/2011

Title	PT market	% Portfolio
Committed Operations + Adjustments	(163)	(0.27)
LFT	61,517	100,27
Future Dollar	38,392	-
Total of Assets	61,355	100.00
Exchange Rate	38,392	64.20
Installment CDI	21,963	35.80

The derivatives used in the Exclusive Extra Market Fund XV are contracts of future dollars and are registered inside the operations executed by the fund. Their objective is to transform the post fixed titles (LFT) into dollar, so that the Hedge of the exchange liabilities of the sorting machines is made, minimizing the effects of the exchange oscillations. Their use is exclusively for protection, it is supported by a Protection Policy of the Exchange Liability, and it is framed in a limit established on resolution 3.284/2007, of May/25/2005, of the National Monetary Council – CMN. The notional value on Dec/31/2011 was R\$39.4 million.

4.3.2. Position on Dec/31/2010





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Short Term Composition

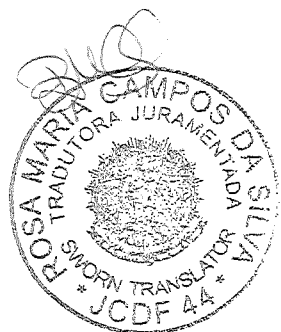
MATURITY	LFT	NTN-B	LTN	NTN-F	IR PROVISION	FUND ADJUSTMENTS	COMMITTED OPERATIONS	TOTALS
2011	486,818		426,418		-6,189	-339	406,987	1,313,695
TOTAL	486,818		426,418		-6,189	-339	406,987	1,313,695

Long Term Composition

MATURITY	LFT	NTN-B	LTN	NTN-F	IR PROVISION	FUND ADJUSTMENTS	COMMITTED OPERATIONS	TOTALS
2012	488,687		168,111	51,526			-	708,324
2013	857,260	29,723	118,902				-	1,005,885
2014	789,637						-	789,637
2015	414,042						-	414,042
2016	429,541						-	429,541
TOTALS	2,979,167	29,723	287,013	51,526	-	-	-	3,347,429

APPLICATION

	VALUE	PART (%)
LFT	3,411,768	73.10
LTN	713,431	15.29
NTN-B	29,723	0.64





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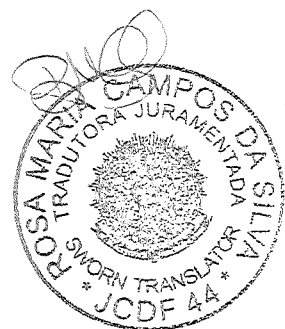
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APPLICATION	VALUE	PART (%)
NTN-F	51,526	1.10
Committed Operations (1 day) ¹	406,987	8.72
Subtotal	4,613,435	98.85
Adjustments ²	(339)	(0.01)
Multi Market Fund ³	54,217	1.16
Total	4,667,313	100.00
Income Tax	(6,189)	(0.13)

NOTE 5 - CREDITS

Registered by the original value of the provisions estimated for losses.

CREDITS	2011	2010 (Represented) *
Billed Services	1,077,907	969,692
Services to be Billed	2,819	19,162
Credit Cards	5,330	3,673
ACF/Accounts Rendering	56,558	60,357
ACF/Negotiated Debts	23	2
International Debts	119,411	90,350
AGC Debts	13	18





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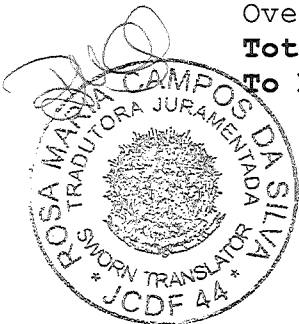
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ACC Debts	2,829	2,786
AGF Debts	16	-
Other Clients Debts	5,428	10,429
Total	1,270,334	1,156,469

*According to note 3

The detailing of the billed services and other debts from clients, extracted from the invoices in juridical collection, for period of maturity and to be due, are detailed below:

MATURITY	2011
Past due up to 30 days	71,589
Past due from 30 to 60 days	24,322
Past due from 60 to 90 days	14,122
Past due from 91 to 120 days	11,203
Past due from 121 to 180 days	13,331
Past due from 181 to 365 days	14,051
Over 365 days	8,540
Total of past due values	157,158
To become past due	926,178





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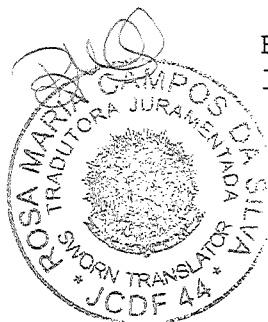
Total to receive 1,083,336

5.1. Estimate Losses with Doubtful Liquidation Credits: it was constituted at the end of the year, corresponding to the sum of 97% of the balances of past due profit to receive over 365 days with administrative and juridical collection, over 70% of the balance of default of phoned telegram. The increase on default, of juridical collection invoices, and of phoned telegram service, according to what is demonstrated below caused additional registration of R\$17.7 million as expense on the result.

Administrative credits with more than 365 day in 2011 (97% of the balance)	7,837
Invoices in juridical collection balance up to Dec/31/2011 (97% of the balance)	44,912
Default of Phoned Telegram Service (70% of the balance)	6,991
Final Balance of Provision on Dec/31/2011	59,740

Administrative credits with more than 365 days in 2010 (97% of the balance)	3,278
Invoices in juridical collection balance until Dec/31/2010 (97% of the balance)	37,747
Default of Phoned Telegram Service (70% of the balance)	1,044
Final Balance of provision on Dec/31/2010	42,069

Below, the statement of the movement of estimated losses in credits of doubtful liquidation.





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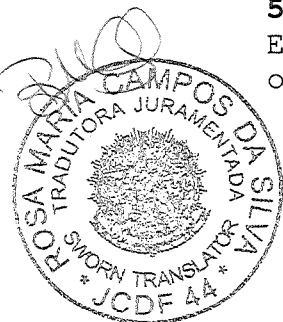
PECLD MOVEMENT	2011	2010
Balance on January 1 st	42,069	50,732
Additions	25,913	4,691
Clearances	(8,242)	(13,354)
Balance on December 31st/2011	59,740	42,069

5.2 - Billed Services: they correspond to rights to services rendered/sales of merchandise to clients, and are represented by invoices in bank, administrative, or juridical collections.

5.3 - Services to Bill: they represent the rights to services rendered to clients, in process of collection invoice issue.

5.4 - ACF/Rendering of Accounts: refer to rights with the franchised, corresponding to the collection on the last quarter of the month.

5.5 - International Debts: They correspond to the rights deriving from the relations of ECT and other post offices in the world. The balance in 2011 still brings the influence of balances of previous years, due to its own time dynamics of the rules established by





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the convention of the Universal Postal Union – UPU, which the Brazilian Government is signatory and ECT is obliged to follow.

5.6. Other Debts from Clients: They refer to credits not registered as profit to receive, especially regarding the services of phoned telegram and to the costs of protests subject to reimbursement by clients. The reduction of the balance is due mainly to the accounting write offs of phoned telegrams debts during 2011 in accordance with Law No. 9.430/1996.

NOTE 6 – STOCKS

They are stocked in two great centers of distribution of materials, responsible for supplying, systematically, and timely, the administrative units, besides 6,348 units of assistance, and other operational units.

STOCKED MATERIALS	2011	2010
Material for Consumption	32,665	34,035
Material for resale/storerooms	6,916	10,787
Material in transit	5,844	374
Material in consignment	450	561
TOTAL	45,875	45,757





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NOTE 7 – ANTECIPATED EXPENSES

They refer to insurances from international financing contract No.1036/1999 - Sorting Mechanization - MECTRI

NOTE 8 – OTHER VALUES AND ASSETS

8.1 – Advancements

ADVANCEMENTS	2011	2010
Salary advancement	2,613	2,279
Vacations Advancement	89,846	88,670
Other Debts from Employees	8,614	6,217
Other Advancements	3,359	3,926
TOTAL	104,432	101,092

8.1.1 – Salary: It is characterized as salary advancements the debts deriving from coverage of negative balances, and of any other form of authorized salary anticipation, compensable in pay sheet, except vacations advancement.

8.1.2 – Vacations: salary advancements granted at the time of vacations enjoyment, whose devolution may occur in up to 5(five) installments.





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8.1.3. Other employees' debts: The amount of R\$8.6 million refer to debts deriving from losses caused by employees such as cash differences, disappearance of assets from the fixed asset, and others.

8.1.4 - Other advancements: They refer to advancements to employees for the payment of expenses subject to later proof, and to the value owed by public bodies for the employees ceded to those bodies. The ceded employees balance - R\$ 3.3 million is net of the provision estimated for losses in the value of R\$2.9 million which is constituted annually in order to correspond to the balance due for over 365 days, and not paid by the public bodies in which employees are ceded.

8.2 - Values to Compensate

They correspond to taxes values, social charges paid, and other values collected or advanced that will be compensated at the moment of liquidation of the generator factor, composed below.

RIGHTS TO COMPENSATE

	2011	2010
		(Represented) *
Maternity salary	544	444
IRRF/Financial applications	89,999	38.230





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RIGHTS TO COMPENSATE

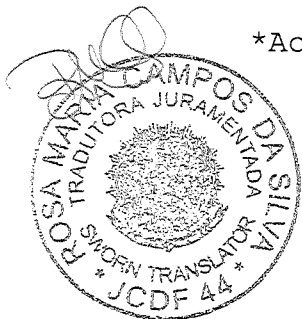
2011

2010

(Represented) *

ICMS to recover/compensate	57	37
IR to restitute	26,448	0.00
CSLL to restitute	23,274	0
IR - retained on the source - Law No. 9.430	68,626	18,269
CSLL retained on the source - Law No. 9.430	9,829	3,272
COFINS retained on the source - Law No. 9.430	18,549	3,441
PIS/PASEP retained on the source - Law No. 9.430	3,983	819
INSS retention by clients	538	3,640
Undue collections - Law No. 10.833/03	331	570
Undue collection - INSS	239	216
INSS: benefit payments/Employees	33	1175
Bank Institutions - withdrawal	0	290
Other Taxes and Social Charges to Compensate	172,660	258,233
TOTAL	415,110	328,636

*According to note 3





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8.2.1 – Income tax retained at the source: the amount of R\$ 90.0 million refer to the income tax, compensable, charged over the incomes of financial applications. Its high value in 2011 derives mainly from the non-compensation of IR of applications on the fourth quarter of that year, due to fiscal loss presented.

8.2.2 – IR to Restitute and CSLL to Restitute: they come from the recalculation of IRPJ/CSLL of the period from January/2007 to December 2010, mainly in face of non deductible provisions and cultural fiscal incentive. This recalculation generated values to compensate from theses taxes, represented by major collections in some quarters, and additions on Taxes and Contributions to Pay, for minor collections in other quarters. The compensation between values to compensate and Taxes and Contributions to Pay depend on the fulfillment of accessory obligations required by federal legislation.

8.2.3 – Taxes and Contributions/Law No.9.430/1996: the values R\$68.6 million (IRRF); R\$9.8 million (CSLL); R\$18.5 million (COFINS), and R\$4.0 million (PIS/PASEP) refer to the taxes and contributions retained by bodies of federal public administration, at the time of the payment of acquired products and/or services, which may be compensated with the federal taxes to pay. The increase on the balance derives mainly from the retention made by Banco do Brasil S/A for the contract signed for the access to the Postal Bank. The compensation will happen within the contract term (05 years) from the moment of income





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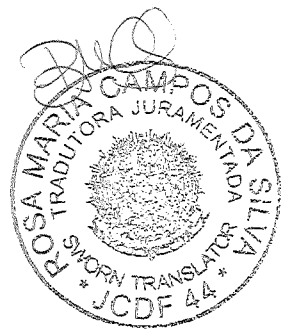
generation, which will start in January/2012, being reflected in this rubrics the installments to be compensated in the next social year.

8.2.4 – Undue Collections – Law No.10.883/2003: The amount of R\$330.8 thousand, refer to the values collected to the Federal Revenue of Brazil, deriving from undue retentions of taxes, which, when updated by SELIC, may be compensated with any tax or contribution administrated by the Federal Revenue, after the agreement of that Body.

8.2.5 – Other incomes and social charges to compensate: the amount of R\$172.7 million comes from the recalculation of PIS/COFINS of the period from January/2007 to December/2010, considering the taxation of such contributions by the mixed taxation regime, that is, part by the cumulative regime, and part by the non cumulative regime. This recalculation generated values to compensate from these contributions, represented by major collections in the cumulative regime, and increases in taxes and contributions to pay, represented by the acknowledgment of the obligation linked to the non cumulative regime. The compensation between values to compensate and taxes and contributions to pay depends on the fulfillment of accessory obligations required by federal legislation.

8.3 – Juridical Collection/Default

They represent the rights, whose collection is in the judicial ambit.





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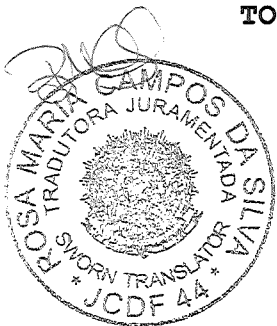
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JURIDICAL COLLECTION/DEFAULT

	2011	2010
Invoices in Juridical collection	46,301	39,319
Provision for invoices in juridical collection	(44,912)	(37,746)
Checks in juridical collection	218	319
Invoices linked to checks in juridical collection	-	1
Provision for rights in juridical collection	(209)	-
Scopes	34,580	34,168
Provision for scopes	(34,231)	(33,812)
Defaults ACF	1,663	2,020
Defaults with juridical collection	1,031	759
Disaccredit with juridical collection	12,066	12,202
Provision for debt of ACF	(13,290)	(12,486)
Debts of employees in juridical collection	2,237	2,077
Provision for debts of employees in juridical collection	(2,179)	(2,057)
Juridical collection of third parties' debts	16,643	17,770
Provision for juridical collection of third parties' debts	(16,181)	(15,812)
Defaults AGF	113	-
TOTAL	3,850	6,722





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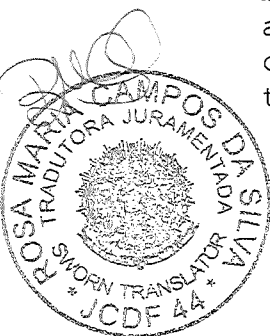
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8.3.1 – Invoices in juridical collection: the amount of R\$46.3 million refer to debts, in historical values, of defaults, whose collection is executed by the juridical area of ECT. This amount is covered by provision estimated for losses in the amount of R\$44.9 million, according to details on note 5.1.

8.3.2 – Scopes: The amount of R\$34.6 million refer to debts of employees deriving from illicit acts whose processes (Special Accounts Checking - TCE) have been sent to the Federal Audit Court – TCU for analysis and judgment. The estimated provision for losses correspond to R\$34.2 million which is monthly constituted, based on 99% of the balance registered until the previous month in the scopes subaccount, to absorb losses caused by detainers of values and/or assets.

8.3.3 – Disaccredited with juridical collection: the amount of R\$ 12.1 million refer to debts from Franchisee of Post Office – ACF, disaccredited in face of the non fulfillment of clauses of the franchise contract. For these cases, ECT has judged collection actions. The estimated provision for losses is monthly constituted, based on 30% of the registered balance until the previous month of the subaccount ACF defaults, and 100% of the accumulated balances until the previous month of the defaults subaccounts with judicial collection and disaccredited with judicial collection to absorb possible losses regarding the defaults of agencies of franchisee post offices.





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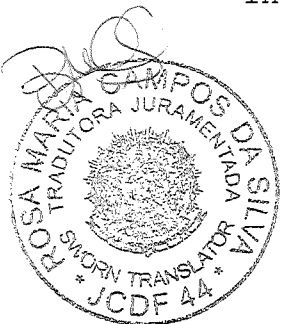
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8.3.4 – Employees' debts in juridical collection: the amount of R\$2.2 million refer to debts from former employees, determined in regular process, of value below the one defined by the Federal Audit Court for instauration of the Special Accounts Checking, and for other exceptional cases, in which the discount had not been possible through pay sheet. The provision for estimated and monthly constituted losses, based on 99% of the accumulated balance until the previous month of the debts account from employees in juridical collection.

8.3.5 – Juridical collection of third parties' debts: the amount of R\$16.6 million, R\$11.8 million are demonstrated on the table below, and the other values are regards the collection of suppliers for contract vices or other collections. There is registration of provision with loss estimate for this asset in the amount of R\$16.2 million based on 97% of the accumulated balance until the previous month.

Debtor	Value	Note
Interunion Capitalização – Papa-Tudo	11,764	In phase of negotiation/analysis for the liquidation of the credit through extra-judicial agreement, liquidator has been appointed.





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8.4 - Values to Determine

LOSSES IN DETERMINATION

	2011	2010
Losses to determine - external crimes	13,556	10,417
Losses to determine - internal crimes	29,922	22,842
Provision estimated for losses with damages to determine	(37,937)	(27,897)
Others	349	486
TOTAL	5,890	5,848

8.4.1 - External Crimes/Internal Crimes: the amounts of R\$13.6 million and R\$29.9 million refer to the registration of losses caused, respectively, by third parties, and by employees, whose processes of determination of responsibility have not been concluded. Due to the fact that ECT belongs to the Federal Government, all damages caused to its assets are communicated to the Supervision of the Federal Police.

The estimated provision for losses is constituted monthly based on 90% of the sum of the accumulated balances until the previous month of the losses subaccounts to determine the internal and external crimes, with the accumulated amount of R\$37.9 million.

8.5 - Other Credits





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OTHER CREDITS

	2011	2010
Promissory notes	77	155
International postal order - importation	204	175
Other payments by third parties account	4	4
Traffic fines and disaster	2,681	3,619
Provision for estimated losses with fines and disasters	(2,655)	(3,582)
Retired people's medical service	2,130	84
Other	(6)	88
TOTAL	2,435	543

8.5.1 - Promissory Notes: the amount of R\$76.7 thousand correspond to the rights supported by promissory notes.

8.5.2 - International Postal Order - Importation: the amount of R\$204.1 thousand refer to postal orders forwarded by the Postal Administrations for payment in national territory.

8.5.3 - Traffic Fines and Disasters: The value of R\$ 2.7 million refers to traffic fines and disasters subject to juridical decision in relation to the employee's discount, whose provision estimated for losses is constituted monthly, based on 99% of the accumulated balance until the previous month of the traffic fines and disasters subaccount.





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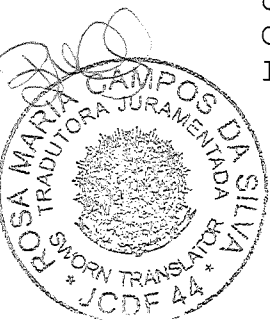
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8.5.4- Retired People's Medical Service: corresponds to rights of co-participation values of the medical-odontology service rendered to retired people, and whose collection is executed by the Institute of Social Security of the Mails and Telegraphs - Postalís.

NOTE 9 - NON-CURRENT

9.1 - Functional Real Estates: the value of R\$2.4 million refer to the net reminiscent balance of the provision estimated for losses, monetarily updated, of the sale in 1991, of functional real estates, whose collection and receipt of installments are under the responsibility of Caixa Econômica Federal - CEF. The estimated provision for losses is constitute annually in order to correspond to balances due for over 365 days, and unpaid be the employees and former employees to Caixa Econômica Federal for future transfer.

9.2 - Adjourned Taxes: in face of the accounting acknowledgment of provisions, whose value will be liquidated in future periods through the exit of resources, what characterizes the existence of a temporary difference between the accounting value of the liability, and its fiscal base, there was the registration of adjourned taxes corresponding to IRPJ and CSLL (according to details on note about Income Tax and Social Contribution over Profit), which will be recoverable in future periods when such liability is deductible to determine the taxable profit, or when there is advantage of





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the fiscal losses, on the terms of the Technical Pronouncement CPC 32 – Taxes over Profit (IAS 12). Adjourned IRPJ/CSLL should always be classified in the Long Term Achievable in the Patrimonial Balance, even if it has short term achievable expectation. The details of the movement and composition is on note 17.

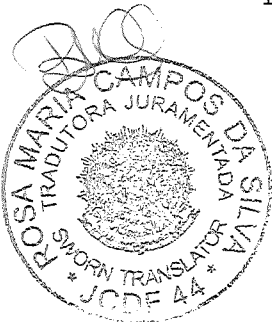
9.3 – Judicial, Appeals, and Administrative Deposits

They are composed as follows:

CREDIT NATURE	2011	2010
Judicial deposits	27,556	19,782
Appeals Deposits	18,339	19,639
Administrative appeals deposits	55,777	55,777
Juridical assistance – free choice	749	749
TOTAL	102,421	95,947

The values of R\$27.6 million, R\$18.3 million, and R\$55.8 million refer to deposits executed to make face to judicial demands in which ECT acts as respondent, whose respective liability provision is detailed on note 14.2, being necessary to highlight the following:

- a) judicial deposits derive from the fulfillment of judicial determinations and receive monthly monetary updating;





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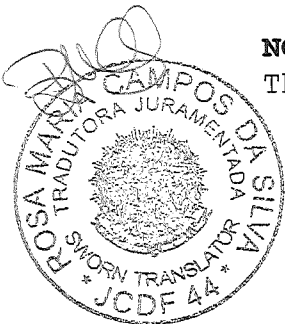
- b) appeals deposits derive from interposition of appeals in higher courts due to defeat on lower court, and are monetarily updated every month;
- c) administrative appeals deposits are values in favor of INSS, equivalent to 30% of the value of the infraction regarding the Fiscal Notifications of Debt Registration – NFLD. Through this deposit, an administrative appeal is interposed.

9.4 - Values to Compensate: refer to the taxes and contributions retained by bodies of the federal public administration, when the payment of products and/or services acquired, which may be compensated with federal taxes to pay. This balance derives from the retention made by Banco do Brasil S/A for the contract signed for the access to the Postal Bank, already deducted from the installments classified in the Current Asset. The compensation will happen within the contract term (05 years) from the moment of the generation of income, which will start in January/2012.

9.5 - Others: the amount of R\$61.4 million of credits to achieve, R\$57.9 million refer to the deposit of savings account-guarantee by the commercial contract 531/2005, related to the logistics service, with Caixa Econômica Federal, registered the present value.

NOTE 10 - INVESTMENTS

They are composed on the following form:





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NATURE OF INVESTMENTS	2011	2010
		(Represented)
Irrelevant Participations	3,516	3,516
FINAM	12,794	12,794
FINOR	15,268	15,268
Provision for losses	(28,062)	(28,062)
Museum and collections	933	694
Real Estates Kept for Investment	27,918	31,672
Other investments	895	919
TOTAL	33,262	36,801

10.1 - Irrelevant Participations and FINAM/FINOR- they are those deriving from irrelevant participations in Telephone Companies, as well as deriving from applications of fiscal incentives. It is important to mention that the provision for losses with FINAM/FINOR is equivalent to 100% of the balance, due to the negative performance presented by such funds since 2002. There is no intention of sale of these assets in the short term.

10.2 - Real Estates Kept for Investments - Real estates ceded, rented, or vacant, that is, that are not being used on the production or supply of assets and services or administrative ends, are characterized as kept by the owner to obtain incomes or





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valuation of the capital, or both, and on the terms of the Technical Pronouncement CPC 28 – Properties for Investments (IAS 40), are classified as Investments. It is important to highlight that the values of 2010 have been presented again for comparison purposes.

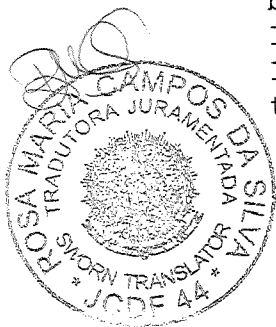
NOTE 11 – FIXED ASSET

The measurement criteria, depreciation methods, and depreciation rates are detailed on note 2.14.

The composition and value regarding the movement of the fixed asset are detailed below:

Movement and composition of the fixed asset

Rubrics	Net Value Dec/31/2010	Write o. Add.	Depreciation Amortization	Dep./Amort. of written o.assets	Transfers	Net Value Dec/31/201
Lands	85,482	(41) 8,104	-	-	1,431	94,976
Buildings	313,580	(2) 62,509	(22,648)	(2)	2,324	355,763
Installations in own buildings	140,847	(195) 22,229	(26,395)	-	-	136,486
Improvements/ Installations third parties'						





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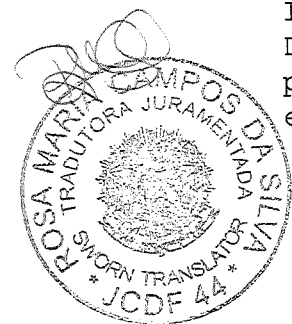
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Rubrics	Net Value Dec/31/2010	Write o.	Add.	Depreciation Amortization	Dep./Amort. of written o.assets	Transfers	Net Value Dec/31/201
real estates	44,373	(366)	19,581	(17,720)	(304)	-	45,868
Works in Course	191,464	-	68,625	-	-	(116,781)	143,306
Real Estates Subtotal	775,746	(604)	181,048	(66,763)	(306)	(113,026)	776,399
Furniture and utensils	171,597	(7,744)	45,058	(21,657)	(5,927)	-	187,253
Machines and Equipments	307,154	5,271	27,006	(106,019)	(4,778)	-	222,870
Motorized vehicles	82,787	(5,288)	17,853	(20,244)	(5,231)	-	75,108
Non-motorized vehicles	2,929	(820)	2,437	(654)	(689)	-	3,893
Tools and Instruments	1,755	(64)	468	(245)	(53)	-	1,913
Data processing equipment	99,881	(30,697)	8,823	(6,290)	(30,504)	-	71,716





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Rubrics	Net Value Dec/31/2010	Write o. Add.	Depreciation Amortization	Dep./Amort. of written o.assets	Transfers	Net Value Dec/31/201
Acquisition of assets in progress	8,649	(220)	-	-	-	8,429
Materials and assets to become fixed	823	-	-	-	-	823
Subtotal of Real						
Estates	675,575	(50,104)	101,645	(155,110)	(47,182)	- 572,006
TOTALS	1,451,321	(50,708)	282,693	(221,873)	47,488	(113,026) 1,348,404

- (1) The net value on Dec/31/2011 corresponds to the net value on Dec/31/2010 added to the additions and subtracted from the write offs and depreciations/amortization;
- (2) For elaboration of cash flow purposes, the total of the additions should be subtracted from the movement between accounts (R\$116.8 million) for corresponding to the transfer of the fixed asset in progress to the definite fixed asset, but the same have been considered additions at the moment of acquisition of the asset, or at the beginning of the work.





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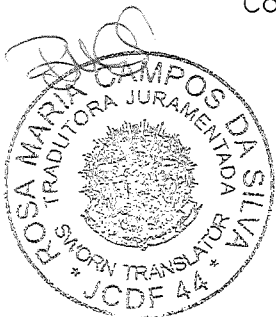
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- (3) Depreciation/amortization of the written off assets was considered only for demonstration purposes, due to the fact that the balance of depreciations/amortizations of the asset diverges from the result (value considered on the Cash flow - R\$285.0 million) due to the written off assets of the respective depreciations/amortizations.
- (4) The transfer of R\$116.8 million refer to the items reclassified for the definitive fixed asset that transited through the fixed accounting account in progress when it was acquired. The reclassification of R\$3.8 million corresponds to the transfer to the group of Investment of the real estates that changed from property to investment (see note 10.2)

NOTE 12 - INTANGIBLE ASSETS

It corresponds to Software not integrated to Machines and Equipments
The measurement criteria, amortization methods are detailed on note 2.15.
Below, one can find the composition and movement of the intangible assets:

Composition and movement of the intangible assets





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Rubrics	Net Value Dec/31/2010	Write offs	Additions	Amortization	Amortization written offs	Net Value Dec/31/2011
Software, Licenses & Similar	20,020	(446)	29,317	(15,864)	(444)	33.027
Total	20,020	(446)	29,317	(15,864)	(444)²	33,027¹

- (1) the net value on Dec/31/2011 corresponds to the net value of Dec/31/2010 summed to the additions and subtracted from the write offs and amortizations;
- (2) The amortization of the write off assets was considered only for demonstration purposes, due to the fact that the balance of depreciation (fixed asset)/amortization of the intangible asset diverges from the result (value considered on the Cash flow - R\$285.0 million) due to the write off assets of the respective depreciations/amortizations.

NOTE 13 - CURRENT ASSET

13.1 - Suppliers: They represent the obligations regarding the acquisitions of materials and services and other obligations with suppliers with usual maturity, on the following month.





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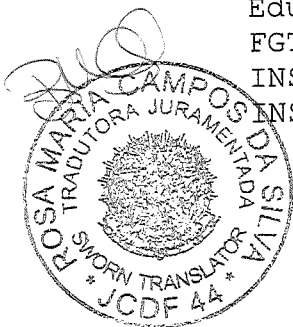
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13.2 – Salaries and consignations: They correspond to labor obligations due in the month, coming from fixed and variable expenses. In this rubrics they are registered monthly, also, the provisions for the 13th salary in the correspondent value of 1/12 of the remuneration of each employee and respective social charges, and for vacations based on 1/12 of remuneration of each employee, added with additional of 70% (according to collective labor agreement), and other fit social charges.

13.3 – Social Charges: They correspond to obligations regarding the employer's contributions. The addition on the comparison with 2010 may be attributed to the normal increase on the pay sheet.

SOCIAL CHARGES	2011	2010
		(Represented)
INSS - employer	93,743	82,017
Postalis - employer	769	722
Additional SENAI	683	609
Education salary	8,633	7,245
FGTS	40,343	33,529
INSS - individual contributor	883	785
INSS - cooperatives	742	535





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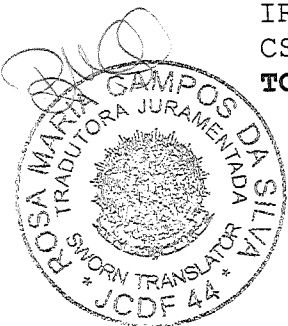
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Postalprev employer	17,210	25,076
Reserves to amortize- past service	229,765	215,279
TOTAL	392,798	365,797

13.4 – Taxes and Contributions:

They are composed according to the following:

TAXES AND CONTRIBUTIONS	2011	2010 (Represented)
INSS Companies-retained at source	5,876	4,762
INSS retention - individual contribution	351	317
Taxes Obligations (COFINS, PASEP AND ICMS)	364,129	336,252
INSS individual contributor	(39)	2
ISSQN - retained from third parties	25	21
IRF - retained from third parties	0	2
Retention at source - Law No. 9.430/1996	1	2
IRPJ	145,434	194,722
CSLL	43,675	63,428
TOTAL	559,452	599,508





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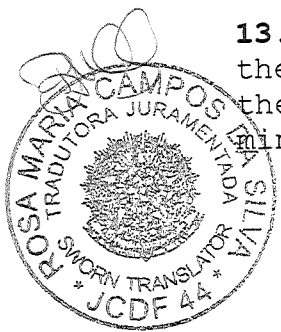
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As taxes obligations (COFINS, PASEP, and ICMS), the main values are the ones coming from the recalculation of PIS/COFINS of the period from January/2007 to December/2010, considering the taxation of such contributions for the mixed regime of taxation, that is, part for the cumulative regime, and part for the non cumulative regime. This recalculation has generated values to compensate from these contributions, represented by major collections in the cumulative regime and additions in taxes and contributions to pay, represented by collection of obligation linked to non-cumulative regime, which were added to charges of delay (interests and fine).

The values of IRPJ and CSLL are represented by the recalculation of IRPJ /CSLL of the period from January/2007 to December/2007, mainly in face of the non deductible provisions and cultural fiscal incentive. This recalculation generated values to compensate from these taxes, represented by major collections in some quarters, and additions in taxes and contributions to pay, by minor collections in other quarters, which were added with charges of delay (interests/fine).

13.5- Dividends to pay: dividends of R\$358.5 million have been determined according to the Administration decision. During 2011 interests were calculated over own capital in the value of R\$204.5 million, and registered as financial expense, which are imputed to minimum compulsory dividends.





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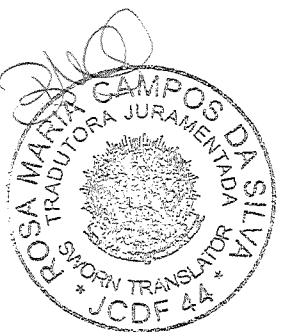
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It is important to highlight that in September/2011, anticipation of dividends was made to the Union in the amount of R\$350.0 million, according to decision of the Administration Council on Sep/29/2011 through Report/CA-048/2011, considering the profit determined until the month of August/2011, which was around R\$781.3 million. Thus, the total to collect to the Union during 2012 is R\$8.5 million.

The Bylaws of ECT determines the minimum percentage of 25% (twenty five per cent) of the adjusted net profit for the payment of dividends to the Union. However, it has been its practice the destination of dividends of around 50% of the profits, by determination of the Union, since the year of 2006.

Below, the statement of the calculation in 2011 and 2010.

Statement of calculation of minimum compulsory dividend	2011
A - Profit determined	882,747
B - Adjustments of previous years (note 3) ¹	(184,032)
C - Adjourned taxation of the year (note 17)	(128,818)
D - Base of calculation (A-B-C) = adjusted net profit	569,897
E - 5% to legal reserve (D x 5%)	(28,495)
F - Profit after legal reserve (E-D)	541,402





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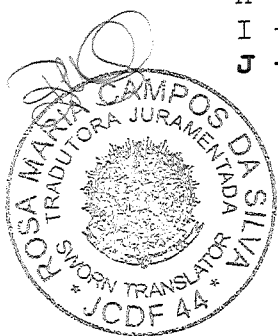
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G - 50% of profit after legal reserve (F x 50%)	270,701
H - Interests over own capital	204,460
I - Dividends determined (G-H)	66,241
J - Advancement made to the Union	(350,000)
L - Additional dividend proposed (see note 2.23)	8,500
M - Total Dividend distributed and additional	358,500

Statement of calculation of minimum compulsory dividend	2010
A - Profit determined	826,947
B - Adjustments of previous years	-
C - Taxes adjourned	-
D - Base of calculation (A-B-C) = adjusted net profit	826,947
E - 5% to legal reserve (D x 5%)	41,347
F - Profit after legal reserve (E-D)	785,600
G - 50% of profit after legal reserve (F X 50%)	392,800
H - Interests over own capital	201,097
I - Dividends determined (G-H)	191,703
J - Total (H+I)	392,800





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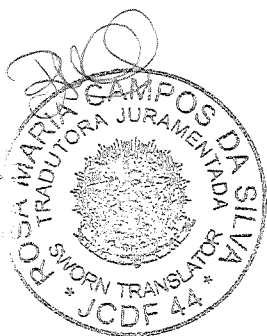
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- (1) The adjustments of previous years have been imputed to the results of 2011 for effect of determination of the base of calculations of minimum compulsory dividends.

As one can observe on the previous statements, maintaining the calculation criteria of 2010, the dividends value to collect would be of R\$270.7 million. However, due to decision of the Administration, the value already collected is of R\$350.0 million, and the additional proposed is R\$8.5 million, which corresponds to 66% of the net profit adjusted after constitution of legal reserve. It is also important to highlight that in 2011, the occurrence of adjustments of previous years in the amount of R\$184.0 million that affected negatively the accumulated profits, as well as the adjournment of taxes in the amount of R\$128.8 million, which does not correspond to the profit made. In accordance with Law 6.404/1976, such values should be excluded from the profit determined in the year in order to compose the base for calculation of dividends.

13.6 - Collection and receipt: from the amount of R\$48.1 million, stand out the receipts for the institute of Social Security of the Mail and Telegraphs - Postalís, in the value of R\$24.1 million, R\$3.8 deriving from transfers of cash from third parties, via national postal order service, and R\$7.8 million of importation tax. Besides, other obligations





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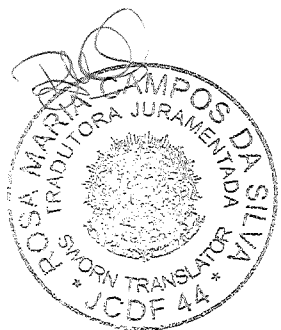
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that compose this group are highlighted on the following table. It is important to highlight that these obligations are liquidate every month, and on the agreed form.

COLLECTION AND RECEIPTS	2011	2010
Receipt for Postalís	24,071	21,195
Issue of national postal order	3,848	9,818
International postal order	376	1,284
Sale of products of third parties and consigned	1,163	2,591
Receipt of accounts – public service	225	353
Receipt of accounts – private service	748	819
Postal Reimbursement – delivery	1,446	1,612
Sale of capitalization titles	118	99
Receipt of importation tax	7,677	4,609
Virtual services	640	1,147
Other receipts/collections	7,770	2,006
TOTAL	48,082	45,533

13.7 – Clients Advancements: the amount of R\$9.0 million is composed, mainly of clients advancements and advancements for INSS payments.





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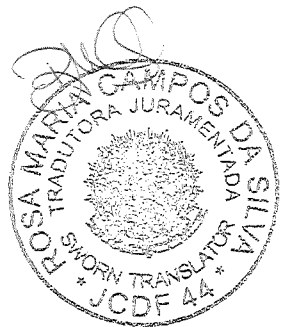
13.8 - International accounts to pay: the value of R\$52.5 million represent the obligations with Postal Administrations, Private Operators, and Air Companies in face of international transactions of the Post Office. The balance in 2011 also brings the influence of balances from previous years, due to the time dynamics itself of the rules established by the Universal Postal Union - UPU, of which the Brazilian Government is a signatory, and ECT is obliged to follow.

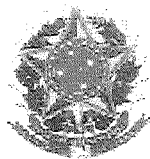
13.9 - Rogatory Letters: they are obligations deriving from judicial sentences added monthly with the monetary updating, being the total with maturity in 2012, showed below:

ROGATORY LETTER/JUDICIAL WRITS	2011	2010
Rogatory Letter (Current)	51,850	27,491
TOTAL	51,850	27,491

13.10 - Provisions: the balance of R\$13.6 million corresponds to the confession of debt with a supplier, which closure is still in discussion.

13.11 - Loans and financings: obligations deriving from financings, in foreign currency, with amortization periods between five and ten years with guarantees from Banco do Brasil S/A. For the year of 2011, R\$23.4 million were supplied with provisions being R\$22.4





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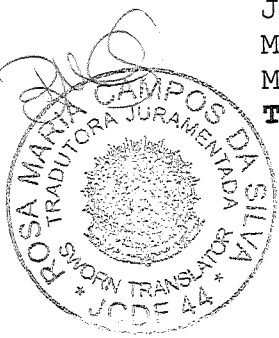
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million composed according to the table below, and R\$1.0 million of interests/commissions over these financings. In the following years, we have more R\$21.2 million for the same financial agents.

Financial Agent	Base Date	Final Term	No. of Installments Remaining	Value on Dec/31/2011 Foreign Currency	Quotation on Dec/31/2011	Amount of Installments		Current	Non Current	TOTAL
						Current	Non Current			
KFW	DEC/30/2011	FEV/28/2012	3	EUR 7,921	EUR 2.43420	2	1	12,855	6,428	19,283
JBIC	DEC/30/2011	DEC/12/2015	13	JPY 848,074	JPY 0.02431	5	8	7,694	12,923	20,617
Marubeni	DEC/30/2011	DEC/12/2013	4	JPY 153,822	JPY 0.02431	2	2	1,870	1,869	3,739
Danske Bank	Dec/30/2011	Sep/30/2011	0	EUR -	EUR 2.43420	0	0	0.00	0.00	0.00
Provision of Charges and Commissions								1,090		1,090
TOTAL								23,428	21,220	44,648

Find below, the details of due installments discriminated by financial agent and social year:

Financial agent	2012	2013	2014	2015
KFW	12,855	6,427	-	3,207
JBIC	7,694	6,509	3,207	3,207
Marubeni	1,870	1,869	-	-
Marubeni	1,870	1,869	-	-
TOTAL	22,419	14,805	3,207	3,207





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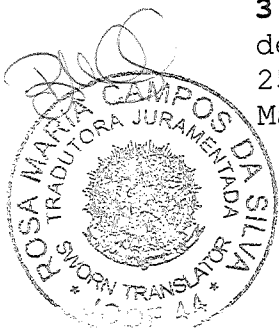
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The guarantee of the Contract of Grant of Counter-guarantee No.10.322 signed on Apr/28/2000 between Banco do Brasil and ECT, with period of limitation of 5,706 days (maturity on Dec/12/2015), has as objective to guarantee the External Financings Contracts (JBIC, MAUBENI, KFW and Danske Bank) necessary condition at that time. On the other hand, for the Bank to be the guarantor of the operations, commissions are paid to two of its branches, the Corporate Branch and BB Grand Cayman, and, also, it blocks part of the papers of the Extra Market Exclusive Fund 13.

Financial	Base Date	Final Term	No. of Installments Remaining	CONTRACTS SITUATION - DEC/31/2010			Amount of Installments		in Reais		
				Original Value	Paid until DEC/31/2010	Balance	Current	Non Current	(R\$) Current	(R\$) Non Current	(R\$) TOTAL
KFW	DEC/31/2010	FEB/28/2013	5	EUR 62,128	EUR 48,927	EUR 13.202	2	3	11,766	17,649	29,415
JBIC	DEC/31/2010	DEC/12/2015	23	JPY 6,098	JPY 4,639,838	JPY1,457,828	10	13	12,500	17,386	29,886
Marubeni	DEC/31/2010	DEC/12/2013	8	JPY 2,676	JPY 2,381,894	JPY 294,308	4	4	2,880	3,153	6,033
Danske Bank	DEC/31/10	SEP/30/11	2	EUR 18,247	EUR 16,279	EUR 1,968	2	0	4,384	-	4,385
TOTAL without Provision of Charges and Commissions									31,530	38,188	69,719
Provision of Charges and Commissions									1,527	-	1,527
TOTAL									33,058	38,188	71,246

3.12 - Participation on Profits and Results - PLR: in this year R\$89.5 million have been destined as PLR, according to limit of 11.9% of profit obtained in the year, and not over 25% of the dividends distributed, established by the Ministry of Planning, Budget, and Management, and, also, within the terms of Resolution CCE (Council of Coordination and





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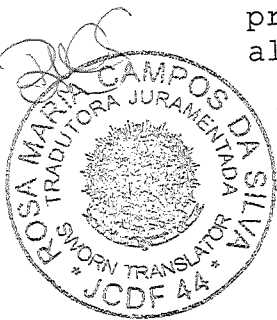
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Control of State Companies) No. 010, of May 30, 1995. It is important to highlight that although ECT has reached the net profit of R\$882.7 million, the base of calculation of PLR should be the adjusted profit, in accordance with Law No. 6.404/1976, according to details on note 13.5. In the current liability, the value registered is R\$42.3 million, due to the advancement granted to employees in December/2011, according to Administration authorization.

Find below the calculation statement:

Statement of calculation of Participation on Profits and Results	2011	2010
A - Profit determined	882,747	826,947
B - Adjourned taxes of the year (note 17)	(128,818)	-
C - Base of calculation (A-B) = adjusted net profit	753,929	826,947
D - PLR determined	89,527	98,200

It is important to highlight that, due to the Administration decision, adjustments of previous years described on note 3 have not been considered as factors that generate alteration on the net profit obtained in the year for calculation base effect of PLR.





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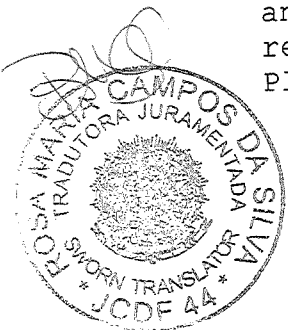
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13.13 - Incomes Received in Advance: with the total of R\$483.5 million, it is composed by R\$463.2 million referring to the key money fees of Postal Bank (monetarily updated) plus R\$20.3 million regarding, mainly, receipts from rents of Postal Boxes that, due to the regime of competence adopted, should be appropriated during 2012.

13.14 - Remuneration Interests over Own Capital: the tax benefit of interests over own capital is initially acknowledged on the statement of the result of the year as financial expense, according to determination of federal legislation, and are imputed to dividends. In the Liability, there is no balance to be transferred to the partner, once the obligation was totally absorbed by the advancement of dividends mentioned on note 13.5.

NOTE 14 - NON CURRENT LIABILITY

14.1 - Postalis Reserves to Amortize
ECT is the sponsor of a closed entity of complementary private social security, non-profit, constituted on January 26th, 1981, called Institute of Social Security of Mails and Telegraphs - Postalis, that aims at guaranteeing the supplementation of benefits of retirement and pension to its employees and participants, through the Defined Benefit Plan - PBD, and through the Plan of Defined Contribution - Postalprev.





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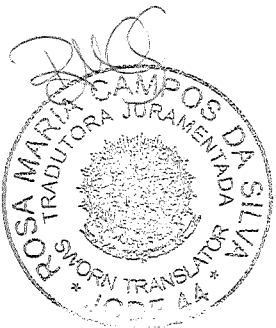
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Nowadays, PBD does not receive any more adhesions. Its full payment occurred in March, 2008 and the balance registered until then was R\$632.8 million.

In March 2008, Postalís presented to the Head Office of ECT, the plan of costs of the defined benefit fully paid, regarding the year of 2009, for homologation. This document presented the actuarial evaluation of BD plan fully paid, with the statement of R\$793.0 million as additional value necessary for the coverage of the actuarial risk (Time Reserve of Previous Service or "past service" – RTSA), deriving from the full payment of BD plan of Postalís.

On May/05/2010, the Administration and Fiscal Council uttered a joint decision that ECT acknowledged additional RTSA presented in 2009. Thus, the additional liability of R\$793.0 million was acknowledged on the balance of 2009.

On Oct/30/2010, the Department of Coordination and Governance of the State Companies of the Ministry of Planning, Budget, and Management through the office letter 344/2010, was favorable to ECT to recognize and assumed the difference of the amount of RTSA, and also expressly recommended the contraction by ECT of the debt of R\$1,489.8 million, debt which would be considered financial from Aug/01/2010, with evolution equivalent to the variation of INPC, added with 6% (six per cent) interests per year, and deducted the





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amortizations of payments made. Position which was ratified also by office letter number 60-DEST-MP, of February 14th, 2011, and technical note 39/DEST-MP of the same date. In the internal ambit, the approval occurred through Report/DIGEP 040/2010, of Dec/15/2010.

As the term of the covenant between both parts – ECT x Postalís has not been signed yet, it is ECT's responsibility, for prudence sakes, and in accordance with CPC No. 25 – Contingent Assets and Liabilities, the registration as provision, for it should be acknowledged when: the entity has a present obligation (legal or not formalized) as result of past event; it is probable that it will be necessary an exit of resources that incorporate economic benefits to liquidate the obligation; and a trustworthy estimate of the obligation value can be made.

Thus, ECT started to consider the liability of R\$1,489.8 million, as base date of Aug/01/2010, as financial. Within this context, the rubrics Postalís Reserves to Amortize totalizes in the patrimonial balance the amount of R\$1,405.3 million divided between Current (R\$229.8 million), and Non-Current (R\$1,175.6 million). It is important to highlight that the amount presented corresponds to the one on the accounting statements of Postalís in 2011.





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It is also important to highlight that, the installments are being paid monthly to Postalis, and they are correspondent to the percentage of 7.507% over the pay sheet, percentage that was accepted by ECT at the time of approval of the costs plan/2009.

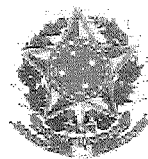
14.2 – Contingent Liability: ECT, in the normal course of its operations, is involved in legal processes of labor, civil, and tax nature. The Company constituted provisions for legal processes on values considered by its juridical assistants, and its Administration, as being sufficient to cover probable losses.

Labor processes are moved, mostly, by former employees, employees, or labor unions of the category. The provisions of probable losses represent many claims, such as: indemnifications, extra hours, dis-characterization of labor period, additional of office, representation, and others.

In the actions of civil nature, one can highlight, mainly, the collection actions moved by suppliers for the understanding of vices in contracts of service rendering and/or products supply.

The provisions are constituted based on 100% of the value of each judicial demand adjudged against ECT, whose closure is evaluated by the juridical area, as a probable





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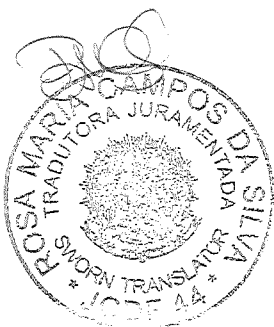
loss. On December 31st, 2011, these provisions, monetarily updated, are presented on the following form, according to the nature of the correspondent causes:

LIABILITIES PROVISION	2011	2010 (Represented)
Labor Demands	222,129	230,392
Civil Demands	228,342	205,658 ¹
Tax Demands	12	0.00
TOTAL	450,483	436,050

- (1) The reclassification refers to the actions of suppliers registered before in the Writs and Rogatory Letters group (note 14.4)

14.2.1 - Movement of contingency liabilities provisions:

Liabilities Provisions	Initial Balance 2011	Provisions additional/increase	Provisions used (expense)	Provisions reverted or w/ risk change	Increase by Monetary Updating	Final Balance 2011
Labor	230,392	46,635	(31,549)	(27,626)	10,507	228,359
Civil	205,658	7,071	(1,025)	(9,269)	19,677	222,112
Tax	-	5	-	-	7	12
Total	436,050	53,711	(32,574)	(36,895)	30,191	450,483





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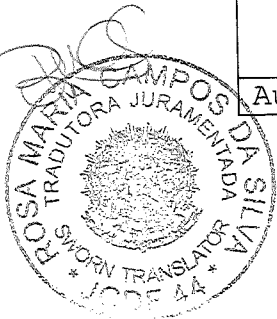
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It is important to highlight that part of the contingent balance is covered by judicial and appeal deposits according to values detailed on note 9.3. We present below the present situation, in the juridical ambit, of the main legal processes with probable loss:

DESCRIPTION	PRESENT SITUATION
Author: Transbrasil Nature: civil Late payment/monetary correction- administrative contracts- administrative law and other matters of public law	Action adjudged by Transbrasil due to the contract signed with ECT. It pleads values that it judges due deriving from the transportation of parcels of RPN lines – night postal net. The action was judged partially precedent, and ECT presented an appeal against the judgment that deferred the payment of monetary correction and default interests due to the delay verified on the payment of invoices by ECT. Appeal judged partially precedent only to declare part of the debt of ECT prescribed. The process is pending judgment of special appeal, and extraordinary appeal. Maximum exposition updated: R\$ 65.4 million.
Author: Vasp	Action adjudged by the bankrupt mass of VASP due to





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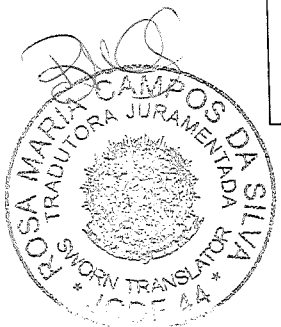
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<p>Nature: Civil Late payment/monetary correction - administrative contracts - administrative law and other matters of public law.</p>	<p>the contract signed with ECT. It pleases values that it judges due because of the delay on payment of invoices for the services rendered of transportation of parcels of RPN lines - night postal net. Request judged partially proceeding. ECT presented an appeal. Appeal was judged unfounded. The process is pending judgment of special appeal and extraordinary appeal. Maximum exposition updated: R\$ 58.4 million.</p>
<p>Author: Regional Labor Union of the Mails of Campinas and Rio Claro Nature: Labor Payment of labor allowance - horizontal salary progression</p>	<p>Public civil action moved by SINTECT/CAS and SINTEC/VP, in progress before the 1st Labor Court of São José dos Campos, assessed under No. 01597-2001-013-15-00-1, whose objective is the incorporation of horizontal progression for seniority and payment of salaries differences deriving from them. The action was judged partially proceeding, and ECT was condemned to proceed with the horizontal progression for seniority to the employees who integrate the category represented by the labor union -authors and the payment of the differences deriving from them. ECT interposed an ordinary appeal and the judgment was</p>





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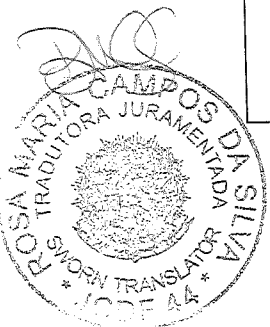
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	<p>kept. ECT presented a review appeal that had its follow-up denied. It presented then a competent interlocutory appeal that was not granted. Records transit in rem judicatum.</p> <p>Process Phase: liquidation of the judgment (accounting examination)</p> <p>Maximum exposition updated: R\$41.4 million</p>
<p>Author: Varig Nature: Civil Late Payment/monetary correction administrative contracts - administrative law, and other matters of public law</p>	<p>This is a process adjudged by Varig due to the contract signed with ECT and it pleases values that it judges due to the transportation of parcels of RPN lines - night postal net. The action was judged partially proceeding and ECT presented appeal. The appeal was maneuvered against the judgment that granted the payment of the monetary correction and delay interests due to the delay verified on the payment of invoices by ECT in favor of air transportation company with which it had a contract. Appeal judged partially proceeding only to declare prescribed part of ECT's debt. The process is pending judgment of special appeal and extraordinary appeal.</p>





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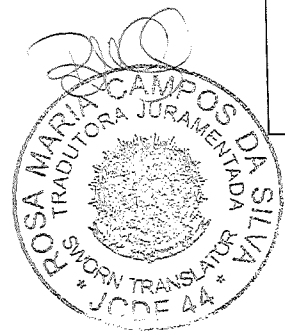
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	Maximum exposition updated: R\$42.6 million.
Author: SINTECT – Ceará Nature: Labor Payment of URP – Unit of Reference of Prices – and implantation in the pay sheet	This is an action moved by SINTECT/CE, whose objective is the incorporation of updating of late URP and also, inclusion on the employees' pay sheet. The action was judged partially proceeding to proceed with the payment of the differences deriving from them. ECT interposed ordinary appeal and the judgment was kept. ECT presented appeal of review which was denied. It presented then a competent interlocutory appeal that was not granted. Records transit in rem judicatam. Process phase: liquidation of judgment and issue of rogatory letter. Maximum exposition updated: R\$24.9 million.
Author: Laine Ives Nature: Labor Payment/reinsertion	This is an action moved by the author aiming at salary reinsertion. The action was judged partially proceeding and determined ECT to proceed with the payment of the differences deriving from them. ECT interposed extraordinary appeal and the judgment was kept. ECT presented appeal of review which was denied. It presented then, competent interlocutory appeal that





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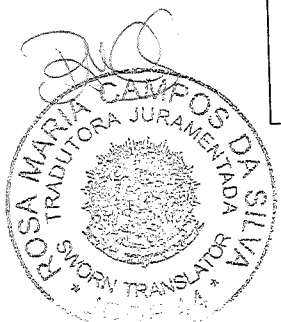
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	was not granted. Records transit in rem judicatam. Process phase: liquidation of judgment and issue of rogatory letter. Maximum exposition updated: R\$10.1 million
Auhtor: Real Alagoas de Viação Nature: Civil Disappearance of bags transported.	This is a indemnification action moved by ECT of bus that lost many bags. The action was judged partially proceeding and determined ECT to proceed with the payment of indemnification for the disappearance. ECT interposed appeal and as last special appeal at STJ that it was not known for lack of pre-questioning. Records transit in rem judicatam. Process phase: liquidation of judgment and issue of rogatory letter. Maximum exposition updated: R\$5.7 million.
Author: Paulo Sergio de Melo and others Nature: Labor Constitutional amnesty with reintegration and financial effects	Labor claim moved by the petitioner searching for reintegration to work based on amnesty law to those employees who were fired for political prosecution. The action was judged partially proceeding. Ordinary appeal from ECT and from the petitioners, appeal of review of the petitioners. Appeals at TST from the





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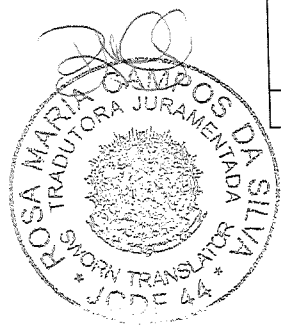
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	petitioners, injury of petition of ECT. Transited in rem judicatam. It is on the phase of issue of office letter-formation of rogatory letters. Maximum exposition updated: R\$ 5.6 million.
Author: Nilton Vagner Segundo Santos Nature: Labor Constitutional Amnesty with reintegration and financial effects	The petitioner moved the labor action searching for reintegration to work based on the amnesty law to those employees who were fired for political prosecution. The action was judged partially proceeding. It transited in rem judicatam. It is in phase of liquidation of the debt for rogatory letters payment. Maximum exposition updated: R\$5.2 million.
Author: Roberto Mascarenhas das Virgens Nature: Labor Constitutional Amnesty with reintegration and financial effects	The petitioner moved the labor action searching for reintegration to work based on the amnesty law to those employees who were fired for political prosecution. The petitioner's ordinary appeal was judged unfounded. Partial reform at TST. Maximum exposition updated: R\$5.2 million.
Author: Mária Núbia Souza and	This is an action adjudged by Mária Núbia Souza due to





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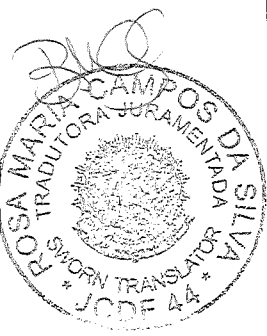
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others Nature - Labor Salary Progression	salary progression. The judgment of 1 st degree judged the action unfounded. Ordinary appeal interposed, partial provision was given to the petitioners appeal to condemn ECT to pay the salaries differences, past due and future installments from August/1992 for the concession of references of PCCS, with reflexes. Review appeal interposed, not admitted, interposed AI, provision denied. Writ of summons and service received on Sep/12/2011, in the total amount of R\$3.7 million (calculations elaborated by the ad hoc accountant were homologated). Appeals to the Execution were interposed by ECT, they have not been judged yet. Maximum exposition updated: R\$ 3.8 million.
Author: Manhães Advogados Associados Nature - Civil Bidding	This is an action adjudged by Manhães Advogados Associados where they intend to receive the emoluments of the winner's legal costs related to the causes that they sponsored when they rendered lawyer's services to ECT. The judgment was unfavorable to ECT. The judgment confirmed the sentence. Special appeal not known. The value of the execution started by the author R\$3.8





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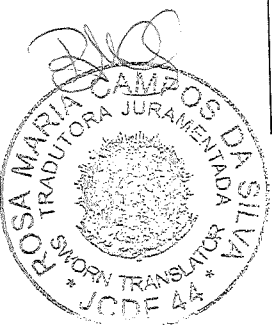
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	million. ECT impugned such value through appeals. The present phase is of utterance of the decision about the appeals to the execution. Maximum exposition updated: R\$3.8 million.
Author: Alexandrino Aparecido Alves da Silva and others Nature - Labor Constitutional Amnesty with reintegration and financial effects	This is an action adjudged on Nov/30/1990 by Alexandrino Aparecido Alves da Silva and others due to the constitutional amnesty with reintegration and financial effects. The action was judged partially proceeding (Cr\$ 10,000,000,000.00). Ordinary appeal of ECT and of the petitioners, review appeal of ECT and of the petitioners, appeals at TST of ECT and of the petitioners. Extraordinary appeal of ECT. Nowadays it awaits return to the origin of the appeal of the petition and continuation of the execution. Maximum exposition updated; R\$ 3.4 million.
Author: Teifbau - Engineering S/A Nature - civil Monetary correction of invoices	This is an action adjudged by TIEFBAU - industry Engineering of Constructions LTDA where it intends, in sum, to receive debts for timely payments of the engineering services rendered to ECT. Unfavorable judgment to ECT. Judgment confirmed the sentence.





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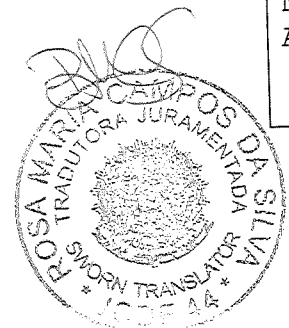
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	Value of execution R\$323,536.44. the present phase is the formation of rogatory letter. Maximum exposition updated: R\$3.4 million.
Author: São Paulo Transportations/SC Nature - Civil Reimbursement of orders-transportations	This is an action adjudged by São Paulo Transportations aiming at the reimbursement of transportation-order that were being transported in 392 SEDEX envelopes that were not delivered to the addresses because of a robbery that occurred on ECT vehicle. The action was judged unfounded- favorable to ECT. The author interposed appeal on Jan/23/2007, which is pending judgment at TRF - 3 rd Region, being as last progress the redistribution by succession/attribution José Lunardelli since Jul/01/2010. Maximum exposition updated: R\$ 3.0 million.
Author: Public Defense Nature - Civil Administrative Contract Annulment	This is an action adjudged on Oct/20/2011 by the Public Defense of the Union in the State of Ceará pleading the annulment of the administrative contracts regarding the hiring of third parties' labor work. The anticipation of tutelage was granted. There has not





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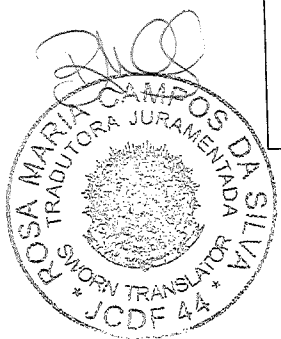
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	<p>been the judgment of the sentence. ECT entered with the interlocutory appeal, being provided by TRF of the 5th Region. Besides ECT entered with appeals of statement of the interlocutory decision that granted the anticipated tutelage and also with the impugnation of the value of the cause. The Public Civil Action has already been contested. The last situation of the process was the notification of the author party in face of the interposition of appeals of statement by ECT.</p> <p>Maximum exposition updated: R\$2.0 million</p>
<p>Author: Emir Franco da Silva and others Nature: labor Salary progression</p>	<p>This is an action adjudged by Emir Francisco da Silva due to salary progression. Sentence of 1st degree judged the action unfounded. Interposed Ordinary Appeal it was given partial provision of the petitioner's appeal. Interposed Review Appeal, admitted, not known at TST. Received notice of service of process on Apr/04/2011, in the amount of R\$1.5 million (homologated the calculations elaborated by the ad hoc accountant). Appeals to Execution interposed</p>





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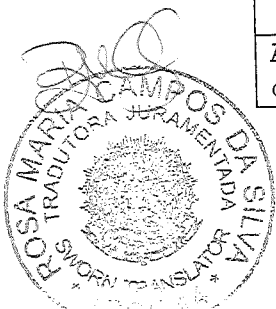
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	by ECT, impugning the application of updating by SELIC rate over the social security discounts, since it is not delayed. Appeals rejected, ECT interposed Petition Damage, which has not been judged yet. Provisional execution follows in regards to the not controvert installments, and ECT was notified on Jan/16/12, to prove the inclusion on pay sheet. Maximum exposition updated: R\$ 1.6 million.
Author: Elias Francisco da Silva and others Nature - Labor Constitutional Amnesty with reintegration and financial effects	This is an action adjudged by Elias Francisco da Silva and others aiming at the Constitutional Amnesty with reintegration and financial effects. Partially proceeding (NCz\$ 12,000.00) Ordinary Appeal of ECT and of the petitioners, Review Appeal of ECT and of the petitioners. Appeals at TST of ECT and of the petitioners, Extraordinary Appeal of ECT. Present situation: Issue of Reintegration Writ, fulfilled on Aug/04/2011. Maximum exposition updated R\$1.6 million.
Author: Alcenir Resseguier and others	This is an action adjudged by Alcenir Resseguier and others aiming at, in sum, salary progression with all





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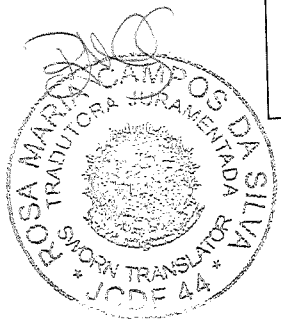
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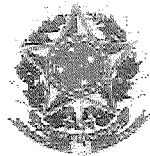
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Nature - Labor Salary Progression	the consecratory. The sentence was favorable to ECT. Favorable sentence to ECT. The judgment gave provision to the appeal of the petitioners, altering the winner's legal cost. Review appeal of ECT had the segment denied. Act interposed was not known. ECT impugned the execution and the final value homologated was R\$67.0 thousand. Review appeal of ECT had the segment denied. ECT impugned the execution, so that the final value homologated was R\$67,067.50. The present phase is of formation of rogatory letter. Maximum exposition updated: R\$ 1.4 million.
Author: labor union in companies of mails and telegraphs of Maranhão - SINTECT/MA Nature - labor Public civil action with anticipation request of tutelage effects	This is the action adjudged by SINTECT/MA aiming, among others, at the installation of security cameras, revolving doors with metal detectors, and the hiring of surveillance at every Post Bank branch in Maranhão, as well as the indemnification for collective moral damages to be reverted in favor of the author labor union. The action was distributed on May/14/2009; The sentence of Nov/09/2010 was partially proceeding. The sentence of declaratory appeals opposed by Bradesco;





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ordinary Appeal of ECT: Feb/02/2011. Maximum exposition updated: R\$1.3 million
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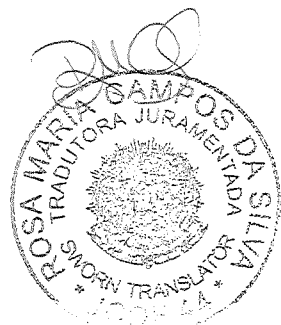
14.4.2.2 - Not supplied with provisions judicial and administrative processes

14.2.2.1 - Possible loss

On Dec/31/2011 ECT was the respondent in other 23,914 judicial demands on the civil and labor areas, already losing in the lower court, that is, possible loss, whose amount pleaded is around R\$1,918 million, as well as in more 7,605 administrative processes, and 393 suspended ones, whose amount corresponds to more than R\$2,674 million. However, the financial effect and the term for disbursement are difficult to measure, since different appeals are still being impetrated in the following courts. In accordance with CPC No. 25, there is no provision for these contingences in face of the juridical risk be, also, of possible loss.

14.2.2.2 - Remote Loss

According to controls on the follow-up system of judicial and administrative processes of ECT, there are registrations of remote loss on the processes that involve the discussion about tax immunity of around R\$13.5 billion. It has been being questioned to the Juridical Department the need for alteration of the procedural risk of all the actions





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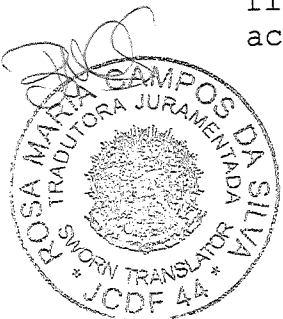
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regarding the tax immunity theme, considering the position adopted by STF on the records of Extraordinary Appeal No. 601.392. In this sense, below is a short report of the facts in order to support the correction and maintenance of the present procedural registrations:

On Jun.23.2009, ECT interposed ECT Extraordinary Appeal No. 601.392 before the Higher Federal Court – STF, aiming at reform of the judgment uttered on Civil Appeal No. 1999.70.00.031906-3/PR, of TRF of the 4th Region that decided for the possibility of taxation of postal activities performed by ECT in supposed regime of occurrence. Distributed to the reporters of the Minister Joaquim Barbosa, the Virtual Plenary of STF decided on Nov/13/2009 for the existence of the general repercussion about the matter discussed on the records.

STF's jurisprudence acknowledged the prerogatives of the Public Finance of ECT in regards to the impossibility of seizure of its assets, incomes, and services, and it also acknowledged the incidence of the constitutional rule of reciprocal tax immunity; and, finally, the maintenance of the regime of exclusivity on postal services rendering in accordance with article 9 of Law No. 6.538/78.





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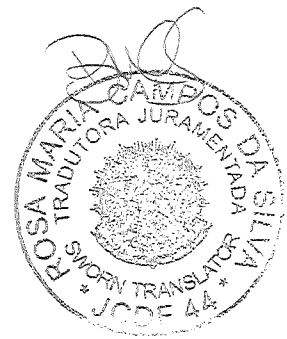
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All these decisions came from the fact that the postal service is a federal public service, of compulsory rendering of services, and the appeal executed by ECT aims at deconstructing the referred judgment that determined the incidence of ISSQN over services rendered by ECT, and they are not under the veil of monopoly or exclusivity.

In the process in screen, the Municipality of Curitiba intends to tax the typical postal activities, that, although are not monopolized, are rendered by ECT in regime of Public Law. All these activities are foreseen on the Postal Law, art.7, §2 and 3 of Law No. 6.538/1978.

After the judgment started, with the votes collected, until the preset moment the procedural situation is unfavorable to ECT. However, the judgment has not been closed, and the process is under Minister Dias Toffoli's view. This fact is extremely important, considering that while the votes are not collected and the judgment is not finished, all the Ministers may review the positions adopted, and, as a consequence, alter the content of the votes uttered.

In this sense, there is no reason under the procedural point of view for the risk alteration to be made on the judicial processes regarding Tax immunity, especially for the fact that the juridical are of ECT continues to work and to provide juridical and





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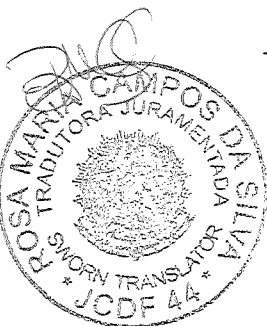
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technical arguments aiming at the duly clarification to the Ministers of STF, and as a consequence, searching for the agreement with the theses of the Company.

It is important to highlight that the process in screen deals specifically with taxation of item 95 of the list of service attached to the Law-Decree No. 406/68, with text given by the Complementary Law No. 56/87, and only the processes that have identical object will be immediately impacted by the decision. Other items on the list of service attached to the Complementary Law No. 116, should be discussed individually for verification of the non-incidence of tax immunity.

Finally, it is also understood that it is not a case for alteration of the procedural risk regarding the processes of tax immunity, whose generating actor is ICMS, since the discussion regarding this specific tax will be dealt with on the records of the Extraordinary Appeal No. 627051, which judgment has not started with STF.

14.3 – Compensated Taxes: the amount of R\$120.7 million refer to the uncollected taxes (PASEP, COFINS, and INSS) and compensated with credits determined in work executed by IAB – Tax Assistance Ltda., in judicial demand once the compensation was not granted.





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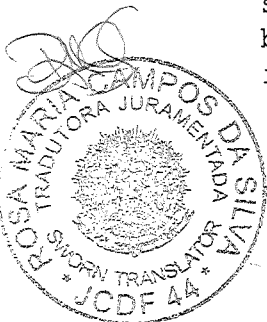
	2011	2010
Compensated Taxes	120,750	117,745

14.4 – Writs and Rogatory Letters: they are obligations deriving from judicial judgments added monthly of the monetary updating. The value with maturity after 2012 is demonstrated below:

ROGATORY LETTERS/JUDICIAL WRITS	2011	2010 (Represented) *
Rogatory Letters (Non-Current)	1,962	2,665
TOTAL	1,962	2,665

*The reclassification of 2010 is commented on note 3.

14.5 – Incomes received in Advance – with balance of R\$1,840.0 million corresponding to the net receipt of the tax retentions for the access to Postal Bank, through contract signed with the new partner, Banco do Brasil S/A. the acknowledgment on the result will be made proportionally within the limit of the contract, which is 05 years. Other information on note 23.





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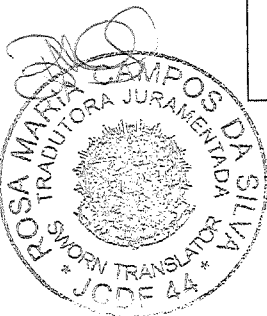
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NOTE 15 - NET ASSETS

15.1 - Stock composition of the Capital Stock:

CAPITAL STOCK	SHARE HOLDER
	Capital fully constituted by the Union, in the form of Art 6 of Law Decree No. 509, of March 20 th , 1969. In the year 2010, according to Report 025/2010, the Administration Council approved increase on the Capital Stock of R\$1,869 million for R\$2,919 million, with incorporation of reserves existing then, in the amount of R\$1,050 million.
R\$2,264.9	<p>The new statute of ECT approved by Decree No.7.483 of May 16th, 2011, determined that the Capital Stock is R\$1,869 million.</p> <p>The 1st General ordinary Meeting, that took place on Jun/29/2011, deliberated in the sense of rectifying the previous approval of Capital increase, approving only the capitalization of R\$201.3 million, making the Capital Stock fully paid on Dec/31/2011 to correspond to R\$2,070.2 million. The reminiscent value of the capitalization approved previously (R\$848.8 million) was</p>





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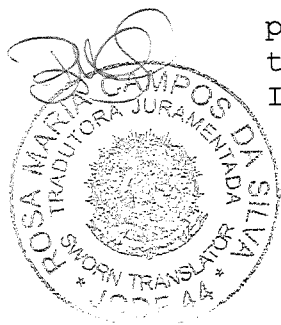
	<p>transferred to the Union as complementary dividends, with monetary updating mentioned on note 16.5.</p> <p>In 2011, together with the presentation of financial statements, it is proposed the capitalization of over R\$194.7 million coming from the reverses of investment executed during the year, making the Capital Stock to reach the amount of R\$2,264.9 million.</p>
--	--

15.2 – Capital Reserves/Other Reserves: the amount of R\$37.6 million refer to the receipt of assets in donations from public bodies before the publication of Law No. 11.638/2007.

15.3 – Profits Reserves

15.3.1. Legal Reserve: the value of R\$279.3 million refer to the installment of 5% of profit until 2011, detached for the constitution of Legal Reserve;

15.3.2 – Reserve for Investments: the Administration Council approved the budgetary proposal of Investment in the amount of R\$847.5 million for the Year of 2012, on the terms of the Annual Budgetary Law (LOA). Before this context, the constitution of Investment Reserve with the reminiscent value of the result of R\$182.9 million was





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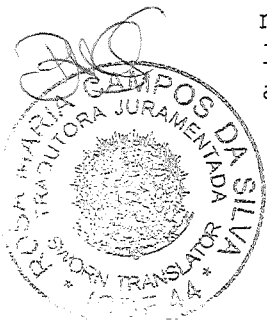
proposed. One should notice that for the amount of investments made in 2011 the reserve capitalization was proposed, according to note 15.1, being the net effect on the reserve around R\$11.8 million less.

15.3.3 - Future Profits Reserve: the Administration, considering the adjourned IRPJ/CSLL although recorded on the result of the year, have not been executed from the financial point of view, that is, they do not represent a patrimonial increase in cash, or in executable short term credit, they constituted Achievable Profits Reserve in the amount in which the accounting acknowledgment of this Asset has influenced the net profit of the year, and for adjustments of previous years, that is, R\$898.2 million, being, in the future, the object of destination of dividends on the proportion of its financial execution.

NOTE 16 - STATEMENTS OF THE RESULT OF THE YEAR

16.1 - Gross Income of Services and Sales

The operational incomes derive from postal activities of franchising, message, direct marketing, parcel, express, financial, convenience, electronic mail, integrated logistics, sale of consumption material, and other operational incomes, in the internal ambit. It is also composed by international incomes, that derive from mail to foreign





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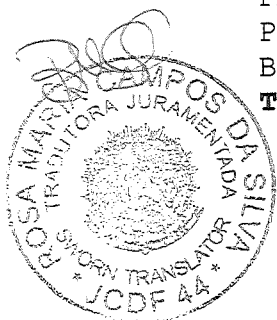
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countries and of services rendered through agreements with postal administrations and companies.

16.2 – Net Income of Sales and Services

In 2011, it reached the amount of R\$13.2 billion. Taking in consideration the ten greatest highlights on sales, one can identify that the Authorized Franchising of Letters and SEDEX contribute with 34% and 28% of the income with sales, respectively, situation that is practically unaltered in relation to 2010.

INCOME	2011	2011 (%)	2010	2010 (%)
Authorized Franchising of Letters	4,307,587	34	3,908,926	34
Sedex	3,637,253	28	3,191,026	28
Postage Contract	1,288,810	10	1,057,100	9
Stamped seal	963,910	7	1,023,965	9
Postal Direct Marketing	612,991	5	627,509	5
Practical, Accessible and Trustworthy (PAC)	580,894	4	475,585	4
Pouch/Courier	457,207	4	452,237	4
Philately	342,804	3	391,109	3
Postal Bank	322,883	3	321,923	3
Books Delivery (FNDE)	237,186	2	128,577	1
TOTAL	12,751,525	100	11,577,957	100





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16.3 - Costs of Products Sold and of Services Rendered

The costs in 2011 reached R\$8.9 billion. From this total R\$5.4 billion refer to cost with personnel and charges, and the rest was distributed mainly among costs of services rendered from third parties, transportations, and consume material.

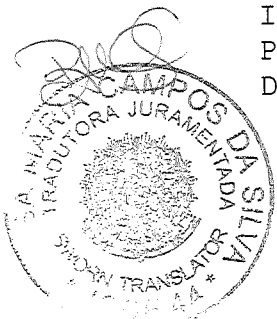
16.4 - Sales

They represent the expense on promotion, collocation, distribution of products/services, as well as the risks assumed by sale, reaching the value of R\$1.5 billion.

16.5 - Net Financial Charges.

They correspond to the financial expenses deducted from financial incomes. The table below details the composition.

Net Financial Charges	2011	2010 (Represented) *
Exchange variation	(27,343)	(17,306)
Charges of External Debt Financing	(16,364)	(23,297)
Interests over Own Capital	(204,460)	(201,097)
Interests	(271,250)	(117,001)
Passive Monetary Variation	(110,586)	(113,166)
Different Financial Expenses	(19,542)	(10,289)





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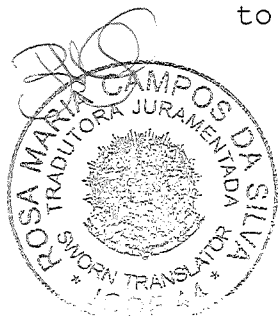
Net Financial Charges

	2011	2010 (Represented) *
Profitability of Financial Applications	629,142	411,585
Exchange Variation	39,967	35,507
Monetary Variation Income	15,957	19,009
Other Financial Incomes	26,242	16,055
Total	61,764	(26,988)

*Values represented according to note 3.

The increase on financial incomes is a reflex, mainly, of the increase on profitability of financial applications, due to the maintenance of a major applied balance, according to note 4.3.1. Besides this one, the rubrics are composed mainly by interests, and exchange variation.

The different financial expenses correspond, mainly, to fines and bank expenses incurred and/or paid in the year. The increase of the balance may be attributed to interests over additional payment of dividends to the Union, in the value of R\$138.9 million, according to note 15.1.





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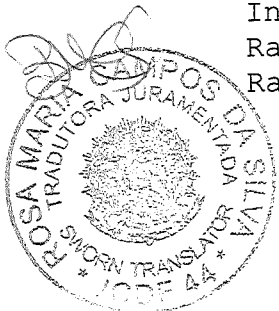
16.6 – General and Administrative

They represent the expenses, paid or incurred, for the direction or management, and are constituted of various general activities that benefit all phases of the business. It reached the balance of R\$2 billion.

16.7 – Other Incomes and Operational Expenses

They refer to gains or losses that derive from transactions that do not constitute ordinary activities, according to the following details:

OTHER OPERATIONAL INCOMES AND EXPENSES	2011	2010
Annuity of ACFs	2,353	1,344
Real Estates Rental	1,269	1,161
Occupation Rate	454	685
Clients Fines	23,085	17,554
Suppliers Fines	59,225	39,411
Recovered Expenses	24,720	52,949
Dividends/JCSP	95	153
Income of Monetary Variation	227	4
Rate of Own Public Competition	35,888	34,447
Rate of Permission Third Parties Units	620	81





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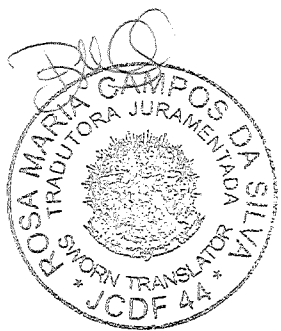
OTHER OPERATIONAL INCOMES AND EXPENSES

	2011	2010
Annuity of ACFs	2,353	1,344
Rate of Use of Dispatch Machine	3,261	-
Key money fees - Postal Bank	70,958	69,557
Cancelled Incomes (C/R)	(37,864)	(7,777)
Other Different Incomes	8,692	10,789
Non-Operational Incomes	18,290	5,437
Taxes Linked to Income	(74,039)	(24,070)
Losses on Alienation of Assets	(1,882)	(1,919)
Others	0	-
TOTAL	135,352	199,806

NOTE 17 - INCOME TAX AND SOCIAL CONTRIBUTION OVER PROFIT

a) Income tax and social contribution on the result

The income tax and social contribution expenses of the period encompass the current and the adjourned taxes. The taxes over profit are acknowledged on the result statements of the year in the same periods in which the assets and liabilities that generate these effects were accounted for.





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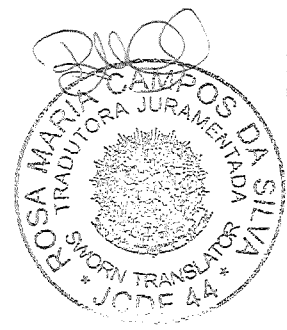
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The current income tax and social contribution are calculated based on federal tax laws published, and in force on the date of the balance in which there was the generation of taxable result.

The income tax and the social contribution over the profit differ from the theoretical value that would be obtained with the use of the nominal aliquots of these taxes, applicable to the profit before taxation, as follows:

Statement of Expenses of IR and CSLL

	2010	2011
Profit before the income tax (IR) ad social contribution (CSLL)	954,888	953,939
IRPJ and CSLL, in accordance with aliquot in force	(324,662)	(324,345)
Effect of IRPJ and of CSLL over permanent differences	28,962	9,579
Effect of IRPJ and CSLL over temporary differences	(50,606)	929,093
Accounted Expense	445,848	490,578
Additions	395,242	461,485
Exclusions	2,214	2,719
Stimulated Sponsorship	7,073	7,302
Laborer's food program (PAT)	(337,019)	(275,652)
Total IRPJ and CSLL		





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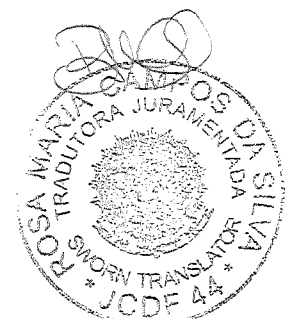
Income tax/adjourned social contribution
Income tax/current social contribution

2010	2011
50,606	128,818
(387,625)	(404,470)

b) Income tax and social contribution on adjourned

The values of income tax of Legal Entity - IRPJ, and Social Contribution over the Net Profit - adjourned CSLL come from temporary differences, from fiscal loss, and from negative calculation base. The details are below:

Adjourned Fiscal Asset	Previous Period 2010	Dec/31/2010 Balance	Dec/31/2011 Constitution	Dec/31/2011 write off	Dec/31/2011 Balance	Period 2011
Temporary Differences	50,606	769,394	490,578	461,485	798,487	29,093
Collection action from Suppliers	-	54,944	941	-	55,885	-
Labor Contingences	-	78,333	17,228	17,919	77,642	-
Provision Suppliers	-	82,286	392,070	363,544	110,812	-





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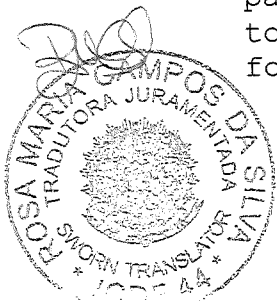
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Adjourned Fiscal Asset	Previous Period 2010	Dec/31/2010 Balance	Dec/31/2011 Constitution	Dec/31/2011 write off	Dec/31/2011 Balance	Period 2011
Reserves to Amortize -						
Postalis		-	456,462	-	13,844	442,618
Other Provisions	-	97,368	80,339	66,178	111,529	-
Loss/negative base	-	-	99,725	-	99,725	99,725
Activated Tax						
Credits	50,606	769,394	590,302	461,485	898,211	128,818
CSL	13,396	203,663	156,267	122,158	237,772	34,109
IRPJ	37,210	565,731	434,036	399,327	660,439	94,709

Active adjourned income tax and the social contribution are acknowledged only as long as it is probable that there will be positive taxable base for which temporary differences may be used, and fiscal losses are compensated. The recovery of the balance of the active adjourned taxes is revised at the end of each year, and when it is not probable anymore that future taxable profits will be available to allow recovery of all the asset, or of part of it, the balance of the asset will be adjusted by the amount that it is expected to be recovered. In 2011, profits projection for the next years may be summarized as follows:





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Values in millions of Reais				
2012	2013	2014	2015	2016
883	1,050	1,140	1,349	1,566

Corroborating with the expectation of future results, there is also the history of profitability of the last years:

Values in millions of Reais				
2006	2007	2008	2009	2010
527	829	801	118	827

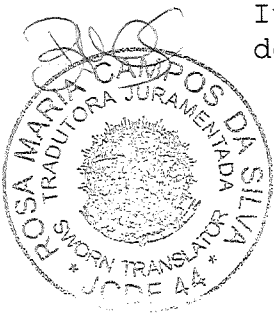
NOTE 18 – STATEMENTS OF CHANGES OF THE NET ASSET

18.1 – Capital Reserves

It had only a small movement of write offs of donate assets in 2011, making its balance to stay practically unaltered, corresponding to R\$37.6 million.

18.2 – Legal Reserve

Its initial balance of R\$250.8 million was added with R\$28.5 million regarding the destination of 2011, and finished with R\$279.3 million.





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18.3 - Reserves for Investments

The amount of R\$183.9 million was constituted, and the capitalization of R\$194.7 million was proposed, what caused reduction of R\$11.8 million according to note 15.3.2.

18.4 - Reserve of Future Profits

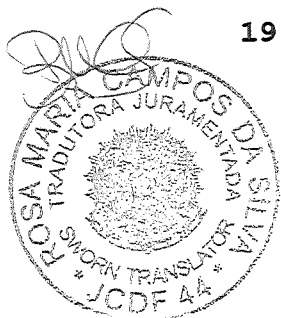
Considering that the adjourned IRPJ/CSLL, although recorded on the result of the year, have not been executed from the financial point of view, that is, do not represent a patrimonial increase in cash or in short-term achievable credit, constituted Profits Reserve to Achieve in the amount of R\$769.4 million until Dec/31/10, with additions of R\$128.8 million in the year of 2011.

NOTE 19 - STATEMENTS OF THE ADDED VALUE -DVA

19.1 - Provision for Losses with Doubtful Liquidation Credits

Due to the increase on losses estimate, this provision was added of R\$17.7 million according to note 5.1, while in 2010 there was its reversion.

19.2 - Added Value at the Disposal of the Company





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The objective of this first part of DVA is to make evident the wealth created by ECT, which reached the level of R\$10.1 billion, influenced mainly by the increase of the income, according to note 16.

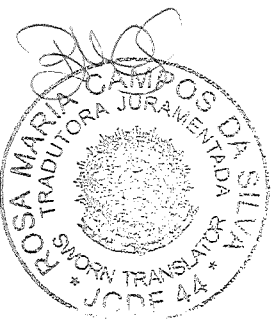
19.3 – Distribution of Added Value

The second part aims at showing how the wealth generated by ECT was distributed, highlighting: 65% for work remuneration and 30% for government remuneration as taxes, dividends, and interests over own capital.

19.4 – Representation of Demonstrations of Added Value.

The adjustments mentioned on note 3 impacted the republication of DVA. The groups affected are represented below:

DVA	2010 (Published)	2010 (Represented)	Adjustments
I – GENERATION OF ADDED VALUE			
Operational Incomes	12,850,484	12,826,472	24,012
Gross Added Value	12,616,027	12,592,015	24,012
Financial Incomes	8,949,033	8,925,021	24,012
	482,156	495,257	(13,101)
VALUE ADDED AT THE DISPOSAL OF THE COMPANY	9,134,968	9,124,056	10,912





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II – DISTRIBUTION OF ADDED VALUE

Remuneration of the Government	1,973,240	1,947,896	25,344
Taxes and Contributions (except IRPJ and CSLL)	560,599	596,405	(35,806)
Income Tax and Social Contribution	398,170	337,019	61,151
Remuneration of Third Parties' Capital	379,841	401,255	22,414
Rents, interests, exchange variation	324,949	347,363	22,414
Remuneration of Shareholders	826,947	818,966	(7,981)
TOTAL OF DISTRIBUTED VALUE	9,134,968	9,124,056	10,912

NOTE 20 – STATEMENT OF CASH FLOW

20.1 – Representation of 2010

Due to the need of better representing the balances, as well as the adjustments mentioned on note 3, the cash flow of the year of 2010 was represented. The items that were affected are demonstrated below:

1 – OPERATIONAL ACTIVITIES	2010 (published)	2010 (Represented)	Difference
Net profit of the Period	826,947	818,966	(7,981)
Items of Result that do not interfere on Cash			





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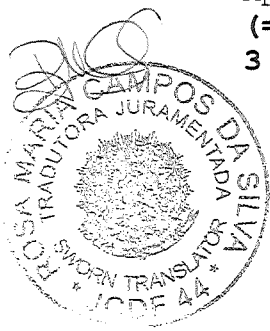
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1 - OPERATIONAL ACTIVITIES	2010 (published)	2010 (Represented)	Difference
Write offs of the Fixed asset/intangible	3,665	3,562	(103)
Interest over Dividends/Interests over Own Capital	-	1,963	1,963
Patrimonial Changes			
Credits Increase	(186,752)	(169,074)	(17,678)
Decrease of Provisions/Writs and Rogatory Letters	-	(113,702)	(113,702)
Decrease of Other Values and Assets added with the variation of the long-Term Achievable	86,793	(107,211)	(194,004)
Decrease of Suppliers	(5,297)	(2,587)	2,710
Increase on the Obligations added with the variation of non-current	86,450	213,386	126,936
(=) Net Cash of Operational Activity	1,311,816	1,145,315	(166,501)
2 - INVESTMENT ACTIVITIES			
Applications in the Fixed Asset/Intangible	(76,298)	(244,799)	(168,501)
(=) Net Cash of Investment Activities	(212,790)	(381,290)	(168,501)
3 - FINANCING ACTIVITIES			





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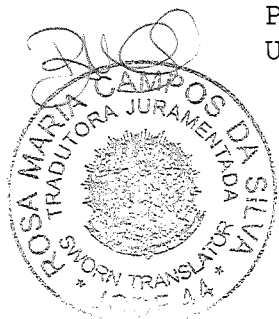
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1 - OPERATIONAL ACTIVITIES	2010 (published)	2010 (Represented)	Difference
Transfer for the Union - Interests over Own			
Capital and Dividends	(392,800)	(57,798)	335,002
(=) Net Cash of Financing Activities	(641,227)	(474,726)	(166,501)

NOTE 21 - ASSETS INSURANCE

ECT does not keep a policy of contracting insurances for its real estates and stocks kept at the Distribution Centers, due to the fact that expectation of cost does nor cover the benefit that it may have with the adoption of this instrument, except for the four real estates (buildings) linked to the Central Administration, located in Brasília/DF, that are covered by insurance against fire, lightning, explosion and flooding (this last one only for the head office building):

REAL ESTATE	INSURANCE COMPANY	VALUE INSURED
Head office building	Allianz Seguros S/A	147,998
Apolo Building	Mapfre Vera Cruz Seguradora	3,377
Pasteur Building	Ace Seguradora S/A	6,521
University Post Office	Ace Seguradora S/A	20,889





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In relation to vehicles, there is a specific policy with the company Liberty Seguros regarding civil responsibility for material and body damages and of 68 vehicles that transit in airports managed by the Brazilian Company of Airports Infrastructure – IFRAERO, whose maximum limit of indemnification (LMI) is R\$136 million.

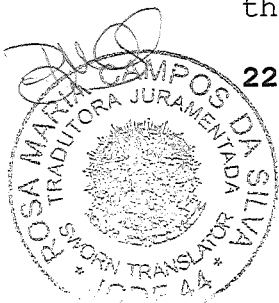
NOTE 22 – OTHER INFORMATION

The Plan of Offices and Salaries, and of Benefits, and the specific legislation establish the criteria for all the remunerations attributed to directors and employees.

In 2011, major and minor remunerations without advantages attributed to employees occupying permanent offices regarding the month of December, were R\$13,772.55, and R\$942.75, respectively. Considering the benefit food/meal bonus, these remunerations became R\$14,487.55, and R\$1,657.75, respectively. Average remuneration without advantages of the year of 2011 was R\$1.598.70 for employees, and R\$33,917.33 for the directors.

ECT does not grant benefits to administrators, except for the participation on profits. Besides what is foreseen on the labor legislation, the employees receive participation on the profits and medical assistance for retired employees.

22.1 – Medical Assistance and Health Promotion





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For being an operator of self management sponsored singular/RH is not obliged to send economic-financial information to the National Agency of Health, however it should present the expenses of rendering health assistance in a separate way in its financial statements. In this context, we discriminate the following expenses:

Rubrics	2011	2010
Rate of Supplementary Health - SUS	(57)	-
Social Medical Service - Natural Person	32,529	31,782
Social Medical Service - Legal Entity	595,187	502,965
Promotion to Health and Safety	1,976	1,635
Retired Medical Services	77,277	58,161
Medical Audit	1,254	543
TOTAL	708,166	595,086

NOTE 23 - SUBSEQUENT EVENTS

From the year of 2012, the Postal Bank will have a new partner: Banco do Brasil S/A. Supported by Resolutions No. 3.954/2011, and 3.959/2011 of the National Monetary Council - CMN, and on Administrative Rule No. 588/2000 of the Ministry of Communications, the Post Office signed on Jul/01/2011, a service contract of correspondent with Banco do Brasil S/A in force from January 2012. The transaction value was R\$2.3 billion regarding





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the access to business, plus R\$500.0 million (approximately) for the use of the agencies.
The contract will be of 5 years and may be prorogated for an equal period.

Wagner Pinheiro de Oliveira
President

Luis Mario Lepka
Economic-Financial Vice-President

Nelson Luiz Oliveira de Freitas
Vice-President of Administration

Larry Manoel Medeiros de Almeida
Vice-President of Personnel Management

Maria da Glória G. dos Santos
Vice-President of Net and Relationship
with Clients

Hudson Alves da Silva
Accountant CRC/DF 14022/0-9

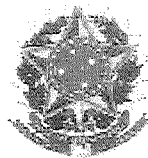
José Furian Filho
Vice-President of Business

Antonio Luiz Fuschino
Vice-President of Technology and Infrastructure

José Eduardo Xavier
Vice-President of Operations

Jefferson Carlos C. Guedes
Juridical Vice-President





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IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND SEAL HERE IN THE CITY OF BRASÍLIA-DF,
BRAZIL, ON THIS SIXTEENTH (16TH) DAY OF AUGUST, 2012 (TWO THOUSAND AND TWELVE).

Rosa Maria Campos da Silva

