



Alexandre Stella Pires

Tradutor Público e Intérprete Comercial - Inglês

Matriculado na Junta Comercial do Estado de São Paulo sob nº 575  
RG20.549.806-1 CPF 266.025.568-78 CNPJ04.797.013/0001-94

Tradução/Versão nº 3558

Livro nº 32

Data 29/09/2015

Folha nº 13738

# FINANCIAL STATEMENTS 2014



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## SUMMARY

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Financial Statements  
2014  
R\$ thousands



**BALANCE SHEET**

CNPJ 34.028.316/0001-03

ACTIVE	NOTE	Parent company			Consolidated 31 Dec 2014
		31 Dec 2014	31 Dec 2013 Resubmitted	01 Jan 2013 Resubmitted	
<b>Current</b>		<b>4,130,890</b>	<b>3,758,989</b>	<b>3,570,267</b>	<b>4,160,890</b>
<b>Cash and Cash Equivalents</b>	<b>5</b>	<b>1,375,528</b>	<b>1,402,771</b>	<b>1,775,033</b>	<b>1,405,528</b>
Cash	5.1	568	661	1,033	568
Bank balance	5.2	8,214	8,520	6,134	38,214
Investment	5.3	1,366,746	1,393,590	1,767,866	1,366,746
<b>Accounts receivable</b>	<b>6</b>	<b>2,108,555</b>	<b>1,739,064</b>	<b>1,417,841</b>	<b>2,108,555</b>
<b>Inventory</b>	<b>7</b>	<b>55,639</b>	<b>50,487</b>	<b>58,366</b>	<b>55,639</b>
<b>Post Office Health Plan</b>	<b>8</b>	<b>105,125</b>	-	-	<b>105,125</b>
<b>Other assets</b>	<b>9</b>	<b>486,043</b>	<b>566,667</b>	<b>319,027</b>	<b>486,043</b>
Advances	9.1	122,268	128,006	111,745	122,268
Tax refunds	9.2	337,825	360,442	172,150	337,825
Default/legal action	9.3	10,557	7,526	4,963	10,557
Funds to cover lost or stolen items	9.4	-	4,060	7,561	-
Other Credit	9.5	15,393	66,633	22,608	15,393
<b>Non-Current</b>	<b>10</b>	<b>12,697,508</b>	<b>8,259,085</b>	<b>9,404,277</b>	<b>12,667,508</b>
<b>Long-term</b>		<b>5,595,417</b>	<b>6,478,773</b>	<b>7,928,552</b>	<b>5,595,417</b>
Investments	5.3	2,066,435	3,142,184	4,213,955	2,066,435
Property sold	10.1	571	1,459	2,117	571
Deferred tax	10.2	3,279,698	3,127,842	3,417,234	3,279,698
Judicial deposits	10.3	101,639	96,182	83,817	101,639
Refunds	10.4	139,492	107,974	205,395	139,492
Others	10.5	7,582	3,132	6,034	7,582
<b>Investments</b>	<b>11</b>	<b>437,700</b>	<b>19,130</b>	<b>16,137</b>	<b>407,700</b>
<b>Property</b>	<b>12</b>	<b>6,560,893</b>	<b>1,707,841</b>	<b>1,411,762</b>	<b>6,560,893</b>
properties		5,692,951	1,556,410	1,504,065	5,692,951
(-) Accumulated depreciation		(237,066)	(712,737)	(659,275)	(237,066)
Furnishings		2,876,376	2,751,600	2,503,295	2,876,376
(-) Accumulated depreciation		(1,771,369)	(1,887,432)	(1,936,323)	(1,771,369)
<b>Intangible</b>	<b>13</b>	<b>103,498</b>	<b>53,341</b>	<b>47,826</b>	<b>103,498</b>
Software		326,178	267,043	252,421	326,178
(-) Amortization		(222,680)	(213,702)	(204,595)	(222,680)
<b>TOTAL ACTIVE</b>		<b>16,828,398</b>	<b>12,018,074</b>	<b>12,974,544</b>	<b>16,828,398</b>

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Tradução/Versão nº 3558

Livro nº 32

Data 29/09/2015

Folha nº 13741

Financial Statements  
2014  
R\$ thousands



BALANCE SHEET

CNPJ 34.028.316/0001-03

PASSIVE	Note	Parent company			Consolidated 31 Dec 2014
		31 Dec 2014	31 Dec 2013 Resubmitted	01 Jan 2013 Resubmitted	
<b>Current</b>	14	3,827,157	3,421,377	3,078,036	3,827,157
Suppliers	14.1	662,027	658,879	660,801	662,027
Payroll	14.2	1,073,087	1,012,084	911,826	1,073,087
Social charges	14.3	230,736	201,016	177,929	230,736
Taxes and contributions	14.4	151,705	148,296	136,183	151,705
Values collected and received	14.5	56,757	53,459	44,476	56,757
Customer advances	14.6	301	4,886	11,648	301
International Accounts Payable	14.7	70,016	59,597	41,025	70,016
Court orders	14.8	80,134	82,940	55,302	80,134
Loans and Financing	14.9	3,358	3,344	16,619	3,358
Profit sharing	14.10	32,929	46,943	129,307	32,929
Advance revenue	14.11	18,932	582,813	588,987	18,932
Post-employment benefits	15.1	654,862	527,481	266,071	654,862
Financial obligations	14.12	701,972	-	-	701,972
Post Office health plan	14.13	53,491	-	-	53,491
Others	14.14	36,850	39,639	37,862	36,850
<b>Non-current</b>		10,338,398	8,983,669	10,653,584	10,338,398
Loans and Financing	14.9	-	2,945	6,258	-
Post-employment benefits	15.1	7,339,289	7,205,824	8,313,182	7,339,289
Provision	15.2	262,215	509,147	507,389	262,215
Tax offset	15.3	10,639	121,800	123,066	10,639
Deferred tax	15.4	1,737,834	-	-	1,737,834
Court orders and warrants	15.5	15,077	14,233	6,492	15,077
Advance revenue	15.6	-	1,129,720	1,697,197	-
Financial obligations	14.12	973,344	-	-	973,344
<b>Net worth</b>	16	2,662,843	(386,972)	(757,076)	2,662,843
Capital	16.1	3,179,458	3,179,458	2,683,529	3,179,458
Adjusted Net Asset Value - AAP	16.2	3,296,110	-	-	3,296,110

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<b>Profit Reserves</b>	<b>16.3</b>	<b>308,237</b>	<b>732,298</b>	<b>1,357,358</b>	<b>308,237</b>
Legal reserve	16,3,1	274,303	331,501	331,501	274.303
Investment projects	16,3,2	-	-	495,929	-
Unrealized profits reserve	16,3,3	33,934	400,797	529,928	33.934
<b>Proposed additional dividend</b>		-	-	<b>95,929</b>	-
<b>Other Comprehensive Income</b>	<b>16.4</b>	<b>(4,120,962)</b>	<b>(3,814,549)</b>	<b>(4,893,093)</b>	<b>(4,120,962)</b>
<b>Accumulated losses</b>	<b>16.5</b>	-	<b>(484,179)</b>	<b>(799)</b>	-
<b>TOTAL PASSIVE</b>		<b>16,828,398</b>	<b>12,018,074</b>	<b>12,974,544</b>	<b>16,828,398</b>

<b>STATEMENT OF INCOME</b>				
<b>CNPJ 34.028.316/0001-03</b>				
	Note	Parent company		Consolidated
		31 Dec 2014	31 Dec 2013	31 Dec 2014
			Resubmitted	
<b>SALES AND SERVICES NET REVENUE</b>	17.1	16,055,019	14,793,294	16,055,019
Costs of products sold and services provided	17.2	(13,230,830)	(11,684,931)	(13,230,830)
<b>GROSS PROFIT</b>		<b>2,824,189</b>	<b>3,108,363</b>	<b>2,824,189</b>
Sales/services expenses	17.3	(1,111,508)	(1,185,918)	(1,111.508)
General and Admin expenses	17.4	(2,286,517)	(3,520,875)	(2,286.517)
Other operational revenue	17.5	456,420	874,238	456.420
Other operational expenses	17.6	(151,790)	(130,732)	(151.790)
<b>NET PROFIT BEFORE FINANCIAL RESULTS</b>		<b>(269.206)</b>	<b>(854,924)</b>	<b>(269,206)</b>
Financial Revenue	17.7	588,904	436,160	588.904
Financial expenses	17.8	(302,922)	(159,989)	(302.922)
<b>FINANCIAL RESULTS</b>		<b>285.983</b>	<b>276,171</b>	<b>285,983</b>
<b>Pre-tax profit</b>	18	<b>16.777</b>	<b>(578,753)</b>	<b>16,777</b>
Income tax	18.1	(2,453)	195,753	(2.453)
Social contributions	18.1	(4,411)	70,489	(4.411)
<b>NET INCOME FOR THE PERIOD</b>		<b>9,913</b>	<b>(312,511)</b>	<b>9,913</b>

  
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### STATEMENT OF COMPREHENSIVE INCOME

CNPJ 34.028.316/0001-03

	Parent company		Consolidated
	31 Dec 2014	31 Dec 2013	31 Dec 2014
		Resubmitted	
<b>NET INCOME FOR THE PERIOD</b>	<b>9,913</b>	<b>(312,511)</b>	<b>9,913</b>
<b>Impact on other comprehensive annual results</b>			
Increase/decrease in recalculation of post-employment benefits	(464,263)	1,634,159	(464,263)
Increase/decrease in income tax related to other comprehensive income items	157,850	(555,614)	157,850
<b>Increase / decrease in other comprehensive income</b>	<b>(306,413)</b>	<b>1,078,545</b>	<b>(306,413)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(296,500)</b>	<b>766,034</b>	<b>(296,500)</b>

  
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Financial Statements  
2014  
R\$ thousands



STATEMENT OF CHANGES IN EQUITY

CNPJ 34.028.318/0001-03

	CAPITAL	CAPITAL RESERVE	LEGAL	INVESTMENTS	UNREALIZED PROFITS	ACCUMULATED PROFITS	OTHER COMPREHENSIVE RESULTS	PROPOSED ADDITIONAL DIVIDEND	ADJUSTED ASSET VALUE	TOTAL
Balance on 31/12/2012 (Resubmitted)	2,683,528		331,501	495,929	529,028	(799)	(4,893,063)	95,929		(757,076)
<b>Capital Increase:</b>										
- with profits and reserves (proposed)	495,929			(495,929)						
<b>Annual results</b>						(312,511)				(312,511)
<b>Profit allocation (proposed):</b>										
- Legal Reserve										
- Investment projects										
- Unrealized profits					(129,131)	129,131				
- Previous year dividends						(129,131)				(129,131)
- Federal and JCP dividends						(154,127)				(154,127)
- Additional previous year dividend payment								95,929		(95,929)
- Additional dividends						(16,742)				(16,742)
- Proposed Additional Dividend										
<b>Other Comprehensive Results</b>							1,078,544			1,078,544
Balance on 31/12/2013 (Resubmitted)	3,179,458		331,501		400,797	(484,178)	(3,814,549)			(386,972)
<b>Capital Increase:</b>										
- with profits and reserves (proposed)										
<b>Annual results</b>						9,913				9,913
<b>Profit allocation (proposed):</b>										
- Legal Reserve			(57,198)			57,198				
- Investment projects										
- Unrealized profits					(366,863)	366,863				
- Previous year dividends										
- Federal and JCP dividends										
- Additional previous year dividend payment										
- Additional dividends										
- Proposed Additional Dividend										
<b>Other Comprehensive Results</b>							(306,413)			(306,413)
Conducting Adjustment of Net Asset Value - AAP						50,205			3,296,110	3,346,315
Balance on 31/12/2014	3,179,458		274,303		33,934		(4,120,962)		3,296,110	2,662,843

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Financial Statements  
2014

R\$ thousands

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Folha nº 13745



**VALUE ADDED STATEMENT**

CNPJ 34.028.316/0001-03

	Note	2014	2013 Resubmitted
<b>I ADDED VALUE</b>			
<b>1 REVENUE</b>		<b>17,099,148</b>	<b>16,252,411</b>
1.1 Operational revenue		16,647,755	15,355,714
1.2 Losses from bad debt		(5,027)	22,460
1.3 Non-operational revenue		31,118	13,727
1.4 Other operational revenue		425,302	860,510
<b>2 INPUT ACQUIRED FROM THIRD PARTIES</b>		<b>5,019,970</b>	<b>5,632,610</b>
2.1 Cost of services provided		4,033,217	4,024,258
2.2 Services acquired from third parties		1,095,089	832,500
2.3 Materials used		22,492	14,365
2.4 Propaganda and communication		199,885	91,333
2.5 Utilities and Services		3,276	1,900
2.6 Sundry provisions		(333,989)	668,254
<b>3 GROSS ADDED VALUE (1-2)</b>		<b>12,079,178</b>	<b>10.619.801</b>
<b>4 RETENTIONS</b>		<b>232,667</b>	<b>271.975</b>
4.1 Depreciation/Amortization		232,667	271.975
<b>5 NET VALUE ADDED PRODUCED (3-4)</b>		<b>11,846,511</b>	<b>10.347.826</b>
<b>6 VALUE ADDED RECEIVED IN TRANSFER</b>		<b>588,904</b>	<b>436.160</b>
6.1 Financial revenue		588,904	





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436.160

**TOTAL VALUE ADDED TO BE DISTRIBUTED (5+6) 12,435,415 10,783,986**

**II DISTRIBUTION OF VALUE ADDED**

<b>7 To the workers</b>	<b>9,656,286</b>	<b>8,532,295</b>
7.1 Salaries, fees and benefits	9,044,146	7,956,202
7.2 Profit sharing - PLR	40,595	39,759
7.3 Social charges	571,545	536,334
<b>8 To the Government</b>	<b>2,545,902</b>	<b>2,318,637</b>
8.1 INSS	1,440,099	1,332,782
8.2 Taxes and Contributions (except IRPJ and CSSL)	1,033,340	836,125
8.3 Income tax and social contribution	72,463	149,730
<b>9 To third parties</b>	<b>223,314</b>	<b>245,565</b>
9.1 Rent, interest, exchange rate variations	210,773	227,487
9.2 Other	12,541	18,078
<b>10 To the shareholders</b>	<b>9,913</b>	<b>(312,511)</b>
10.1 Retained profit/reserve	9,913	(519,328)
10.2 Dividends and interest on equity	-	206,817

**TOTAL VALUE DISTRIBUTED 12,435,415 10,783,986**

  
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## CASH FLOW STATEMENT

CNPJ 34.028.316/0001-03

	2014	2013 Resubmitted
<b>OPERATING ACTIVITIES</b>		
<b>Net income for the period</b>	<b>9,913</b>	<b>(312,511)</b>
<u>Items that do not affect Cash flow</u>		
Depreciation and Amortization	232,667	271,976
Reserves	(123,091)	152,351
Expenses from changes in assets and losses	53,302	131,145
Revenue from changes in assets	(3,097)	(7,627)
Written off fixed/intangible assets	26,632	5,519
<u>Changes in assets</u>		
Increase in Accounts Receivable	(369,491)	(402,404)
Increase/decrease in Inventory	(5,152)	8,192
Increase in Post Office health plan	(105,125)	-
Increase/decrease in other assets	80,624	(280,537)
Increase/decrease in long-term assets	(192,394)	377,114
Increase/decrease in Suppliers	3,148	(1,932)
Increase in salaries and loans	61,003	100,258
Increase/decrease in other obligations	1,851,122	(845,444)
Decrease in revenue received in advance	(1,693,601)	(573,651)
Decrease/increase in reserves/court orders and warrants	(429,411)	935,691
<b>Net resources from operating activities</b>	<b>(602,951)</b>	<b>(441,860)</b>
<b>INVESTING ACTIVITIES</b>		
Decrease in financial investments	1,075,749	1,071,771
Investments in fixed/intangible assets	(497,110)	(589,657)
<b>Cash flow used in investing activities</b>	<b>578,639</b>	<b>482,114</b>
<b>FINANCING ACTIVITIES</b>		
Transfers to the Federation – Interest on equity and dividends	-	(395,929)
Loans and financing	(2,931)	(16,587)
<b>Cash from (invested) financing activities</b>	<b>(2,931)</b>	<b>(412,516)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(27,243)</b>	<b>(372,262)</b>



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Financial Statements Explanatory Notes  
Exercise 2014  
R\$ thousands



#### NOTE 1 – OPERATIONS

The Brazilian Correios - Empresa Brasileira de Correios e Telégrafos, with headquarters in Brasília/DF and which operates throughout Brazil and abroad, is a public body established by Decree nº 509, of 20<sup>th</sup> March, 1969 (altered through Law nº 12,490/2011), as a Public Company subject to the same laws as a private entity, linked to the Ministry of Communications and administered according to Federal Legislation and the social Statute approved in Decree nº 8,016, of 17<sup>th</sup> May, 2013.

The organizational structure of Correios consists of General Assembly, Board of Directors, Supervisory Board, Executive Board, Departments, and other Agencies of the same level.

According to the statute, in legal terms, the aim of Correios is to: plan, implement and exploit the postal and telegram service; exploit postal services such as integrated logistics, finance and electronics; exploit related activities and other core activities authorized by the Ministry of Communications.

In these terms, the postal service is deemed to be represented by receiving handling, transporting and delivering objects of correspondence, values and orders; and the telegram service by receiving, transmitting and delivering written messages, according to Law nº 6,538/78.

In the financial sector, the Company provides basic banking services through Banco Postal and Correios brand, throughout the country. The main available products include: current and savings accounts, withdrawals, deposits, loans and credit cards.

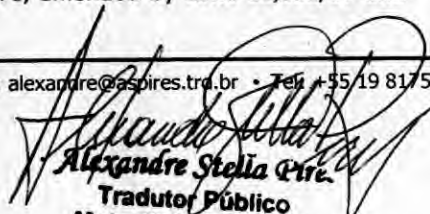
Since Law nº 12,490/2011 came into force, Correios is authorized to set up subsidiaries with which to acquire control or participate in established companies so as to carry out its activities, set up commercial partnerships which add value to the brand and provide a more efficient infrastructure, especially in the customer service network, as long as they follow the appropriate regulations and exception laid out in the above mentioned law.

So as to expand its corporate activities, in 2014 the Company set up CORREIOSPAR, with the aim of buying shares in other companies, following the 2020 Correios Strategic Plan.

#### NOTE 2 – SUMMARY OF THE MAIN ACCOUNTING PRACTICES AND POLICIES

##### 2.1 – Statement of compliance

The financial statements were prepared and are presented in accordance to the accounting practices adopted in Brazil, based on Brazilian Corporate Law (Law nº 6,404/76, amended by Laws 11,638/07 and

  
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11,941/09) and the accounting standards and pronouncements issued by the Accounting Pronouncements Committee - CPC and the Federal Accounting Council - CFC.

Preparing the financial statements requires the use of estimates and assumptions that affect the reported active and passive values, disclosure of contingent liabilities on the date of the financial statements, as well as the recognized amounts of revenues and expenses during the period.

The estimates made include losses from bad debts, provisions, pension funds and determining the lifespan of assets. Although Correios uses its best estimates and judgments, actual results may differ from those estimates due to possible future events. Estimates and assumptions are reviewed periodically.

Certain figures relating to previous periods have been reclassified for better comparability with the current year. These reclassifications had no impact on Correios net income and are shown on Note 4.

The Financial Statements were prepared based on the historical cost convention except for certain financial instruments measured at fair values, as described in accounting practices. Historical cost is generally based on the fair value of the consideration given in exchange for assets at time of acquisition.

#### Critical accounting estimates and judgments:

The accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expected future events, considered reasonable under the circumstances.

Based on assumptions, the Company makes estimates concerning the future. By definition, the resulting accounting estimates will seldom equal the actual results. The estimates and assumptions that have significant risk and probability of causing a material adjustment to active and passive values for the next financial year are addressed below:

#### a) Income tax and social contribution on net profit

The Company records income tax and deferred social contribution over fiscal losses and negative basis of social contribution. Recognizing these assets takes into account the expectation of generating future taxable income. Estimates of future results that allow the compensation of these assets are based on the Company's budget, which is reviewed and approved by the Board of Directors, taking into account economic scenarios, discount rates, and other variables that may not occur.

#### b) Pension plan

The Company recognizes the present value of future normal contributions, calculated by the projected unit credit method, related to the Defined Contribution Plan. The amount recorded in the post-employment benefit item represents the estimated value of payment reductions in future contributions that will benefit the company. This value depends on a number of variables and assumptions regarding discount rate and current market conditions.

Any changes to these assumptions will affect the corresponding values in the accounts.



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### c) Provisions for contingencies

The Company discusses tax, labor and civil issues in the administrative and judicial spheres in the normal course of business and provision for future disbursements consists of estimates made together with legal advisors. Changes in trends in decisions and case law may change the estimates related to provisions for contingencies.

### 2.2 – Transactions and Balances in Foreign Currency and Functional Currency

Values shown in the financial statements are in thousands of Reais (R\$), the functional currency of Correios, unless otherwise stated.

Transactions in foreign currencies are initially converted into the functional currency (R\$) at exchange rates prevailing at the time of the transaction. In the balance sheet, the remaining balances of the transactions will be reconverted based on the exchange rate on the closing date. Gains and losses in foreign exchange resulting from the settlement of such transactions and from the conversion of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

### 2.3 – Consolidation

The consolidated financial statements, which include Correios and its subsidiary, CORREIOSPAR, were prepared considering the elimination of the balances of equity accounts, as in 2014 a payment of only 10% of the share capital of that subsidiary occurred.

### 2.4 – Cash and cash equivalents

Recognized values are represented as: Cash, Bank Balance and Financial Investments of immediate liquidity with low risk of change in value, shown by the cost plus income earned up to the balance sheet date. Cash and cash equivalents are classified as financial assets measured at fair value and their income is recorded in the income statement. Marketable securities are classified as held for trading.

### 2.5 – Accounts receivable

Receivables are recorded and maintained in the balance sheet at the nominal value of the securities representing these credits, net of estimated losses from bad debt - PECLD. This is recognized in an amount considered sufficient to cover losses incurred on realizing the receivables. The value of the PECLD can be adjusted based on the recovery of the amounts of incurred losses and change in the financial condition of customers.

### 2.6 – Inventory

Recorded at average acquisition cost, adjusted to net realizable value when this is lower than cost value.



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When applicable, the loss (formerly provision) of inventory classified as obsolete, damaged or expired is non-deductible.

## 2.7 – Advances

Mainly represented by salary advances and holiday payments discounted the following month or in parcels, according to the collective bargaining agreement.

The remaining advances consist mainly of receivables from employees assigned to public agencies, net of non-deductible loss, credited annually to match the balance due for over 365 days and not paid by public bodies.

## 2.8 – Correios Health Plan – Active / Passive

The policy of Correios is the monthly recognition of the amounts presented in the accounts provided by Postal Saúde as health insurance expenses, with a total of Invoices issued in the month by service providers or ASO(s) issued, in the case of occupational health. Regarding the coverage of the amounts for administrative expenditure, the rule established is to adopt this title, equivalent to 10% of the total declared value of the Invoices issued for health care, constant in the accounts.

Thus, the monthly comparison can be configured for Correios in an advance, when the transferred value is greater than the expense, or an obligation to pay if it is necessary to supplement the amount previously transferred to cover the cost of the plan.

## 2.9 – Investments

### 2.9.1 – Shareholdings

According to CPC 18 (R2), investments: in subsidiaries, jointly controlled entities and associated companies in which the management has significant influence, are valued using the equity method.

However, although Correios holds full control of CorreiosPar, in 2014 the equity method was not used as it was set up at the end of the financial year, with no transactions that would alter its assets.

### 2.9.2 – Investment properties

There are properties that generate income or appreciation (transferred, rented, vacant) and are, thus, classified as investment properties and recorded at the cost of acquisition.

The classification policies adopted by the Company to recognize the real estate as investment properties are as follows:

- a) Transferred/rented – investment properties with 50% or more of the built up area occupied by third parties;



- b) Vacant – Property no used by Correios or with 50% or more of the area occupied by third parties in the process of eviction.

Depreciation of property and transferred and leased premises is calculated using the straight-line method, on the same basis and tax rates used for assets classified as property.

### 2.9.3 – Other Investments

Other investments that do not fit into the above categories are evaluated at cost of acquisition, net of non-deductible losses in making the investment, or by reducing the cost of acquisition to fair value when this is lower.

### 2.10 – Fixed assets

Depreciation is calculated using the straight-line method, based on useful economic life and on residual value where this exists, as shown in the table below:

TYPE OF ASSET	MEAN USEFUL LIFE	
	Fiscal	Economic
Property	25 years	29 years
Other data processing equipment	5 years	5 years
Computer and printer	5 years	4 years
Machines and equipment	10 years	10 years
Motorcycles	4 years	3 years
Light vehicles – loads up to 1,000 Kg	5 years	6 years
Light vehicles – loads above 1,000Kg	5 years	7 years
Heavy goods vehicles	6 years	10 years
Non-motorized vehicles	5 years	5 years
Furniture and utensils	10 years	10 years
Tools and instruments	5 years	5 years

Method of depreciation, lifespan and residual value are reviewed at each reporting date and any adjustments are recognized as changes to accounting estimates. Land is not depreciated.

Construction in progress is classified in the final categories of fixed assets when completed and ready for intended use, at which time depreciation/amortization begins.

Improvements made to third party properties are depreciated considering the lease period or the lifespan of the assets of the work, whichever is shorter.



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A fixed asset is written off when sold or when no future economic benefits are expected from its use or sale. Any gain or loss on writing off the asset (calculated as the difference between the net sales value and the accounting value of the asset) is included in the Income Statement when the asset was written off.

Due to changes in Brazilian accounting practices in order to fully adhere to the process of converging with international practices, upon initial adoption of IAS 27, the Company decided to adjust the opening balances of real estate similar to what is allowed, using the concept of deemed cost, as provided for at CPC Technical Pronouncements 37 (R1) and 43 (R1). Fair value was calculated by a specialist company.

For movable property, considering the cost-benefit of this evaluation, the Company chose to maintain acquisition cost adjusted for inflation until 1995 and to establish lifespan and residual value of assets that have part of their value recovered by sale, at the end of lifespan.

#### 2.11 – Intangible

Intangible assets are stated at cost, less accumulated amortization, calculated linearly based on the lifespan, as shown in the table below:

TYPE OF ASSET	MEAN USEFUL LIFE	
	Fiscal	Economic
Software, Licenses and others	5 years	5 years

#### 2.12 – Evaluating Impairment of Assets

##### 2.12.1 – Financial assets

According to discipline CPC 38, Correios conducts annual studies on its financial assets in order to establish the percentage of loss incurred on the assets and thus estimate losses from bad debt - PECLD, consisting of a deductible and another non-deductible parcel in order to meet corporate and tax law (Law 9,430/96).

##### 2.12.2 – Investments

In December 2014, Correios conducted impairment tests on its non-material investments (Shares in Telephone Companies), based on the quotation of these securities in the market, based on data provided by banks holding the securities. The result of this study showed that there are no indications of devaluation, and thus no need to recognize losses.

Due to negative performance since 2002, Correios maintains the non-deductible loss of 100% on their investments in FINAN/FINOR tax incentives.

##### 2.12.3 – Fixed/Intangible assets





With the real estate evaluation conducted in 2014, in order to establish their deemed cost, it was found that 141 properties had book value over market value, which led to adjustments to their recoverable amount, as established by CPC 01 (R1).

For movable assets and software recorded under intangible assets, held and used for Correios operations, the impairment test was performed based on the cash generating unit - CGU in which it was found that due to the Universalization of Postal Services established by Ordinance 566/2011, and supply chain characteristics (collection, handling and distribution), the Company has one single CGU. Thus, after studies, the results did not suggest indications of devaluation, i.e. no impairment loss been recognized for these assets.

### 2.13 – Adjustment to Present Value of Assets and Liabilities

Correios long-term liabilities are, where applicable, adjusted to the present value using discount rates that reflect the best estimate.

As accounts receivable values and accounts payables to suppliers are for short-term reception/payment, calculations performed by the Company show that adjustment to present value would not be relevant.

### 2.14 – Supplier obligations

Provision for expenses with suppliers is conducted monthly, for cases in which it is not possible to enter a tax document into the system before the date of balance sheet closing, when the following conditions are met:

- a) there is a future obligation from a past event;
- b) there is a probable outflow of funds; and
- c) there is a reliable estimate of the obligation.

### 2.15 – Financial obligations to be met

With the dissolution of Banco Postal, values previously recorded as revenue to be recognized have been updated and are now recorded as financial obligations to be met. Considering the characteristics of the Dissolution, the amounts relating to interest on the remaining balance to be returned, will be deferred for 30 months.

### 2.16 – Contingent Liability

Provisions are recognized when a present obligation (legal or constructive) as a result of a past event, makes it probable that economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

The Company is party to various legal and administrative proceedings divided into labor, civil and tax litigation. Evaluating the probability of losses considers the evidence and case law available, the hierarchy of



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laws, the most recent court decisions and their relevance in the legal system whose classification as probable, possible or remote is the responsibility of Correios legal department.

Provisions are reviewed and adjusted to take into account changes in circumstances, such as applicable statutes of limitation, conclusions of tax audits or additional exposures identified based on new matters or court decisions.

Contingent liabilities are accrued when losses are evaluated as probable and the amounts can be reliably measured. Contingent liabilities assessed as possible losses are only disclosed in an explanatory note.

#### 2.17 – Distribution of Dividends and Interest on Equity

The distribution of dividends and interest on equity to shareholders is recognized as a liability in the financial statements at year-end, based on Correios by-laws, considering the impacts of values distributed in advance. Any proposed amount above the minimum required, or values that exceed the amounts distributed in advance will only be provisioned when approved by General Assembly, according to ICPC 8. Interest on shareholders' equity is recorded against the expenses for purposes of tax benefit, as required by federal law, and subsequently allocated to dividends.

#### 2.18 – Employee Benefits

Employee benefits, related to short-term benefits for current employees, are recognized on an accrual basis in accordance to the services provided. Post-employment benefits are the responsibility of Correios and include supplementary retirement benefits and health insurance payable at the end of the employment relationship with the employee's retirement. Risks on post-employment pension benefits are evaluated annually according to the criteria set out at CPC 33 (R1).

The Company sponsors a private supplementary, non-profit pension plan, incorporated on 26<sup>th</sup> January, 1981, called Postalís, which aims to ensure the supplementation of retirement benefits and pension for its employees and participants through the Defined Benefit Plan - PBD and variable contribution plan - Postalprev.

PostalPrev is a complementary pension plan structured according to the Variable Contribution model. This plan brings together the advantages of Defined Contribution for scheduled benefits (normal and early retirement) and Defined Benefit for risk benefits (sickness, disability, annuity, pension for death or life annuity). The retirement benefit is flexible: the participant can choose to receive an annuity or income for an indefinite period (percentage of savings reserve, defined by participants annually) and can also choose to receive 25% of savings reserve in a lump sum.

In Defined Benefit plans, the actuarial risk and the investment risk are borne by sponsors, participants and beneficiaries as in Complementary Law nº 108/2001 and CGPC Resolution nº 28/2008. Accordingly, cost accounting requires plan obligations and expenses to be measured, with a possibility of actuarial gains and losses, leading to recording a liability when the amount of actuarial liabilities exceeds the value of benefit plan assets, or an asset when the amount of the assets exceeds the value of plan obligations. In the latter



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the asset should only be recorded when there is evidence that it may effectively reduce the sponsor's contributions or will be refundable in the future.

Currently, there are no new PBD members, thus defined as under extinction. The plan was liquidated in March 2008, and in 2010, the difference was assumed in the form of provision for additional of Previous Years of Service Reserve - RTSA. Since 1<sup>st</sup> August, 2010, the obligation has been considered a financial (not actuarial) debt with equivalent progress on the variation of the INPC, plus interest of 6% per year, net of payments made. In the 6<sup>th</sup> Special General Assembly Meeting, in October 2012, approval was given for evaluation by competent bodies of the amounts recorded in the Liabilities accounts, denominated Postalís unamortized reserves and related charges in 2012, considering the understanding with the National Treasury Secretary in relation to the amount recorded after title RTSA.

In 2014, the DEST issued a different position from that adopted thus far. Through Technical Note nº 43/CGINP-MP, of 14<sup>th</sup> February, 2014, the Ministry of Planning, Budget and Management - MPOG recommended that the provision recorded in 2009 should be revised and, at the same time, the values updated and compared with payments made by the sponsor. The review of the DEST position tied in the manifestation of the STN, contained in Technical Note 831MF/STN/SUPOF/COFIS/GEROB of 15<sup>th</sup> October, 2012, which opposes the position of more than one actuary specialist company contracted by Postalís because of the figures for liquidation concerned. The DEST ratified the position presented by Technical Note nº 43/CGINP-MP 14<sup>th</sup> February, 2014, through Official Letter nº 75/DEST-MP, of 21<sup>st</sup> January, 2015, which referred to Technical Note nº 33/CGPCE-MP.

Therefore, according to DEST understanding and recommendation, the original amount of R\$ 793.0 million recorded in Correios balance sheet, the amount of R\$ 475.8 million (original amount) is not owed by the Sponsor (Correios) and this, added the INPC update plus 6% interest, should be returned. The positioning of this Department originated from "new elements" based on the STN.

Thus, according to CPC 23 there was a reversal of the provision in the form of updated RTSA to the value of R\$ 1.086 million with a corresponding result for the current year.

As of 1<sup>st</sup> January, 2013, Correios recognizes the cost of benefit components defined at the very time the actuarial calculation was performed in accordance to CPC 33 R1:

- a) Current service cost and net interest on the net value of liability (active) of defined benefit are recognized in the income statement; and
- b) the re-measurements of net liability value (active) of defined benefit are recognized in other comprehensive income, in shareholders' equity of the Company.

In the case of Postalís, the cost of benefits granted is determined by the projected unit credit method, and the actuarial valuation is conducted at the end of the annual reporting period.

The obligation for retirement benefits recognized in the balance sheet represents the real deficit or surplus in Correios defined benefit plans. Any surplus resulting from this calculation is limited to the present value of



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any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

#### 2.18.1 – Profit sharing - PLR

Based on meeting performance targets duly set at the beginning of each year, Correios pays shares of profits and annual results to its employees and directors.

For the employees' PLR, the Company has a monthly obligation, observing the accrual basis, to pay a percentage of 11.875% of the result of the period and the final amount payable may not exceed 25% of dividends to be distributed to shareholders. It is understood that the estimated amount is reasonable to cover the outflow of resources that should take place after the approval of the 2014 Financial Statements. PLR for the directors is set according to the Annual Variable Remuneration of Managers Program.

#### 2.19 – Income Tax and Current and Deferred Social Contribution

##### 2.19.1 – Current Tax

Income tax and social contribution charges on current income are calculated in monthly periods, according to the tax laws enacted at the balance sheet date and based on generation of net income by the Company.

##### 2.19.2 – Deferred Tax

Deferred income tax and social contribution were recognized, in their entirety, considering the permissions and requirements of IAS 32 on the differences between assets and liabilities for tax purposes and their corresponding amounts recorded in the financial statements. Deferred income tax and social contribution are determined based on the tax rates and laws in effect on the date of the financial statements. Impacts/details can be found on Note 18.

#### 2.20 – Financial instruments

Correios financial instruments are represented by cash, mainly for financial investments, accounts receivable, accounts payable and loans.

- Financial assets are classified into two categories:
- Financial assets at fair value through profit or loss; and
- Accounts receivable

Financial assets at fair value through profit or loss include financial investments held for trading.

Values receivable from clients are non derivative financial assets with determinable payments that are not quoted in an active market. After initial measurement, these financial assets are accounted for at amortized cost less loss from impairment.

  
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Financial liabilities are classified at fair value through profit or loss or as other financial liabilities. Net gains or losses recognized in income comprise any interest paid on financial liabilities. Other financial liabilities are initially measured at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest method, with interest expense recognized based on yield.

### 2.21 – Revenues and Expenses

Correios has a policy of adopting the accrual basis for recording equity changes over the financial year, as well as recognizing revenues, expenses and costs, regardless of actual receipt or payment.

### NOTE 3 – AMENDMENTS TO ACCOUNTING PRACTICES AND INITIAL ADOPTION

Correios Legal Department, imbued by Article 5 of Decree Law nº 200/67, which text states that a public company can take on any manner permitted by law, or unprecedented manner provided in the law that established it and understand through this concept that the provisions of Law nº 6,404/76 do not apply to Empresa Brasileira de Correios e Telégrafos.

Nonetheless, on 29<sup>th</sup> April, 2011, Provisional Measure nº 532 was published which, among other things, gives new wording to Articles 1, 2 and 3 of Decree-Law nº 509 of 20<sup>th</sup> March, 1969, in order to expand and diversify the activities of Correios and provide for the application of Law nº 6,404/76, which provides for joint-stock companies.

This framework redirects the Company towards a new law guided by the rules of the Corporation Law, making it compulsory for Correios accounts to follow the terms of this legal diploma.

On 19<sup>th</sup> May, 2011, the Statute of the Company was modified by Decree nº 7,483, the text of which announced several regulations of Law nº 6,404/76, which should be reflected in Correios accounts. As a result, financial statements were required to be adjusted to international standards.

Given these perspectives, a diagnosis was made to establish and harmonize Correios financial statements with accounting standards of Corporation Law, for which it became imperative to hire outside companies to adapt the standards. Items such as evaluating real estate, in order to establish deemed cost, lifespan and residual value, which received priority, in order to generate economic benefits, although they are substantially depreciated.

In contrast to the urgency for adjustments were the lengthy internal procedures imposed by Law nº 8,666/93 to be observed in third-party contracts, requiring a bidding process, consuming a large amount of time. Therefore, a contract was signed with two companies assigned to evaluate assets, as the schedule of the work extended over a longer period due to the equity of the Company being spread over a significant portion of the country. The combination of all these peculiarities contributed to the reports of the deemed cost of goods only being delivered in 2014 and to the completion of the entire process of initial adoption of Law as amended, taking place at the same time.

### 3.1 – CPC 27 – Fixed assets



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At the opening of the 2014 financial year, Correios conducted an impairment test of its property, as established by IAS 27 (Fixed Assets), using external evaluators' reports. The results showed an increase in cost and lifespan of some of these assets and reduction in others. As a result, the cost method assigned (deemed cost) was used to allocate the new cost of real estate, as well as a change in the criteria of depreciation of movable and fixed assets, through the tax life for depreciation based on lifespan. It is noteworthy that the increases awarded were recorded in stockholders' equity account and reductions in income statements.

The new lifespan and the new deemed cost were applied prospectively from 1<sup>st</sup> January, 2014, based on the net balances of items of Correios fixed assets. It is noteworthy that the cost of construction in progress as of the date of the appraisal report was considered in determining the deemed cost of real estate.

**NOTE 4 – RETROSPECTIVE PRESENTATION OF MODIFIED PRIOR PERIOD BALANCES**

**4.1 – Impact of resubmission on assets, liabilities and shareholder equity as of 1<sup>st</sup> January, 2013.**

	As of 1 <sup>st</sup> January 2013 (Published)	Adjustments	As of 1 <sup>st</sup> January 2013 (Resubmitted)
<b>Active</b>			
<b>Non-current</b>	<b>6,883,592</b>	<b>2,520,685</b>	<b>9,404,277</b>
Long-term	5,407,867	2,520,685	7,928,552
Deferred tax(2)		2,520,685	
<b>Passive</b>			
<b>Non-current</b>	<b>3,239,806</b>	<b>7,413,777</b>	<b>10,653,583</b>
Post-employment benefit (1)	899,404	7,413,777	8,313,181
<b>Net worth</b>	<b>4,136,017</b>	<b>(4,893,092)</b>	<b>(757,075)</b>
Other comprehensive income (1 and 2)		(4,893,092)	

**4.2 – Impact of resubmission on assets, liabilities and shareholder equity as of 31<sup>st</sup> December, 2013.**

	As of 31 <sup>st</sup> December 2013 (Published)	Adjustments	As of 31 <sup>st</sup> December 2013 (Resubmitted)
<b>Active</b>			
<b>Current</b>	<b>3,758,989</b>	<b>-</b>	<b>3,758,989</b>
Accounts payable	1,746,490	(7,426)	1,739,064
Clients (1)		(7,426)	
Other assets	559,241	7,426	566,667
Tax refunds (1)		7,426	
<b>Non-current</b>	<b>6,158,982</b>	<b>2,100,103</b>	<b>8,259,085</b>
Long-term	4,378,670	2,100,103	6,478,773

  
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	As of 31 <sup>st</sup> December 2013 (Published)	Adjustments	As of 31 <sup>st</sup> December 2013 (Resubmitted)
Deferred tax (2)		328,558	
Deferred tax (4)		1,771,545	
<b>Passive</b>			
<b>Current</b>	<b>3,158,284</b>	<b>263,093</b>	<b>3,421,377</b>
Suppliers (6)	598,743	60,136	658,879
Post-employment benefit (3)	324,524	202,957	527,481
<b>Non-current</b>	<b>3,069,989</b>	<b>5,913,680</b>	<b>8,983,669</b>
Post-employment benefit (4)	1,292,144	5,913,680	7,205,824
<b>Net worth</b>	<b>3,689,698</b>	<b>(4,076,670)</b>	<b>(386,972)</b>
Legal reserve (5)		(16,224)	
Investment reserve (5)		(137,386)	
Accumulated profits (2)		328,558	
Accumulated profits (3)		(202,957)	
Accumulated profits (4)		(667,242)	
Accumulated profits (6)		(60,136)	
Accumulated profits (5)		153,610	
Other comprehensive income (4)		(3,474,893)	

(1) Reclassification of Clients groups of accounts to Tax refunds.

(2) Value of R\$ 328,558 corresponding to adjustments in deferred tax credited in the Adjustment of prior period account in 2014.

(3) Value of R\$ 202,957 corresponding to adjustments in deferred tax debited in the Adjustment of prior period account in 2014.

(4) Values corresponding to adjustments in the Post-employment benefits and deferred tax debited in the Adjustment of prior period account (R\$ 667,242) and in the other comprehensive income (R\$ 3,474,893).

(5) Reversion of the Legal reserve and investment reserve referring to 2013.

(6) Provision of expenses referring to medical services in Adjustments of prior periods in 2014.

#### 4.3 – Impact of resubmission on the Income Statement as of 31<sup>st</sup> December, 2013.

	As of 31 <sup>st</sup> Dec 2013 (Published)	Adjustments	As of 31 <sup>st</sup> Dec 2013 (Resubmitted)
<b>Cost of products sold and services provided</b>	<b>11,627,998</b>	<b>56,933</b>	<b>11,684,931</b>
Post Office health plan expenses (5)		56,933	
<b>Sales and services expenses</b>	<b>1,086,945</b>	<b>98,973</b>	<b>1,185,918</b>
Reclassification (1)		98,973	
<b>General and admin expenses</b>	<b>2,710,434</b>	<b>810,441</b>	<b>3,520,875</b>
Reclassification (1)		-98,973	
Post-employment benefits (2)		2,128	
Post-employment benefits - NC (3)		36,012	
Actuarial liability - Health (4)		868,071	
Post Office health plan expenses (5)		3,203	
<b>Income tax</b>	<b>45,834</b>	<b>-241,587</b>	<b>-195,753</b>



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**Social contribution** **16,482** **-86,971** **-70,489**

(1) Reclassification with an increase of R\$ 98,973 in sales/services expenses in 2013, referring to adapting accounts, in the subgroup of charges and provisions, with the respective reduction in general and admin expenses.

(2) Value referring to adjustments in Post-employment benefits in 2013, with the respective increase in general and admin expenses.

(3) Value referring to adjustments in Post-employment benefits in 2013, with the respective increase in general and admin expenses.

(4) Value referring to adjustments in Post-employment benefits in 2013, with the respective increase in general and admin expenses.

(5) Values corresponding to adjustments in the criteria for provision of medical expenses.

#### NOTE 5 – CASH AND CASH EQUIVALENTS

**5.1 – Cash:** as of 31<sup>st</sup> December, 2014, the value of R\$ 568 in cash was distributed heterogeneously across 6,442 units in all Brazilian states. This amount was intended to cover operations in the first few days of January 2015.

**5.2 – Bank balances:** represent the movement of liquid funds in accounts maintained with banks. The individual balance as of 31<sup>st</sup> December, 2014 is R\$ 8,214 and the consolidated balance is R\$ 38,214. Of these, R\$ 30,000 is in an account linked to CorreiosPar, regarding the payment of 10% of its share capital.

**5.3 – Investments:** the available funds are invested in exclusive extra-market investment funds at Banco do Brasil Distribuidora de Títulos e Valores Mobiliários S.A and CAIXA ECONÔMICA FEDERAL in portfolios composed of National Treasury Bills (LTN), the B-Series National Treasury Notes (NTN B) and repurchase agreements, recorded at net realizable value at the balance sheet date, as detailed below:

##### 5.3.1 – Position on 31<sup>st</sup> December, 2014.

INVESTMENT	VALUE	(%)
LTN	446,174	12.99
NTN-B	2,565,297	74.68
Rep. Agr.. <sup>1</sup>	423,559	12.33
<b>Subtotal</b>	<b>3,435,030</b>	<b>100.00</b>
Adjustments <sup>2</sup>	(64)	0.00
<b>Total</b>	<b>3,434,966</b>	<b>100.00</b>
Income tax	(1,785)	(0.05)
<b>Net</b>	<b>3,433,181</b>	<b>99.95</b>

<sup>1</sup> Repurchase Agreements.

<sup>2</sup> Tx. ADM, CPMF, adjustment future market and others in managing funds.

Of the total equity of Correios investments, R\$ 453,117 is in the 13A Fund, R\$ 2,135,288 in the 13B Fund, both in Banco do Brasil, and R\$ 846,561 in the X Fund in Caixa, totaling R\$ 3,434,966.

  
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The Company invests its available funds in short and long term government bonds, with maturities up to 2020, as shown in the table below. However, these securities are traded according to the demands of the Company's cash flow and are classified as held for trading.

5.3.2 – Position as of 31<sup>st</sup> December, 2013.

INVESTMENT	VALUE	(%)
LTN	433,239	9.53
NTN-B	3,919,108	86.25
NTN-F	3,218	0.07
Rep.Agr. <sup>1</sup>	188,401	4.15
<b>Subtotal</b>	<b>4,543,966</b>	<b>100.00</b>
Adjustments <sup>2</sup>	(100)	0.00
<b>Total</b>	<b>4,543,866</b>	<b>100.00</b>
Income tax	(8,092)	(0.18)
<b>Net</b>	<b>4,535,774</b>	<b>99.82</b>

<sup>1</sup> Repurchase Agreements.

<sup>2</sup> Tx. ADM, CPMF, adjustment future market and others in managing funds.

Short term (Current)							
Matures	LTN	NTN-B	NTN-F	Rep.Agr.	IR Provision	Fund adjustments	Totals
2014	433,239	776,925	3,218	188,401	(8,093)	(100)	1,393,590
<b>Totals</b>	<b>433,239</b>	<b>776,925</b>	<b>3,218</b>	<b>188,401</b>	<b>(8,093)</b>	<b>(100)</b>	<b>1,393,590</b>

Long term (Non-current)							
Matures	LTN	NTN-B	NTN-F	Rep.Agr.	IR Provision	Fund adjustments	Totals
2015	-	1,009,183	-	-	-	-	1,009,183
2016	-	1,310,135	-	-	-	-	1,310,135
2017	-	283,889	-	-	-	-	283,889
2018	-	538,977	-	-	-	-	538,977
<b>Totals</b>	<b>-</b>	<b>3,142,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,142,184</b>

NOTE 6 – ACCOUNTS RECEIVABLE

Credits are stated at original value net of estimated losses from bad debt - PECLD.

  
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<b>CREDITS</b>	<b>2014</b>	<b>2013 Resubmitted</b>
Services Invoiced	1,434,317	1,149,358
Services to invoice	126,028	175,711
Credit cards	4,441	6,583
ACF / Accountability	512	1,759
ACF / Negotiated debt	-	2
ACC/Accountability	2,480	2,635
ACC Debt	-	1
AGC/ Accountability	124	94
International debt	473,582	321,439
AGF/ Accountability	900	90
AGF/ Negotiated debt	1,338	2
AGF Values to receive	63,855	78,471
Entitled to AGF - Postal Law	978	2,896
Other debts to Clients	-	23
<b>TOTAL</b>	<b>2,108,555</b>	<b>1,739,064</b>

The details of services invoiced and other customer debts, net of estimated losses from bad debt - PECLD by period overdue and due, are detailed below:

<b>Mature</b>	<b>2014</b>	<b>2013</b>
Overdue up to 30 days	55,229	32,699
Overdue from 31 to 60 days	15,154	23,623
Overdue from 61 to 90 days	11,960	10,148
Overdue from 91 to 120 days	3,612	4,500
Overdue from 121 to 180 days	3,129	9,753
Overdue from 181 to 365 days	3,339	8,488
365+ days	13,830	6,610
<b>Total overdue values</b>	<b>106,253</b>	<b>95,821</b>
Due	1,328,064	1,053,537
<b>Total to receive</b>	<b>1,434,317</b>	<b>1,149,358</b>

  
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**6.1 – Estimated losses from bad debt:** established at the end of the year based on 29.73% and 13.23% of overdue invoices to public and private agencies, respectively, and 100% of the securities of companies in bankruptcy protection

**PECLD – 2014**

Securities of private companies overdue at the end of 2014 (29.73% of the balance)	16,771
Securities of public companies overdue at the end of 2014 (13.23% of the balance)	7,297
Securities of companies in bankruptcy protection (100% of overdue and due securities)	847
<b>TOTAL</b>	<b>24,915</b>

**PECLD – 2013**

Securities of private companies overdue at the end of 2013 (30.88% of the balance)	18,488
Securities of public companies overdue at the end of 2013 (11.87% of the balance)	5,706
Securities of companies in bankruptcy protection (100% of overdue and due securities)	4,570
<b>TOTAL</b>	<b>28,764</b>

Following, the statement of movement of estimated losses from bad debt - PECLD, made up of the parcel of the deductible (Law 9,430/96) and non-deductible losses.

<b>PECLD MOVEMENT</b>	<b>2014</b>	<b>2013</b>
Total balance on 1 <sup>st</sup> January	28,764	13,119
- Deductible losses on 1 <sup>st</sup> January	(4,769)	-
Non-deductible PECLD on 1 <sup>st</sup> January	23,995	13,119
Additions	-	17,579
Write offs	(2,314)	(6,703)
Non-deductible PECLD on 31 <sup>st</sup> December	21,681	23,995
Deductible losses on 31 <sup>st</sup> December	3,234	4,769
<b>Total balance on 31<sup>st</sup> December</b>	<b>24,915</b>	<b>28,764</b>

For tax purposes, any excess PECLD, in relation to the provisions of Law nº 9,430/96, is added to the calculation of taxable income for calculating corporate income tax - IRPJ, as well as to the Social Contribution on Net Income – CSLL base calculator..

**6.2 – Invoiced services:** correspond to the rights to receive for services rendered or products sold in banking or administration.

**6.3 – Services to invoice:** representing the right to receive for services rendered or products sold to customers with invoices in the process of being issued.



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**6.4 – ACF/accountability:** refer to rights and to franchisees, corresponding to the collection of the last two weeks of the month.

**6.5 – ACC/ accountability:** refer to rights and to licensees, corresponding to the collection of the last two weeks of the month.

**6.6 – International debt:** the value of R\$ 473,582 corresponds to the rights arising from Correios's relations and other global post services. The 2014 balance also influences prior year balances bearing in mind the temporal dynamics of the rules established by the Universal Postal Union convention - UPU, to which the Brazilian government is a signatory and which Correios is required to follow. For this account, a PECLD of R\$ 3,610 was set up, related to amounts receivable in 2013 of which Correios is still awaiting payment.

**6.7 –AGF Negotiated debt:** refer to overdue amounts receivable from AGF, with acknowledgment of debt and parcel agreement.

**6.8 – Entitled to AGF –postal law:** corresponds to sales of Postal Law product transactions to the AGF.

**6.9 –AGF Values to receive:** refer to rights and to franchisees corresponding to the collection of the last two weeks of the month.

#### NOTE 7 – INVENTORY

There are two large distribution centers storing materials for the timely and systematic supply to administrative and customer service units and other operational units. There was a non-deductible loss of stock referring to items that were unusable, out of date, and obsolete awaiting sale for scrap or disposal.

INVENTORY	2014	2013
Material for use	40,552	32,435
Material to be resold/warehouse	15,759	19,431
Consigned material	335	343
Inventory losses	(1,007)	(1,722)
<b>TOTAL</b>	<b>55,639</b>	<b>50,487</b>

#### NOTE 8 – CORREIOS HEALTH PLAN

Refers to advances to the health plan provider:

POST OFFICE HEALTH PLAN	2014	2013
Active Guarantee	100,000	-
Medication Benefits	-	-

  
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Reimbursement of Administrative Expenses	5,120	-
<b>TOTAL</b>	<b>105,125</b>	<b>-</b>

**8.1 – Active Guarantee:** the value is forwarded to the operator for setting up the asset guaranteeing the technical provisions, in particular the provision of unsettled events/claims - PEL, by requirement of IN nº 10/2007 of the ANS. However, in 2015, the Company will initiate negotiations with the ANS, to maintain the active guarantee at Correios (Maintainer), as permitted by law.

#### NOTE 9 – OTHER ASSETS

##### 9.1 – Advances

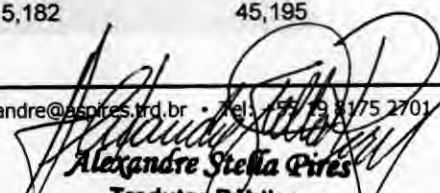
ADVANCES	2014	2013
Salary advances	3,307	3,563
Holiday advances	115,323	117,657
Other advances	3,638	6,786
<b>TOTAL</b>	<b>122,268</b>	<b>128,006</b>

**9.1.1 – Other advances:** refers to advances to employees for paying small expenses subject to further verification, amounts owed by public bodies, related to employees assigned to those bodies and advances to trainees. The balance transferred to employees R\$ 7,384, is net of non-deductible loss in the order of R\$ 3,995, more than 365 days overdue.

##### 9.2 – Tax refunds

Correspond to tax paid, social security contributions and other amounts paid or advanced to the tax authorities, which will be offset at the time of settlement of the taxable event.

TAX REFUNDS	2014	2013 Resubmitted
ISS retention by clients	12,515	7,426
Maternity / Family pay	793	665
IRRF / Financial Applications	2,746	58,053
IR to be repaid	237,438	14
Recoverable / offset ICMS	594	77
CSLL to be repaid	30,822	5
IR – withheld at source - Law nº 9,430	20,065	183,163
CSLL withheld at source - Law nº 9,430	5,182	45,195

  
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TAX REFUNDS	2014	2013 Resubmitted
COFINS withheld at source - Law nº 9,430	346	17,247
PIS/PASEP withheld at source - Law nº 9,430	434	4,327
INSS retention by clients	117	123
Improper collection - Law nº 10.833/03	1,684	1,630
Improper collection - INSS	123	570
Other taxes and social charges to be offset	664	642
Transitional payments	24,302	41,305
<b>TOTAL</b>	<b>337,825</b>	<b>360,442</b>

**9.2.1 – Income tax withheld at source/Financial Investments:** the balance refers to income tax which can be offset, levied on income from financial investments. As a result of tax loss determined there was no use of the availability, and the unused balance for 2014 transferred to the account the IR to be repaid, representing the end of this year negative income tax balance.

**9.2.2 – IR and CSLL to be repaid:** the accounts house the balance of taxes withheld and not used until the end of the year, acquiring the characteristic of negative balance of income tax and Negative Base of CSLL.

**9.2.3 – Tax and contributions/Law nº 9,430/1996:** refers to taxes and contributions withheld, by agencies of the federal government, upon payment of service bills or acquired products. The significant variation of the IR and CSLL account balance is explained by the transfer of values at year-end to the IR and CSLL to be repaid account, as compared to non-use, they are a negative balance of income tax and CSLL, respectively.

The decrease in the balance held is also from transferring to non-current values of taxes withheld under the Banco Postal Agreement, the termination of which resulted in the impossibility of direct deduction from the calculation basis of taxes and contributions payable.

The remaining balance of deductions arising from this Agreement shall be requested by process of restitution by the Federal revenue.

**9.2.4 – Transitional payments:** refer to invoices for payments to be received from government agencies through the Integrated Financial Management System - SIAFI, in the final days of the year, awaiting transfer to Correios movement account.

### 9.3 – Legal action/defaults

Representing rights, the recovery of which lies in the legal sphere.

  
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LEGAL ACTION/DEFAULT	2014	2013
Invoices in legal action	102,303	86,586
PECLD of invoices in legal action	(101,549)	(86,059)
Checks in legal action	37	198
Non-deductible losses for checks in legal action	(35)	(105)
Range	2	6
Employee debts in legal action	5,055	2,654
Non-deductible losses for employee debt	(5,004)	(2,583)
Third party debt in legal action	60,521	11,368
Non-deductible losses for third party debt	(58,705)	(11,027)
ACF defaults	2,615	3,101
Defaults in legal action - ACF	163	637
Disaccredited and in legal action ACF	5,937	11,771
Non-deductible losses ACF	(8,558)	(13,327)
Defaults - ACC	724	665
Defaults in legal action - ACC	151	891
Disaccredited and in legal action - ACC	1,759	887
Non-deductible losses ACC	(2,554)	(2,266)
Defaults - AGC	-	10
Defaults AGF	11,485	5,610
Defaults in legal action - AGF	409	-
Disaccredited and in legal action - AGF	442	-
Non-deductible losses AGF	(4,641)	(1,491)
<b>TOTAL</b>	<b>10,557</b>	<b>7,526</b>

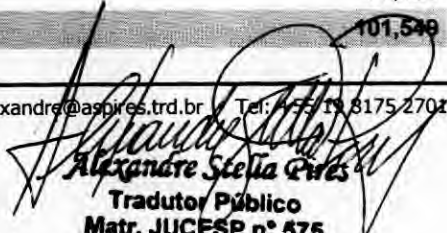
**9.3.1 – Invoices in legal action:** the sum of R\$ 102,303 refers to debts, in historical values, to defaults, the recovery of which lies with Correios legal department.

Estimated losses from bad debt– PECLD were constituted at the end of the year, showing an increase of R\$ 15,490 between the deductible losses (Law 9,430/96) and non-deductible parcel, as shown below:

PECLD – 2014	
97% of the difference between invoices in legal action and deductible losses	24,389
100% of deductible losses (Law 9,430/96)	77,160
<b>Final PECLD balance as of 31/12/2014</b>	<b>101,549</b>

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**PECLD - 2013**

97% of the difference between invoices in legal action and deductible losses	17,047
100% of deductible losses (Law 9,430/96)	69,012
<b>Final PECLD balance as of 31/12/2013</b>	<b>86,059</b>

Below is the statement of estimated losses from bad debt - PECLD.

<b>PECLD MOVEMENT</b>	<b>2014</b>	<b>2013</b>
Total balance as of 1 <sup>st</sup> January	86,059	50,383
- Deductible losses 1 <sup>st</sup> January	(69,012)	-
-non-deductible PECLD as of 1 <sup>st</sup> January	17,047	50,383
Additions	14,944	8,175
Write offs	(7,602)	(41,511)
non-deductible PECLD as of 31 <sup>st</sup> December	24,389	17,047
Deductible losses 31 <sup>st</sup> December	77,160	69,012
<b>Total balance as of 31<sup>st</sup> December</b>	<b>101,549</b>	<b>86,059</b>

For tax purposes, any excess PECLD, in relation to the provisions of Law n° 9,430/96, is added to the calculation of taxable income for calculating corporate income tax - IRPJ, as well as to the Social Contribution on Net Income - CSLL base calculation.

**9.3.2 – Disaccredited and in legal action - ACF:** the sum of R\$ 5,937 refers to debts of Correios Franchises-ACF, disaccredited due to not complying with the franchise contract. In these cases, Correios has filed law suits. Non-deductible ACF loss is calculated based on 94% of the accumulated balance of defaulted accounts in legal action and disaccredited and in legal action.

**9.3.3 – Employee debts in legal action:** the sum of R\$ 5,055 refers to the debts of former employees determined in due process, in amounts below that set by the Federal Court of Auditors to establish Special Accounts, and in exceptional cases where discount from payroll has not been possible. A non-deductible loss is calculated monthly based on 99% of the accumulated balance under this heading.

**9.3.4 – Third party debts in legal action:** refers to collecting from suppliers for contractual defects or other charges. The increase of R\$ 49,153 refers mainly to the right to receive fines imposed on suppliers. The non-deductible loss is calculated based on 97% of the balance recorded under this heading.

**9.3.5 – Defaults AGF:** refers to values not forwarded by AGFs before the deadline laid down for accountability. On a monthly basis, a non-deductible loss of 33% of AGF default account balance is calculated and 100% of the accumulated balances of defaulted accounts in legal action and disaccredited and in legal action.





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#### 9.4 – Funds to cover lost or stolen items

LOSSES TO BE DETERMINED	2014	2013
Losses to be determined – external theft	6,032	10,736
Losses to be determined – internal theft	25,158	40,409
Non-deductible losses to be determined	(31,190)	(47,706)
Other	-	621
<b>TOTAL</b>	<b>-</b>	<b>4,060</b>

**9.4.1 – External theft/ Internal theft:** the sums of R\$ 6,032 and R\$ 25,158 refer to losses caused respectively by third parties and employees, whose calculation processes have not been completed. As Correios belongs to the Federal Government, all damages caused to its assets are reported to the Federal Police.

The non-deductible loss is calculated on the basis of 100% of the balances in the accounts to ascertain internal and external theft, due to the fact they are still in the process of verification and certainty regarding the receipt cannot be established.

#### 9.5 – Other Credits

Other credits	2014	2013
International money order - importation	148	233
Medical service for retirees	-	4,012
Other third party debt	6,790	44,420
Other employee debt	7,947	17,957
Sale of functional properties	508	11
<b>TOTAL</b>	<b>15,393</b>	<b>66,633</b>

**9.5.1 –International money order – Importation:** the sum of R\$ 148 refers to values owed from International Postal services for providing services through money orders issued abroad to be paid in Brazil.

**9.5.2 – Medical service for retirees:** corresponds to the values of co-participation of the medical/dental service to retirees, collected by Postalís. In 2014, with the creation of Postal Saúde, the company that manages the health plan for current and retired Correios employees, the transfer of co-participation is from Postalís directly to Postal Saúde.

**9.5.3 – Other third party debt:** the amount of R\$ 6,790 refers mainly to fines imposed on suppliers for breach of contract. The non-deductible loss is calculated based on 64% of the fines imposed on suppliers and 99% of the difference between the amount recorded and the provision for supplier fines. The reduction



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of R\$ 37,630 is due to the change in criteria for calculating no-deductible loss, which in 2013 was made based on the previous month.

**9.5.4 – Other employee debt:** the amount of R\$ 7,947 refers to debts due to losses caused by employees, such as cash discrepancies and missing assets among others.

**9.5.5 – Sale of Functional Properties:** the amount of R\$ 508 refers to the remaining balance, net of non-deductible loss, adjusted for inflation, sales of functional properties in 1991 whose collection and receipt of benefits are the responsibility of Caixa Econômica Federal - CEF, as laid out in Law nº 8,025/90. The non-deductible loss is credited annually to correspond to 100% of balances more than 365 days overdue and not paid by employees and former employees to Caixa Econômica Federal for later transfer.

#### NOTE 10 – NON CURRENT ASSETS

**10.1 – Functional property:** the amount of R\$ 571 corresponds to the portion of the sale of functional properties made in 1991, falling due after the next financial year, whose collection and receipt of benefits are the responsibility of Caixa Econômica Federal - CEF, as laid out in Law nº 8,025/90.

**10.2 – Deferred tax:** deferred taxes resulting from tax losses, negative basis of social contribution and temporary differences were calculated observing the history of profitability and the expectation of profit generation, as in Technical Pronouncement CPC 32 - Income Taxes (IAS 12). The deferred income tax and social contribution should be classified as non-current, even if their expected realization is short-term. Details of the movement and composition are on Notes 18.2 and 18.3.

#### 10.3 – Judicial, Appellate and Administrative deposits

Composed as follows:

JUDICIAL AND APPELLATE DEPOSITS	2014	2013
Judicial deposits	22,824	19,245
Appellate deposits	16,659	17,147
Administrative appeal deposits	62,155	59,790
<b>TOTAL</b>	<b>101,639</b>	<b>96,182</b>

The amounts of R\$ 22,824 and R\$ 16,659 refer to deposits made on the basis of litigation in which Correios is the defendant. The amount of R\$ 62,155 refers to deposits made for appeals at the administrative level with the INSS referring to the Notices of Tax Debt - NFLD. It is worth mentioning the following:

- judicial deposits result from compliance with court orders and are adjusted monthly;
- appeal deposits are required for bringing resources and are adjusted for inflation every month;



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- c) administrative appeal deposits are values equivalent to 30% of the tax debt notices - NFLD applied by the supervisory body and are updated monthly. Upon such deposit, the administrative appeal is filed.

The provisions affected by the processes referring to these deposits are shown on Note 15.2

**10.4 – Recoverable values:** the balance of R\$ 139,492 corresponds to the amount of federal taxes withheld by Banco do Brasil S/A, upon signing of the Banco Postal contract. Given the contractual termination, the balance was increased by the return of the parcels recorded in current assets. The remaining credits will be requested from the IRS.

**10.5 – Others:**

Others	2014	2013
Other credits	3,915	2,868
Scrapped goods	1,350	264
Ex-employee debt	2,237	-
Other employee debt	80	-
<b>TOTAL</b>	<b>7,582</b>	<b>3,132</b>

**10.5.1 – Other credits:** of the sum of R\$ 3,915 under this heading, R\$ 2,423 refers to customers' renegotiated invoices, previously registered in the short term.

**10.5.2 – Scrapped goods:** refer to the residual value of movable property intended for sale or disposal.

**10.5.3 – Ex-employee debt:** refers to former employee debts not recovered on their termination, previously recorded in the accounts of other employee debts in the short term.

**NOTE 11 – INVESTMENTS**

Composed as follows:

INVESTMENTS	Consolidated		Parent company	
	2014	2014	2014	2013
CorreiosPar	-	30,000	-	-
Non-significant investments	3,516	3,516	3,516	3,516
FINAM	12,794	12,794	12,794	12,794
FINOR	15,268	15,268	15,268	15,268
Non-deductible loss on investment	(28,062)	(28,062)	(28,062)	(28,062)
Museums and collections	1,031	1,031	1,031	927
Real Estate Held for Investment	403,762	403,763	403,763	19,385
Deprec. of real estate held for investment	(1,505)	(1,505)	(1,505)	(5,593)
Other investments	895	895	895	895
<b>TOTAL</b>	<b>407,700</b>	<b>437,700</b>	<b>437,700</b>	<b>19,130</b>

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**11.1 – CorreiosPar:** On 24<sup>th</sup> December, 2014, Correios constituted the commercial company in the form of corporation, called CORREIOS PARTICIPAÇÕES S/A - CORREIOSPAR, with subscribed capital of R\$ 300,000, represented by 300,000 registered common shares with no nominal value. Of this amount, R\$ 30,000 were paid on 2<sup>nd</sup> December, 2014, for its constitution, in deposit at Banco do Brasil in favor of the subsidiary, taking into account the provisions of article 80, items II and III of Law n° 6,404/76.

It is noteworthy that due to the subsidiary being established in the last days of 2014, there were no operations that could alter the Net Subsidiary Equity, upon its constitution, which waived the need to apply the equity method that year.

**11.2 – Shares and FINAM/FINOR:** values are equivalent, respectively, to non-significant investments in Telephone Companies, as well as investments in tax incentives. It is worth mentioning that the non-deductible loss on the FINAM/FINOR is equivalent to 100% of the balance, considering the negative performance presented by these funds since 2002. There is no intention to sell these short-term assets.

**11.3 – Real estate held for investment:** Properties that are transferred, rented or vacant, that is, not used to produce or supply goods and services or for administrative purposes are characterized as held by the owner to earn rentals or for capital appreciation or both, and in accordance to Technical Pronouncement CPC 28 - Properties for Investment (IAS 40) are classified as investments.

The criteria for classification and the methods and depreciation rates are the same as for property, listed on Note 2.10.

Heading	Net value as of 31/12/2013	Net value as of 31/12/2014	Write offs	Additions	Transfers out	Transfers in	Impairment loss	Depreciation/Amortization	Depreciation of written off goods	Net value as of 31/12/2014
Land transferred/leased	319	65,487	-	-	1	(1)	-	-	-	65,806
Buildings transferred/leased	66	7,144	-	-	679	(677)	-	(786)	-	6,426
Facilities transferred/leased	4	-	-	-	350	(354)	-	-	-	-
Vacant land	12,090	311,101	(4,226)	-	7,509	(10,935)	-	-	-	315,539
Vacant buildings	606	14,632	(231)	-	8,837	(8,943)	(34)	(621)	203	14,249
Vacant facilities	707	-	-	-	2,546	(3,016)	-	-	-	237
<b>TOTAL PROPERTY FOR INVESTMENT</b>	<b>13,792</b>	<b>398,264</b>	<b>(4,457)</b>	<b>-</b>	<b>19,922</b>	<b>(23,928)</b>	<b>(34)</b>	<b>(1,607)</b>	<b>203</b>	<b>402,257</b>

(1) The net value as of 31/12/2014 is the net value added of 31/12/2013 plus additions and minus write offs and depreciation/amortization;

(2) In the year 2014, the properties was were valued adopting the CPC 27, establishing the deemed cost or losses through impairment of the assets valued.

**NOTE 12 – FIXED ASSETS**

The measurement criteria, methods and depreciation rates are shown on Note 10.2.

  
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Heading	Net value as of 31/12/2013	Attributed cost	Write-offs	Additions	Transfers entry	Transfers exit	Impairment loss	Depreciation / Amortization	Depreciation of written off goods	Net value as of 31/12/2014
Land	213,029	3,628,171	(21,060)	-	3,127	(55)	(491)	-	-	3,822,721
Buildings	365,080	1,027,600	(31)	-	850,470	(726,177)	(50,435)	(43,133)	31	1,423,405
Instal. in own buildings	96,775	-	(25)	-	7,018	(100,733)	-	(991)	22	2,065
Impr. In 3 <sup>rd</sup> party buildings	33,554	-	(10,548)	168	12,687	(2)	-	(16,522)	10,041	29,378
Construction	135,235	-	-	90,338	1,371	(48,628)	-	-	-	178,316
<b>Movable asset subtotal</b>	<b>843,973</b>	<b>4,655,771</b>	<b>(31,664)</b>	<b>90,506</b>	<b>874,673</b>	<b>(875,590)</b>	<b>(50,926)</b>	<b>(60,646)</b>	<b>10,094</b>	<b>5,455,895</b>
Furniture and utensils	210,864	-	(12,744)	58,443	2,780	(243)	-	(37,236)	10,507	232,371
Machines and equipment	138,721	-	(127,365)	78,316	5,271	(1,966)	-	(33,484)	126,435	186,928
Motor vehicles	364,995	-	(63,067)	178,270	4,130	(4,590)	-	(24,647)	62,834	517,925
Non-motor vehicles	5,066	-	(1,941)	5,559	7	-	-	(1,819)	1,702	8,603
Tools and instruments	1,431	-	(72)	349	34	(49)	-	(316)	55	1,432
Data processing equipment	142,090	-	(31,361)	57,978	83,331	(79,299)	-	(51,883)	31,140	151,996
Acquisitions in progress	-	-	-	5,753	-	-	-	-	-	5,753
<b>Movable assets subtotal</b>	<b>954,166</b>	<b>-</b>	<b>(236,660)</b>	<b>384,668</b>	<b>95,663</b>	<b>(86,119)</b>	<b>-</b>	<b>(146,385)</b>	<b>232,673</b>	<b>1,105,008</b>
<b>Fixed assets total</b>	<b>1,998,139</b>	<b>4,655,771</b>	<b>(268,224)</b>	<b>475,174</b>	<b>970,336</b>	<b>(961,710)</b>	<b>(50,926)</b>	<b>(210,991)</b>	<b>242,767</b>	<b>5,660,893</b>

- (1) The net value as of 31/12/2014 is the net value of 31/12/2013 plus additions and minus write offs and depreciation/amortization;
- (2) For cash flow purposes, total additions should be subtracted property transfers in progress for the definitive fixed assets as these were considered additions at the time of recognition of the cost of the work to the order of R\$ 155,153
- (3) Depreciation/amortization of written off assets was considered for financial statement purposes. The figure adopted in Cash Flow - R\$ 232,667 refers to the expense of depreciation/amortization of 2014 with fixed assets, intangible assets, investment properties and some goods which were transferred to the scrapped goods account during the year;
- (4) In the year 2014, the properties was were valued adopting the CPC 27, establishing the deemed cost or losses through impairment of the assets valued

### NOTE 13 – INTANGIBLE

Corresponds to software not integrated into machines and equipment recorded in assets.

The criteria for measuring and amortization methods are listed on Note 2.11.

Heading	Net value as of 31/12/2013	Attributed cost	Write-offs	Additions	Transfers entry	Transfers exit	Impairment loss	Depreciation / Amortization	Depreciation of written off goods
Software, Licenses, Other	53,341	-	(11,150)	70,565	372	(367)	(19,227)	9,964	103,498
<b>INTANGIBLE TOTAL</b>	<b>53,341</b>	<b>-</b>	<b>(11,150)</b>	<b>70,565</b>	<b>372</b>	<b>(367)</b>	<b>(19,227)</b>	<b>9,964</b>	<b>103,498</b>

- (1) The net value as of 31/12/2014 is the net value of 31/12/2013 plus additions and minus write offs and amortization;

### NOTE 14 – CURRENT LIABILITIES

**14.1 – Suppliers:** obligations referring to acquisition of materials and services and other obligations to suppliers, usually due the following month.

**14.2 – Salaries and loans:** correspond to labor obligations due in the month, from fixed and variable costs; to holiday provisions based on 1/12 (one twelfth) of the remuneration of each employee plus an additional 70% (as per the collective bargaining agreement) recorded monthly; and other withheld social charges.

  
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Salaries and loans	2014	2013
Labor obligations	10,476	10,297
INSS - employee	40,693	35,791
Postalis (BD) - employee	3,940	105
Postalis (PostalPrev) - employee	47,195	23,703
Retention SEST/SENAT	3	3
Holidays	970,780	942,185
<b>TOTAL</b>	<b>1,073,087</b>	<b>1,012,084</b>

The increase of R\$ 61,003 in this group is due mainly to the increase of 6.5% in the 2014/2015 wages collective bargaining agreement.

**14.3 – Social charges:** correspond to obligations relating to employer contributions. The increase compared to 2013 corresponds to the payroll increase.

SOCIAL CHARGES	2014	2013
INSS - employee	116,967	109,121
Postalis - employee	4,005	2,231
Additional SENAI	892	834
Education salary	11,151	10,332
FGTS	52,563	55,030
INSS – individual contribution	323	874
INSS - cooperatives	286	676
PostalPrev - employee	44,549	21,918
<b>TOTAL</b>	<b>230,736</b>	<b>201,016</b>

**14.4 – Taxes and Contributions:** correspond to obligations relating to withholding tax on the income of employees and others, taxes due on profits, PIS and COFINS on revenue, as well as other tax liabilities.

TAXES AND CONTRIBUTIONS	2014	2013
INSS Companies – withheld at source	6,753	6,562
INSS retention - individual contribution	162	339
Cofins	46,091	47,934
Pasep	9,992	10,392
ICMS	3,986	2,713
ISSQN – retained from 3 <sup>rd</sup> parties	6,370	5,990



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TAXES AND CONTRIBUTIONS	2014	2013
IRF – retained from employees	44,033	40,437
IRF - retained from 3 <sup>rd</sup> parties	2,116	2,220
Withheld at source - Law no 9,430/1996	32,173	28,278
Other tax obligations	29	16
IRPJ	-	2,478
CSLL	-	937
<b>TOTAL</b>	<b>151,705</b>	<b>148,296</b>

**14.4.1 – IRPJ/CSLL:** in view of the tax loss reported in 2014, there is no tax liability payable related to income tax and CSLL.

**14.5 – Values collected and received:** the obligations making up this group are laid out in the following table. It should be noted that these obligations are paid monthly and in the manner agreed in the contracts with third parties.

VALUES COLLECTED AND RECEIVED	2014	2013
Issuing national postal order	8,415	5,057
International money order - importation	303	392
International money order - exportation	624	323
Mail order - delivery	260	633
Sale of savings bonds	1,538	2,206
Sale of third party products	511	1,297
Bill payment – public services	44	49
Bill payment – private services	71	120
Postal payments	31,464	30,071
Import tax payments	10,796	11,475
Virtual services	188	180
Online identity certificates	2,436	868
Other values collected/received	107	788
<b>TOTAL</b>	<b>56,757</b>	<b>53,459</b>

**14.5.1 – Issue of national money order:** the amount of R\$ 8,415 corresponds to the execution of the postal order (VPN) and national electronic postal order (e-VPN) in national currency.

**14.5.2 –Postal payments:** refers to transfers to Instituto de Seguridade Social dos Correios e Telégrafos – Postal – of Correios employee payroll loans.

  
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**14.5.3 – Import tax payments:** refers to amounts collected relating to import tax on delivery of postal items imported from other countries.

**14.5.4 – Online identity certificate:** refers to the sale of online identity certificates, certified by SERPRO/RFB for individuals and companies.

**14.5.5 – Sales of third party products:** refers to third party products sold in branches, post cards, telephone cards etc. The reduction of R\$ 786, compared to 2013, is mainly due to the sale of telephone cards recorded as products on consignment.

**14.6 – Advances to Clients:** mainly refers to advances to public agency clients in December.

**14.7 – International accounts payable:** the amount of R\$ 70,016 is the obligation to postal administrations, private operators and companies involved international postal transactions. The 2014 balance also influences prior year balances given the peculiar temporal dynamics of rules established by the Universal Postal Union Convention - UPU, to which the Brazilian government is a signatory and Correios is required to follow.

**14.8 – Court orders:** obligations resulting from court orders added monthly and adjusted for inflation. The 2014 balance is equivalent to the obligations due in 2015.

COURT ORDERS	2014	2013
Court orders (Current)	80,134	82,940
<b>TOTAL</b>	<b>80,134</b>	<b>82,940</b>

**14.9 – Loans and financing:** Obligations resulting from financing in foreign currency, with amortization periods of between five and ten years with Banco do Brasil S/A guarantees. There is R\$ 2,932 referring to two current repayments, and R\$ 426 provision for interest and commissions.

Financial Agent	Data Base	Due	Installments remaining	Value as of 31/12/2014 Foreign currency	Quoted on 31/12/2014	In Reals	
						Current	TOTAL
JBIC	31/12/2014	12/12/2015	2	JPY 131,919	R\$ 0.02223	2,932	2,932
Provision for Charges and Fees						426	426
<b>TOTAL</b>						<b>3,358</b>	<b>3,358</b>

Ensuring the Guarantee and counter-guarantee contract n° 10322, signed on 28<sup>th</sup> April, 2000 between Banco do Brasil and Correios, with a term of 5706 days (maturing on 12<sup>th</sup> December, 2015) has Banco do Brasil as the guarantor of External Financing Agreements - condition needed at the time. In return for the Bank





playing the guarantor of operations, Correios pays commissions to two of its agencies, the Corporate Agency and BB Grand Cayman, and also leaves blocked part of the roles of the 13B Extramarket Exclusive Fund.

#### Contracts as of 31<sup>st</sup> December, 2013:

Financial Agent	Data Base	Due	Installments remaining	Value as of 31/12/2013 Payment currency	Quoted on 31/12/2013	No of installments		In Basis		TOTAL
						Current	Non Current	Current	Non Current	
JBIC	31/12/2013	12/12/2015	4	JPY 263,853	R\$ 0.02233	2	2	2,946	2,945	5,891
Provision for Charges and Fees								398		398
<b>TOTAL</b>								<b>3,344</b>	<b>2,945</b>	<b>6,289</b>

**14.10 – Profit sharing – PLR:** of the R\$ 32,929 recorded under this heading, R\$ 2,743 refers to pending payment amounts to employees on leave or who have left Correios, R\$ 1,394 to directors' 2012 and 2013 PLR, R\$ 772 refers to the deduction of the Operating Performance Index - IDO, non-achievement of targets, R\$ 1,449 to technical reserves from previous years provisioned to cover possible questioning of employees in court, referring to the criteria used for defining eligible and ineligible employees in 2013 and R\$ 24,216 refers to amounts pending payment to active employees in which there was no agreement with their union.

In the financial year R\$ 2,355 were for PLR title for employees, however, distribution (payment) will be according to the rules established in the TST decision, in which the amount allocated for this purpose, corresponding 23.80% of ECT net income in 2014, does not exceed 50% of the dividends paid to shareholders.

**14.11 – Advance revenue:** of the amount of R\$ 18,932, recorded under this heading, R\$ 15,868 arises from renting PO boxes which, given the accrual basis, shall be appropriated throughout 2015; and R\$ 3,064 of amounts transferred by public agencies in advance to be discounted when the provision of postal services by Correios. The R\$ 563,881 reduction in relation to the 2013 financial year is due to the transfer of this balance for financial obligations to be paid due to the Termination of the Banco Postal with Banco do Brasil.

#### 14.12 – Financial Obligations to Pay:

With the enactment of Law nº 12,490/11 and Decree nº 7,483/11, the social status of Correios was extensively modified, allowing it to establish subsidiaries or acquire control or ownership of companies and thus develop new business related to its corporate purpose more broadly, including allowing exploration of financial services.

This event lead to the review of the agreement signed in 2011 between Correios and Banco do Brasil in order to establish a new basis for a long-term partnership between the institutions, expanding the activities developed by Banco Postal. As a result, there was a contractual termination, on the dissolution of which was conditioned to the establishment of the Correspondent Contract - Banco Postal - and Other Agreements that would guarantee the continuity and expansion of services provided by Banco Postal.



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In view of this termination, Correios recognized a cost generated by the termination of R\$ 405,233, derived from updating the principal amount to be returned to R\$ 1,460,017, representing, on 31<sup>st</sup> May, 2014, a debt of R\$ 1,865,250.

TERMINATION OF THE POST OFFICE BANK			
Date of termination	Principal value	Updated value	Total value
30/05/2014	1,460,017	405,233	1,865,250

It was found that the cost generated with this termination is conditioned to the signing of the new contract, which entails a revenue increase with Banco Postal service. Thus, following the principle of balancing revenue with expenses, the cost of operation, should be appropriate in spending as new Contract revenue is recognized over the period of 30 months.

It is noteworthy that the debt will be paid in three consecutive annual parcels, due 2<sup>nd</sup> January, 2015, 2<sup>nd</sup> January, 2016, and 2<sup>nd</sup> January, 2017, in which the value of each share will be adjusted using the SELIC rate, considering the period from the date of the Termination and effective payment of the parcel. Accordingly, after updating the first parcel to be paid on the first business day after the annual closure of financial statements, the debt will be repaid as follows:

TERMINATION OF THE POST OFFICE BANK					
Description	Principal as of 31/05/2014	Expenses for that year	Net debt as of 31/12/2014	Expenses to be recognized	Total debt as of 31/12/2014
Banco do Brasil	1,460,017	215,299	1,675,316	310,679	1,985,995

However, the Correspondent Contract - Banco Postal - and Other Agreements, provides in a specific clause that the termination of this instrument by decision or contractual breach by Banco do Brasil means Correios is not obligated to pay the Termination costs that had not yet been settled. However, in the case of unjustified termination, either by Correios decision or responsibility, the advance payment must be presented within 30 days following the date of the event.

Thus, on the principle of opposing Revenue with Expenditure and given possibility of non-payment of operational costs due in any termination, interest elapsed were not recognized in full in 2014.

Thus, the accounting policy adopted by Correios gave rise to recognition of a value of "financial obligation to pay," distinct from that registered as "Correios receivables", in Banco do Brasil Financial Statements.

  
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In this understanding, the amount of debt recognized in Correios accounts corresponds to the net amounts to be refunded, the difference between the principal amount and the total payable to Banco do Brasil is treated as financial burdens, in light of CPC 38 provisions.

**14.13 – Correios Health Plan:**

Obligations payable to Postal Saúde for Correios employees.

POST OFFICE HEALTH PLAN	2014	2013
Health care service	(48,797)	-
Occupational health	(4,694)	-
<b>TOTAL</b>	<b>(53,491)</b>	<b>-</b>

**14.14 – Other debts**

OTHER DEBTS	2014	2013
Sesi/Senai Agreement	6,183	5,018
Suppliers' security deposit	20,187	21,827
Other credits	2,471	4,993
Values to be recognized	7,006	7,066
Others	1,003	736
<b>TOTAL</b>	<b>36,850</b>	<b>39,639</b>

**14.14.1 – Sesi/Senai Agreement:** the sum of R\$ 6,183 refers to the portion withheld by Correios, payments to be made to the SESI/SENAI, according to the contract, for use in training and leisure welfare programs.

**14.14.2 – Suppliers' security deposit:** the amount of R\$ 20,187 corresponds to deposits received in cash as a guarantee for participating in bids or to comply with contracts.

**NOTE 15 – NON CURRENT LIABILITIES****15.1 – Post-employment benefit****15.1.1 – Composition of post-employment benefit provision**

Post-employment benefit provisions refer to the expectations (actuarial calculations) of expenses for pension plans, pensions and health care for which Correios is responsible.



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These provisions are the same in the individual and consolidated statement. The table below shows the breakdown of these provisions.

Post-employment benefit provision		
Description	2014	2013
CorreiosSaúde	6,214,526	6,052,646
PostalPrev - CV	-	27,978
Postalis - BD	1,783,629	1,654,912
<b>Total actuarial obligation *</b>	<b>7,998,155</b>	<b>7,735,536</b>

\* Given the peculiarities of the Plano Postalis - BD, to find the total actuarial obligation stated here, one must add short and long-term post-employment benefits to the value of R\$ 4,005 in 2014 and R\$ 2,231 in 2013, recorded in the Postalis account - Employer social charges.

These benefits are available to employees, retirees and annuitants as a result of the employment relationship or succession, rights and duties. Details of each of these plans are shown below:

#### 15.1.1.1 - CorreiosSaúde - Health plan

Until December 2013, Correios health plan was self-managed in the corporate collective mode, provided to beneficiaries with coverage throughout Brazil.

The Postal Saúde - Caixa de Assistência e Saúde dos Empregados dos Correios, operator of private health care plans, registered with the National Health Agency (ANS) under nº 41913-3, classified in the self-management mode, set up in April 2013, is a civil association, nonprofit, with headquarters in Brasília, Federal District.

Since 1<sup>st</sup> January, 2014, the entire operation of Correios Medical-Hospital and Dental Care Plan, has been conducted by Postal Saúde. The process involves establishing care, in addition to technical and contractual liability for the care services hired by the provider network.

On 5<sup>th</sup> December, 2013 an Adherence Agreement was signed between Correios and Postal Saúde which formalizes the Company's status as Sponsor of the plan.

The health plan, known as CorreiosSaúde, is offered as a benefit to active employees, retirees and disability retirees of Correios and their dependents, as well as to active employees, retirees and disability retirees of Postalis and their dependents.

Correios is obligated to participate in financing health care plans operated by Postal Saúde, transferring the funds to cover the cost of accredited network and administration costs.



Currently, CorreiosSaúde plan is operated on a pay-per-use basis, where the participants bear a joint participation when they use the plan. The co-participation varies depending on the type of service and salary level of employees, with co-participation percentages between 10% and 50%.

CorreiosSaúde Plan has no active financial guarantors, so the calculated provision corresponds to the value of the actuarial liability.

#### 15.1.1.2 – Pension Plan – Complementary pension

- **PostalPrev – CV**

The PostalPrev benefit plan is sponsored by Correios and administered by Postalis. PostalPrev is a complementary pension plan following the Variable Contribution model. This brings advantages of Defined Contribution for scheduled benefits (normal and early retirement) and Defined Benefit for risk benefits (sickness, disability, annuity and survivorship).

The participant's regular contribution, including self-sponsored participants, is calculated by applying incident percentage of the salary, defined at time of registration, which may not be less than 1%. The amount of the sponsor contribution is shared with the participant's regular contribution, limited to 8%.

- **Postalis – BD**

The Postalis Defined Benefit Plan was established at the time the Institute was created, in 1981, with the aim of offering, ECT employees and their families additional income benefits paid by Social Security. The defined benefit plan is one in which participants and sponsor contribute, jointly and severally, for programmable benefits and risk.

The above mentioned defined benefit plan underwent alteration to its regulations in 2008.

The benefit plan ensures retirement benefits, pension, funeral aid, sick pay, deferred proportional benefit, portability and rescue for its participants and beneficiaries.

#### 15.1.1.3 – Number of participants

Description	2014				2013			
	Active	Assisted	Dependents	Total	Active	Assisted	Dependents	Total
CorreiosSaúde	126,408	16,722	274,102	418,167	126,983	16,747	266,681	410,411
PostalPrev - CV	110,865	2,438	-	113,303	115,302	1,308	-	116,610
Postalis - BD	76,702	23,111	-	99,813	80,816	17,918	-	98,734



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**15.1.1.4 – Risk analysis**

In Brazil, defined benefit plans usually expose sponsors to actuarial risks, such as investment risk, interest rate risk, longevity risk, and salary risk. Risks related to defined benefit arising from the benefits payable to members (retired) and dependents of plan members (widow(er) and orphans benefits) are shared between Correios and participants and beneficiaries to the order of 50% to the company according to Law nº 108/2001 and MPS/CGPC 26/2006.

**ACTUARIAL RISKS OF THE PLAN**

Investment risk	Due to the long term nature of plan liabilities, managers of the pension fund considers appropriate and currently maintain diversified investments in government bonds, investment fund shares (short-term, fixed income, equity, receivables, investments and real estate), among others, to leverage the return generated by the fund.
Interest rate risk	A reduction in bond interest rate will increase plan liabilities.
Longevity risk	The present liability value of the defined benefit plan is calculated by reference to the best estimate of the mortality of plan participants during and after their time at work. An increase in life expectancy of plan participants will increase plan liabilities.
Salary risk	The present liability value of the defined benefit plan is calculated by reference to future salaries of plan participants. Therefore, an increase in the salary of plan participants will increase the plan's liabilities.

**15.1.1.5 – Actuarial evaluation**

In 2014, Vesting Consultoria was contracted to conduct the actuarial evaluation of the post-employment benefit plans sponsored by Correios.

The actuarial calculations and surveys conducted by the consulting company, in line with CPC 33 (R1) approved by CFC Resolution nº 1425/2013, support the accounts of equity and results by Correios.

The present value of the defined benefit obligation and the related current cost of their services and past services were measured by the projected unit credit method.

**15.1.1.6 - Key Assumptions**

The key assumptions used in the actuarial evaluation, considering the November 2014 database, were as follows:

Description	ACTUARIAL ASSUMPTIONS					
	CorreiosSaúde		PostalPrev - CV		Postalis - BD	
	2014	2013	2014	2013	2014	2013
<b>Financial:</b>						
Annual actuarial discount interest rates	12.53%	10.68%	12.53%	10.68%	12.47%	12.47%
Real annual actuarial discount	6.32%	6.60%	6.32%	6.60%	6.31%	6.62%



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\* Between 2013 and 2014, there was a reduction in the Per Capita Cost of the final band of plan holders, from R\$ 382.59 to R\$ 334.07 and for Dependents from R\$ 466.65 to R\$ 443.88. This reduction corresponds to withdrawing values not referring to health plan expenses, as in the actuarial consultation

CorreiosSaúde only considered active employees with more than ten years of service at time of retirement, as established in the collective labor agreement.

#### 15.1.1.7 - Recognized values in income and other comprehensive income

Values recognized in the income statement and other comprehensive income were as follows:

Description	CorreiosSaúde		PostalPrev		Postalis - BD	
	2014	2013	2014	2013	2014	2013
<b>Cost of service:</b>						
Current net cost of service	(187,534)	(178,467)	(269,924)	(241,863)	45,379	32,077
Net cost of interest	(758,396)	(789,665)	(3,506)	(2,127)	(285,864)	(239,558)
<b>Provision for benefit plans and other post-employment benefits</b>	<b>(945,930)</b>	<b>(968,132)</b>	<b>(273,430)</b>	<b>(243,990)</b>	<b>(240,485)</b>	<b>(207,481)</b>
<b>Review of defined benefit plan:</b>						
Gains and losses on fair value	-	-	(136,328)	(176,461)	(1,013,590)	(813,872)
Reversion of RTSA provision	-	-	-	-	(1,086,098)	-
Gains and losses on actuarial liability of defined benefit:						
- Actuarial gains and losses arising from experience adjustments	815,988	(54,170)	212,284	16,580	(49,855)	1,081,949
- Gains and losses resulting from changes in financial assumptions	(209,765)	2,263,462	(2,331)	153,942	(92,916)	2,980,317
Change in actuarial liability restriction	-	-	-	-	1,146,121	(637,507)
Interest on the effect of actuarial liability restriction	-	-	-	-	-	(239,559)
Effect of non-recognition in prior years	-	-	-	-	-	(2,940,522)
<b>Total components recorded in other comprehensive income</b>	<b>606,224</b>	<b>2,209,292</b>	<b>73,625</b>	<b>(5,939)</b>	<b>(1,096,338)</b>	<b>(569,194)</b>
<b>Total cost components of the defined benefit plan</b>	<b>(339,707)</b>	<b>1,241,160</b>	<b>(199,805)</b>	<b>(249,929)</b>	<b>(1,336,823)</b>	<b>(776,675)</b>

#### 15.1.1.8 – Status of the Fund and Recognized Liabilities / Assets

STATUS OF THE FUND AND RECOGNIZED LIABILITIES/ASSETS			
Description	CorreiosSaúde	PostalPrev	Postalis - BD

  
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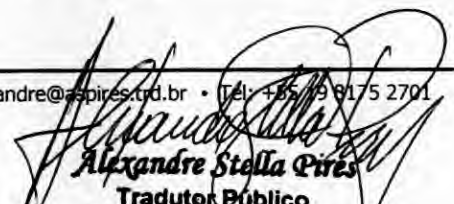
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Description	ACTUARIAL ASSUMPTIONS					
	CorreiosSaúde		PostalPrev - CV		Postalis - BD	
	2014	2013	2014	2013	2014	2013
<b>interest rates</b>						
Mean expected salary increase	N/A	N/A	6.96%	5.56%	6.96%	5.49%
Mean expected increase in benefits	N/A	N/A	6.96%	5.56%	6.96%	5.49%
Mean annual inflation rate	6.96%	5.56%	6.96%	5.56%	6.96%	5.49%
Expected return on plan assets (annual)	13.72%	12.53%	13.72%	12.53%	13.71%	12.47%
Real growth rate of costs of ageing	Cost vector by age group *	Cost vector by age group *	-	-	-	-
Real growth rate of costs from increased prices for procedures	2% pa	2% pa	-	-	-	-
<b>Demographics:</b>						
Turnover rate	2.16% to age 48 and 1.00% over age 48	4.32% to age 48 and 0.58% over age 48	2.16% to age 48 and 1.00% over age 48	4.32% to age 48 and 0.58% over age 48	2.16% to age 48 and 1.00% over age 48	4.32% to age 48 and 0.58% over age 48
Mortality/survival rate of workers	AT 2000 M F	AT 2000 M F	AT 2000 M F	AT 2000 M F	AT 2000 M F	AT 2000 M F
Mortality/survival rate of retirees	AT 2000 M F	AT 2000 M F	AT 2000 M F	AT 2000 M F	AT 2000 M F	AT 2000 M F
Mortality/survival rate of disabled	AT 49 (Increased by 50%)	AT 49 (Increased by 50%)	AT 49 (Increased by 50%)	AT 49 (Increased by 50%)	AT 49 (Increased by 50%)	AT 49 (Increased by 50%)
Disability table	Álvaro Vindas	Álvaro Vindas	Álvaro Vindas	Álvaro Vindas	Álvaro Vindas	Álvaro Vindas
Morbidity table	N/A	N/A	N/A	N/A	N/A	N/A
Retirement age	according to regulation	according to regulation	according to regulation	according to regulation	according to regulation	according to regulation
<b>Family composition for pension costs:</b>						
Participants/retirees	Mean Hx defined by plan administrator	Mean Hx defined by plan administrator	Mean Hx defined by plan administrator	Mean Hx defined by plan administrator	Mean Hx defined by plan administrator	Mean Hx defined by plan administrator
<b>Principal hypotheses and parameters:</b>						
Discount interest rate	13.72% pa	12.53% pa	13.72% pa	12.53% pa	13.71% pa	12.47% pa
Mortality/survival rate of workers and retirees	AT 2000 M F	AT 2000 M F	AT 2000 M F	AT 2000 M F	AT 2000 M F	AT 2000 M F
Real growth rate of health care costs	2% pa	2% pa	-	-	-	-

  
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	2014	2013	2014	2013	2014	2013
<b>Benefit plan status:</b>						
Present value of actuarial liabilities	(6,214,526)	(6,052,646)	(2,674,685)	(2,239,949)	(8,719,528)	(7,870,139)
(-) Effect of the restriction on actuarial liabilities	-	-	-	-	1,783,629	637,508
<b>Present value of net actuarial liabilities</b>	<b>(6,214,526)</b>	<b>(6,052,646)</b>	<b>(2,674,685)</b>	<b>(2,239,949)</b>	<b>(6,935,899)</b>	<b>(7,232,631)</b>
Fair value on plan assets at the end of the period	-	-	2,716,826	2,211,971	5,152,269	5,577,720
<b>Net assets/liabilities: Benefit plan status: Deficit/Surplus</b>	<b>(6,214,526)</b>	<b>(6,052,646)</b>	<b>42,141</b>	<b>(27,978)</b>	<b>(1,783,630)</b>	<b>(1,654,911)</b>
(-) Effect of restriction on assets	-	-	-	-	-	-
<b>Net liability of benefit plan obligation</b>	<b>(6,214,526)</b>	<b>(6,052,646)</b>	<b>42,141</b>	<b>(27,978)</b>	<b>(1,783,630)</b>	<b>(1,654,911)</b>
<b>Assets/liabilities movement recognized in the balance:</b>						
<b>Recognized liabilities/assets at the start of the period</b>	<b>(6,052,646)</b>	<b>(7,393,866)</b>	<b>(27,978)</b>	<b>(19,912)</b>	<b>(1,654,911)</b>	<b>(1,165,474)</b>
Reversion of RTSA provision	-	-	-	-	1,086,098	-
Sponsor contributions, net of administrative charges	177,826	100,060	269,924	241,863	122,006	287,238
Provision for benefit plans and other post-employment benefits	(945,930)	(968,132)	(273,429)	(243,990)	(240,485)	(207,481)
Value recognized in other comprehensive income	(606,224)	2,209,292	73,624	(5,939)	(1,096,338)	(569,194)
<b>Recognized liabilities/assets at the end of the period</b>	<b>(6,214,526)</b>	<b>(6,052,646)</b>	<b>42,141</b>	<b>(27,978)</b>	<b>(1,783,630)</b>	<b>(1,654,911)</b>
<b>Determining the effect of the asset ceiling limit</b>						
Present value of economic benefits (ceiling)*	-	-	-	-	-	-
Effect of restriction on assets (Surplus - ceiling)	-	-	42,141	-	-	-
<b>Determining the effect of risk-sharing by participants and beneficiaries of the plan:</b>						
Present value of outstanding contributions of deficit amortization	-	-	-	-	1,783,630	637,508
<b>Effect of restriction on actuarial liabilities (participants and beneficiaries)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,783,630</b>	<b>637,508</b>

  
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## 15.1.1.9 - Reconciliation of Present Value of Actuarial Liability

RECONCILIATION OF ACTUARIAL OBLIGATION						
Description	CorreiosSaúde		PostalPrev		Postalis - BD	
	2014	2013	2014	2013	2014	2013
<b>Present value of net actuarial liability at start of period *</b>	<b>(6,052,646)</b>	<b>(7,393,866)</b>	<b>(2,239,949)</b>	<b>(1,756,382)</b>	<b>(7,870,139)</b>	<b>(11,162,725)</b>
Cost of interest	(758,396)	(789,665)	(280,666)	(187,582)	(981,406)	(1,013,907)
Cost of current services	(187,534)	(178,467)	(589,213)	(557,792)	(15,065)	(15,769)
Benefits paid by the plan	177,826	100,060	192,420	58,073	284,922	259,996
Administrative costs paid by the plan	-	-	32,770	33,212	4,931	-
<b>Review of actuarial gains/losses:</b>	<b>(606,224)</b>	<b>2,209,292</b>	<b>209,953</b>	<b>170,522</b>	<b>(142,771)</b>	<b>4,062,266</b>
Arising from experience adjustments	815,988	(54,170)	212,284	153,942	(49,855)	1,081,949
Arising from changes in financial assumptions	(209,765)	2,263,462	(2,331)	16,580	(92,916)	2,980,317
<b>Present value of net actuarial liability at end of period</b>	<b>(6,214,526)</b>	<b>(6,052,646)</b>	<b>(2,674,685)</b>	<b>(2,239,949)</b>	<b>(8,719,528)</b>	<b>(7,870,139)</b>

\* Referring to participants and beneficiaries related to the Company sponsoring the plan.

## 15.1.1.10 - Description of Investment Policy

The Fund investment policy is prepared annually for a period of five (5) years, subject to approval by the Postalis Executive Council. The policy aims to define guiding procedures for managing assets in view of benefit expenses, seeking the actuarial balance of the plan. The plan's goal to be attained in their investments is represented by INPC + 5.50% pa. To formulate the policy, investment criteria and objectives of the funding plan of the features and benefits are analyzed, considering:

- Expected rate of return;
- Preserving capital;
- Diversification;
- Risk tolerance;
- Stability;
- Liquidity; and
- General rules governing benefits.



Based on these criteria investment mechanisms and the best strategy to diversify portfolios are defined: fixed income, equities, structured investments, foreign investments, real estate and operations with participants.

#### 15.1.1. – Description of the Base Used to Determine the Actuarial Discount Rate

The actuarial discount rate was defined by the sponsor, considering the duration of the benefit plan, calculated at 186 months, resulting in a rate of 6.31% of the title of NTN-B maturing in 2030.

#### 15.1.1.12 – Reconciliation of Fair Value of Plan Assets

The following table presents the reconciliation of the balances of the fair value of plan assets:

Description	RECONCILIATION OF PLAN ASSETS					
	CorreiosSaúde		PostalPrev		Postalis - BD	
	2014	2013	2014	2013	2014	2013
Fair value of plan assets at start of period	-	-	2,211,971	1,736,470	5,577,720	5,781,713
Income from interest	-	-	277,160	185,455	695,542	534,789
Sponsor contributions	177,826	100,060	269,924	241,863	122,006	287,239
Participants' contributions	-	-	319,290	315,929	60,444	47,847
Benefits paid by the plan	(177,826)	(100,060)	(192,420)	(58,073)	(284,922)	(259,996)
Plan administrative expenses	-	-	(32,770)	(33,212)	(4,931)	-
Gains / losses on plan assets (excluding income from interest)	-	-	(136,329)	(176,461)	(1,013,590)	(813,872)
Fair value of plan assets at end of period	-	-	2,716,826	2,211,971	5,152,269	5,577,720

#### 15.1.1.14 - Sensitivity Analysis

The sensitivity analysis below is based on changing one assumption while holding all others constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation of significant actuarial assumptions, the same method (present value of defined benefit, calculated by the projected credit unit method at end of period) was applied as in calculating Plan responsibilities in this statement of financial position of the end of the period.

#### SENSITIVITY ANALYSIS OF KEY ASSUMPTIONS - CPC 33 (R1)



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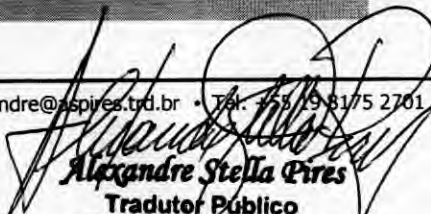
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Description	Biometric Table		Discount rate		Rate of growth in health care		Parameters
	Age - 1	Age + 1	-0.25%	0.25%	-0.25%	0.25%	
<b>CorreiosSaúde</b>							
Present value of actuarial liabilities	6,413,432	6,014,332	6,412,068	6,026,680	6,018,461	6,420,141	6,214,526
Fair value of plan assets	-	-	-	-	-	-	-
<b>Plan Surplus/Deficit</b>	<b>(6,413,432)</b>	<b>(6,014,332)</b>	<b>(6,412,068)</b>	<b>(6,026,680)</b>	<b>(6,018,461)</b>	<b>(6,420,141)</b>	<b>(6,214,526)</b>
<b>Variations:</b>							
Increase/decrease in actuarial liabilities	3.20%	-3.22%	3.18%	-3.02%	-3.15%	3.31%	-
Increase / decrease in plan assets	-	-	-	-	-	-	-
Increase / decrease in plan technical surplus/deficit	3.20%	-3.22%	3.18%	-3.02%	-3.15%	3.31%	-
<b>PostalPrev - CV</b>							
Present value of actuarial liabilities	2,684,654	2,665,368	2,677,117	2,672,584	N/A	N/A	2,674,685
Fair value of plan assets	2,716,826	2,716,826	2,716,826	2,716,826	N/A	N/A	2,716,826
<b>Plan Surplus/Deficit</b>	<b>32,172</b>	<b>51,458</b>	<b>39,709</b>	<b>44,242</b>	<b>N/A</b>	<b>N/A</b>	<b>42,141</b>
<b>Variations:</b>							
Increase/decrease in actuarial liabilities	0.37%	-0.35%	0.09%	-0.08%	N/A	N/A	-
Increase / decrease in plan assets	-	-	-	-	N/A	N/A	-
Increase / decrease in plan technical surplus/deficit	23.65%	22.11%	-5.77%	4.99%	N/A	N/A	-
<b>Postalis - BD</b>							
Present value of actuarial liabilities	8,799,306	8,636,128	8,992,365	8,460,238	N/A	N/A	8,719,528
Fair value of plan assets	5,152,269	5,152,269	5,152,269	5,152,269	N/A	N/A	5,152,269
<b>Plan Surplus/Deficit</b>	<b>(3,647,036)</b>	<b>(3,483,859)</b>	<b>(3,840,096)</b>	<b>(3,307,969)</b>	<b>N/A</b>	<b>N/A</b>	<b>(3,567,259)</b>
<b>Variations:</b>							
Increase/decrease in actuarial liabilities	0.91%	-0.96%	3.13%	-2.97%	N/A	N/A	-
Increase / decrease in plan assets	-	-	-	-	N/A	N/A	-
Increase / decrease in plan technical surplus/deficit	2.24%	-2.34%	7.65%	-7.27%	N/A	N/A	-

#### 15.1.1.15 – Projected revenue, expenses and payments for 2015

The expected revenue, expenses and payments for the financial year are as follows:

#### FORECASTS FOR 2015

  
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Matriculado na Junta Comercial do Estado de São Paulo sob nº 575  
RG20.549.806-1 CPF 266.025.568-78 CNPJ04.797.013/0001-94

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Description	CorreiosSaúde	PostalPrev	Postalis - BD
<b>Amounts for:</b>			
Current net service costs	(213,264)	(288,710)	47,473
Net interest costs	(852,633)	5,782	(489,071)
Effect of any reduction or liquidation	-	-	-
<b>Total expenses/revenue to recognize</b>	<b>(1,065,897)</b>	<b>(282,929)</b>	<b>(441,598)</b>

**15.2 – Contingent Liability:** in the normal course of business, Correios is involved in labor, civil, and tax legal proceedings. The Company recorded provisions for lawsuits classified as probable loss in amounts considered by its legal counsel and Management as sufficient to cover future disbursements.

Labor claims are filed, in most cases, by former employees, employees or trade unions. The provisions for probable losses cover various claims such as compensation, overtime, distortion of the working day, additional functions, representation and others.

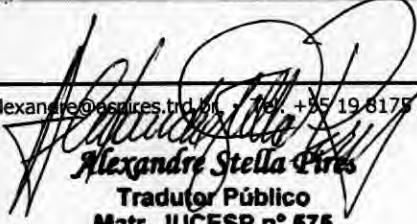
In civil proceedings, what stand out are mainly the actions filed by suppliers for understood defaults in service delivery contracts and/or delivery of products.

The tax lawsuits consist principally of social security contributions withheld on invoices from Construction companies providing services and non-payment of social security contributions by Correios in face of disagreements over the nature (indemnity or remuneration) of money paid to the employee (primarily allowances).

Provisions are made based on 100% of the value of each judicial or administrative demand brought against Correios, the outcome of which is assessed by the legal department as a probable loss. As of 31<sup>st</sup> December, 2014, these provisions, adjusted for inflation, are presented as follows, according to the nature of the corresponding lawsuits:

**15.2.1 – Changes in contingent Liabilities Provisions:**

Nature	Balance as of 31/12/2014	Value altered because of possible or remote loss	Value converted to court order	Additional provision	Altered value (1)	Adjusted for inflation	Reversal of manual registration	Balance as of 31/12/2013
<b>JUDICIAL DEMAND</b>								
Labor	196,714	(9,043)	(72,607)	31,680	3,128	7,591	-	235,965
Civil	55,777	(238,247)	(4,917)	6,708	(70,312)	99,732	-	262,814
Tax	9,506	-	-	5,169	-	4,337	(10,349)	10,349
<b>TOTAL</b>	<b>261,998</b>	<b>(247,290)</b>	<b>(77,524)</b>	<b>43,557</b>	<b>(67,184)</b>	<b>111,660</b>	<b>(10,349)</b>	<b>509,128</b>

  
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ADMINISTRATIVE DEMAND								
Labor	27	-	-	25	-	2	(19)	19
Civil	27	-	-	26	-	1	-	-
Tax	163	-	-	152	-	11	-	-
<b>TOTAL</b>	<b>217</b>	-	-	<b>203</b>	-	<b>14</b>	<b>(19)</b>	<b>19</b>

(1) Refers to the change from initial provision for some causes following legal department criteria. It should be noted that part of the contingent balance is supported by judicial deposits and appellate values as detailed on Note 10.3.

As of 31<sup>st</sup> December, 2014, Correios was involved in 5,041 cases classified as probable loss. Below is the current situation of the main cases in the legal sphere:

AUTHOR	NATURE	UPDATED MAXIMUM EXPOSURE
Reunidas Transporte de Cargas S/A	Civil Payment of invoices.	R\$ 14,892
Real Alagoas de Viação	Civil Loss of luggage transported	R\$ 7,916
Manhães Advogados Associados	Civil Payment of fees	R\$ 4,950
SINTECT - Ceará	Labor URP - Price Reference Unit - payment and inclusion on the payroll.	R\$ 28,890
Roberto Mascarenhas das Virgens	Labor Constitutional amnesty with reintegration and financial effects.	R\$ 6,048
Alexandrino Aparecido Alves	Labor Constitutional amnesty with reintegration and financial effects.	R\$ 3,866
INSS	Tax Social security contributions, fines and interest.	R\$ 2,489



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### 15.2.2 – Legal and administrative proceedings for which there is no provision

#### 15.2.2.1 – Possible loss

As of 31st December, 2014, Correios was involved in a further 17,236 civil, tax and labor legal proceedings with an updated amount in the first instance, i.e., possible losses, of R\$ 1,917,750, as well as in over 1,779 proceedings on an administrative level and 268 suspended, corresponding to approximately R\$ 2,880,698. According to CPC 25, there is no provision for such contingencies in face of legal risk also being possible loss.

**15.3 – Compensated taxes:** as a result of adherence to the Tax Recovery Program - REFIS, the Company paid off part of the obligations discussed in judicial demand in a lump sum, which sought to pay taxes through entitlements established in a study by IAB - Tax Consulting Ltda.

	2014	2013
Compensated taxes	10,639	121,800
<b>TOTAL</b>	<b>10,639</b>	<b>121,800</b>

**15.4 – Deferred tax:** based on the deemed cost of fixed assets, deferred tax liabilities were recorded, the settlement will take place as the depreciation parcels incident on the goods affect the result, or upon disposal or write-off thereof.

	2014	2013
Deferred tax	1,737,834	-
<b>TOTAL</b>	<b>1,737,834</b>	<b>-</b>

**15.5 – Court orders and warrants:** liabilities resulting from legal sentences adjusted monthly for inflation. The balance for 2014 is equivalent to obligations due in 2016:

COURT ORDERS WARRANTS	2014	2013
Court orders (Non-current)	15,077	14,233
<b>TOTAL</b>	<b>15,077</b>	<b>14,233</b>

**15.6 – Revenue received in advance:** the reduction of R\$ 1,129,720 compared with 2013 is due to the transfer of the remaining balance to financial liabilities to be paid due to the termination of Banco Postal on 31<sup>st</sup> May, 2014. See note 14.12.

### NOTA 16 – NET WORTH



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**16.1 – Ownership Structure of Share Capital:**

SHARE CAPITAL	SHAREHOLDERS
	Capital fully established by the Union, in accordance to Art. 6 of the Decree-Law nº 509 of 20 <sup>th</sup> March, 1969. In 2010, in accordance to Report 025/2010, the Board of Directors approved the capital increase from R\$ 1,868,964 to R\$ 2,919,060, incorporating then existing reserves amounting to R\$ 1,050,095.
	Correios statute, approved by Decree nº 7,483 of 16 <sup>th</sup> May, 2011 reports Share Capital of R\$ 1,868,964.
R\$ 3,179,458	In order to rectify the previous capital increase approval, the 1 <sup>st</sup> Annual General Meeting held on 29 <sup>th</sup> June, 2011, resolved to only approve the capitalization of R\$ 201,267, meaning the share capital paid on 31 <sup>st</sup> December, 2011 corresponded to R\$ 2,070,231. The remaining amount of the previously approved capitalization (R\$ 848,829) was transferred to the Union in the form of additional dividends, adjusted for inflation, as mentioned on Note 16.5 of 2011.
	The 6 <sup>th</sup> Extraordinary General Meeting approved the capitalization of over R\$ 194,737, resulting from the reversal of investment made in 2011, causing the share capital to reach R\$ 2,264,968.
	In 2012, the capitalization of more than R\$ 418,561, arising from reverse investments from the year (R\$ 380,965) and from the capital reserve (R\$ 37,596) was proposed, subsequently bringing capital to R\$ 2,683,529. Approved at the 1 <sup>st</sup> Board of Directors Extraordinary Meeting on 21 <sup>st</sup> March, 2013 and ratified at the 2 <sup>nd</sup> Board of Directors Extraordinary Meeting on 19 <sup>th</sup> April, 2013. The decision on the proposal to increase the capital was postponed to a later meeting, as shown in the STN of the 3 <sup>rd</sup> Annual General Meeting.
	In 2013, a new statute was published, approved by Decree nº 8,016, of 17 <sup>th</sup> May, 2013, reporting Correios Share Capital of R\$ 2,070,231.
	In 2013, together with the financial statements, there was a capitalization of R\$ 495,929, from investment reserves, bringing share capital to R\$ 3,179,458.
	In 2014, due to the absorption of losses relating to prior years, there is no proposal to increase share capital. The value of capital in the statute has not been changed.

**16.2 – Adjustment in Equity Evaluation:** values corresponding to the initial adoption of CPC 27, establishing the deemed cost of fixed assets, as shown below:

Adjustment in Equity Evaluation	2014	2013
Deemed cost – fixed assets	5,003,928	

  
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Deferred tax	(1,707,818)	-
<b>TOTAL</b>	<b>3,296,110</b>	<b>-</b>

### 16.3 – Profit Reserves

**16.3.1 – Legal reserve:** the reduction of R\$ 57,198 is due to absorbing part of the accumulated loss generated from the resubmission of prior years, as determined in Law nº 6,404/76.

**16.3.2 – Investment reserve:** in 2014, the reserve was used in full to absorb part of the accumulated loss generated from the resubmission of prior years as determined in Law nº 6,404/76.

**16.3.3 – Unrealized profits reserve:** due to the proportional reversal of deferred IRPJ/CSLL on temporary differences relevant to years prior to 2011, there was a realization R\$366,863 million of the balance of this heading. In contrast, the amount was intended for retained earnings and absorbed by the balance of accumulated losses generated from the resubmission of prior years as determined in Law nº 6,404/76.

<b>Unrealized profit as of 31/12/2013</b>	<b>400,797</b>
Postalis plan contingencies	(255,126)
Labor contingencies	(26,053)
Civil contingencies	(71,527)
Other provisions	(14,157)
<b>Realized profit</b>	<b>(366,863)</b>
<b>Unrealized profits as of 31/12/2014</b>	<b>33,934</b>

**16.4 – Other comprehensive income:** values corresponding to actuarial gains and losses, represented by changes in the present value of the defined benefit obligation projected into the future, resulting from adjustments for experience and/or effects of new actuarial assumptions are accounted for in accordance to CPC 33 (R1) Employee Benefits.

<b>OTHER COMPREHENSIVE INCOME</b>	<b>2014</b>	<b>2013</b>
Net actuarial liabilities – BD	(1,665,532)	(569,193)
Deferred tax on actuarial liability – BD	566,281	193,525
Net actuarial liabilities – CV	-	(25,851)
Deferred tax on actuarial liability – CV	-	8,789
Net actuarial liabilities – CorreiosSaúde	(4,578,350)	(5,184,574)
Deferred tax on actuarial liability – CorreiosSaúde	1,556,639	1,762,755
<b>TOTAL</b>	<b>(4,120,962)</b>	<b>(3,814,549)</b>



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**16.5 – Accumulated losses:** the loss of R\$ 484,179 generated by resubmission of prior years was absorbed into 2014 with the profit for the year, realization of AAP and profit reserves, as stated in Law nº 6,404/76. The details are shown on Note 4.

#### NOTE 17 – INCOME STATEMENT

##### 17.1 – Net sales and services revenue

Net operating revenues are derived from Branches activities of franchising, messages, direct marketing, delivery, express, financial, convenience, e-mail, integrated logistics and sales of consumables, internally. It is also composed of international revenues, which are the result of posts abroad and services through agreements with postal services and businesses.

	2014	2013
<b>GROSS SALES AND SERVICES REVENUE</b>	<b>16,658,797</b>	<b>15,380,898</b>
National revenue	16,236,998	15,056,418
International revenue	421,799	324,480
<b>(-) DEDUCTIONS</b>	<b>603,778</b>	<b>587,604</b>
Taxes and rebates on Gross Revenue	592,736	562,420
Cancelled revenue	11,042	25,184
<b>NET SALES AND SERVICES REVENUE</b>	<b>16,055,019</b>	<b>14,793,294</b>

In 2014 net revenue totaled R\$ 16,055,019. Taking into consideration the nine major highlights in sales, reaching 89% of revenue, in which Authorized Letter Franchising and SEDEX contributed 51% of the period's revenue.

REVENUE	2014	(%)	2013	(%)
Authorized Letter Franchising FAC	4,809,942	30%	4,722,886	32%
Sedex	3,412,076	21%	3,289,538	22%
Letters	2,406,306	15%	2,262,607	15%
PAC Contract	915,102	6%	632,656	4%
Post Office Bank	804,298	5%	312,743	2%
Leafletting	640,080	4%	709,808	5%
Profitability of Financial Investments	469,066	3%	329,084	2%
E-Sedex	432,565	3%	341,003	2%
PAC à vista	354,144	2%	365,031	2%

  
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<b>TOTAL</b>	<b>14,243,579</b>	<b>89%</b>	<b>12,965,356</b>	<b>86%</b>
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### 17.2 – Costs of products sold and services provided

In 2014, costs reached R\$ 13,230,830. Of this, R\$ 8,728,084 refer to personnel and delivery costs and the rest are mainly costs of third party services, transport and consumables.

### 17.3 – Sales expenses

Costs of promoting and distributing products/services, as well as the risks assumed from selling, reaching a value of R\$ 1,111,508.

### 17.4 – General and administrative expenses

Represent costs paid or incurred in directing or managing the company and are made up of several general activities that benefit all business phases. They amounted to R\$ 2,286,517. It is noteworthy that R\$ 141,023 is spent on employees of Postal Saúde, as detailed on Note 21.2.

### 17.5 – Other operational revenue

	2014	2013
Commission – Post Office Bank	235,487	565,538
Recovered expenses	87,117	162,135
Supplier fines	60,138	69,396
Dis-continued activities	31,119	13,728
Client fines	29,224	47,681
ACFs annuities	10,125	11,602
Others	3,210	4,158
<b>TOTAL</b>	<b>456,420</b>	<b>874,238</b>

**17.5.1 – Commission – Banco Postal:** refers to the basic values of access to business and agency paid by Banco do Brasil according to the Banco Postal Correspondent Contract. The variation of R\$ 330,051 results from the termination of Banco Postal.

**17.5.2 – Recovered expenses:** refers to values recovered from prior years.

### 17.6 – Other operational expenses

Transactions that do not constitute the Company's core activities, as detailed below

  
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	2014	2013
Income related tax	148,797	126,224
Losses on disposal of assets	2,993	4,508
<b>TOTAL</b>	<b>151,790</b>	<b>130,732</b>

### 17.7 – Financial revenue

The increase in the group's total is due mainly to the profitability of financial investments that, in 2014, returned to normal levels prevailing in the market. This increase of R\$ 139,982 is due to the slowdown in inflation and greater stability in interest rates compared to 2013.

	2014	2013
Profitability of financial investments	469,066	329,084
International Exchange Rate Fluctuation	80,372	73,645
Interest	18,440	10,238
Inflation	10,443	12,009
Other financial revenue	9,784	8,373
Exchange Rate Fluctuation Financing	799	2,811
<b>TOTAL</b>	<b>588,904</b>	<b>436,160</b>

### 17.8 – Financial expenses

The increase of R\$ 142,933 in this group is mainly due to the interest generated from the termination of Banco Postal.

	2014	2013
Financing charges for internal debt	216,228	615
Exchange rate fluctuation	48,068	41,983
Losses in financial investments	24,703	92,257
Others	13,923	25,134
<b>TOTAL</b>	<b>302,922</b>	<b>159,989</b>

### NOTE 18 – INCOME TAX AND SOCIAL CONTRIBUTION



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**18.1 – Income Tax and Social Contribution on Profit**

The income tax and social contribution expenses for the period comprise current and deferred taxes. Taxes on income are recognized in the income statement, except to the extent that they relate to items recognized directly in equity or comprehensive income. In this case, the tax is also recognized in equity or comprehensive income.

Taxes on income are recognized in the income statement in the same periods in which the assets and liabilities that generated these effects were accounted for.

Income tax and social contribution are calculated based on prevailing tax laws or substantively enacted on the date of the balance sheet in which there was generation of taxable income.

The income tax and social contribution expenses for the period comprise current and deferred tax, as follows:

STATEMENT OF IR AND CSLL EXPENDITURE	2014	2013 Resubmitted
Profit before JSCP	16,777	(578,753)
(+/-)RTT adjustments	(13,814)	-
Interest on equity	-	(206,817)
<b>Pre-tax (IR) and social contribution (CSLL) profit</b>	<b>2,963</b>	<b>(785,571)</b>
IRPJ and CSLL, according to the current rate	1,007	(267,118)
<b>Effect of IRPJ and CSLL on permanent differences</b>	<b>(6,347)</b>	<b>876</b>
Effect of IRPJ and CSLL on equity valuation adjustment	12,204	-
<b>Effect of IRPJ and CSLL on temporary differences</b>	<b>(132,409)</b>	<b>244,948</b>
Additions	1,583,438	2,115,173
Exclusions	(1,715,846)	(1,870,225)
<b>Tax loss / CSLL negative base</b>	<b>(125,544)</b>	<b>(21,294)</b>
Current income tax and social contribution	6,684	-
Deferred income tax and social contribution	-	(266,242)

**18.2 – Non-deferred income tax and social contribution**

The values for Corporate Income Tax - IRPJ and Social Contribution on Net Income - CSLL result from temporary differences, tax losses and negative base of social contribution, as shown below:

Deferred tax	01/01/2013 Resubmitted	Constitution	Reversion	31/12/2013 Resubmitted
Deferred tax assets				

  
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Tax Losses and Negative Bases	92,066	21,270	(11,915)	101,421
Labor contingencies	87,549	15,225	(22,539)	80,235
Civil contingencies	84,963	7,178	(2,785)	89,356
Provision for suppliers	144,740	1,660,985	(1,670,254)	135,471
Unamortized Reserves RTSA	396,303	50,063	(93,500)	352,866
Reserves to Amortize Deficit BD	-	15,600	-	15,600
Post-employment benefits PostalPrev CV	-	723	-	723
Post-employment benefits Health Plan	-	295,144	-	295,144
Other contingencies	90,928	70,611	(69,228)	92,311
<b>Total Deferred tax assets</b>	<b>896,549</b>	<b>2,136,799</b>	<b>(1,870,221)</b>	<b>1,163,127</b>

Deferred tax	31/12/2013 Resubmitted	Constitution	Reversion	31/12/2014
<b>Deferred tax assets</b>				
Tax Losses and Negative Bases	101,421	137,749	(29,146)	210,024
Labor contingencies	80,235	12,711	(26,053)	66,893
Civil contingencies	89,356	15,231	(85,614)	18,973
Provision for suppliers	135,471	1,140,793	(1,141,016)	135,248
Unamortized Reserves RTSA	352,866	42,110	(394,976)	-
Reserves to Amortize Deficit BD	15,600	23,191	-	38,791
Post-employment benefits PostalPrev CV	723	1,192	(1,915)	-
Post-employment benefits Health Plan	295,144	261,155	-	556,299
Other contingencies	92,311	87,082	(66,656)	112,737
<b>RTT adjustments</b>				
Impairment loss for land	-	167	-	167
Impairment loss for buildings	-	17,159	-	17,159
Depreciation of imported operational assets – deemed cost	-	485	-	485
<b>Total Deferred tax assets</b>	<b>1,163,127</b>	<b>1,739,025</b>	<b>(1,745,376)</b>	<b>1,156,776</b>
<b>Deferred tax liabilities</b>				
<b>RTT adjustments</b>				
Temporary differences - Depreciation of operational assets	-	30,016	-	30,016
<b>Total Deferred tax liabilities</b>	<b>-</b>	<b>30,016</b>	<b>-</b>	<b>30,016</b>

In practice, when the profit in expenses is included or revenue excluded, both are temporarily non-taxable, generating a record of tax deferred credits or debits.

  
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Deferred income tax and social contribution assets are recognized only to the extent that it is probable that there will be taxable income for which temporary differences can be used and tax losses can be compensated. Recovering the balance of deferred tax assets is reviewed at the end of each year and when it is not probable that future taxable profits will be available to allow recovery of all, or part of the assets, the asset balance is adjusted by the amount expected to be recovered.

Based on projections of future taxable income, the board estimates that the tax credits recorded on tax losses of IRPJ, the negative CSLL base and temporary differences will be realized in the coming years as shown below:


Year	Values
2015	249,264
2016	244,480
2017	232,353
2018	229,821
2019	238,050
2020	255,487
<b>Total deferred</b>	<b>1,449,455</b>

The taxable income estimates are based on annual budgets and the strategic plan, both periodically reviewed. However, future taxable income may be higher or lower than estimates made when determining whether it is necessary to record or not the deferred tax asset amount.

**18.3 – Recognized deferred income tax and social contribution on Other Comprehensive Income and Equity:**

Deferred tax assets and liabilities were recognized on other comprehensive income and on asset valuation adjustments on shareholders' equity, due to the adoption of CPC pronouncements, as shown below:

Deferred tax on the OCI	01/01/2013 Resubmitted	Constitution	Reversion	31/12/2013 Resubmitted
<b>Deferred taxes resulting from expenses recognized in ORA:</b>				
Post-employment benefit Plano de Saúde	2,513,914	-	(751,159)	1,762,755
Post-employment benefit PostalPrev CV	6,770	2,019	-	8,789
Post-employment benefit Postalis BD	-	193,526	-	193,526

  
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<b>Total Deferred Tax Assets</b>	<b>2,520,684</b>	<b>195,545</b>	<b>(751,159)</b>	<b>1,965,070</b>
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**Deferred tax on the OCI and PL (AAP)**

	31/12/2013 Resubmitted	Constitution	Reversion	31/12/2014
<b>Deferred taxes resulting from expenses recognized in other comprehensive income:</b>				
Post-employment benefit Plano de Saúde	1,762,755	-	(206,115)	1,556,640
Post-employment benefit PostalPrev CV	8,789	-	(8,789)	-
Post-employment benefit Postalis BD	193,526	372,755		566,281
<b>Total Deferred Tax Assets</b>	<b>1,965,070</b>	<b>372,755</b>	<b>(214,904)</b>	<b>2,122,921</b>
<b>Deferred tax liabilities arising from income recognized directly in PL:</b>				
Equity Valuation Adjustment – Deemed Cost	-	1,718,405	(10,587)	1,707,818
<b>Total Deferred Tax Liabilities</b>	<b>-</b>	<b>1,718,405</b>	<b>(10,587)</b>	<b>1,707,818</b>


When calculating income tax and deferred social contribution the rates of 25% and 9%, respectively, were applied to the adjustments due to adopting new practices resulting from Law nº 11,638/2007 and the statements mentioned above. The recording of deferred taxes in these financial statements, as applicable, is in accordance to Technical Pronouncement CPC 32 (IAS 12).

Deferred Tax Assets have their utilization due to the completion of the events that gave rise to them. They are the expectation of generating future taxable income, identified from analyzing future trends revealed in technical study based on strategic and macroeconomic assumptions and commercial and tax scenarios, which may be subject to alteration.

Deferred tax assets were recognized as other comprehensive income considering that the company has a deferred tax liability, or an obligation relating to a tax value on profit due in a future period related to taxable temporary differences.

In this understanding, facing future events, namely: the obligation against other comprehensive income and equity increase arising from deemed cost, is synthesized into a deferred tax asset and deferred tax liability which is partly justified.

The realization of these rights, whose origin is linked to future events will occur by ensuring that the increase in equity due to new deemed cost of property may result at any time in taxable income on the disposition of such. Added to this understanding, there is the expected realization of other benefits provided for in the strategic assumptions.

  
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The balance of these assets is reviewed annually and may be altered at any time.

#### NOTE 19 – INSURANCE

Correios does not have a policy of taking out insurance on its property and stocks held in distribution centers, as the expected cost does not cover the benefit of adopting this instrument, except for the real estate (buildings) set forth below, linked to the central government in Brasilia/DF and in the Bahia Regional Board, which are covered by insurance against fire, lightning, explosion, flooding and electrical damage.

Property	INSURER	INSURED VALUE
Headquarters/BSB	Allianz Seguros S/A	147,998
Apolo building	Mapfre Vera Cruz Seguradora	3,377
Pasteur building	Aliança do Brasil Seguros SA	7,022
Universidade Correios	Ace Seguradora S/A	23,719
building and annexes/BA	Mapfre Vera Cruz Seguradora	75,655
Agência de Brotas/BA	Mapfre Vera Cruz Seguradora	667
<b>TOTAL INSURED</b>		<b>258,438</b>

Regarding vehicles, there is a specific policy with AIG Seguros Brasil SA concerning civil liability for material and personal injury related to Correios aviation operations, including liability for vehicles and equipment owned by the Company and the service it provided when in circulation and/or operating in the internal area of airports administered by Empresa Brasileira de Infraestrutura Aeroportuária - INFRAERO, the maximum limit of indemnity (MLI) is R\$ 2,500.

#### NOTE 20 – RELATED PARTIES

Costs of remuneration and other benefits granted to Key Correios Management Personnel, comprised by Board of Directors, Executive Board and Supervisory Board:

	2014	2013
Short-term benefits	4,714	4,542
Fees	4,392	4,360
Executive board	4,289	4,263
Board of Directors	51	48
Supervisory Board	51	48
Profit shareing – PLR	323	183
<b>TOTAL</b>	<b>4,714</b>	<b>4,542</b>



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The PLR of key management personnel refers only to the first parcel, being impossible to estimate the value of the other three parcels as this calculation is linked to meeting pre-established indicators.

Correios does not provide post-employment benefits to its key management personnel, except those that are part of Correios workforce, participants in Correios Supplementary Pension Plan (Postalis) and in Correios Health Plan.

In 2014, Correios set up CorreiosPar, which aims to establish subsidiaries, acquire control or ownership interests in companies, and make the corresponding disposals, enforcing the activities provided by Correios's corporate purposes and to manage relations with subsidiaries created and with those in which it controls and acquire equity interests.

#### NOTE 21 – OTHER INFORMATION

##### 21.1 - Employee and Management Remuneration

Monthly remuneration paid to Correios staff and management (in Reais):

	2014	2013
Minimum salary	1,284	1,084
Maximum salary	44,503	41,984
Mean salary	3,332	3,091
<b>Directors</b>		
President	44,503	41,984
Vice-presidents	38,698	36,508
<b>Board</b>		
Supervisory board	4,262	4,021
Board of directors	4,262	4,021

##### 21.2 – Medical care and promoting health

As it was a singular sponsored self-management operator/HR until December 2013 Correios was not obligated to send economic and financial information to the National Health Agency. However, it should present the costs of providing health care separately in its financial statements.

At the end of 2013 to better manage the health plan offered by Correios to its employees, the Company formed Postal Saúde, private, nonprofit, which, from 2014, began to administer the health plan for Correios employees. However, certain expenses relating to the provision of health services in the 2013 financial year, known to the Company in 2014, were paid directly by Correios, with no affiliation to Postal Saúde.

In this context, the expenses generated by the health plan and paid by Correios have been separated:

	2014	2013
Social medical service– individual	11,016	38,394
Social medical service – company	226,658	873,020

  
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Promoting health and safety	1,911	2,153
Medical services to retirees	9,227	100,060
Medical Audit	4,166	3,860
Pharmacy card	1,476	16,452
Occupational Health	10,694	-
<b>TOTAL</b>	<b>265,148</b>	<b>1,033,989</b>

Given the peculiarity and complexity of the activities related to managing and operating a health plan, and especially CorreiosSaúde, it was necessary to release all employees who worked managing and operating the plan, both in Central Administration and in Regional Divisions.

For this purpose, a Correios task force was set up to transfer knowledge and support the implementation of activities related to CorreiosSaúde in the 12-month transition period, with costs borne by Correios.

The financial impact related to the task force operations and Postal Saúde directors were:

**Spending on employees and directors of the post office health service**

Personnel	126,893
3 <sup>rd</sup> party services	10,589
Other expenses	1,536
Material	998
Rent	998
Other Current Expenditures	7
Charges and Taxes	3
<b>TOTAL</b>	<b>141,023</b>

**NOTE 22- SUBSEQUENT EVENTS**

On 1<sup>st</sup> January, 2012 the contract to provide correspondent banking services with Banco do Brasil for access to the postal distribution network came into force, with about 6,300 points in 95% of Brazilian municipalities. On 22<sup>nd</sup> November, 2013, Correios signed a nonbinding Memorandum of Understanding with Banco do Brasil, in order to assess the feasibility of establishing strategic partnership with Banco Postal.

On 27<sup>th</sup> February, 2014, with ongoing studies concerning Banco Postal, Correios signed a Terms and Conditions of Association Agreement submitted to the Administrative Council for Economic Defense (CADE) with Banco do Brasil on 5<sup>th</sup> March, 2014.

On 6<sup>th</sup> May, 2014, CADE published minutes of the 42<sup>nd</sup> Ordinary Session of Judgment, with the final decision approving the transaction without restrictions in the Diário Oficial da União.



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The agreement enabled Correios to expand its portfolio of products and services offered.

The partnership can be realized by forming a holding company and financial institution whose main objective is to improve the model established today between companies to bring them closer to international Banco Postal standards.

The establishment of this company is subject to approval by the relevant regulators, supervisors and inspection, according to applicable legislation.

The Financial Statements were approved and authorized for publication by the Board on 12<sup>th</sup> May, 2015.

**Wagner Pinheiro de Oliveira**  
President

**Luis Mario Lepka**  
Economic and Financial Vice-President

**Morgana Cristina Santos**  
Vice President of Business

**Célia Correa**  
Vice President of Administration

**Nelson Luiz Oliveira de Freitas**  
Vice President of Human Resource Management

**José Furian Filho**  
Vice President of Logistics and Delivery

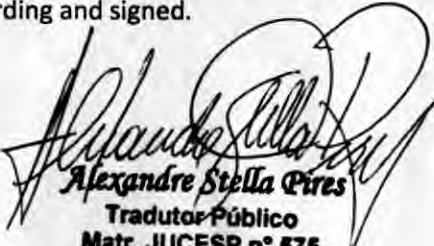
**Maria da Glória G. dos Santos**  
Vice-President of Clients and Operations

**Antônio Luiz Fuschino**  
Vice-President of Technology and Infrastructure

**Cleucio Santos Nunes**  
Legal Vice-President

**Vanessa Sandri Barbosa**  
Account CRC/DF - 014.297/O

NOTHING FURTHER added to the above document, which I return with the present typed translation in fifty nine pages, which I checked, found according and signed.

  
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