

**US\$300,000,000**  
**4.875% Senior Notes due 2022**



*(incorporated in the Federative Republic of Brazil)*

Globo Comunicação e Participações S.A. (“Globo”) will pay interest semi-annually in arrears on April 11 and October 11 of each year, commencing on October 11, 2012. The notes will mature on April 11, 2022. The notes may, at Globo’s option, be redeemed or purchased (i) on or after April 11, 2017, in whole or in part, at any time by paying the greater of the principal amount of the notes and the relevant make-whole amount described in this offering memorandum, plus, in each case, accrued and unpaid interest and additional amounts, if any, or (ii) in whole at 100% of their principal amount plus accrued and unpaid interest and additional amounts, if any, at any time upon the occurrence of specified events relating to Brazilian tax law, as described in this offering memorandum.

The notes will be unsecured, unsubordinated obligations of Globo and will rank equally in right of payment with Globo’s existing and future unsecured, unsubordinated obligations. The notes will be effectively subordinated to any secured debt of Globo to the extent of the value of the assets securing such debt and structurally subordinated to all debt and other obligations of Globo’s subsidiaries. Notes will be issued only in registered book-entry form, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

For a more detailed description of the notes, see “Description of Notes” beginning on page 64.

Globo has applied to list the notes on the Official List of the Luxembourg Stock Exchange and to admit the notes for trading on the Euro MTF Market of that exchange (the “Euro MTF Market”). This offering memorandum constitutes a prospectus for the purpose of the Luxembourg law dated July 10, 2005 on Prospectuses for Securities.

**See “Risk Factors” beginning on page 10 to read about important factors you should consider before investing in the notes.**

**Issue Price: 99.026%**

The issue price set forth above does not include accrued interest, if any. Interest on the notes will accrue from April 11, 2012.

**Globo has not registered and will not register the notes under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or under any state securities laws. Therefore, Globo may not offer or sell the notes within the United States to, or for the account or benefit of, any U.S. person unless the offer or sale would qualify for a registration exemption from the Securities Act and applicable state securities laws. Accordingly, Globo is only offering the notes (1) to “qualified institutional buyers” (“QIBs”) as defined in Rule 144A under the Securities Act and (2) outside the United States in compliance with Regulation S under the Securities Act. See “Notice to Investors” for additional information about eligible offerees and transfer restrictions.**

**The joint bookrunners and lead managers delivered the notes to purchasers in book-entry form through The Depository Trust Company (“DTC”) and its participants, including Euroclear Bank S.A. / N.V. (“Euroclear”) and Clearstream Banking, Société Anonyme Luxembourg (“Clearstream”) on April 11, 2012.**

*Joint Bookrunners and Lead Managers*

**HSBC**

**Itaú BBA**

The date of this offering memorandum is May 11, 2012.

TABLE OF CONTENTS

Cautionary Statement Regarding Forward-Looking Statements.....	iv
Market Data .....	vi
Enforcement of Civil Liabilities .....	vii
Presentation of Financial and Other Information.....	viii
Exchange Rates.....	ix
Summary.....	1
The Offering .....	6
Summary Historical Consolidated Financial Information.....	8
Risk Factors .....	10
Use of Proceeds .....	19
Capitalization.....	20
Management’s Discussion and Analysis of Financial Condition and Results of Operations.....	21
Business .....	36
Ownership and Management Structure.....	58
Related Party Transactions .....	60
Description of Other Indebtedness.....	62
Description of Notes .....	64
Form of Notes .....	77
Certain ERISA Considerations .....	80
Taxation .....	81
Plan of Distribution.....	85
Notice to Investors .....	89
Listing and General Information.....	91
Validity of Securities .....	91
Independent Auditors.....	91
Index to Financial Statements .....	F-1

Unless otherwise indicated or the context otherwise requires, references in this offering memorandum to (i) “Globo” are to Globo Comunicação e Participações S.A. and its subsidiaries, and (ii) the “notes” are to the notes offered by Globo hereby.

This offering memorandum has been prepared by Globo solely for use in connection with the offering of the notes. HSBC Securities (USA) Inc. and Itau BBA USA Securities, Inc. (the “Initial Purchasers”) will act as initial purchasers with respect to the offering of the notes. This offering memorandum may only be used for the purposes for which it has been published. Globo and the Initial Purchasers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the notes offered by this offering memorandum.

This offering memorandum does not constitute an offer to any person other than the offeree or to the public generally to subscribe for or otherwise acquire securities.

This offering memorandum is intended solely for the purpose of soliciting expressions of interest in the notes from qualified investors and does not purport to summarize all of the terms, conditions, covenants and other provisions contained in the indenture governing the notes (the “indenture”), the notes and other transaction documents. The information provided is not all-inclusive and may not contain all the information that may be relevant to you.

This offering memorandum contains summaries intended to be accurate with respect to certain terms of certain documents, but reference is made to the actual documents, all of which will be made available to you upon request when available, for complete information with respect thereto, and all such summaries are qualified in their entirety by such reference.

You should rely only on the information contained in this offering memorandum. Neither Globo nor the Initial Purchasers has authorized anyone to provide you with different information. The information contained in this offering memorandum is accurate only as of the date of this offering memorandum, regardless of the time of delivery of this offering memorandum or of any sale of the notes. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in the affairs of Globo, or that the information set forth herein is correct as of any date subsequent to the date hereof.

You hereby acknowledge that (i) you have been afforded an opportunity to request from Globo and to review, and have received, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained herein, (ii) you have had the opportunity to review all of the documents described herein, (iii) you have not relied on the

Initial Purchasers or any person affiliated with the Initial Purchasers in connection with any investigation of the accuracy of such information or the investment decision and (iv) no person has been authorized to give any information or to make any representation concerning Globo or the notes (other than as contained herein and information given by the duly authorized officers and employees of Globo in connection with your examination of Globo and the terms of this offering) and, if given or made, you should not rely upon any such other information or representation as having been authorized by Globo or the Initial Purchasers.

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

This offering memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any notes offered hereby by any person in any jurisdiction in which it is unlawful for such person to make an offer or solicitation. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering by any Initial Purchaser shall be deemed to be made by such Initial Purchasers or its relevant affiliate on behalf of Globo in such jurisdiction.

The notes have not been and will not be registered under the Securities Act. Neither the SEC nor any securities commission has approved or disapproved these securities or determined whether this offering memorandum is truthful or complete. The notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and this offering memorandum and in accordance with applicable state securities laws. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this offering memorandum entitled “Plan of Distribution” and “Notice to Investors.”

The notes have not been, and will not be, registered with the *Comissão de Valores Mobiliários* (the Securities and Exchange Commission of Brazil or “CVM”). The notes may not be offered or sold in Brazil, except in circumstances that do not constitute a public offering or unauthorized distribution under Brazilian laws and regulations. Documents relating to the offering of the notes, as well as information contained therein, may not be supplied to the public in Brazil, nor used in connection with any offer for subscription or sale of the notes to the public in Brazil.

This offering memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) persons falling within Article 49(2)(a) to (d) of the Order or (iv) persons to whom this offering memorandum may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). The notes are only offered to, and no invitation, offer or agreement to subscribe, purchase or otherwise acquire the notes may be proposed or made other than with relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents. For a description of certain restrictions on offers and sales of the notes and the distribution of this offering memorandum in the United Kingdom, see “Plan of Distribution.”

This offering memorandum is not a prospectus which has been approved by the Financial Services Authority or any other United Kingdom regulatory authority for the purposes of Section 85 of the Financial Services and Markets Act 2000 (the “FSMA”).

In connection with the offering, the Initial Purchasers may purchase and sell notes in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions and stabilizing purchases. Short sales involve secondary market sales by the initial purchasers of a greater number of notes than they are required to purchase in the offering, which creates a short position for the initial purchasers. Covering transactions involve purchases of notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions involve bids to purchase notes so long as the stabilizing bids do not exceed a specified maximum.

---

#### NOTICE TO NEW HAMPSHIRE RESIDENTS

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED, WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY**

**PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

---

See “Risk Factors” in this offering memorandum for a description of certain factors relating to an investment in the notes, including information about the business of Globo. None of Globo, the Initial Purchasers or any of their respective representatives is making any representation to you regarding the legality of an investment by you under applicable legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the notes.

---

**GLOBO HEREBY INFORMS YOU THAT THE DESCRIPTION SET FORTH HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE U.S. INTERNAL REVENUE CODE. SUCH DESCRIPTION WAS WRITTEN TO SUPPORT THE MARKETING OF THE NOTES. THIS DESCRIPTION IS LIMITED TO THE U.S. FEDERAL TAX ISSUES DESCRIBED HEREIN. IT IS POSSIBLE THAT ADDITIONAL ISSUES MAY EXIST THAT COULD AFFECT THE U.S. FEDERAL TAX TREATMENT OF THE NOTES, OR THE MATTER THAT IS THE SUBJECT OF THE DESCRIPTION NOTED HEREIN, AND THIS DESCRIPTION DOES NOT CONSIDER OR PROVIDE ANY CONCLUSIONS WITH RESPECT TO ANY SUCH ADDITIONAL ISSUES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

---

The notes will be available only in registered book-entry form. The notes will be issued in the form of one or more registered Global Notes (as defined herein). The Global Notes will be deposited with, or on behalf of, DTC, and registered in its name or in the name of Cede & Co., its nominee. Beneficial interests in the Global Notes will be shown on, and transfers of beneficial interests in the Global Notes will be effected through, records maintained by DTC and its participants, including Euroclear and Clearstream. See “Form of Notes.”

The notes were delivered against payment for the notes on April 11, 2012.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum contains statements that constitute forward-looking statements, many of which can be identified by the use of forward-looking words such as “anticipate,” “believe,” “could,” “expect,” “should,” “plan,” “intend,” “estimate” and “potential,” among others. These statements appear in a number of places in this offering memorandum and include, but are not limited to, statements regarding Globo’s intent, belief or current expectations with respect to:

- Globo’s direction and future operations;
- the implementation of Globo’s operating strategies;
- Globo’s plans with respect to acquisitions, joint ventures, strategic alliances or divestitures;
- the implementation of Globo’s financing strategy and capital expenditure plans;
- the competitive nature of the industries in which Globo operates;
- the cost and availability of financing;
- the general performance of the Brazilian economy;
- the exchange rates between Brazilian and foreign currencies;
- developments in, or changes to, the laws, regulations and governmental policies governing Globo’s business, including environmental liabilities;
- other factors or trends affecting Globo’s financial condition or results of operations; and
- other statements contained in this offering memorandum regarding matters that are not historical facts.

Forward-looking statements are only Globo’s current expectations and are based on Globo’s beliefs and assumptions and on information currently available to Globo’s management. Forward-looking statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements as a result of various factors, including, but not limited to, those identified under the section entitled “Risk Factors” in this offering memorandum. These risks and uncertainties include:

- the cyclical nature of the advertising market;
- increased competition from cable, satellite television, Internet content providers and other broadcasting providers and media companies;
- vulnerability to general adverse economic and media industry conditions and to the depreciation of the *real* because substantially all of Globo’s revenues are generated in *reais* whereas a significant portion of Globo’s payment obligations are denominated in U.S. dollars;
- Globo’s ability to maintain and renew governmental licenses;
- regulatory changes that could negatively impact Globo’s business;
- competition between Globo’s subsidiaries involved in competing media businesses and overlap of services;
- non-renewal of, or adverse developments with respect to, Globo’s agreements with affiliated television stations;
- disruption or failure of network, information systems or other technology on which Globo relies heavily;
- threats from new technologies leading to increased competition, costs and capital expenditures;
- unfavorable outcomes in existing or future legal proceedings against Globo;
- Globo’s ability to negotiate on favorable terms with its talent and third-party programming sources;
- terms of related-party transactions that may be unfavorable to Globo or its subsidiaries;
- Globo’s ability to renew, or renew on favorable terms, existing programming agreements;
- decisions by Globo’s controlling shareholders that may conflict with the interests of holders of the notes;
- Globo’s ability to negotiate terms and extensions for its joint venture agreements on favorable terms;
- payment of dividends by Globo even with respect to fiscal years in which it has no net profits or incurs net losses;
- Globo’s dependence on key members of its management team;
- unlicensed use of Globo’s content, challenges to Globo’s intellectual property rights or Globo’s inability to obtain licenses or license its own content;

- Globo's ability to integrate new acquisitions to its existing business, and liabilities arising from these acquisitions;
- Brazilian political and economic conditions and actions of the Brazilian government;
- devaluation and fluctuation of the Brazilian currency;
- risk of inflation in Brazil;
- allegations of political corruption against the Brazilian federal government leading to economic and political instability;
- changes in Brazilian tax laws;
- negative impact of developments in other national economies, in particular those in developing countries, on foreign investments in Brazil and Brazil's economic growth;
- limitations under Brazilian law on Globo's ability to make certain payments on U.S. dollar remittances or with respect to court judgments;
- the ability of the holders of the notes to enforce judgments against Globo in Brazil; and
- other risks related to notes.

Forward-looking statements speak only as of the date they are made, and Globo does not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

## MARKET DATA

Unless otherwise specified, information regarding “television households” in a specified area are projections based on Globo’s *Atlas de Cobertura* and *Pesquisa Nacional de Amostra em Domicílios (PNAD 2009)* (“PNAD 2009”) figures compiled by the *Instituto Brasileiro de Geografia e Estatística* (“IBGE”), a Brazilian government-owned research organization. Globo’s *Atlas de Cobertura* is a compilation made available by Rede Globo de Televisão. PNAD 2009 is the most recent such compilation made available by IBGE. There can be no assurance that the number of “television households” in a specified area has not increased (or decreased) by a higher (or lower) rate than that estimated by IBGE in the PNAD 2009. Information regarding Brazil’s GDP is based on the method of calculating GDP published by IBGE, which includes data from annual economic and household research and tax information regarding individuals, among other things, in calculating GDP.

Information regarding the advertising market in Brazil is based on information provided by *Projeto Intermeios*, a project set up by Brazilian media companies pursuant to which those media groups provide information to PricewaterhouseCoopers International for compilation and analysis. Information regarding advertising expenditures is also provided by *Projeto Intermeios*.

Information regarding (i) audience share is expressed as the result of the number of households with a television set tuned to a specific channel during the time of broadcast divided by the total number of households with a television set turned on, excluding other uses of television such as DVD, video-recorder and other appliances connected to a television, and (ii) audience ratings is expressed as the result of the number of households with a television set tuned to a specific channel during the time of broadcast divided by the total number of households with at least one television set, regardless of whether it is turned on or off.

In 2011, Globo began reporting the audience share based on the Total Ligados Especial (“TLE”) index instead of the Total Ligados (“TL”) index used in previous reports. TLE differs from TL by excluding other uses of television such as DVD, video-recorder and other devices connected to a television.

Data concerning pay-TV subscribers per operator and market share in Brazil as of December 31, 2011 are based on reports by the *Agência Nacional de Telecomunicações* (“Anatel”) published in January 2012 and from public reports made available by Net Serviços de Comunicação S.A. (“Net Serviços”).

Data concerning pay-TV subscribers per channel are based on Pay-TV Survey No. 179 (“PTS 179”) published in January 2012.

## ENFORCEMENT OF CIVIL LIABILITIES

Globo is incorporated under the laws of Brazil. All of Globo's executive officers named in this offering memorandum reside in Brazil. Substantially all of Globo's assets and those of its executive officers are located in Brazil. As a result, it may not be possible for you to effect service of process upon Globo or its executive officers in jurisdictions outside Brazil or to enforce against Globo or its executive officers judgments obtained in jurisdictions outside Brazil.

Globo has been advised by its Brazilian counsel, Pinheiro Guimarães-Advogados, that, subject to specific requirements described below, a final conclusive judgment for payment of a determined sum of money rendered by any court sitting in a jurisdiction outside Brazil in respect of the notes would be recognized in the courts of Brazil (to the extent that Brazilian courts may have jurisdiction) and such courts would enforce such judgment without any retrial or reexamination of the merits of the original action only if such judgment has been previously ratified by the Superior Court of Justice of Brazil (*Superior Tribunal de Justiça* or, the "Brazilian Superior Court of Justice"), such ratification being available only if the judgment:

- fulfills all formalities required for its enforceability under the laws of the jurisdiction where the judgment was entered;
- is issued by a competent court after proper service of process on the parties, which service must comply with Brazilian law if made in Brazil;
- is not subject to appeal (*res judicata*);
- is authenticated by the Brazilian consulate with jurisdiction over the location of the court which issued the judgment;
- is translated into Portuguese by a sworn translator; and
- is not against Brazilian public policy, public morality or national sovereignty.

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

Globo has also been advised that:

- civil actions may be brought before Brazilian courts based on the substantive laws of other countries other than Brazil provided that Globo has expressly agreed to be subject to such foreign laws and that, subject to applicable law, Brazilian courts may enforce such liabilities in such actions against Globo and its officers (provided that the provisions of the law in question do not contravene Brazilian public policy, public morality or national sovereignty and provided further that Brazilian courts can assert jurisdiction over the particular action); and
- the ability of a judgment creditor to satisfy a judgment by attaching certain assets of the defendant is limited by provisions of Brazilian law.

In addition, a plaintiff, whether Brazilian or non-Brazilian, who resides outside Brazil or is outside Brazil during the course of litigation in Brazil and who does not own real property in Brazil, must grant a bond to guarantee the payment of the defendant's legal fees and court expenses in connection with court procedures for the collection of payments under the notes, except in the case of certain enforcement actions or counterclaims as established under Article 836 of the Brazilian Code of Civil Procedure.



## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Currency

All references in this offering memorandum to the “*real*,” “*reais*” or “R\$” are to the Brazilian *real*, the legal currency of the Federative Republic of Brazil. All references to “U.S. dollars,” “dollars” or “US\$” are to the legal currency of the United States of America (the “U.S.”).

On May 8, 2012, the exchange rate of *reais* into U.S. dollars was R\$1.9366 to US\$1.00, based on the selling rate as reported by the Central Bank of Brazil (the “Central Bank”). The selling rate was R\$1.8758 to US\$1.00 as of December 31, 2011, R\$1.6662 to US\$1.00 as of December 31, 2010 and R\$1.7412 to US\$1.00 as of December 31, 2009. Due to fluctuations in the *real*-U.S. dollar exchange rate, the exchange rate as of May 8, 2012 may not be indicative of future exchange rates. See “Exchange Rates” for information regarding recent exchange rates for Brazilian currency.

Solely for the convenience of the reader, Globo has translated certain amounts included in “Summary,” “Capitalization,” “Business” and elsewhere in this offering memorandum from *reais* into U.S. dollars using the selling rate as reported by the Central Bank as of December 31, 2011 of R\$1.8758 to US\$1.00. In addition, Globo has translated certain amounts presented in “Summary Historical Consolidated Financial Information” as of and for the years ended December 31, 2011 and 2010 at the Central Bank exchange rate in effect on December 31 of 2011 and 2010, respectively. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or at any other exchange rate or as of that or any other date.

### Financial Statements

Globo maintains its books and records in *reais*.

Globo prepares its consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

This offering memorandum contains audited consolidated financial statements as of and for the years ended December 31, 2011, 2010 and 2009 prepared in accordance with IFRS.

For IFRS purposes and according to IAS 31—Interests in Joint Ventures, which allows adoption of either the equity method or proportionate consolidation, Globo’s management elected to account for these investments using the equity method. Additionally, in May 2011, IFRS 11—Joint Arrangements was issued and established a single method to account for interests in jointly controlled entities by using the equity method. IFRS 11—Joint Arrangements supersedes IAS 31 and will be effective for annual periods beginning on or after January 1, 2013.

### Fiscal Year

Globo’s fiscal year ends on December 31. References in this offering memorandum to a fiscal year, such as “fiscal year 2011,” relate to the fiscal year ended on December 31 of that calendar year.

### Rounding

Globo has made rounding adjustments to reach some of the figures included in this offering memorandum. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that precede them.

## EXCHANGE RATES

All foreign exchange transactions in Brazil are carried out on a single foreign exchange market through authorized financial institutions. Foreign exchange rates are freely negotiated, but may be influenced from time to time by intervention in the market by the Central Bank. Globo cannot predict the impact of Central Bank intervention and new regulations on the foreign exchange market.

From its introduction on July 1, 1994 through March 1995, the *real* appreciated against the U.S. dollar. From March 1995 through January 1999, the Central Bank allowed the gradual depreciation of the *real* against the U.S. dollar. In January 1999, the Central Bank allowed the *real*/U.S. dollar exchange rate to float freely. Since then, the *real*/U.S. dollar exchange rate has been established mainly by the Brazilian interbank market and has fluctuated considerably.

From December 31, 2000 through December 31, 2002, the *real* depreciated by 80.6% against the U.S. dollar. From December 31, 2002 through December 31, 2007, the *real* appreciated by 49.9% against the U.S. dollar and in 2008, the *real* depreciated by 31.9% against the U.S. dollar. The *real* appreciated 25.5% against the U.S. dollar in 2009, appreciated 4.3% against the U.S. dollar in 2010 and depreciated 12.6% against the U.S. dollar in 2011. On December 31, 2011, the exchange rate was R\$1.8758 to US\$1.00.

In the past, the Central Bank has intervened occasionally to control unstable movements in foreign exchange rates. Globo cannot predict whether the Central Bank or the Brazilian government will continue to allow the *real* to float freely or will intervene in the exchange rate market through a currency band system or otherwise, or that the exchange market will not be volatile as a result of political or economic instability or other factors. Globo also cannot predict whether the *real* will depreciate or appreciate in value in relation to the U.S. dollar in the future or evaluate what impact the Brazilian government's exchange rate policies may have on Globo. See "Risk Factors—Risks Relating to Brazil—Devaluation and fluctuation of the Brazilian currency could have a material adverse effect on Globo's results of operations and financial condition and Globo's ability to make payments on Globo's U.S. dollar-denominated liabilities and commitments, including the notes."

The following tables show the selling rate for dollars as disclosed by the Central Bank for the periods and dates indicated. On May 8, 2012, the selling rate published by the Central Bank was R\$1.9366 to US\$1.00.

<u>Period</u>	<u>Low</u>	<u>High</u>	<u>Average*</u>	<u>Period End</u>
	<i>(reais per US\$ 1.00)</i>			
2007.....	1.7325	2.1556	1.9300	1.7713
2008.....	1.5593	2.5004	1.8335	2.3370
2009.....	1.7024	2.4218	1.9906	1.7412
2010.....	1.6554	1.8811	1.7593	1.6662
2011.....	1.5345	1.9016	1.6709	1.8758
2012 (through May 8, 2012).....	1.7024	1.9366	1.7982	1.9366

\* "Average" represents the average of the exchange rates on the last day of each month in the period.

Source: Central Bank

<u>Period</u>	<u>Low</u>	<u>High</u>	<u>Period End</u>
	<i>(reais per US\$ 1.00)</i>		
January 2012.....	1.7389	1.8683	1.7391
February 2012.....	1.7024	1.7376	1.7092
March 2012.....	1.7152	1.8334	1.8221
April 2012.....	1.8256	1.8918	1.8918
May 1 through May 8, 2012.....	1.9149	1.9366	1.9366

Source: Central Bank

## SUMMARY

*This summary highlights information contained elsewhere in this offering memorandum. This summary may not contain all the information that may be important to you. You should read this entire offering memorandum carefully, including “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” the consolidated financial statements of Globo and the notes to those financial statements, included elsewhere in this offering memorandum, before deciding to invest in the notes.*

### Globo

Globo is the largest media group in Brazil. Globo controls, among other businesses, the leading broadcast television network in Brazil, the leading pay-TV programmer in Brazil, as well as Internet content and service provider, music label and magazine publishing companies. Globo also holds a minority interest in each of the leading Brazilian cable television operator and the leading Brazilian satellite direct to home (“DTH”) television distributor. Globo is indirectly owned by and is under the leadership of the Marinho family, whose interests in Brazilian broadcast television date back to 1965 when TV Globo began broadcasting from Rio de Janeiro under the leadership of Mr. Roberto Marinho.

For the years ended December 31, 2011, 2010 and 2009, Globo had net sales, advertising and services of R\$10,977.4 million, R\$9,812.7 million and R\$7,886.6 million, respectively, gross profit of R\$5,232.1 million, R\$4,488.8 million and R\$3,161.6 million, respectively, net income of R\$2,167.9 million, R\$2,744.4 million and R\$1,903.6 million, respectively, and Adjusted EBITDA of R\$2,844.7 million, R\$2,369.5 million and R\$1,418.9 million, respectively. See footnote 4 under “Summary Historical Consolidated Financial Information” for an explanation of Adjusted EBITDA as well as a reconciliation of net income to Adjusted EBITDA.

### Organizações Globo

Globo is part of Organizações Globo, a diversified media group that also includes a portfolio of newspapers and radio networks in Brazil. Organizações Globo is also controlled by the Marinho family, which traces its holdings in these companies to the establishment in 1925 of “O Globo,” one of Brazil’s leading daily newspapers, by Mr. Irineu Marinho, Mr. Roberto Marinho’s father.

### Globo’s Business

Globo’s principal lines of business are:

- **Television.** Total television revenues represented 93.5% of Globo’s net sales, advertising and services on a consolidated basis in 2011. Advertising revenues comprised 74.0% of Globo’s net sales, advertising and services on a consolidated basis in 2011, with a substantial majority of Globo’s advertising revenues derived from television advertising revenues.
  - **Broadcast television.** The Globo Network (“Rede Globo,” or the “Globo Network”) comprises five television stations owned by Globo in Rio de Janeiro, São Paulo, Recife, Brasília and Belo Horizonte, as well as 117 independent affiliated television stations that broadcast the Globo channel throughout Brazil. As of December 31, 2011, the Globo Network covered more than 99% of the estimated 55.5 million television households in Brazil. The Globo Network’s broadcast programming includes news and sports programs, *telenovelas* (soap operas), miniseries, children’s programs, films licensed by Globo from international distributors, variety shows, and educational and public service programs. Globo produced approximately 87% of the prime-time programming and approximately 83% of all programming it broadcasted in 2011. The majority of Globo’s entertainment production occurs at Projac in Rio de Janeiro, one of the most modern entertainment content production centers in the world, covering approximately 1.65 million square meters. News programs are produced in other facilities in Rio de Janeiro and São Paulo.
  - **Pay-TV programming.** Globosat Programadora Ltda. (“Globosat”), a subsidiary of Globo, is the leading provider of pay-TV programming for cable multiple system operators (“MSOs”) and satellite television distributors in Brazil. Globosat is the most important source of Globo’s content and programming revenues. Globosat’s portfolio of channels is the most diverse of any television programmer operating in Brazil and includes more than 30 24-hour pay-TV channels for the Brazilian market, including nine of the top 20 channels in Brazil based on prime time audience share in 2011, according to IBOPE. Globosat’s portfolio of channels covers many television content categories from news and sports to movies, documentaries and entertainment. Globosat’s programming offering includes popular television content (including pay-per-view programs) produced by Globo as well as content licensed from third parties. Globo also owns 50% of Telecine Programação de Filmes Ltda. (“Telecine”), a joint-venture with Paramount, Metro Goldwyn Mayer, Universal and Twentieth Century Fox studios, which produces

13 movie channels that are part of Globosat's portfolio. Globosat provides, pursuant to long-term agreements, programming to Net Serviços, the leading cable television distributor in Brazil, and to Sky Brasil Serviços Ltda. ("Sky Brasil"), the leading satellite DTH television distributor. Globosat also owns 50% of USA Brasil Programadora Ltda. ("USA Brasil"), a joint-venture with USA Brasil Holdings, LLC ("USA Holdings") and 50% of Canal Brazil S.A. ("Canal Brazil"), a joint-venture with several Brazilian movie producers. Globosat owns 60% of PB Brasil Entretenimento S.A. ("PB Brasil"), a joint venture with Claxson Interactive Group Inc. and Playboy Entertainment Group Inc. to develop and distribute adult content in Brazil.

- **Pay-TV operations.** Globo holds a minority interest in Net Serviços, Brazil's largest cable MSO providing pay-TV services based on the number of subscribers and homes covered, and holds an interest in Sky Brasil, the leading satellite distributor of DTH pay-TV services in Brazil. Net Serviços is also a leading provider of high-speed cable modem Internet access in Brazil through its VÍrtua service. Net Serviços also provides voice services in conjunction with Empresa Brasileira de Telecomunicações S.A. ("Embratel"). Sky Brasil provides more than 133 channels of digital television programming, 28 channels in high-definition and 45 channels of CD-quality audio programming. Globo also partners with Embratel and Embratel Participações S.A. ("Embrapar"), both controlled by Telmex Internacional, S.A.B. de C.V. ("Telmex Internacional"), in Net Serviços, and with GLA Brasil Ltda., a DirecTV Group Inc. ("DirecTV") entity, in Sky Brasil. According to Anatel, the market shares of Net Serviços and Sky Brasil in pay-TV distribution were 37.0% and 29.8%, respectively, in terms of households subscribing to pay-TV as of December 31, 2011.
- **Internet.** Each of Globo's businesses uses the Internet to enhance its users' experience. Globo's Internet strategy is focused on three areas of content: news, sports and entertainment. Globo.com, a division of Globo, is responsible for uniting and organizing the content produced by the different businesses on the portal's homepage, and also for providing web-related technology services to the different businesses and affiliates of Globo. In addition, Globo.com is a provider of broadband and narrowband Internet access to end-users.
- **Publishing.** Editora Globo S.A. ("Editora Globo"), the publishing arm of Globo, is one of the largest magazine publishers in Brazil in terms of circulation and advertising revenues. Editora Globo's titles include *Época*, the second largest newsweekly in Brazil with an average weekly circulation of 398,664 units in 2011, as well as *Quem*, a weekly celebrity title in Brazil, and *Marie Claire*, a premier women's interest title. In July 2010, Editora Globo and Condé Nast Publications, through its subsidiary Condé Nast Brasil, entered into a joint venture to form a company to publish *Vogue* and other Condé Nast magazine titles in Brazil. Editora Globo and Condé Nast Publications hold a 70% and 30% stake in the capital stock of the new company, respectively.
- **Music label.** Globo's music business unit produces, promotes and sells soundtracks for Globo's *telenovelas* and other shows. Globo's music business operates under several brands, most notably Som Livre, which has an important catalogue of current Brazilian pop music artists.

Globo's consolidated net sales, advertising and services by revenue source are as follows:

	Year ended December 31,		
	2011	2010	2009
	(in millions of reais)		
Advertising .....	8,123.7	7,519.9	6,099.7
Content/Programming .....	2,408.2	1,907.3	1,453.8
Other.....	445.5	385.5	333.1
<b>Total</b> .....	<b>10,977.4</b>	<b>9,812.7</b>	<b>7,886.6</b>

As set out above, "Advertising" includes all advertising revenues, such as advertising from broadcast television, pay-TV, Internet service, publishing and others. "Content/Programming" includes all revenues related to content and programming, such as pay-TV programming, sales of television programming abroad, Internet (content and ISP), sports rights for broadcast television and subscriptions from the publishing business. "Other" includes all revenues not classified above, such as sound recording services and others.

### Market Overview

Brazil is one of the largest advertising markets in the world. In 2011, Brazilian media advertising expenditures reached approximately R\$28.5 billion, which represents an increase of 8.5% from 2010, when media advertising expenditures amounted to approximately R\$26.2 billion. The amount of total advertising expenditures in Brazil as a percentage of Brazilian GDP was 0.7% for each of the years ended December 31, 2011 and 2010, according to IBGE and Projeto Intermeios.

According to Projeto Intermeios, television (including broadcast and pay-TV) is the largest advertising medium in Brazil, generating more advertising revenue than all other types of media combined. In 2011, the total television advertising share was R\$19.2 billion, or 67.5% of total media advertising revenues. In 2010, total television advertising revenues accounted for R\$17.5 billion, or 66.8% of total media advertising revenues in Brazil.

Brazil is the largest television market in Latin America, with approximately 55.5 million television households and approximately 185 million individuals in these households as of December 31, 2011. Television viewing is an important leisure activity in Brazil. The average Brazilian television household spent approximately five hours per day watching television in 2011. Broadcast television reached 99% of Brazil's 5,565 cities as of December 31, 2011, according to Globo's *Atlas de Cobertura*.

Globo relies heavily upon advertising revenues, and therefore seeks to maximize its audience share and ratings. Globo has been the audience share leader for most programming segments and for most periods of the day since the early 1970s.

With respect to the Brazilian pay-TV market, as of December 2011, there were approximately 12.7 million pay-TV (cable, satellite and DTH) subscribers.

### Globo's Strengths

The following strengths distinguish Globo from its competitors:

- **Premier media brand with Brazilian audiences and advertisers.** The Globo brand has been one of the most powerful brands in Brazil and in Latin America among both consumers and advertisers for over four decades since the first TV Globo station began broadcasting in Rio de Janeiro in 1965.
- **Unparalleled reach to target Brazilian audiences.** Globo's programs are among the leading television programs in Brazil in terms of ratings and audience share. For the year ended December 31, 2011, TV Globo had a national average prime time audience share of 53% and an overall average national audience share of 46%, in each case more than double that of its closest competitor, according to IBOPE Telereport—PNT/2011 (on a TLE basis). Globo's leadership across periods of time during the day (morning, prime time) and programming segments (sports, news, *telenovelas*) provides advertisers with an unparalleled opportunity to reach a large number of target audiences.
- **Content that is deeply attuned to Brazilian culture and values.** Globo creates audiovisual content that values Brazilian culture and is tailored to the interests and tastes of the Brazilian public, based on intensive use of surveys and expert studies. Globo continuously innovates with respect to its audiovisual content and program formats to remain in step with changing viewer media consumption habits and preferences in Brazil.
- **Largest and most diversified program offering and media content library in Brazil.** Globo maintains the most complete and leading programming schedule in Brazil, both for the Globo Network and, through Globosat, for pay-TV distributors. Globo consistently provides high-quality coverage of the most important live sports and entertainment events in Brazil and of interest to Brazilian viewers outside of Brazil. In addition, Globo has one of the most extensive portfolios of film rights in Brazil.
- **Highest creative quality and production values.** Globo has been able to attract and retain many of the most talented and innovative authors, directors and artists in Brazil. In addition, Globo is able to maintain high standards for content quality and production value on the Globo Network by producing most of its content in-house. Globo's production facilities in Rio de Janeiro and São Paulo are the largest in Brazil and among the largest in the world and they leverage proprietary audiovisual production systems and cutting-edge technology to create premier quality audiovisual content.
- **Market leadership in news and sports coverage.** Globo operates the largest news gathering organization in Brazil, with more than 4,930 news gathering and production professionals. Globo broadcasts "*Jornal Nacional*," the top-rated news program in Brazil with an average audience share of 58% in 2011. The smallest audience for any of Globo's news programs is greater than that of any competitor's highest rated news program, according to IBOPE. In addition, Globo provides coverage of most of the major sporting events of interest to Brazilian audiences, including the 2014, 2018 and 2022 FIFA World Cups, the 2016 Olympic Games and the Brazilian Soccer Championship. As of December 31, 2011, Globo was the leader in Internet news and sports coverage in Brazil mainly through its websites *www.globoesporte.com* and G1 (*www.g1.globo.com*), according to *IBOPE Re Ratings*.

### Globo's Strategy

The Globo brand is one of the most recognized brands in Brazil and Latin America. To maintain its strong brand and leadership in its markets, Globo has adopted a strategy that has the following principal components:

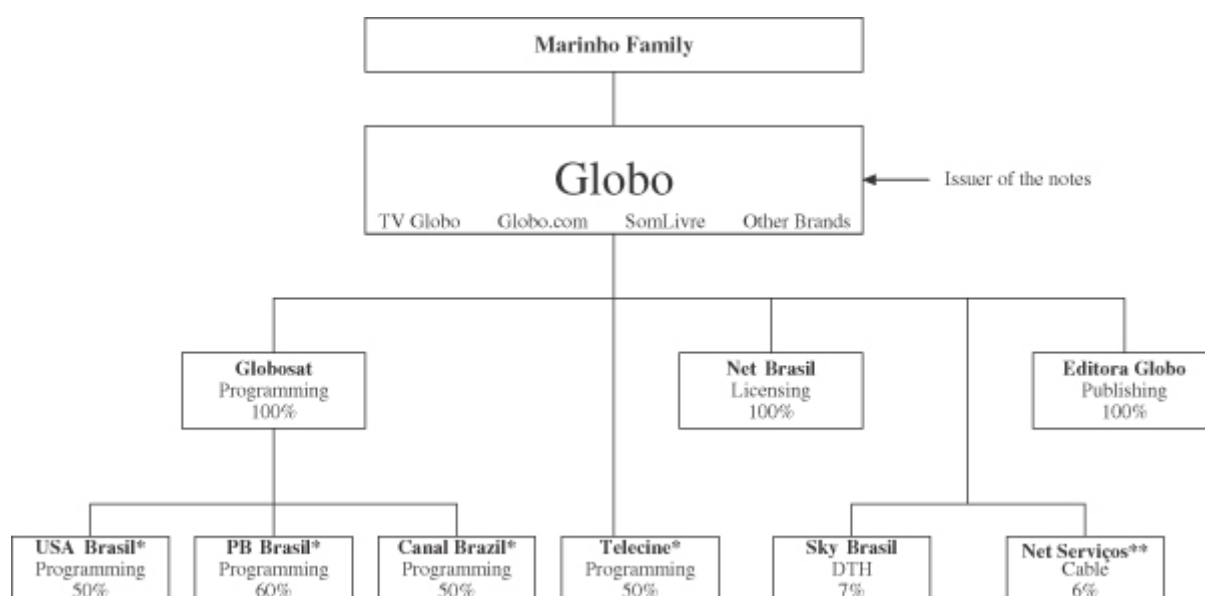
- **Maintain Globo's position as the leading producer of audiovisual content in Brazil.** Globo's intention is to continue to produce award-winning and highly rated audiovisual content that responds to the values, preferences and media

consumption habits of Brazilian audiences. Globo plans to continue to build strong relationships with emerging and established artistic and creative talent and to continue to incorporate emerging production technologies into Globo's production processes to sustain quality and to drive further innovation in Globo's content and program formats.

- **Continue to develop the most complete programming schedule in the Brazilian market.** Globo intends to build on the success of its programs across premium genres, including drama, news, sports and films. Globo also intends to leverage its horizontal programming strategy that provides top quality content at the same time of day on most days. Globo believes that its horizontal programming strategy will continue to drive high viewer loyalty and consistently strong ratings.
- **Deepen strong relationships with advertisers.** Globo intends to strengthen its relationship with advertisers as a leading provider of access to Brazilian consumers through innovative advertising formats and a diversified portfolio of high quality audiovisual content backed by the strong Globo brand. For example, in recent years, Globo was able to increase its up-front sales of advertising on the Globo Network, creating a relationship with these advertising partners that extends over the course of the year.
- **Increase cross-platform integration and interactivity to leverage Globo's content on existing and emerging platforms.** Globo intends to leverage its existing content and to create new content and formats tailored to the Internet, wireless telephones, mobile devices and other emerging platforms by focusing on increasing audience interactivity and developing an array of digital products to respond to evolving consumer media consumption habits and preferences.

### Globo's Organization

The following chart is a simplified overview of the direct and indirect ownership structure of Globo and its principal subsidiaries as of May 8, 2012. Ownership percentages have been rounded.



\* Globo's partners in these joint ventures are: USA Brasil—NBC Universal (50%); PB Brasil—Playboy TV Latin America (40%); Canal Brazil—GCB Empreendimentos Participações (50%); and Telecine—Paramount (12.5%), Metro Goldwyn Mayer (12.5%), NBC Universal (12.5%) and Twentieth Century Fox (12.5%).

\*\* For more information with respect to Globo's ownership of Net Serviços and recent developments, see "Business—Pay-TV Operations—Net Serviços—Ownership."

Globo is headquartered in Rio de Janeiro, Brazil, and its registered office is located in Rio de Janeiro, at Rua Lopes Quintas 303. The address of its corporate offices is Avenida Afrânio de Melo Franco 135, postal code 22430-060, Rio de Janeiro, Brazil. The main telephone number for Globo's Investor Relations department is (55) (21) 2540 4444. Globo is a closely held corporation (*sociedade anônima*) and was incorporated on May 6, 1982 in accordance with Brazilian law.

### **Concurrent Offering**

Concurrently with the offering of the notes, Pontis II Ltd., an exempted company incorporated with limited liability in the Cayman Islands (the "SENs Issuer"), is offering US\$200,000,000 aggregate principal amount of Senior Secured Exchangeable Notes (the "SENs"). The SENs will be mandatorily exchanged for 5.307%/ 7.25% Step-Up Senior Notes due 2022 (the "Amended 2022 Notes") of Globo on May 11, 2012 or as soon as practicable thereafter and, in any event, on or prior to May 18, 2012 (the "Mandatory Exchange"). Globo has transferred to the SENs Issuer the option to purchase all of Globo's outstanding US\$200,000,000 aggregate principal amount of 7.25% Senior Notes due 2022 (the "2022 Notes") on May 11, 2012 at a price equal to 103.625% of their principal amount, and the SENs Issuer has agreed to purchase the outstanding 2022 Notes on May 11, 2012, all in accordance with the terms of the indenture governing the 2022 Notes (the "2022 Notes Indenture"). After the 2022 Notes are purchased by the SENs Issuer and prior to the Mandatory Exchange, the indenture governing the SENs will require the SENs Issuer, as the holder at such time of all of the 2022 Notes, to consent to the amendment and restatement of the 2022 Notes Indenture (the "Amended and Restated Indenture"), whereby the terms of the 2022 Notes will be amended and restated. Holders of the Amended 2022 Notes, which will be exchanged for the SENs in the Mandatory Exchange, will be entitled to an exchange fee (the "Exchange Fee") payable by Globo upon consummation of the Mandatory Exchange. The offering of the SENs and the Amended 2022 Notes is not contingent on the offering of the notes described in this offering memorandum.

The Amended 2022 notes will be unsecured, unsubordinated obligations of Globo, ranking equal in right of payment with all of Globo's unsubordinated obligations. The Amended 2022 Notes will be effectively subordinated to any secured debt of Globo to the extent of the value of the assets securing such debt and structurally subordinated to all debt and other liabilities of Globo's subsidiaries.

The Amended 2022 Notes may be redeemed or purchased, in whole or in part, at 100% of their principal amount plus accrued and unpaid interest and additional amounts, if any, on any date on or after May 11, 2017 (provided that no less than US\$100.0 million in principal amount of Amended 2022 Notes remain outstanding following any partial redemption or purchase).

Interest on the Amended 2022 Notes will accrue at the rate of 5.307% per annum from (and including) May 11, 2012 to (but excluding) May 11, 2017. Thereafter, interest on the Amended 2022 Notes will accrue at the rate of 7.25% per annum. Interest on the Amended 2022 Notes will be payable in cash semi-annually in arrears on May 11 and November 11 of each year, commencing on November 11, 2012.

The terms of the Amended 2022 Notes will limit the ability of Globo and specified significant subsidiaries to create certain liens without securing the Amended 2022 Notes and will permit Globo to consolidate or merge with, or transfer all or substantially all of its assets to, another person if Globo complies with specified requirements. However, these limitations are subject to important exceptions. The Amended and Restated Indenture will contain certain events of default, consisting of, among others, a default in the payment of the Exchange Fee, defaults in payment of interest and principal on the Amended 2022 Notes, covenant and payment defaults, cross-acceleration, judgment defaults, and specified bankruptcy and insolvency events.

## THE OFFERING

The summary below describes the principal terms of the notes. See “Description of Notes” in this offering memorandum for a more detailed description of the terms and conditions of the notes.

Issuer .....	Globo Comunicação e Participações S.A. (“Globo”).
Notes offered .....	US\$300,000,000 aggregate principal amount of 4.875% Senior Notes due 2022.
Issue price .....	99.026%
Issue date .....	April 11, 2012
Maturity date .....	April 11, 2022
Interest payment dates .....	April 11 and October 11 of each year, commencing on October 11, 2012.
Interest .....	The notes will bear interest from April 11, 2012 at the annual rate of 4.875%, payable semi-annually in arrears on each interest payment date.
Ranking .....	The notes will be unsecured, unsubordinated obligations of Globo and will rank equally in right of payment with Globo’s existing and future unsecured, unsubordinated obligations. The notes will be effectively subordinated to any secured debt of Globo to the extent of the value of the assets securing such debt and structurally subordinated to all debt and other liabilities of Globo’s subsidiaries.
Optional redemption .....	The notes, at Globo’s option, may be redeemed or purchased on or after April 11, 2017, in whole or in part, at any time by paying the greater of the principal amount of the notes and the relevant “make-whole” amount, plus, in each case, accrued and unpaid interest and additional amounts, if any. See “Description of Notes—Redemption—Optional Redemption with “Make-Whole” Amount on or after April 11, 2017.” Upon an optional redemption or purchase, Globo will inform the trustee for the notes whether Globo intends to refinance the debt represented by the notes to be redeemed or purchased.
Tax redemption .....	Globo may, at its option, redeem the notes at 100% of their principal amount plus accrued and unpaid interest and additional amounts, if any, at any time upon the occurrence of specified events relating to Brazilian tax law, as set forth in this offering memorandum. See “Description of Notes—Redemption—Optional Tax Redemption.”
Additional amounts .....	Payments of interest on the notes will be made after withholding and deduction for any Brazilian taxes, as described under “Taxation.” Globo will pay such additional amounts as will result in receipt by the holders of notes of such amounts as would have been received by them had no such withholding or deduction for Brazilian taxes been required, subject to certain exceptions set forth under “Description of Notes—Additional Amounts.”
Covenants .....	The terms of the notes will limit the ability of Globo and specified significant subsidiaries to create certain liens without securing the notes and will permit Globo to consolidate or merge with, or transfer all or substantially all of its assets to, another person if Globo complies with specified requirements. However, these limitations are subject to important exceptions. See “Description of Notes—Covenants.”
Events of default .....	The indenture will contain certain events of default, consisting of, among others, defaults in payment of interest and principal on the notes, covenant and payment defaults, cross-acceleration, judgment defaults, and specified bankruptcy and



	insolvency events. See “Description of Notes—Events of Default.”
Further issuances .....	Globo may from time to time without notice to or consent of the holders of notes issue an unlimited principal amount of additional notes of the same series as the notes initially issued in this offering.
Use of proceeds .....	Globo will use the net proceeds from this offering, after paying commissions and expenses, for general corporate purposes. See “Use of Proceeds” and “Capitalization.”
Form and denomination; settlement .....	The notes will be issued in registered form without interest coupons in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.  The notes will be issued only in book-entry form through the facilities of DTC for the accounts of its participants, including Euroclear and Clearstream. Beneficial interests in notes held in book-entry form will not be entitled to receive physical delivery of certificated notes, except in certain limited circumstances.
Transfer restrictions .....	The notes have not been and will not be registered under the Securities Act and are subject to restrictions on transfer. See “Notice to Investors.”
Listing .....	Globo has applied to list the notes on the Official List of the Luxembourg Stock Exchange and to admit the notes for trading on the Euro MTF Market.
Governing law .....	The notes and the indenture governing the notes will be governed by the laws of the State of New York.
Trustee, paying agent, transfer agent and registrar .....	The Bank of New York Mellon (the “Trustee”)
Principal paying agent .....	The Bank of New York Mellon Trust (Japan) Ltd. (the “Principal Paying Agent”)
Luxembourg paying and transfer agent .....	The Bank of New York (Luxembourg) S.A.
Selling restrictions .....	There are restrictions on persons to whom notes can be sold, and on the distribution of this offering memorandum, as described in “Plan of Distribution” and “Notice to Investors.”
CUSIP .....	144A: 37957TAH4 Regulation S: P47773AL3
ISIN .....	144A: US37957TAH41 Regulation S: USP47773AL38
Common Code .....	144A: 077284249 Regulation S: 077284222

## SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following summary consolidated financial information as of and for the years ended December 31, 2011, 2010 and 2009 prepared in accordance with IFRS has been derived from the consolidated financial statements of Globo included elsewhere in this offering memorandum.

This financial information should be read in conjunction with “Presentation of Financial and Other Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the financial statements, including the respective notes thereto, included elsewhere in this offering memorandum.

	As of and for the year ended December 31,				
	2011 <sup>(1)</sup>	2010 <sup>(2)</sup>	2011	2010	2009
	(in millions of US\$)		(in millions of reais)		
<b>Statement of Income Data</b>					
Net sales, advertising and services.....	US\$ 5,852.1	US\$ 5,889.3	R\$10,977.4	R\$ 9,812.7	R\$ 7,886.6
Cost of sales and services .....	(3,062.6)	(3,195.2)	(5,745.4)	(5,323.9)	(4,725.0)
Gross profit .....	2,789.2	2,694.0	5,232.1	4,488.8	3,161.6
Operating (expenses) income					
Selling .....	(693.7)	(702.4)	(1,301.2)	(1,170.4)	(940.3)
General and administrative.....	(731.0)	(734.4)	(1,371.2)	(1,223.7)	(1,063.9)
Gain (loss) on sale of property, plant and equipment and intangible.....	0.1	(0.3)	0.1	(0.5)	0.5
Other operating expenses .....	(15.2)	(9.5)	(28.3)	(16.0)	(12.2)
Financial income .....	257.9	162.3	483.7	270.4	339.6
Financial expense.....	(140.6)	(63.9)	(263.7)	(106.4)	9.8
Equity pick-up.....	81.2	181.5	152.3	302.4	231.2
Gain on sale of interest in associates and other investment results.....	6.3	485.8	11.9	809.5	(16.7)
Income before income tax and social contribution .....	1,554.3	2,013.0	2,915.6	3,354.1	1,709.6
Income tax and social contribution .....	(398.6)	(365.9)	(747.7)	(609.7)	194.0
Net income for the year.....	<u>US\$ 1,155.7</u>	<u>US\$ 1,647.1</u>	<u>R\$ 2,167.9</u>	<u>R\$ 2,744.4</u>	<u>R\$ 1,903.6</u>
<b>Other Financial Data</b>					
Net debt (cash) <sup>(3)</sup> .....	(2,196.5)	(2,135.0)	(4,120.2)	(3,557.3)	(2,134.1)
Total debt.....	588.2	592.9	1,103.3	987.9	1,047.1
Adjusted EBITDA <sup>(4)</sup> .....	1,516.5	1,422.1	2,844.7	2,369.5	1,418.9
Adjusted EBITDA margin <sup>(5)</sup> .....	25.9%	24.1%	25.9%	24.1%	18.0%
Net debt (cash) / Adjusted EBITDA .....	(1.45)x	(1.50)x	(1.45)x	(1.50)x	(1.50)x
Total debt / Adjusted EBITDA .....	0.39x	0.42x	0.39x	0.42x	0.74x
<b>Financial Position Data</b>					
Cash and cash equivalents .....	US\$ 314.9	US\$ 917.5	R\$ 590.7	R\$ 1,528.7	R\$ 1,146.7
Marketable securities .....	2,469.7	1,810.4	4,632.7	3,016.5	2,034.5
Total current assets .....	4,129.4	3,895.6	7,745.9	6,490.8	5,210.8
Total assets.....	6,908.0	6,539.9	12,958.0	10,896.7	9,432.7
Total liabilities .....	3,479.7	3,690.4	6,527.3	6,148.9	4,817.1
Total current liabilities.....	2,235.2	2,122.4	4,192.8	3,536.3	3,218.5
Total non-controlling interests.....	22.9	18.2	43.0	30.4	1.5
Total equity .....	3,428.2	2,849.5	6,430.7	4,747.8	4,615.6
Total liabilities and equity. ....	<u>US\$ 6,908.0</u>	<u>US\$ 6,539.9</u>	<u>R\$12,958.0</u>	<u>R\$10,896.7</u>	<u>R\$ 9,432.7</u>

(1) Convenience translation as of and for the year ended December 31, 2011 at 1.8758 reais per U.S. dollar, the Central Bank exchange rate in effect on December 31, 2011.

- (2) Convenience translation as of and for the year ended December 31, 2010 at 1.6662 *reais* per U.S. dollar, the Central Bank exchange rate in effect on December 31, 2010.
- (3) Net debt (cash) is calculated as total debt less cash and cash equivalents and marketable securities. Net debt (cash) is a non-GAAP measure and is not a recognized measure under IFRS.
- (4) The following table presents a reconciliation of net income to Adjusted EBITDA for the periods presented. Adjusted EBITDA is a non-GAAP measure and is not a recognized measure under IFRS, and because not all companies use identical calculations, Globo's presentation of Adjusted EBITDA may not be comparable to other similarly titled measures provided by other companies. Globo discloses Adjusted EBITDA because it is useful in evaluating its operating performance. Adjusted EBITDA should not be considered in isolation or as an alternative to consolidated operating income or net income, as a measure of operating performance, or to cash flows from operating activities, as a measure of liquidity or Globo's ability to pay its debt. For further information about Adjusted EBITDA, see note 3 to the consolidated financial statements of Globo included elsewhere in this offering memorandum.

	Year ended December 31,				
	2011 <sup>(a)</sup>	2010 <sup>(b)</sup>	2011	2010	2009
	(in millions of US\$)		(in millions of reais)		
Net income.....	US\$1,155.7	US\$1,647.1	R\$2,167.9	R\$2,744.4	R\$1,903.6
Income tax and social contribution.....	398.6	365.9	747.7	609.7	(194.0)
(Gain) loss on sale of property, plant and equipment and intangible.....	(0.1)	0.3	(0.1)	0.5	(0.5)
Financial income.....	(257.9)	(162.3)	(483.7)	(270.4)	(339.6)
Financial expense.....	140.6	63.9	263.7	106.4	(9.8)
Equity pick-up.....	(81.2)	(181.5)	(152.3)	(302.4)	(231.2)
Gain on sale of interest in associates and other investment results.....	(6.3)	(485.8)	(11.9)	(809.5)	16.7
Dividends received from non-consolidated activities.....	47.9	49.5	89.9	82.5	57.0
Depreciation and amortization <sup>(c)</sup> .....	119.2	125.0	223.6	208.3	216.6
Adjusted EBITDA.....	<u>US\$1,516.5</u>	<u>US\$1,422.1</u>	<u>R\$2,844.7</u>	<u>R\$2,369.5</u>	<u>R\$1,418.9</u>

- (a) Convenience translation as of and for the year ended December 31, 2011 at 1.8758 *reais* per U.S. dollar, the Central Bank exchange rate in effect on December 31, 2011.
- (b) Convenience translation as of and for the year ended December 31, 2010 at 1.6662 *reais* per U.S. dollar, the Central Bank exchange rate in effect on December 31, 2010.
- (c) Includes depreciation and amortization related to operating expenses and costs of sales and services.
- (5) Adjusted EBITDA margin is equal to Adjusted EBITDA divided by net sales, advertising and services. Adjusted EBITDA margin is a non-GAAP measure and is not a recognized measure under IFRS.

## RISK FACTORS

*You should carefully consider the risks and uncertainties described below and the other information in this offering memorandum before investing in the notes. Globo's business, financial condition or results of operations could be materially adversely affected by any of these risks. The risks described below are not the only ones facing Globo's business or investments in Brazil in general. Additional risks not presently known to Globo or which Globo currently deems immaterial may also impair Globo's business.*

*This offering memorandum also contains forward-looking statements that involve risks and uncertainties. Globo's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by Globo described below and elsewhere in this offering memorandum. See "Cautionary Statement Regarding Forward-Looking Statements."*

### **Risks Relating to Globo's Business**

#### **The cyclical nature of the advertising market may have an adverse impact on Globo's revenues and results of operations.**

Globo's business is highly dependent on advertising sales, in particular broadcast TV advertising sales. Globo's broadcasting business and the business of its affiliated stations derive most of their revenues from the sale of advertising time on the respective television stations and their share of network advertising. Total advertising revenues represented 74.0% of Globo's net sales, advertising and services on a consolidated basis for the year ended December 31, 2011.

The Brazilian advertising market has historically been cyclical in nature, growing during economic expansions and contracting during recessions. For example, the advertising market's annual growth, in nominal terms, has varied in the last five years as follows: R\$1,565.5 million or approximately 9% in 2007, R\$2,417.8 million or approximately 13% in 2008, R\$848.5 million or approximately 4% in 2009, R\$3,943.0 million or approximately 18% in 2010 and R\$2,238.6 million or approximately 9% in 2011. In the past, this cyclicity has been directly correlated with TV Globo's and Globo's revenues and results of operations and is expected to continue to affect Globo in the future. There can be no assurance that the current level of advertising revenues will be maintained in the future, that the Brazilian broadcast advertising market will grow as expected, or that there will not be any regulatory restrictions on the advertising of various products.

#### **Increased competition from cable, satellite television and other broadcasting providers and other media companies may negatively affect revenues.**

Globo's broadcast television business faces increased competition in its broadcasting business from cable and satellite television programmers and other broadcast television providers. For example, in recent years, the number of new pay-TV channels that compete against channels for which Globo provides programming has increased. The Globo Network also faces increased competition from other audiovisual content distribution technologies such as online videos, video games and video on demand ("VoD"). Globo's annual average audience share has declined from 49% in 2008 to 46% in 2011 during the period from 7:00 a.m. to midnight as competition among television programming providers increased significantly, including with respect to broadcast rights for key sports events and competition from pay-TV. Competition, among other factors, increases the cost of producing programs or acquiring talent and the cost of acquiring the rights to certain programs, including sporting events.

Globo derives most of its broadcast-related revenues from the sale of advertising time on its television stations and its share of network advertising. There can be no assurance that current levels of advertising revenues will be maintained in the future. For example, distribution of news, entertainment and other information via the Internet has become increasingly popular in Brazil over the past several years and viewing news, entertainment and other content on a personal computer, cellular phone and other electronic or portable devices has become increasingly popular as well. A shift in major advertisers' expenditures from traditional to online media may have an adverse effect on Globo's revenue growth. There can also be no assurance that competition in advertising activity from cable and satellite television programmers, other broadcasting and other audiovisual content providers will not adversely affect Globo's advertising revenues and increase costs.

Globo's pay-TV programming business relies on the cable and satellite television companies that distribute its content to provide access to a robust subscriber base, including by making ongoing investments to upgrade and expand their content distribution platforms. There can be no assurance that these cable and satellite television companies will continue to make investments in their distribution platforms.

In 2002, the Brazilian Federal Constitution (the "Brazilian Constitution") was amended to permit foreign investors to invest in the capital of companies involved in the newspaper, magazine, radio and broadcast television business. As a result, since May 28,

2002, foreign investors have been able to hold up to 30% of the total and voting capital of such companies. Law 10,610 implemented regulations under the constitutional amendment effective December 20, 2002. While the effects of this legislation have not thus far resulted in any significant increase in competition for the business of the Globo Network, there can be no assurance that the legislation or the amendment will not affect the business of the Globo Network in the future.

**Substantially all of Globo’s revenues are generated in *reais* whereas a significant portion of Globo’s debt, accounts payable and commitments for programming rights, among other things, is denominated in U.S. dollars.**

Substantially all of Globo’s revenues are generated in *reais*, whereas a significant portion of Globo’s debt is denominated in U.S. dollars. In addition, accounts payable for programming rights, including sports and films, and other accounts payable, such as filming equipment, as well as certain commitments to acquire transmission and exhibition rights, are also denominated in U.S. dollars. This increases Globo’s vulnerability to general adverse economic and media industry conditions and to the depreciation of the *real*. For example, in 2002, Globo Comunicação e Participações S.A. (formerly known as Globo Comunicações e Participações S.A., or “Globopar”) restructured its debt because its U.S. dollar-denominated debt had placed an increased burden on Globopar and TV Globo (as guarantor of Globopar’s debt), given their *real*-based revenue and the significant depreciation of the *real*. Should the *real* depreciate significantly against the U.S. dollar for an extended period of time, Globo’s financial condition and results of operations may be adversely affected. As of December 31, 2011, on a consolidated basis, Globo had debt in an aggregate amount of R\$1,103.3 million, of which R\$997.0 million, or 90.4%, was denominated in U.S. dollars and R\$152.0 million of accounts payable in U.S. dollars.

**Globo’s businesses are highly dependent on their continued ability to maintain government licenses.**

As is the case with regulated broadcasters in Brazil, the operation of the Globo Network is highly dependent on licenses issued by the Brazilian government. Globo renewed its television broadcasting licenses in October 2007. The licenses were renewed for a period of 15 years and are set to expire in October 2022. Renewal of these licenses is based upon payment for the right to use radio frequencies and the satisfaction of certain objective criteria. As of January 16, 2012, prior approval of the president of Brazil is also required for the renewal of television broadcasting licenses, as set forth in Decree No. 7,670 issued on such date. Globo’s licenses have been renewed consistently throughout the history of the Globo Network. Nonetheless, there can be no assurance that Globo’s television broadcasting licenses will continue to be renewed. Any failure to obtain or maintain licenses could have a material adverse effect on the business, results of operations and prospects of Globo and its affiliated stations.

In addition, the transferability of broadcasting licenses is subject to certain regulatory restrictions. Although licenses may be transferred directly (i.e., a transfer of a license to a third party) or indirectly (i.e., a transfer of a majority of the voting capital of the entity holding the license), such transfers require the prior consent of the Brazilian government. Any amendment to the by-laws of the legal entity operating a television broadcasting station that triggers a change in the control, management or purpose of the company requires the prior approval of the president of Brazil and/or the Ministry of Communications, as the case may be. The Ministry of Communications must also be informed of any other amendment to the by-laws within 60 days after such amendment becomes effective. In addition, a broadcast license may be revoked due to supervening legal, technical, financial or economic incapacity to perform the services under the concession. Globo cannot assure that it will be able to comply with these regulations or obtain any required prior approval. Globo’s failure to do so could ultimately result in the cancellation of any of Globo’s licenses.

**Globo’s businesses are highly regulated, and regulatory changes could negatively impact Globo.**

Globo’s broadcasting business is highly regulated by the Ministry of Communications. Certain entities in which Globo holds investments that provide cable and satellite television services are also subject to significant regulation by Anatel. The regulations and rules of the Ministry of Communications and Anatel are subject to change in response to industry developments, new technology and political policies. There can be no assurance that Globo will succeed in obtaining in the future all required regulatory approvals for its operations and in complying with applicable regulations without the imposition of restrictions on or adverse consequences to Globo.

In addition, the Brazilian Constitution governs certain aspects of television, radio, newspaper and telecommunications operations and ownership. In 1995, the provisions of the Brazilian Constitution regarding telecommunications (other than radio and television broadcasting) were revised. On July 16, 1997, Law 9,472 (the “General Telecommunications Law”) implemented regulations under the revised telecommunications provisions of the Brazilian Constitution and, among other things, established Anatel. On September 12, 2011, Law 12,485 was approved and changed regulation of the pay-TV market in Brazil, replacing and unifying regulatory frameworks that governed various individual pay-TV platforms (e.g., cable, DTH, multipoint multichannel distribution services (“MMDS”)), eliminating foreign ownership limitations on cable companies, and establishing minimum quotas for domestic content programming on channels and channel packages offered to subscribers, limiting advertising to a maximum of 25% of total daily programming for each pay-TV channel (the same restriction that was already in place for television broadcasting). Constitutional amendments or other new laws, policies, rules or regulations applicable to the activities of Globo, its affiliated stations or subsidiaries that provide cable and satellite television services may be enacted in the future. For example, Anatel recently enacted Resolution 581,

dated March 26, 2012, implementing certain aspects of Law 12,485 and the *Agência Nacional de Cinema* (“Ancine”) is also expected to issue in the first half of 2012 regulations implementing other aspects of Law 12,485. There can be no assurance that any such new constitutional amendments, laws or regulations or changes in their interpretation or application will not have a material adverse effect on the business, results of operations and prospects of Globo, its affiliated stations or subsidiaries. The business and business prospects of Globo could be adversely affected by the adoption of any constitutional amendments, laws, policies, rules or regulations, or by changes in their interpretation or application.

In addition, the Brazilian audiovisual market is also highly regulated by the Ancine, which imposes rules and requirements on the broadcasting of audiovisual content in Brazil. These rules and requirements are subject to change in response to the development of the Brazilian audiovisual industry and government policies aimed at strengthening Brazilian national production, which may have a direct adverse impact on Globo’s business or have an indirect effect on Globo’s business by adversely impacting the advertising market on which Globo depends.

**Certain subsidiaries of Globo compete with one another, potentially slowing overall growth or ceding market share to competitors.**

Certain subsidiaries or ventures of Globo compete with other subsidiaries or ventures of Globo. For example, within the pay-TV sector, Globo has an interest in Sky Brasil, which distributes DTH pay-TV services via satellite, as well as Net Serviços, which is an MSO that distributes pay-TV services via cable. Throughout Brazil, Globo’s various businesses compete for market share, including, among others, the businesses of pay-TV technologies, Internet and publishing. If the products and services offered by Globo’s subsidiaries overlap, this may slow Globo’s growth or create opportunities for third-party competitors to increase their market share at Globo’s expense.

**Globo’s relationship with affiliated stations is subject to affiliate agreements.**

Globo provides much of the programming for its affiliated stations. Globo is also responsible for all national and regional sales while the affiliated stations are responsible for local sales. Globo provides affiliated stations with advertising sales support and receives a percentage of regional sales as a fee for sales services performed. The affiliate agreements generally provide for a five-year term with automatic renewal for the same period. Historically, these affiliate agreements have been renewed on terms satisfactory to Globo in all cases where Globo has sought renewal. However, there can be no assurance that the current affiliate agreements will be renewed or that they will be renewed on the same terms as the current agreements. Non-renewal of these agreements or any adverse change to the terms of these agreements could have a material adverse effect on the business, results of operations and prospects of Globo.

**Globo’s business relies heavily on network and information systems or other technology, and a disruption or failure of such networks, systems or technology could have a material impact on Globo’s operations.**

The broadcasting, Internet and pay-TV businesses are particularly dependent on engineering facilities, infrastructure and information systems. Globo and its subsidiaries may experience unanticipated delays, complications and significant expense in implementing, integrating and operating such facilities and systems. Failures with respect to such facilities and systems could result in operational disruptions and the incurrence of additional costs to correct such problems. For example, loss of access to key satellite facilities would require Globo to develop a strategy for the delivery of its signal, such as contracting back-up satellite capacity at potentially significant cost or by developing operating arrangements, which could require significant time to agree and implement, with one or more DTH operators to carry Globo channels. Similarly, loss of Globo’s uplink to key satellite facilities would require significant cost and effort to create a back-up facility to carry Globo’s programming until continued service could be reestablished. Shutdowns of Globo’s network, information systems or other technologies could result from a variety of events, including computer viruses, spam attacks, security breaches, misappropriation of data or other malfeasance, as well as power outages, disasters, accidental releases of information or similar events. Such events could result in damage or destruction of Globo’s equipment and data, a degradation or disruption of service to Globo’s customers, and excessive call volume to Globo’s call centers. Although Globo has several back-up procedures in place, there is no assurance that broadcast interruptions will not occur. Large expenditures could be required to repair or replace systems or technology impacted by such events or to protect such systems or technology from any future disruptions or failures. As a result, significant or sustained disruptions or failures could have a material adverse impact on Globo’s business and results of operations.

**New technologies may threaten Globo’s existing businesses and opportunities for growth through increased competition, costs and capital expenditures.**

Changes in existing technology and new technologies could allow new competitors to enter the market or current competitors to obtain a competitive advantage. Some recent examples of technology driven markets that have become highly competitive over a short period of time include video over digital subscriber lines (“DSL”) and mobile, cable Internet, digital broadcast television, high-

definition multi-media and 3-D television as well as an increasing number of high definition television channels. Specifically, the telecommunications (especially cable and satellite) industries have been, and are likely to continue to be, subject to rapid and significant changes in technology. There is no guarantee that new technology or advances in current technology will not result in the emergence of new systems and increased competition. If Globo is unable to recognize and respond to recent and future changes in technology and changes in consumer behavior, Globo's business may be adversely affected.

In addition, the introduction of digital broadcast television in Brazil has required, and may continue to require significant investments by Globo to adapt to the new broadcast standard. Globo's capital expenditures have increased due to the ongoing conversion of its television stations into digital format and increased programming in high definition format and it does not expect that its capital expenditures will return to prior levels. Globo may not have sufficient funding available to meet future technological demands. It is possible that the technology in which Globo invests could be rendered obsolete by the advent of superior and/or cheaper technology, which may adversely affect Globo's competitive position or require Globo to increase its capital expenditures in order to maintain its competitive position. Globo will be subject to this and other changes in technology and there can be no assurance as to the impact of such technological changes on Globo.

**Globo and its subsidiaries are party to legal and administrative proceedings, including tax disputes, in the regular course of its business. If Globo receives unfavorable outcomes in these proceedings, Globo's cash flows could be materially and adversely affected.**

Globo and its subsidiaries are party to legal proceedings in the regular course of business. The amounts in dispute in several of these proceedings would be material if the proceeding were ultimately decided against Globo. For example, the Brazilian tax authorities have imposed a significant tax assessment on Globo in connection with its amortization of goodwill for determination of taxable income in the calendar years between 2005 and 2008. As of December 31, 2011, the estimated contingency amount in connection with this assessment was R\$840.1 million. Any litigation connected with such legal proceedings could be costly and time consuming and could adversely affect Globo's reputation. Depending on the outcome of ongoing proceedings, material tax assessments or other penalties may be imposed on Globo and Globo's cash flows could be materially and adversely affected. See "Business—Legal Proceedings" for a description of certain legal proceedings of Globo.

**Globo may be unable to effectively negotiate favorable terms with its talent and third-party programming sources.**

The success of Globo's business depends significantly on its ability to hire and retain artistic talent and other professionals (including actors, writers, directors, and technicians) and to obtain and retain programming rights sourced from third parties, such as sporting events. The market for these services and rights has been and will likely continue to be very competitive. There can be no assurance that Globo will be able to obtain or retain such services and rights on acceptable terms in the future.

**Globo or Globo's subsidiaries may enter into related-party transactions which may adversely impact Globo.**

Globo or Globo's subsidiaries may enter into related party transactions from time to time as permitted under Brazilian law. Certain related party transactions have included, and could in the future include, transactions between Globo companies and entities under common control therewith or with that of the Marinho family, which has no direct or indirect obligations with respect to the notes. See "Related Party Transactions" for a description of Globo's related party transactions. There can be no assurance that the terms of the transactions with these various related parties are on terms as favorable to Globo or Globo's subsidiaries as those that could have been obtained in arm's-length transactions with third parties. There can be no assurance that any such related party transaction, or combination of transactions, will not have an adverse impact on Globo.

**Globo may be unable to renew, or renew on favorable terms, existing programming agreements.**

Globosat provides its content to pay-TV operations through long-term contracts, and some of Globo's major long-term contracts expire in 2014 and 2015. There can be no assurance that these contracts will be renewed, or that they will be renewed on the same terms and conditions as are currently in place. In either case, the adverse impact on Globo's pay-TV programming results could be significant.

**Globo is indirectly owned by the Marinho family and the interests of the Marinho family may conflict with your interests.**

The Marinho family and certain relatives of the Marinho family indirectly own 100% of Globo and, therefore, control Globo's operations. The Marinho family could make decisions with respect to Globo's operations, capitalization structure or overall strategy that are not exactly aligned with your interests as a holder of notes.

**Globo may not be able to negotiate terms and extensions for its joint venture agreements on favorable terms.**

Globo's joint venture agreements (such as those with USA Brasil, PB Brasil, Canal Brazil and Telecine) have definite terms, which may be extended solely upon the acceptance of all partners. Globo cannot assure that such extensions will be agreed upon by the partners. In addition, the occurrence of certain events may cause the early terminations of such association agreements, which could adversely affect Globo's pay-TV production and results of operation.

**Globo may be able to pay dividends from prior fiscal years even with respect to fiscal years in which it has no net profits or incurs net losses.**

Brazilian corporate law requires that a minimum percentage of "adjusted net profits" for each fiscal year be distributed to stockholders, which is referred to as the "mandatory dividend." A Brazilian company is allowed to withhold payment of the mandatory dividend if management reports to stockholders at a meeting that the distribution would be inadvisable due to the financial condition of the company. If mandatory dividends are so withheld, as approved by the stockholders, they are required to be included in a retained earnings reserve to be paid to stockholders when the financial situation of the company so permits. Such payment of withheld dividends may happen in any future fiscal years provided that the balance of the existing retained earnings reserve is first used to offset any losses the company might have had in any such fiscal years. As of December 31, 2011, Globo had R\$1,500.6 million of accrued and unpaid dividends payable to the stockholders. See "Related Party Transactions." This could have an adverse impact on Globo's cash flows and financial condition.

**Globo is highly dependent on certain members of its management.**

Globo's operations are dependent on certain of its executive officers, particularly with respect to business planning, strategy and operations. If any of these key members of Globo's management leaves the company, Globo may, among other things, be unable to operate its business as planned or to execute its business strategies, and its results of operations and financial condition may be adversely impacted.

**Globo's business depends on certain intellectual property rights.**

Globo relies on licenses and other agreements with other content distributors, content providers, and other parties to use its content and content produced by third parties. Globo derives significant revenues from licensing television programs and films it produces to cable MSOs and DTH providers. Globo also licenses content, such as broadcast rights to major sporting events, from other content producers for broadcast on the Globo Network and third parties. Unlicensed use of Globo's content, legal challenges to Globo's intellectual property rights to its own content or content licensed by Globo, and Globo's inability to obtain licenses from third parties or to license its own content in the future could have a material adverse effect on Globo's business.

**Acquisitions could prove difficult to integrate or have an adverse effect on Globo's results of operations.**

From time to time, Globo may seek to make opportunistic acquisitions of businesses and assets primarily in the media, Internet and entertainment industry. Globo's failure to successfully complete acquisitions could limit its growth. Any acquisition involves numerous risks, including: (1) potential loss of key employees or clients of acquired businesses; (2) difficulties integrating acquired personnel and distinct cultures into Globo's business; (3) difficulties integrating acquired businesses into Globo's operating, financial planning and financial reporting systems; (4) diversion of management attention from Globo's existing operations; and (5) assumption of liabilities and exposure to unforeseen liabilities of acquired companies, including liabilities for their failure to comply with applicable regulations and tax and labor contingencies.

Acquisitions may also involve significant anticipated and unexpected cash expenditures, debt incurrence and integration expenses that could have a material adverse effect on Globo's financial condition, results of operations and cash flows. Any acquisition may ultimately have a negative impact on Globo's business and financial condition.

**Risks Relating to Brazil**

**Globo's business, almost all of which is located in Brazil, may be adversely affected by Brazilian political and economic conditions and actions of the Brazilian government.**

Brazilian political and economic conditions have a direct impact on the business of Globo and the market price of the notes. There can be no assurance that any economic weakness will not be prolonged or become more severe in the future. Most of Globo's revenue comes from advertising revenues that may be affected by prevailing economic conditions in Brazil. In addition, economic conditions in Brazil may impact the demand for the products of Globo's subsidiaries. Economic weakness could lead to reductions in advertising revenues and consumer demand for services. In addition, recent consolidation among Brazilian financial institutions limits



Globo's ability to diversify cash under management and could affect Globo's liquidity. Weakened economic conditions may negatively impact the growth of Globo's business, financial condition and results of operations.

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. Frequent and significant intervention by the Brazilian government has often changed monetary, tax, credit, tariff and other policies to influence the course of Brazil's economy. The Brazilian government's actions to control inflation and implement other policies have at times involved wage and price controls, devaluation of the *real* in relation to the U.S. dollar, changes in tax policies as well as other interventionist measures, such as nationalization, raising interest rates, freezing bank accounts, imposing capital controls and inhibiting international trade in Brazil. Changes in policy involving tariffs, exchange controls, regulations and taxation could have an adverse effect on Globo's business and financial results and the market price of the notes.

Any substantial negative reaction to the policies of the Brazilian government could have an adverse effect on the business, financial condition, results of operations of Globo and the market price of the notes. Any new policy or regulation adopted could result in increased fiscal deficits, increased taxation, increased interest rates, inflation, currency devaluation or volatility, energy shortages, decreased liquidity for Brazilian companies on domestic and international capital markets, social and political instability or low economic growth, any one of which could have an adverse effect on the business, operations or prospects of Globo. In addition, uncertainty over what policies the current Brazilian government may propose or adopt in the future may have an impact on Globo's business and may contribute to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities market. A negative impact on Globo's business could also be caused by government policies that increase control over the media industry.

**Devaluation and fluctuation of the Brazilian currency could have a material adverse effect on Globo's results of operations and financial condition and Globo's ability to make payments on Globo's U.S. dollar-denominated liabilities and commitments, including the notes.**

The Brazilian currency, the *real*, has historically suffered devaluations against the U.S. dollar and other currencies. In the past, the Brazilian government has implemented various economic plans and utilized a number of exchange rate policies, including: sudden devaluations, periodic mini-devaluations (during which the frequency of adjustments ranged from daily to monthly), floating exchange rate systems, exchange controls and dual exchange rate markets. On January 15, 1999, as a result of substantial outflows of foreign exchange reserves in late 1998 and early 1999, the Central Bank allowed the *real* to float freely against other currencies. Consequently, the *real* experienced high volatility and significant devaluation. On December 31, 2000, the rate was R\$1.96 to US\$1.00. From 2000 through 2009, the *real* fluctuated from a low of R\$3.95 to US\$1.00 in 2002 to a high of R\$1.56 to US\$1.00 in 2008. The *real* increased in value by 4.3% against the U.S. dollar in the year ended December 31, 2010 to an exchange rate of R\$1.67 to US\$1.00 and decreased in value by 12.6% against the U.S. dollar in the year ended December 31, 2011 to an exchange rate of R\$1.8758 to US\$1.00. On May 8, 2012, the exchange rate was R\$1.9366 to US\$1.00. Devaluations of the Brazilian currency over shorter periods have resulted in significant fluctuations in the exchange rate between the Brazilian currency and the U.S. dollar as well. There can be no assurance that the *real* will maintain its current value against the U.S. dollar or that the Brazilian government will not implement an exchange rate band or another type of currency exchange control mechanism.

Any governmental involvement in the exchange rate, or the implementation of any exchange-control mechanism, could lead to a further devaluation of the *real*, which could make foreign currency-linked obligations or expenses of Globo, including the notes, more expensive. Any such impact could have an adverse effect on Globo as substantially all of Globo's net sales are in *reais*.

**Increased inflation in Brazil could harm Globo's business, the market value of the notes and Globo's ability to make payments on its obligations.**

Globo's principal market is Brazil, which has periodically experienced extremely high rates of inflation. Inflation, along with governmental measures to combat inflation and public speculation about possible future governmental measures, has had significant adverse effects on the Brazilian economy. The annual rates of inflation, as measured by the Índice Geral de Preços—Mercado (the General Market Price Index, or "IGP-M") have decreased significantly from 2,567.3% in 1993. Brazil's rate of inflation, according to the IGP-M, was negative 1.7% in 2009, 11.3% in 2010 and 5.1% in 2011. There can be no assurance that recent lower levels of inflation will continue, and Brazil may experience high levels of inflation in the future. If that should occur, Globo's operations and results may be affected, particularly because most of Globo's contracts are inflation-adjusted according to the IGP-M, which could adversely affect the ability of Globo to satisfy payment obligations under the notes and other indebtedness. Inflationary pressures may also lead to further governmental intervention in the economy, including the introduction of government policies that may have an adverse effect on Globo's operations and the market value of the notes. In addition, a substantial increase in inflation may weaken investor confidence in Brazil, possibly impacting the market value of the notes.

**Allegations of political corruption against the Brazilian federal government could create economic and political instability.**

In the past, the federal government has faced allegations of political corruption. As a result, a number of politicians, including senior federal officials, resigned. In addition, members of the Brazilian executive and legislative branches of government have been investigated as a result of allegations of unethical or illegal conduct. It is impossible to foresee the possible conclusions of such investigations and whether similar conclusions will adversely affect the Brazilian economy. As a result, similar uncertainties, allegations of unethical or illegal conduct or other future developments in Brazilian politics may adversely affect Globo and its business and results of operations. Globo cannot predict whether such allegations will lead to further instability or whether new allegations against key Brazilian government officials will arise in the future. In addition, Globo cannot predict the outcome of any such allegations and their effect on the Brazilian economy.

**Changes in Brazilian tax laws, including interpretations thereof, may have an adverse impact on the taxes applicable to a disposition of the notes or may adversely impact Globo's results of operations.**

According to Law 10,833, enacted on December 29, 2003, the disposition of assets located in Brazil by a non-resident to either a Brazilian resident or a non-resident is subject to capital gains tax in Brazil, regardless of whether the disposition occurs outside or within Brazil. As the notes are offered, sold and listed outside Brazil, Globo does not believe that the notes fall within the definition of assets located in Brazil for purposes of Law 10,833 and, accordingly, gains on the sale or the disposition of the notes made outside Brazil are not subject to Brazilian taxes. However, given that this legislation is not entirely clear and the absence of judicial guidance in respect thereof, there can be no assurance that this interpretation of the law will prevail in the courts of Brazil.

Furthermore, the Brazilian government frequently implements changes to tax regimes that affect Globo and Globo's customers. These changes include changes in prevailing tax rates and, on occasion, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. Also, the Brazilian tax authorities' interpretations with respect to tax events and tax rates, as well as the computation of certain taxes, may change from time to time.

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

**Negative developments in other national economies, especially those in developing countries, may negatively impact foreign investment in Brazil and the country's economic growth.**

International investors generally consider Brazil to be an emerging market. Historically, adverse developments in the economies of emerging markets have resulted in investors' perception of greater risk from investments in such markets. Such perceptions regarding emerging market countries have significantly affected the Brazilian securities markets and the availability of credit in Brazil, from both domestic and international sources of capital. Furthermore, although economic conditions are different in each country, investors' reactions to developments in one country can impact the prices of securities in other countries, including those in Brazil. Negative economic and market conditions in other emerging market countries, especially those in Latin America and Asia, have at times resulted in considerable outflows of funds from, and declines in the amount of foreign investment in, Brazil. This caused Brazilian companies to face higher financing costs and adversely affected the market price of Brazilian companies' securities. Examples of such events include the Asian economic crisis of 1997 and the Russian currency crisis of 1998. The repercussions of these events were exacerbated in Brazil by Brazil's 1999 currency depreciation and related economic developments. Argentina's instability in 2001 and 2002 increased international financial markets volatility. More recently, the Greek debt crisis has adversely affected the global economy.

In the event of adverse developments in emerging-market economies or developed nations, the international capital markets may not remain open to Brazilian companies, prevailing interest rates in these markets may not be advantageous to Globo and the market price of the notes may decrease. Furthermore, decreased foreign investment in Brazil could adversely affect growth and liquidity in the Brazilian economy, which in turn could have an adverse effect on Globo's businesses. In addition, such developments in nations may destabilize the *real* or cause it to depreciate significantly.

**Brazilian law limits Globo's ability to make certain payments on U.S. dollar remittances.**

Brazilian law provides that whenever there exists, or there is a serious risk of, a material imbalance in Brazil's "balance of payments," the Brazilian government may impose restrictions for a limited period of time on the remittance to foreign investors of the proceeds of their investments in Brazil as well as on the conversion of the *real* into foreign currencies. The Brazilian government imposed such a restriction on remittances for approximately six months in 1989 and early 1990. These restrictions could hinder or prevent Globo from being able to pay interest or principal on the notes.

The Brazilian government may in the future: (i) restrict companies from paying amounts denominated in foreign currency or (ii) require that any such payment be made in *reais*. Many factors could affect the likelihood of the Brazilian government imposing such exchange control restrictions, including: the extent of Brazil's foreign currency reserves; the availability of sufficient foreign exchange on the date a payment is due; the size of Brazil's debt service burden relative to the economy as a whole; Brazil's policy toward the International Monetary Fund; and political constraints that Brazil may be subject to. There can be no assurance that the Central Bank would not modify its policies or that the Brazilian government would not institute restrictions or delays on payments of external debt in the future.

The Brazilian government currently restricts the ability of Brazilian or foreign persons or entities to convert Brazilian currency into U.S. dollars or other currencies other than in connection with certain authorized transactions through the Central Bank, including, among others, timely payments of the notes by Globo, once duly approved by the Central Bank. Globo will seek such approval with respect to the notes, by means of registration with the Central Bank. Although registration is automatic, the Central Bank will review it and may present further requests for adjustments necessary for its conclusion, taking into consideration whether the economic terms of the notes are compatible with usual conditions and market practice. There can be no assurance that the Central Bank will grant such approval or that the current mechanisms for the conversion of Brazilian currency into U.S. dollars and remittance abroad of such funds will continue to be available at the time the obligations under the notes are to be performed or that a more restrictive exchange control policy, which could affect the ability to make payments under the notes in U.S. dollars, will not be adopted in the future. If such financial mechanisms for the conversion of *reais* into U.S. dollars and remittance of such funds are not available, Globo will have to rely on a special authorization from the Central Bank to make payments under the notes in U.S. dollars. There can be no assurance that any such special Central Bank authorization would be obtained or that if such authorization is obtained, such authorization would be obtained on a timely basis. In addition, the Central Bank authorization will need to be obtained for any payments to be made under the notes that are on different terms than those originally registered with the Central Bank.

#### **Judgments won against Globo by investors may be difficult to enforce in Brazil.**

All of the executive officers of Globo reside in Brazil. In addition, most of the assets of Globo are located in Brazil. As a result, it is necessary for holders of the notes to comply with Brazilian law in order to obtain an enforceable judgment against Globo or its assets. It may not be possible for investors to effect service of process upon the executive officers of Globo in jurisdictions outside Brazil, or to realize in such jurisdictions against Globo judgments obtained in the courts of such jurisdictions based upon civil liabilities of Globo, including any judgments based upon the laws of countries other than Brazil.

Specifically, Globo believes that Brazilian courts will enforce a judgment of a court sitting in a jurisdiction outside Brazil for civil liabilities predicated on the securities laws of any such country, without reconsideration of the merits, only if such judgment satisfies certain requirements and receives confirmation from the Brazilian Superior Court of Justice, Brazil's highest court for the recognition of foreign judgments.

There can be no assurance that such confirmation would be obtained, that the process described above would be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment for violation of the securities laws of a country other than Brazil with respect to the notes. See "Enforcement of Civil Liabilities."

#### **Brazilian law may limit Globo's ability to make payments in U.S. dollars with respect to court judgments.**

If proceedings were brought in the courts of Brazil seeking to enforce Globo's obligations under the notes, Globo would not be required to discharge its obligations in a currency other than *reais*. Under Brazilian exchange control limitations, an obligation to pay in Brazil amounts denominated in a currency other than the Brazilian currency may only be satisfied in Brazilian currency at the rate of exchange, as disclosed by the Central Bank, in effect on (i) the date of payment; (ii) the date on which such judgment is rendered; or (iii) the actual due date of the obligations. There can be no assurance that, in that event, the conversion of the Brazilian currency into U.S. dollars would afford full compensation of the amounts invested in the notes plus accrued interest or that any such Central Bank approval will be obtained or that such approval will be obtained on a timely basis.

### **Risks Relating to the Notes**

#### **There are no financial covenants in the indenture or notes.**

Neither Globo nor any of Globo's subsidiaries are restricted from incurring additional debt or liabilities, including additional senior debt, under the notes and the indenture. If Globo incurs additional debt or liabilities, Globo's ability to pay its obligations on the notes could be adversely affected. The issuance of any such instruments may reduce the amount recoverable by you upon any bankruptcy or insolvency and would increase the likelihood that Globo may suspend the payment of interest on the notes. Globo expects that it will from time to time incur additional debt and other liabilities. In addition, Globo is not restricted under the notes or

the indenture from paying dividends or making other distributions, making investments, issuing or repurchasing its securities, selling assets or entering into affiliate transactions.

**Payments on the notes will be effectively subordinated to any secured debt of Globo and structurally subordinated to debt obligations of Globo's subsidiaries. Moreover, the notes are not guaranteed by any of Globo's subsidiaries.**

The notes will constitute senior unsecured and unsubordinated obligations of Globo and will rank equal in right of payment with all of Globo's other existing and future unsecured, unsubordinated indebtedness. The notes will be effectively subordinated to any secured debt of Globo to the extent of the value of the assets securing such debt. In addition, the notes will be structurally subordinated to all debt and other liabilities of Globo's subsidiaries. Moreover, the notes are not guaranteed by any of Globo's subsidiaries. As a result, in the event of bankruptcy or liquidation of Globo, claims of creditors under Globo's secured debt and claims of creditors of Globo's subsidiaries will be paid before payments are made to investors in the notes.

**The funding by Globo of obligations of its subsidiaries could adversely impact funds available to Globo for payments with respect to the notes.**

Brazilian law does not specifically provide that a controlling shareholder is required to fund the operations of a company. In accordance with the Brazilian Civil Code, however, a judge may disregard the corporate entity in the case of abuse of the corporate entity. In addition, Brazilian courts and doctrine have found that a controlling shareholder may, in certain specific circumstances, be liable for labor, social security, environmental and consumer rights obligations of its subsidiaries. There can be no assurance that Globo will not be required by a Brazilian court to honor the obligations of a subsidiary in the case of a labor, social security, environmental or consumer rights dispute. If Globo were required to fund the obligations of its subsidiaries to any material extent, this could adversely impact funds available to Globo for payments with respect to the notes.

**Globo will have the right to redeem the notes upon the occurrence of specified tax events.**

Globo will have the right to redeem the notes at any time upon the occurrence of certain tax events described under "Description of Notes—Redemption—Optional Tax Redemption" at a redemption price equal to 100% of the principal amount of the notes. Globo cannot assure you that you will be able to reinvest the amounts received upon any redemption at a rate that will provide you with the same return as your investment in the notes.

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

The notes constitute a new issue of securities, for which there is no existing market. Globo has applied to list the notes on the Official List of the Luxembourg Stock Exchange and to admit the notes for trading on the Euro MTF Market. No assurance can be provided regarding the future development of a market for the notes, the ability of holders of the notes to sell their notes, or the price at which such holders may be able to sell their notes. If such a market were to develop, the notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, Globo's results of operations and financial condition, prospects for other companies in Globo's industry, political and economic developments in and affecting Brazil, risks associated with Brazilian issuers of such type of securities and the market for similar securities. If an active market for the notes does not develop or is interrupted, the market price and liquidity of the notes may be adversely affected.

**In the event of bankruptcy of Globo, only limited remedies under the notes exist under Brazilian law. Furthermore, Brazilian law requires payment of certain statutory preferences before holders of the notes can be paid.**

If the payment of principal on the notes is accelerated due to the bankruptcy, judicial or extrajudicial reorganization, liquidation or dissolution of Globo, the assets of Globo will only be available to pay those amounts after: (i) all statutory preferences (such as claims for salaries, wages, social security, secured credits, taxes and court fees and expenses) of Globo have been paid in full, as described in Articles 83 and 84 of Law 11,101, enacted on February 9, 2005; and (ii) Globo is actually declared bankrupt, is subject to judicial or extrajudicial reorganization, is put into liquidation or is otherwise dissolved for purposes of Brazilian law. Foreign currency claims in a bankruptcy are, however, converted into *reais* at the exchange rate in effect on the date the bankruptcy is declared and this is the sole basis for the consideration of the value of such claims.

## **USE OF PROCEEDS**

Globo estimates that the net proceeds from the sale of the notes, after deducting estimated commissions and expenses, will be US\$294.9 million. Globo will use the net proceeds from the issue of the notes for general corporate purposes.

## CAPITALIZATION

The table below sets forth Globo's consolidated capitalization as of December 31, 2011 on (a) an actual basis as derived from Globo's consolidated financial statements included elsewhere in this offering memorandum and (b) as adjusted to reflect:

- this offering, after estimated deducting commissions and expenses; and
- the concurrent offering of the SENs and Amended 2022 Notes and the Mandatory Exchange, after deducting estimated commissions and expenses.

You should read this table in conjunction with "Summary—Concurrent Offering," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Other Indebtedness" and the financial statements and related notes included elsewhere in this offering memorandum.

	As of December 31, 2011			
	(in millions of US\$) <sup>(1)</sup>		(in millions of reais)	
	Actual	As Adjusted	Actual	As Adjusted
<b>Cash, cash equivalents and marketable securities</b> .....	US\$2,784.7	US\$3,078.7 <sup>(2)</sup>	R\$5,223.5	R\$ 5,775.0 <sup>(2)</sup>
<b>Existing debt<sup>(3)</sup>:</b>				
Notes offered hereby .....	US\$ —	US\$ 300.0	R\$ —	R\$ 562.7
Perpetual Notes .....	325.0	325.0	609.6	609.6
2022 Notes/Amended 2022 Notes .....	200.0	200.0	375.2	375.2
Bank Loans.....	53.3	53.3	99.9	99.9
Other Bank Loans.....	2.1	2.1	4.0	4.0
<b>Total debt</b> .....	580.4	880.4	1,088.7	1,651.4
<b>Shareholders' equity</b>				
Total shareholders' equity <sup>(4)</sup> .....	3,428.2	3,428.2	6,430.7	6,430.7
<b>Total capitalization</b> .....	US\$4,008.6	US\$4,308.6	R\$7,519.4	R\$8,082.1

- (1) Convenience translation of 1.8758 reais per U.S. dollar, the Central Bank exchange rate in effect on December 31, 2011.
- (2) Reflects payment of US\$6.0 million of estimated commissions and expenses in connection with this offering and the offering of the SENs and Amended 2022 Notes and the Mandatory Exchange. Does not reflect payment of the exchange fee payable to holders of SENs in connection with the Mandatory Exchange or interest on the 2022 Notes payable on April 26, 2012.
- (3) For a description of Globo's existing debt, see "Description of Other Indebtedness." For purposes of this presentation, the amounts presented for the Perpetual Notes, the 2022 Notes/Amended 2022 Notes, Bank Loans and Other Bank Loans exclude accrued and unpaid interest as of December 31, 2011 in an amount of R\$14.6 million.
- (4) Globo's authorized and outstanding share capital consists of 333,335 ordinary shares and 666,665 preferred shares. All outstanding ordinary shares and preferred shares of Globo are fully paid and non-assessable.

There has been no material change in the capitalization or indebtedness of Globo since December 31, 2011.

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

The following discussion of the financial condition and results of operations of Globo is based on, and should be read in conjunction with:

- Globo's audited financial statements as of and for the years ended December 31, 2011, 2010 and 2009, prepared in accordance with IFRS, and the related notes thereto included elsewhere in this offering memorandum; and
- the information presented under "Presentation of Financial and Other Information."

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

### Overview

Globo is the largest media group in Brazil. Globo controls, among other businesses, the leading broadcast television network in Brazil, the leading pay-TV programmer in Brazil, as well as Internet content and service provider, music label and magazine publishing companies. Globo also holds a minority interest in each of the leading Brazilian cable television operator and the leading Brazilian satellite DTH television distributor. Globo is indirectly owned by and is under the leadership of the Marinho family, whose interests in Brazilian broadcast television date back to 1965 when TV Globo began broadcasting from Rio de Janeiro under the leadership of Mr. Roberto Marinho.

For the years ended December 31, 2011, 2010 and 2009, Globo had net sales, advertising and services of R\$10,977.4 million, R\$9,812.7 million and R\$7,886.6 million, respectively, gross profit of R\$5,232.1 million, R\$4,488.8 million and R\$3,161.6 million, respectively, net income of R\$2,167.9 million, R\$2,744.4 million and R\$1,903.6 million, respectively, and Adjusted EBITDA of R\$2,844.7 million, R\$2,369.5 million and R\$1,418.9 million, respectively. See footnote 4 under "Summary Historical Consolidated Financial Information" for an explanation of Adjusted EBITDA as well as a reconciliation of net income to Adjusted EBITDA.

Globo's principal lines of business are:

- Broadcast television;
- Pay-TV programming;
- Pay-TV operations;
- Internet;
- Publishing; and
- Music label.

In its audited consolidated financial statements prepared in accordance with IFRS, Globo reports its results of operations in three segments: television, editorial and other business. The television segment includes Globo Network, Globosat and Net Brasil; the editorial segment includes Editora Globo and Globo's joint venture with Condé Nast; and the other business segment includes Internet services, music content and event promotion, among other minor businesses. Based on the relative size of its segments, Globo focuses the discussion of its results of operations on the television segment, providing a more detailed analysis of advertising revenues.

Globo's consolidated net sales, advertising and services in accordance with IFRS by revenue source are as follows:

	Year ended December 31,		
	2011	2010	2009
	(in millions of reais)		
Advertising .....	R\$ 8,123.7	R\$7,519.9	R\$6,099.7
Content/Programming.....	2,408.2	1,907.3	1,453.8
Other .....	445.5	385.5	333.1
<b>Total .....</b>	<b>R\$10,977.4</b>	<b>R\$9,812.7</b>	<b>R\$7,886.6</b>

As set out above, "Advertising" includes all advertising revenues, such as advertising from broadcast television, pay-TV, Internet service, publishing and others. "Content/Programming" includes all revenues related to content and programming, such as pay-TV programming, sales of television programming abroad, Internet (content and ISP), sports rights for broadcast television and

subscriptions from the publishing business. “Other” includes all revenues not classified above, such as sound recording services and others.

## Factors Affecting Operating Results

### Brazilian Advertising Market

Globo’s results of operations have been, and will continue to be, influenced by the performance of not only the overall advertising market in Brazil but also the broadcast and pay-TV advertising markets in Brazil, as a significant portion of Globo’s revenue comes from broadcast and pay-TV advertising. Total advertising expenditures in Brazil in 2011 were approximately R\$28.5 billion, representing an 8.5% increase over 2010. Historically, television, including broadcast and pay-TV, has been the largest advertising medium in Brazil, capturing more advertising revenues than all other media combined, accounting for 67.5% of total advertising expenditure in 2011 and 66.8% in 2010, according to Projeto Intermeios.

The table below presents advertising expenditures in Brazil by medium, as reported by Projeto Intermeios (amounts may not sum due to rounding):

	Year ended December 31,					
	2011		2010		2009	
	Expenditures (R\$ million)	Change vs. Prior Period (%)	Expenditures (R\$ million)	Change vs. Prior Period (%)	Expenditures (R\$ million)	Change vs. Prior Period (%)
Broadcast TV .....	R\$ 18,011	9.2	R\$ 16,498	21.6	R\$ 13,569	7.6
Newspaper .....	3,366	3.8	3,242	3.4	3,135	(8.1)
Magazines .....	2,036	3.5	1,967	14.9	1,712	(6.2)
Radio.....	1,130	3.3	1,095	10.9	987	9.4
Pay-TV.....	1,192	17.8	1,012	22.9	823	2.5
Internet.....	1,455	19.6	1,216	28.0	950	25.2
Other <sup>(1)</sup> .....	1,264	6.6	1,186	8.1	1,096	(2.0)
<b>Total .....</b>	<b>R\$28,454</b>	<b>8.5</b>	<b>R\$26,216</b>	<b>17.7</b>	<b>R\$ 22,272</b>	<b>4.0</b>

(1) Billboards, yellow pages and cinema.

Source: Projeto Intermeios

### TV Globo Audience Performance

Globo’s results of operations are also driven by Globo’s ability to attract and retain viewers on the Globo Network. As shown in the table below, in the years ended December 31, 2011, 2010 and 2009, Globo’s audience ratings remained at high levels, at over 18% and 28% for the time slots from 7:00 a.m. to midnight and from 6:00 p.m. to midnight, respectively.

	TV Globo		Total	
	Rating (%)	Share (%)	Rating (%)	Share (%)
<b>7 a.m. to midnight</b>				
2011.....	18	46	39	100
2010.....	18	47	39	100
2009.....	20	49	40	100
2008.....	19	49	40	100
<b>6 p.m. to midnight</b>				
2011.....	28	53	53	100
2010.....	28	52	53	100
2009.....	30	54	55	100
2008.....	29	53	55	100

Source: IBOPE Telereport—PNT 2007/2008/2009/2010/2011



In the table above, information regarding (i) audience share is expressed as the result of the number of households with a television set tuned to a specific channel during the time of broadcast divided by the total number of households with a television set turned on, excluding other uses of television such as DVD, video-recorder and other appliances connected to a television, and (ii) audience ratings is expressed as the result of the number of households with a television set tuned to a specific channel during the time of broadcast divided by the total number of households with at least one television set, regardless of whether it is turned on or off.

## **Transmission Rights**

### ***Olympic Games***

In August 2009, Globo acquired the transmission rights to the 2016 Olympic Games to be held in Rio de Janeiro, Brazil. Globosat has also acquired the pay-TV non-exclusive rights to the 2016 Olympic Games and the transmission rights to the 2014 Winter Olympic Games. Globo and Grupo Bandeirantes de Comunicação, one of Globo's competitors, purchased non-exclusive transmission rights for broadcast television with respect to the transmission of the 2016 Olympic Games and the 2014 Winter Olympic Games. Globo also purchased exclusive rights for Internet, pay-TV, radio and mobile device coverage with respect to the transmission of both events.

### ***2014, 2018 and 2022 FIFA World Cups***

Globo has acquired the transmission rights to the 2014, 2018 and 2022 FIFA World Cups, becoming the sole television licensee in Brazil for these FIFA World Cups. These rights comprise several distribution platforms in Brazil, including broadcast television, pay-TV, Internet and mobile media. Globo agreed to pay for these rights in installments through 2022.

## **Credit Ratings**

In June 2011, Standard & Poor's ("S&P") raised its global scale ratings on Globo to "BBB" from "BBB-," citing Globo's consistent track record of commitment to prudent financial policies, and an improved assessment of the risks pertaining to the media business in Brazil. S&P's outlook for Globo's ratings was stable.

In September 2011, Moody's Investors Service ("Moody's") raised Globo's foreign currency senior unsecured rated debt and issuer ratings' to "Baa2" from "Baa3," citing that Globo's progress in diversifying into higher margin content and programming segments and excellent liquidity and debt amortization profile. Moody's outlook for Globo's ratings was stable.

In December 2011, Fitch Ratings ("Fitch") raised its global scale ratings on Globo's: (i) foreign currency issuer default rating to "BBB+" from "BBB;" and (ii) local currency issuer default rating to "BBB+" from "BBB." Fitch's outlook for Globo's ratings was stable.

## **Certain Material Dispositions and Acquisitions**

A summary description of certain material dispositions and acquisitions of Globo follows. For a more extensive description of Globo's dispositions and acquisitions since January 1, 2009, and for a more detailed discussion of the dispositions described below, see the notes to the financial statements of Globo included in this offering memorandum.

### ***Ownership Interest in Net Serviços***

In 2001, as part of a reorganization of the equity ownership structure of Net Serviços, Net Serviços succeeded Globo and its subsidiaries in the right of amortizing for tax purposes certain goodwill of Globo related to acquisitions. Amortization of goodwill over an estimated period results in tax benefits for Net Serviços and its subsidiaries. Net Serviços issued shares to Globo up to the amount of the tax benefits realized. At the issuance of shares, all shareholders of Net Serviços were given the right to purchase from Globo a pro rata amount of shares in order to prevent dilution. In March 2009, Net Serviços issued new shares in an amount of R\$59.0 million to Globo, and Globo sold shares in an amount of R\$53.3 million to the other shareholders of Net Serviços. As a result, Globo's ownership on a consolidated basis increased to 6.90% as of March 31, 2009.

On October 7, 2010, Embratel, a significant shareholder of Net Serviços and signatory to the Net Serviços shareholders' agreement, made a voluntary public tender offer for all the preferred shares issued by Net Serviços, at a price of R\$23.00 per share. In connection with the public offering notice, in October 2010, Globo sold 1,887,314 preferred shares of Net Serviços for R\$43.4 million in cash and recorded a gain of R\$9.2 million. As a result, Globo's ownership interest in Net Serviços decreased, on a consolidated basis, from 6.90% as of December 31, 2009 to 6.35% as of December 31, 2010.

Until recently, Globo was the controlling shareholder of Net Serviços, through its controlling stake in GB Empreendimentos e Participações S.A. ("GB"). GB held the majority of the voting capital stock of Net Serviços. Telmex, through its wholly-owned subsidiaries, Embrapar and Embratel, is a significant shareholder in Net Serviços. With the passage of Law 12,485, however, non-

Brazilian entities were given the right to own a controlling interest in Brazilian cable companies. As a result, and pursuant to the terms of GB shareholders' agreement, Embrapar and Embratel were granted the right to acquire from Globo, and Globo was granted the right to cause Embrapar and Embratel to purchase from Globo, subject to certain conditions, an additional interest in the voting capital of GB that would give Embrapar and Embratel, through GB, control over 51% of Net Serviços' voting common shares. The intent to exercise such rights was communicated by Globo, GB and Embratel to Anatel in October 2011. In January 2012, Anatel approved the transaction from a telecommunications regulatory perspective, allowing Embratel to acquire control of Net Serviços. In addition, Anatel determined that the parties should amend Net Serviços' corporate documents by June 2012 in order to restrict Globo from controlling any entity that provides telecommunications services provided by Net Serviços, as established by Law 12,485, according to which programmers and broadcasting companies, such as Globo, are not allowed to control telecommunications companies in Brazil.

In February 2012, Embrapar, following Anatel's consent, notified Globo that it was exercising its call option for 5.5% of the voting capital of GB. Accordingly, upon the transfer of shares on March 5, 2012, Embrapar, jointly with a subsidiary, acquired direct control of GB from Globo and, accordingly, acquired indirect control of Net Serviços. On March 12, 2012, the transaction was submitted to Anatel and *Conselho Administrativo de Defesa Econômica* ("CADE"), the Brazilian antitrust authority, to be analyzed from an antitrust perspective. The transaction is currently under Anatel's review; after this review, Anatel will issue a non-binding report on the transaction and then send it to CADE for final judgment.

On March 5, 2012, Embrapar issued a press release announcing Embrapar's intention to commence a tender offer for all of the outstanding common and preferred shares, including preferred shares represented by American Depositary Shares of Net Serviços.

### ***Ownership in Sky Brasil***

On June 1, 2010, Globo notified DirecTV of the exercise of its right to cause DirecTV to acquire a portion of Globo's equity interest in Sky Brasil (representing 18.9% of Sky Brasil total ownership), pursuant to the terms of the Exchange Rights Agreement dated October 8, 2004, among Globo, The News Corporation Limited and DirecTV.

On December 16, 2010, Globo and its then subsidiary Distel sold an 18.9% ownership interest in Sky Brasil to a DirecTV Group entity for approximately R\$1.0 billion and recorded a gain of R\$758.7 million under "investment results" on the consolidated statement of income of Globo. As a result, Globo's consolidated ownership interest in Sky Brasil decreased from 25.9% to 7%. Until January 2014, Globo has the right, under certain circumstances, to cause DirecTV to purchase up to all of Globo's remaining ownership interest of 7% in Sky Brasil, for which Globo would be paid in shares of DirecTV, cash or a combination thereof as DirecTV so determines.

## **Financial Presentation and Accounting Policies**

### ***Consolidated Financial Statements***

Globo's audited consolidated financial statements as of and for the years ended December 31, 2011, 2010 and 2009 were prepared in accordance with IFRS. On January 1, 2009, Globo transitioned its financial reporting from Brazilian GAAP to IFRS and, on December 31, 2010, Globo adopted IFRS reporting for the first time.

Globo's consolidated financial statements as of and for the years ended December 31, 2011, 2010 and 2009, prepared in accordance with IFRS, recognize the investments in jointly controlled entities accounted for under the equity method, pursuant to the accounting policy set forth by Management, as permitted under IAS 31—Joint Ventures.

### ***Critical Accounting Policies—IFRS***

The preparation of Globo's financial position and results of operation in accordance with IFRS requires Globo to make certain judgments and estimates regarding the effects of matters that are inherently uncertain and that impact the carrying value of Globo's assets and liabilities. Actual results could differ from those estimates. In order to provide an understanding about how Globo forms its judgments and estimates about certain future events, including the variables and assumptions underlying the estimates, and the sensitivity of those judgments to different variables and conditions, Globo has summarized the critical accounting policies set forth below under IFRS.

#### ***Transmission and exhibition rights***

Transmission and exhibition rights are comprised of film, live events and other exhibition rights and are recorded at the acquisition cost when such rights become available or when advances are made, whichever occurs first. Film costs include the unamortized cost of film and television series rights acquired from third parties pursuant to acquisition agreements. A film's

amortization is determined based upon the estimated revenues for each exhibition throughout its contractual life cycle. Live events include mainly soccer championships transmission rights and are amortized as aired.

The recovery of live events and film rights are revised on a title-by-title basis, and losses, if any, are recognized when it becomes known that a film or event will not be aired until the end of the contract term. Casting rights are represented by the total amount of contracts with artists and are allocated to programming production costs using the straight-line method over the contract term.

The production costs of completed and in-process *telenovelas*, miniseries, series and other television programming are also recorded as exhibition rights. These rights are expensed as the programs are aired. Programs are written-off when it is determined they will not be aired.

#### *Goodwill*

Goodwill comprises all goodwill recorded on the acquisition of business combination and from corporate restructuring attributed to future profitability. Goodwill is measured at cost less any accumulated impairment losses, if any. Impairment test for goodwill is performed at least annually.

#### *Property, plant and equipment*

Land and buildings consist mainly of studios, production facilities and offices. All property, plant and equipment are stated at acquisition or construction cost, less accumulated depreciation and/or accumulated impairment losses, if any.

Depreciation is provided using the straight-line method at rates based upon the estimated economic useful lives of the asset. The assets' residual values, useful lives and methods of depreciation are reviewed at least annually.

Management reviewed the useful lives of the significant fixed assets and changed the depreciation rate of its buildings from 4.0% to 2.5% per year in 2010. The annual effect of this change resulted in a decrease of R\$42.9 million and R\$42.5 million in depreciation expense for the years ended December 31, 2011 and 2010, respectively. Management changed the depreciation rate of its studio and transmission equipment from 20.0% to 15.4% per year in 2011, resulting in decrease of depreciation expense. This change was accounted for prospectively and decreased depreciation charges by R\$28.5 million for the year ended December 31, 2011.

#### *Provisions for contingencies*

Provisions for contingencies are recognized when Globo has a present legal obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. They are recorded at amounts considered sufficient to cover probable losses based on the opinions of internal and external legal counsel.

#### *Income tax and social contribution*

Current income tax and social contribution are calculated based on income, adjusted for additions and deductions as determined by the current tax legislation. The deferred income tax and social contribution benefit reflect the effect of tax loss carryforwards, negative basis of social contribution and the net effects of temporary differences arising between the tax bases of assets and liabilities and their carrying amount. These temporary differences can be used to offset future taxable income. Deferred income tax and social contribution assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Globo evaluates annually the carrying value of deferred income tax and social contribution assets in relation to its operating performance and projected future taxable income and, when necessary, reduces its amount to the expected realization value.

## **Results of Operations**

### ***Year Ended December 31, 2011 Compared to Year Ended December 31, 2010***

The following table sets out the components of Globo's income statements for the years ended December 31, 2011 and 2010:

	<b>Year Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
	<i>(in millions of reais)</i>	
<b>Financial Information:</b>		
Net sales, advertising and services .....	R\$ 10,977.4	R\$ 9,812.7
Cost of sales and services.....	(5,745.4)	(5,323.9)
Selling expenses .....	(1,301.2)	(1,170.4)

	<u>Year Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions of reais)	
General and administrative expenses .....	(1,371.2)	(1,223.7)
Gain (loss) on sale of property, plant and equipment and intangible .....	0.1	(0.5)
Other operating income (expense) .....	(28.3)	(16.0)
Financial income .....	483.7	270.4
Financial expense .....	(263.7)	(106.4)
Equity pick-up .....	152.3	302.4
Gain on sale of interest in associates and other investment results .....	11.9	809.5
Income tax and social contribution .....	(747.7)	(609.7)
Net income for the year .....	<u>R\$ 2,167.9</u>	<u>R\$ 2,744.4</u>
<b>Other Data:</b>		
Adjusted EBITDA <sup>(1)</sup> .....	R\$ 2,844.7	R\$ 2,369.5
Adjusted EBITDA margin <sup>(1)(2)</sup> .....	25.9%	24.1%

- (1) See footnote 4 under “Summary Historical Consolidated Financial Information” for an explanation of Adjusted EBITDA and a reconciliation of net income to Adjusted EBITDA.
- (2) Adjusted EBITDA margin is equal to Adjusted EBITDA divided by net sales, advertising and services.

#### *Net sales, advertising and services*

Globo’s net sales, advertising and services increased by R\$1,164.7 million, or 11.9%, from R\$9,812.7 million in 2010 to R\$10,977.4 million in 2011, due primarily to: (i) a R\$603.8 million increase in advertising revenues driven primarily by an 8.5% growth in the overall advertising market in Brazil in 2011; (ii) a R\$500.9 million increase in content/programming revenues resulting principally from growth in the pay-TV subscriber base; and (iii) a R\$60.0 million increase in other revenues primarily as a result of Globo’s merchandising actions, including product placements in *telenovelas*, miniseries, and weekly sitcoms.

#### *Cost of sales and services*

Globo’s cost of sales and services, excluding depreciation, increased R\$422.2 million, or 8.2%, from R\$5,177.4 million in 2010 to R\$5,599.6 million in 2011. Depreciation related to assets used in production included in cost of sales and services was R\$146.5 million in 2010 and R\$145.8 million in 2011. Excluding depreciation, the increase in cost of sales and services was principally a result of (i) a R\$335.9 million increase in personnel expense as a result of an increase in the total number of Globo employees and annual labor union wage adjustments under collective bargaining agreements; (ii) a R\$161.2 million increase in other costs principally explained by higher programming costs; and (iii) a R\$13.3 million increase related to higher marketing and promotion costs. This increase was partially offset by a R\$88.2 million decrease in transmission and exhibition rights costs in 2011.

#### *Selling expenses*

Globo’s selling expenses, excluding depreciation, increased R\$130.6 million, or 11.2%, from R\$1,169.8 million in 2010 to R\$1,300.4 million in 2011. Selling expenses reported in Globo’s financial statements include depreciation of R\$0.6 million in 2010 and R\$0.8 million in 2011. The increase in selling expenses, excluding depreciation, was primarily the result of: (i) a R\$51.8 million increase in expenses driven by higher sales commissions as a result of increased advertising sales; (ii) a R\$36.6 million increase due to higher marketing and promotion expenses; (iii) a R\$25.9 million increase mainly attributable to higher employee expenses from an increase in the number of Globo’s employees and annual labor union wage adjustments under collective bargaining agreements; and (iv) a R\$16.3 million increase in other expenses such as allowance for doubtful accounts and third party services.

#### *General and administrative expenses*

Globo’s general and administrative expenses, excluding depreciation, increased R\$131.7 million, or 11.3%, from R\$1,162.5 million in 2010 to R\$1,294.2 million in 2011. General and administrative expenses reported in Globo’s consolidated financial statements include depreciation of R\$61.2 million in 2010 and R\$77.0 million in 2011. The increase in general and administrative expenses, excluding depreciation, was primarily due to: (i) a R\$87.6 million increase in employee expenses due to an increase in the number of Globo’s employees and annual labor union wage adjustments under collective bargaining agreements; (ii) a R\$24.5 million

increase in expenses such as third party services; and (iii) a R\$19.6 million increase in other expenses such as advisory services, business infrastructure and rent.

*Gain (loss) on sale of property, plant and equipment and intangible*

Globo recorded a gain on sale of property, plant and equipment and intangible of R\$0.1 million in 2011 compared to a loss of R\$0.5 million in 2010, due to sales of fixed assets, partially offset by property, plant and equipment write-offs.

*Other operating income (expense)*

Globo had other operating expense of R\$28.3 million in 2011, compared to other operating expense of R\$16.0 million in 2010. The increase in other operating expenses in 2011 was primarily due to the compliance with the PPI (*Programa de Parcelamento Incentivado da Prefeitura de São Paulo*), a tax program of the city of São Paulo, under which Globo's affiliates settled certain outstanding municipal tax disputes.

*Financial income, net*

Globo's finance income, net increased R\$56.1 million, or 34.2%, from finance income, net of R\$164.0 million in 2010 to finance income, net of R\$220.1 million in 2011, as shown in the table below. This increase was principally due to (i) a R\$195.5 million increase in interest income mostly related to financial gains resulting from higher cash equivalent and marketable securities balances, as well as from derivatives operations carried out solely with respect to cash flow hedging purposes; and (ii) a R\$40.2 million decrease in interest expenses related to lower interest expenses with respect to the Perpetual Notes as a result of Globo's refinancing of the Perpetual Notes in April 2010; which were offset in part by (iii) a R\$180.2 million negative impact on monetary and exchange rate variations as a result of the 12.6% depreciation of the *real* against the U.S. dollar in 2011 compared to a 4.3% appreciation of the *real* against the U.S. dollar in 2010.

	Year Ended December 31, 2011			Year Ended December 31, 2010			Year Ended December 31, 2011 vs. Year Ended December 31, 2010		
	Interest & Finance Income (Expenses)	Monetary Variation & Exchange Rate	Total	Interest & Finance Income (Expenses)	Monetary Variation & Exchange Rate	Total	Interest & Finance Income (Expenses)	Monetary Variation & Exchange Rate	Total
	(in millions of reais)								
Interest income.....	473.8	10.0	483.8	278.3	(7.9)	270.4	195.5	17.9	213.4
Interest expense.....	(102.8)	(159.6)	(262.4)	(143.0)	37.5	(105.5)	40.2	(197.1)	(156.9)
Net finance income (expenses) with related parties.....	<u>(0.6)</u>	<u>(0.7)</u>	<u>(1.3)</u>	<u>(1.2)</u>	<u>0.3</u>	<u>(0.9)</u>	<u>0.6</u>	<u>(1.0)</u>	<u>(0.4)</u>
<b>Total Finance (expense) income, net .....</b>	<b><u>370.4</u></b>	<b><u>(150.3)</u></b>	<b><u>220.1</u></b>	<b><u>134.1</u></b>	<b><u>29.9</u></b>	<b><u>164.0</u></b>	<b><u>236.3</u></b>	<b><u>(180.2)</u></b>	<b><u>56.1</u></b>

*Equity pick-up*

Globo's equity pick-up decreased R\$150.1 million, or 49.6%, from a gain of R\$302.4 million in 2010 to a gain of R\$152.3 million in 2011, primarily as a result of the reduction in Globo's ownership in Sky Brasil in December 2010.

*Gain on sale of interest in associates and other investment results*

Globo's gain on sale of interest in associates and other investment results decreased R\$797.6 million, or 98.5%, from a gain of R\$809.5 million in 2010 to a gain of R\$ 11.9 million in 2011, mainly due to the sale of Sky Brasil in 2010, which did not recur in 2011.

*Income tax and social contribution*

Globo's income tax and social contribution increased R\$138.0 million, or 22.6%, from an expense of R\$609.7 million in 2010 to an expense of R\$747.7 million in 2011, mainly due to Globo's improved operational results in 2011.

### Net income for the year

Globo's net income decreased R\$576.5 million, or 21.0%, from R\$2,744.4 million in 2010 to R\$2,167.9 million in 2011. This reduction was mainly due to the effect of the sale of Sky Brasil, as explained above, partially offset by Globo's better operational results.

### Adjusted EBITDA

Globo's Adjusted EBITDA increased R\$475.0 million, or 20.0%, from R\$2,369.5 million in 2010 to R\$2,844.7 million in 2011, mainly due to better operating results in line with the strong performance of the advertising market in 2011.

### Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

The following table sets out the components of Globo's income statements for the years ended December 31, 2010 and 2009:

	Year Ended December 31,	
	2010	2009
	(in millions of reais)	
<b>Financial Information:</b>		
Net sales, advertising and services .....	R\$ 9,812.7	R\$ 7,886.6
Cost of sales and services.....	(5,323.9)	(4,725.0)
Selling expenses .....	(1,170.4)	(940.3)
General and administrative expenses .....	(1,223.7)	(1,063.9)
Gain (loss) on sale of property, plant and equipment and intangible .....	(0.5)	0.5
Other operating income (expense) .....	(16.0)	(12.2)
Financial income .....	270.4	339.6
Financial expense .....	(106.4)	9.8
Equity pick-up.....	302.4	231.2
Gain on sale of interest in associates and other investment results .....	809.5	(16.7)
Income tax and social contribution .....	(609.7)	194.0
Net income for the year.....	<u>R\$ 2,744.4</u>	<u>R\$ 1,903.6</u>
<b>Other Data:</b>		
Adjusted EBITDA <sup>(1)</sup> .....	R\$ 2,369.5	R\$ 1,418.9
Adjusted EBITDA margin <sup>(1)(2)</sup> .....	24.1%	18.0%

(1) See footnote 4 under "Summary Historical Consolidated Financial Information" for an explanation of Adjusted EBITDA and a reconciliation of net income to Adjusted EBITDA.

(2) Adjusted EBITDA margin is a non-GAAP measure and is equal to Adjusted EBITDA divided by net sales, advertising and services.

### Net sales, advertising and services

Globo's net sales, advertising and services increased R\$1,926.1 million, or 24.4%, from R\$7,886.6 million in 2009 to R\$9,812.7 million in 2010, primarily due to (i) a R\$1,420.2 million increase in advertising revenues driven by the 2010 World Cup event and by a 17.7% growth in the overall advertising market in Brazil in 2010; (ii) a R\$453.5 million increase in content/programming revenues resulting from a growth in pay-TV subscriber base; and (iii) a R\$52.3 million increase in other revenues, primarily related to 2010 World Cup promotions, increased participation of Globo's cast in merchandising, higher number of tickets sold to sporting events with respect to which Globo derives revenues and Globo's new ventures in Internet and promotion events businesses.

### Cost of sales and services

Globo's cost of sales and services, excluding depreciation, increased R\$611.5 million, or 13.4%, from R\$4,565.9 million in 2009 to R\$5,177.4 million in 2010. Cost of sales and services, as reported in Globo's consolidated financial statements, includes depreciation of R\$146.5 million in 2010 and R\$159.1 million in 2009. The increase in cost of sales and services, excluding depreciation, was mainly due to: (i) a R\$283.7 million increase in personnel expense as a result of an increase in the total number of Globo employees and annual labor union wage adjustments under collective bargaining agreements; (ii) a R\$175.4 million increase in transmission and exhibitions rights costs, mostly related to the 2010 World Cup, which was partially offset by the non-recurring effect

of the recognition of the Refinancing Tax program in 2009; (iii) a R\$123.9 million increase in other costs explained by the seasonality of programming and other expenses related to the 2010 World Cup; and (iv) a R\$28.5 million increase in costs related to higher marketing and promotion costs.

The Brazilian government enacted Law 11,941 on May 27, 2009, relating to certain federal tax debits due through November 30, 2008. Law 11,941 established a refinancing tax program (the “Refinancing Tax Program”) and granted certain benefits, such as a reduction in penalties and interest depending on the form of payments made. Following management’s evaluation of the benefits established by Law 11,941, Globo joined the Refinancing Tax Program in 2009.

#### *Selling expenses*

Globo’s selling expenses, excluding depreciation, increased R\$232.0 million, or 24.7%, from R\$937.8 million in 2009 to R\$1,169.8 million in 2010. Selling expenses reported in Globo’s consolidated financial statements include depreciation of R\$0.6 million in 2010 and R\$2.5 million in 2009. The increase in selling expenses, excluding depreciation, was primarily a result of: (i) a R\$117.5 million increase in expenses driven by higher sales commissions as a result of increased advertising sales; (ii) a R\$81.2 million increase mainly attributable to higher employee expenses due to an increase in the number of Globo’s employees and annual labor union wage adjustments under collective bargaining agreements; and (iii) a R\$33.3 million increase in other expenses such as allowance for doubtful accounts, third party services and higher marketing and promotion expenses.

#### *General and administrative expenses*

Globo’s general and administrative expenses, excluding depreciation, increased R\$153.6 million, or 15.2%, from R\$1,008.9 million in 2009 to R\$1,162.5 million in 2010. General and administrative expenses reported in Globo’s consolidated financial statements include depreciation of R\$61.2 million in 2010 and R\$55.0 million in 2009. The increase in general and administrative expenses, excluding depreciation, was primarily due to: (i) a R\$79.5 million increase in employee expenses due to an increase in the number of Globo’s employees and annual labor union wage adjustments under collective bargaining agreements; (ii) a R\$63.0 million increase in other expenses such as provision for contingencies, advisory services and business infrastructure; and (iii) a R\$11.3 million increase in expenses such as services rendered by third parties and rent.

#### *Gain (loss) on sale of property, plant and equipment and intangible*

Globo recorded a loss on sale of property, plant and equipment and intangible of R\$0.5 million in 2010 compared to a gain of R\$0.5 million in 2009, primarily as a result of sales of fixed assets.

#### *Other operating income (expense)*

Globo had other operating expense of R\$16.0 million in 2010, compared to other operating expense of R\$12.2 million in 2009. The increase in other operating expenses in 2010 was primarily due to tax related to intercompany revenues.

#### *Financial income, net*

Globo’s financial income, net decreased R\$185.3 million, or 53% from finance income, net of R\$349.3 million in 2009 to finance income, net of R\$164.0 million in 2010, as shown in the table below. This decrease was principally due to (i) a R\$337.0 million negative impact on monetary and exchange rate variations as a result of the 4.3% appreciation of the *real* against the U.S. dollar in 2010 compared to a 25.5% appreciation of the *real* against the U.S. dollar in 2009; (ii) a R\$211.5 million decrease in interest expense mostly due to the recognition of the non-recurring effect of the Refinancing Tax Program in 2009 and the refinancing in 2010 of Globo’s Perpetual Notes issued in 2006; and (iii) a R\$56.1 million decrease in interest income, primarily related to a reversal of provisions for PIS and COFINS tax contingencies in 2009, partially offset by financial gains resulting from higher cash equivalents and marketable securities combined with gains on currency hedge positions due to a lower appreciation of the *real* in 2010 compared to 2009.

	Year December 31, 2010			Year Ended December 31, 2009			Year Ended December 31, 2010 vs. Year Ended December 31, 2009		
	Interest & Finance Income (Expenses)	Monetary Variation & Exchange Rate	Total	Interest & Finance Income (Expenses)	Monetary Variation & Exchange Rate	Total	Interest & Finance Income (Expenses)	Monetary Variation & Exchange Rate	Total
	(in millions of reais)								
Interest income.....	278.3	(7.9)	270.4	334.4	5.2	339.6	(56.1)	(13.1)	(69.2)
Interest expense.....	(143.0)	37.5	(105.5)	(354.5)	358.4	3.9	211.5	(320.9)	(109.4)
Net finance income (expenses) with	(1.2)	0.3	(0.9)	2.5	3.3	5.8	(3.7)	(3.0)	(6.7)

	Year December 31, 2010			Year Ended December 31, 2009			Year Ended December 31, 2010 vs. Year Ended December 31, 2009		
	Interest & Finance Income (Expenses)	Monetary Variation & Exchange Rate	Total	Interest & Finance Income (Expenses)	Monetary Variation & Exchange Rate	Total	Interest & Finance Income (Expenses)	Monetary Variation & Exchange Rate	Total
	(in millions of reais)								
related parties .....	_____	_____	_____	_____	_____	_____	_____	_____	_____
<b>Total Finance (expense) income, net .....</b>	<b><u>134.1</u></b>	<b><u>29.9</u></b>	<b><u>164.0</u></b>	<b><u>(17.6)</u></b>	<b><u>366.9</u></b>	<b><u>349.3</u></b>	<b><u>151.7</u></b>	<b><u>(337.0)</u></b>	<b><u>(185.3)</u></b>

#### *Equity pick-up*

Globo's equity pick-up increased R\$71.2 million, or 30.8%, from a gain of R\$231.2 million in 2009 to a gain of R\$302.4 million in 2010, principally as a result of the reduction of Globo's ownership in Sky Brasil in 2010.

#### *Gain on sale of interest in associates and other investment results*

Globo recorded a gain on sale of interest in associates and other investment results of R\$809.5 million in 2010 compared to a loss of R\$16.7 million in 2009. The gain in 2010 was primarily a result of the sale in 2010 of a portion of Globo's ownership interest in Sky Brasil.

#### *Income tax and social contribution*

Globo's recorded income tax and social contribution expense of R\$609.7 million in 2010, compared to income tax and social contribution benefit of R\$194.0 million in 2009. This change was mainly due to the recognition in 2009 of a benefit related to deferred income tax, the impact of the Refinancing Tax Program in 2009 and the net effects of temporary differences in 2009 as well as improved operating performance in 2010.

#### *Net income for the year*

Globo's net income increased R\$840.8 million, or 44.2%, from R\$1,903.6 million in 2009 to R\$2,744.4 million in 2010. This growth was mainly the result of (i) improved operating performance and (ii) the sale of a portion of Globo's ownership interest in Sky Brasil, partially offset by higher income tax and social contribution in 2010 and a decrease in finance income, net in 2010.

#### *Adjusted EBITDA*

Globo's Adjusted EBITDA increased R\$950.6 million, or 67.0%, from R\$1,418.9 million in 2009 to R\$2,369.5 million in 2010, mainly due to strong operating results in line with the strong performance of the advertising market in 2010.

### **Liquidity and Capital Resources**

Globo generally relies on operating income to fund its working capital needs, capital expenditures, acquisitions, investments and interest and principal payments on indebtedness. Globo's financial condition and liquidity is influenced by a variety of factors, including macroeconomic conditions in Brazil and in Latin America in general, the strength of the overall advertising and broadcast television markets in Brazil, Globo's ability to attract and retain viewers on the Globo Network, the strength of pay-TV market in Brazil, Globo's ability to generate cash flows from its operations, Globo's level of outstanding indebtedness and the interest it is required to pay thereon, its ability to hedge interest rate and currency fluctuations (especially of the *real* against the U.S. dollar), and its capital expenditure requirements.

In 2011, Globo's primary source of liquidity was R\$2,663.7 million from cash from operations.

In 2011, cash flow generated was used primarily to pay dividends, for working capital and capital expenditures. As of December 31, 2011, 2010 and 2009, Globo's consolidated cash and marketable securities amounted to R\$5,223.5 million, R\$4,545.3 million and R\$3,181.2 million, respectively.

#### **Cash Flow**

##### *Cash flows from operating activities*



	Year ended December 31,		
	2011	2010	2009
	(in millions of reais)		
<b>Operating activities</b>			
Income before income tax and social contribution .....	R\$2,915.6	R\$3,354.1	R\$1,709.6
<b>Adjustments to reconcile income before income tax and social contribution for the period and net cash provided by operating activities</b>			
Depreciation and amortization .....	223.6	208.3	216.6
Equity pick-up .....	(152.3)	(302.4)	(231.2)
Interest expenses and monetary variation of asset and liabilities, net .....	201.2	60.7	(256.0)
Provision for contingencies .....	43.2	112.4	(208.3)
Impairment (reversal of impairment) on assets .....	8.2	(31.4)	10.5
Gain on sale of property, plant and equipment and investment .....	(11.1)	(785.0)	(0.3)
<b>Working Capital</b>			
Increase (decrease) of assets and increase (decrease) of liabilities .....	(564.7)	99.0	479.9
<b>Cash provided by operating activities</b> .....	<u>2,663.7</u>	<u>2,715.7</u>	<u>1,720.8</u>
Payments of debt interests .....	(70.1)	(85.4)	(103.2)
Payments of income tax and social contribution .....	(715.6)	(398.8)	(183.6)
<b>Net cash provided by operating activities</b> .....	<u><u>R\$1,878.1</u></u>	<u><u>R\$2,231.6</u></u>	<u><u>R\$1,434.0</u></u>

Globo's cash provided by operating activities decreased R\$52.0 million, or 1.9%, from R\$2,715.7 million in 2010 to R\$2,663.7 million in 2011. The decrease was primarily due to (i) a R\$438.5 million decrease in income before tax and social contribution in 2011, (ii) a decrease in equity pick-up of R\$150.1 million; and (iii) a R\$69.2 million decrease in provision for contingencies, partially offset by a decrease of R\$773.9 million on gain on sale of property, plant and equipment and investment and a decrease in working capital of R\$663.7 million.

Globo's cash provided by operating activities increased R\$994.9 million, or 57.8%, from R\$1,720.8 million in 2009 to R\$2,715.7 million in 2010. The increase was primarily due to (i) higher income before tax and social contribution of R\$1,644.5 million, (ii) an increase in interest expenses and monetary variation of asset and liabilities of R\$316.7 million and (iii) a R\$320.7 million increase in provision for contingencies, partially offset by a decrease of R\$784.7 million on gain on sale of property, plant and equipment and investment and a decrease in working capital of R\$380.9 million.

Globo's net cash provided by operating activities decreased R\$353.5 million from R\$2,231.6 million in 2010 to R\$1,878.1 million in 2011. Globo's net cash provided by operating activities increased R\$797.6 million from R\$1,434.0 million in 2009 to R\$2,231.6 million in 2010.

#### *Cash flows from investing activities*

	Year ended December 31,		
	2011	2010	2009
	(in millions of reais)		
<b>Investing Activities</b>			
Acquisition of marketable securities .....	R\$(1,616.2)	R\$ (982.0)	R\$(475.4)
Proceeds from sale of investments .....	—	1,065.0	—
Subscription rights .....	—	0.4	56.9
Acquisition of property, plant and equipment and software .....	(377.6)	(385.6)	(327.0)
Proceeds from disposal of property, plant and equipment .....	7.0	1.0	4.0
Acquisition of intangibles .....	(14.2)	(16.6)	(1.0)
Acquisition of associates .....	(63.1)	(2.3)	(3.2)
Other .....	0.4	1.5	(17.9)
<b>Net cash used in investing activities</b> .....	<u><u>R\$(2,063.7)</u></u>	<u><u>R\$ (318.6)</u></u>	<u><u>R\$(763.6)</u></u>

Globo's net cash used in investing activities increased R\$1,745.1 million from R\$318.6 million used in investing activities in 2010 to R\$2,063.7 million used in investing activities in 2011. This increase was primarily due to an increase of R\$634.2 million in marketable securities and a decrease of R\$1,065.0 million in proceeds from sale of investments mainly related to the sale of Globo's 18.9% ownership interest in Sky Brasil.

Globo's net cash used in investing activities decreased R\$445.0 million, or 58.3%, from R\$763.6 million used in investing activities in 2009 to R\$318.6 million used in investing activities in 2010. This decrease was primarily due to a decrease of R\$1,065.0 million in proceeds from sale of investments mainly with respect to the sale of an 18.9% ownership interest in Sky Brasil, partially offset by an increase of R\$506.6 million in marketable securities.

#### *Cash flows from financing activities*

	Year ended December 31		
	2011	2010	2009
	(in millions of reais)		
<b>Financing Activities</b>			
Proceeds from new debt.....	—	0.1	15.0
Repayment of debt.....	(0.1)	(16.3)	(2.1)
Capital increases from non-controlling shareholders.....	30.1	27.2	—
Dividends paid.....	(782.4)	(1,541.9)	(520.9)
<b>Net cash used in financing activities.....</b>	<b>R\$(752.3)</b>	<b>R\$(1,530.9)</b>	<b>R\$(508.0)</b>

Globo's net cash used in financing activities decreased R\$778.6 million from R\$1,530.9 million in 2010 to R\$752.3 million in 2011, mainly due to a decrease in the amount of dividends paid to shareholders.

Globo's net cash used in financing activities increased R\$1,022.9 million from R\$508.0 million provided by financing activities in 2009 to R\$1,530.9 million provided by financing activities in 2010. The increase was primarily as a result of the payment of dividends to the shareholders.

#### *Operational Working Capital*

Globo defines operational working capital as all amounts under (increase) decrease in operating assets and liabilities in its statement of cash flows. Globo had consolidated operational working capital of negative R\$564.7 million as of December 31, 2011 compared to a consolidated operational working capital of R\$99.0 million as of December 31, 2010. The decrease in Globo's operational working capital is primarily a result of a decrease in transmission and exhibition rights, in other assets and liabilities and in advances from customers.

Based on the current level of operations and anticipated growth, Globo anticipates that its operational working capital will be sufficient to meet its current operational working capital requirements and to finance its current capital expenditures. Globo's ability to meet its debt service obligations and other capital requirements, including capital expenditures, however, will depend upon its future performance, which in turn, will be subject to general economic, financial, business, competitive, legislative, regulatory and other conditions, many of which are beyond its control.

#### *Indebtedness*

##### *Debt Financing*

As of December 31, 2011, Globo had total assets of R\$12,958.0 million compared to R\$10,896.7 million as of December 31, 2010. Given its strong cash position, Globo's cash and cash equivalents and marketable securities exceeded its total debt. Globo had negative net debt, i.e., a net surplus of R\$4,120.2 million at December 31, 2011, compared to negative debt of R\$3,557.3 million at December 31, 2010. Net debt is calculated as total debt less cash and cash equivalents and marketable securities. Net debt (cash) is a non-GAAP measure and is not a recognized measure under IFRS.

Globo's total debt of R\$1,103.3 million as of December 31, 2011 (all of which was unsecured) increased by 11.7% compared to R\$987.9 million as of December 31, 2010. Globo's short-term debt represented 10.6% of Globo's total indebtedness as of December 31, 2011 compared to 1.3% as of December 31, 2010. Globo's U.S. dollar-denominated debt as of December 31, 2011 represented 90.4% of Globo's total indebtedness, compared to 89.6% as of December 31, 2010.

The following tables show certain material terms, conditions and the repayment schedule of Globo's debt financing as of December 31, 2011 (in millions of *reais*):

<u>Description</u>	<u>Accrued and unpaid interest</u>	<u>2012</u>	<u>2013 – 2021</u>	<u>2022</u>	<u>After 2022</u>	<u>Total</u>
Perpetual Notes .....	7.4	—	—	—	609.6	<b>617.0</b>
2022 Notes .....	4.8	—	—	375.2	—	<b>380.0</b>
Bank Loans .....	2.3	99.9	—	—	—	<b>102.3</b>
Other Bank Loans .....	—	2.5	1.5	—	—	<b>4.0</b>
<b>TOTAL</b> .....	<b>14.6</b>	<b>102.4</b>	<b>1.5</b>	<b>375.2</b>	<b>609.6</b>	<b>1,103.3</b>

<u>Description</u>	<u>Currency</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>Interest payments</u>	<u>Guarantees</u>
Perpetual Notes .....	US\$	6.25%/9.375%	No Maturity	Quarterly	None
2022 Notes .....	US\$	7.25%	April 2022	Semi-Annually	None
Bank Loans .....	R\$	CDI + 1%	October 2012	Semi-Annually	None
Other Bank Loans .....	R\$	26.68% and 19.99%	December 2012 and February 2013	Monthly	None

#### *Short-Term Indebtedness*

Globo's consolidated short-term debt increased by R\$103.9 million to R\$117.0 million as of December 31, 2011 from R\$13.1 million as of December 31, 2010, primarily as a result of the maturity of the Bank Loans described in "Description of Other Indebtedness" in October 2012.

Globo's short-term indebtedness of R\$117.0 million as of December 31, 2011 consisted of the following (in millions of *reais*):

<u>Description</u>	<u>Accrued and unpaid interest</u>	<u>Principal due 2012</u>	<u>Total</u>
Perpetual Notes .....	7.4	—	7.4
2022 Notes .....	4.8	—	4.8
Bank Loans .....	2.3	99.9	102.3
Other Bank Loans .....	—	2.5	2.5
<b>TOTAL</b> .....	<b>14.6</b>	<b>102.4</b>	<b>117.0</b>

#### *Long-Term Indebtedness*

Globo's consolidated long-term debt increased by R\$11.5 million to R\$986.3 million as of December 31, 2011 from R\$974.8 million as of December 31, 2010, primarily as a result of the depreciation of the *real* against the U.S. dollar applied to U.S. dollar-denominated debt obligations.

Globo's long-term indebtedness of R\$986.3 million as of December 31, 2011 consisted of the following (in millions of *reais*):

<u>Description</u>	<u>2013 – 2021</u>	<u>2022</u>	<u>After 2022</u>	<u>TOTAL</u>
Perpetual Notes .....	—	—	609.6	609.6
2022 Notes .....	—	375.2	—	375.2
Other Bank Loans .....	1.5	—	—	1.5
<b>TOTAL</b> .....	<b>1.5</b>	<b>375.2</b>	<b>609.6</b>	<b>986.3</b>

#### *Off-Balance Sheet Financing Arrangements*

As of December 31, 2011, Globo had no material off-balance sheet arrangements.

### **Commitments**

In connection with its operational activities, Globo has commitments related to its acquisition of transmission and exhibition rights, including live events, films, documentaries, television series and other rights. Globo's main commitments as of December 31, 2011 consisted of the following (in millions of *reais*):

	<u>Within one year</u>	<u>After one year and less than five years</u>	<u>After five years</u>	<u>Total</u>
Transmission and exhibition rights .....	1,340.7	3,985.9	972.6	6,299.2

### **Seasonality**

Globo's cash flows historically have been greater in the second six months of each year as a result of several factors, including the holiday season and up-front sales of advertising.

### **Quantitative and Qualitative Disclosures About Market Risk**

#### ***Risk Management***

Globo considers market risk to be the potential loss arising from adverse changes in market rates and prices. Globo is exposed to a number of market risks arising from its normal business activities.

Such market risks principally involve the possibility that changes in interest rates or exchange rates will adversely affect the value of Globo's financial assets and liabilities or future cash flows and earnings. Globo periodically reviews its exposure to market risks and determines at the senior management level how to manage and reduce the impact of these risks. Globo uses derivative financial instruments solely for the purpose of managing market risks, primarily fluctuations in foreign exchange. While these hedging instruments fluctuate in value, such fluctuations are generally offset by the value of the underlying hedged exposures. The counterparties to these contractual arrangements are primarily futures market and major financial institutions knowledgeable in foreign exchange derivative instruments and interest rate swaps. As a result, Globo does not believe that it is subject to any material credit risk arising from these contracts, and accordingly, Globo does not anticipate any material credit-related losses. Globo does not enter into derivative or other hedging instruments for speculative purposes.

#### ***Interest Rate Risk***

Globo has fixed and floating rate indebtedness. As a result, Globo is exposed to market risk related to changes in interest rates. As of December 31, 2011, 90.7%, or R\$1,001.0 million, of Globo's consolidated total debt outstanding of R\$1,103.3 million was fixed-rate debt.

Interest rate risk is the effect on Globo's financial results resulting from an increase in interest rates on Globo's variable rate debt indexed to the Brazilian Interbank Interest Rate ("CDI"). Based on the level and characteristics of Globo's total debt vis-à-vis Globo's operations, a hypothetical 10% increase in interest rates would increase Globo's annual interest expense by R\$1.1 million.

#### ***Foreign Currency Exchange Rate Risk***

As a portion of Globo's debt is denominated in U.S. dollars, Globo is exposed to market risk related to exchange movements between the *real* and the U.S. dollar. Globo engages from time to time in foreign exchange rate-related financial transactions for other than trading or speculative purposes. As of December 31, 2011, 90.4%, or R\$997.0 million, of Globo's debt was denominated in U.S. dollars. In addition, Globo purchases programming rights and incurs certain other operating costs in U.S. dollars.

Globo mitigates its foreign currency exchange rate risk by hedging its programming rights and certain other operating costs payable denominated in U.S. dollars over the following twelve months and part of its long term debt denominated in foreign currency. As of December 31, 2011, of its total debt denominated in U.S. dollars, Globo hedged 25.0% of the aggregate principal amount of its US\$200 million 7.25% Senior Notes due 2022. Based on the profile of Globo's U.S. dollar-denominated debt vis-à-vis Globo's operations, the results from a hypothetical appreciation of 10% of the U.S. dollar to the *real* would have an estimated negative effect of R\$99.7 million on Globo's income before income tax and social contribution. At the same time, a hypothetical appreciation of 10% of the U.S. dollar to the *real* would have an estimated positive effect of R\$7.6 million on Globo's cash, cash equivalents and marketable securities denominated in dollars, which totaled R\$76.3 million as of December 31, 2011. A hypothetical 10% appreciation of the U.S. dollar to the *real* would have an estimated positive effect of R\$66.0 million on the obligations of Globo under certain hedging arrangements. Globo's net position under these arrangements as of December 31, 2011 was R\$659.7 million. As a result of each of the factors described above, a hypothetical 10% appreciation of the U.S. dollar to the *real* would result in an increase in overall net financial expenses of R\$26.1 million. The results of this analysis, which may differ from actual results, are as follows:

	<u>As of December 31, 2011</u>	<u>Market Risk—Impact on Financial Expense, Net</u>
	(in millions of reais)	
U.S. dollar-denominated short-term debt .....	12.2	1.2
U.S. dollar-denominated long-term debt .....	984.8	98.5
U.S. dollar-denominated cash .....	(76.3)	(7.6)
Hedging arrangements (futures, U.S. dollar call option, swap contracts) .....	<u>(659.7)</u>	<u>(66.0)</u>
<b>Total dollar-denominated debt, net of cash equivalents and marketable securities and impact of hedging arrangements .....</b>	<b><u>R\$ 261.1</u></b>	<b><u>R\$ 26.1</u></b>

## BUSINESS

Globo is the largest media group in Brazil. Globo controls, among other businesses, the leading broadcast television network in Brazil, the leading pay-TV programmer in Brazil, as well as Internet content and service provider, music label and magazine publishing companies. Globo also holds a minority interest in each of the leading Brazilian cable television operator and the leading Brazilian satellite DTH television distributor. Globo is indirectly owned by and is under the leadership of the Marinho family, whose interests in Brazilian broadcast television date back to 1965 when TV Globo began broadcasting from Rio de Janeiro under the leadership of Mr. Roberto Marinho.

For the years ended December 31, 2011, 2010 and 2009, Globo had net sales, advertising and services of R\$10,977.4 million, R\$9,812.7 million and R\$7,886.6 million, respectively, gross profit of R\$5,232.1 million, R\$4,488.8 million and R\$3,161.6 million, respectively, net income of R\$2,167.9 million, R\$2,744.4 million and R\$1,903.6 million, respectively, and Adjusted EBITDA of R\$2,844.7 million, R\$2,369.5 million and R\$1,418.9 million, respectively. See footnote 4 under “Summary Historical Consolidated Financial Information” for an explanation of Adjusted EBITDA as well as a reconciliation of net income to Adjusted EBITDA.

### Organizações Globo

Globo is part of Organizações Globo, a diversified media group that also includes a portfolio of newspapers and radio networks in Brazil. Organizações Globo is also controlled by the Marinho family, which traces its holdings in these companies to the establishment in 1925 of “O Globo,” one of Brazil’s leading daily newspapers, by Mr. Irineu Marinho, Mr. Roberto Marinho’s father.

Globo’s principal lines of business are:

- **Television.** Total television revenues represented 93.5% of Globo’s net sales, advertising and services on a consolidated basis in 2011. Advertising revenues comprised 74.0% of Globo’s net sales, advertising and services on a consolidated basis in 2011, with a substantial majority of Globo’s advertising revenues derived from television advertising revenues.
  - **Broadcast television.** The Globo Network comprises five television stations owned by Globo in Rio de Janeiro, São Paulo, Recife, Brasília and Belo Horizonte, as well as 117 independent affiliated television stations that broadcast the Globo channel throughout Brazil. As of December 31, 2011, the Globo Network covered more than 99% of the estimated 55.5 million television households in Brazil. The Globo Network’s broadcast programming includes news and sports programs, *telenovelas* (soap operas), miniseries, children’s programs, films licensed by Globo from international distributors, variety shows, and educational and public service programs. Globo produced approximately 87% of the prime-time programming and approximately 83% of all programming it broadcasted in 2011. The majority of Globo’s entertainment production occurs at Projac in Rio de Janeiro, one of the most modern entertainment content production centers in the world, covering approximately 1.65 million square meters. News programs are produced in other facilities in Rio de Janeiro and São Paulo.
  - **Pay-TV programming.** Globosat, a subsidiary of Globo, is the leading provider of pay-TV programming for cable MSOs and satellite television distributors in Brazil. Globosat is the most important source of Globo’s content and programming revenues. Globosat’s portfolio of channels is the most diverse of any television programmer operating in Brazil and includes more than 30 24-hour pay-TV channels for the Brazilian market, including nine of the top 20 channels in Brazil based on prime time audience share in 2011, according to IBOPE. Globosat’s portfolio of channels covers many television content categories from news and sports to movies, documentaries and entertainment. Globosat’s programming offering includes popular television content (including pay-per-view programs) produced by Globo as well as content licensed from third parties. Globo also owns 50% of Telecine, a joint-venture with Paramount, Metro Goldwyn Mayer, Universal and Twentieth Century Fox studios, which produces 13 movie channels that are part of Globosat’s portfolio. Globosat provides, pursuant to long-term agreements, programming to Net Serviços, the leading cable television distributor in Brazil, and to Sky Brasil, the leading satellite DTH television distributor. Globosat also owns 50% of USA Brasil, a joint-venture with USA Holdings and 50% of Canal Brasil, a joint-venture with several Brazilian movie producers. Globosat owns 60% of PB Brasil, a joint venture with Claxson Interactive Group Inc. and Playboy Entertainment Group Inc. to develop and distribute adult content in Brazil.
  - **Pay-TV operations.** Globo holds a minority interest in Net Serviços, Brazil’s largest cable MSO providing pay-TV services based on the number of subscribers and homes covered, and holds an interest in Sky Brasil, the leading satellite distributor of DTH pay-TV services in Brazil. Net Serviços is also a leading provider of high-speed cable modem Internet access in Brazil through its Virtua service. Net Serviços also provides voice services in conjunction with Embratel. Sky Brasil provides more than 133 channels of digital television programming, 28 channels in high-definition and 45 channels of CD-quality audio programming. Globo also partners with Embratel and Embrapar, both controlled by Telmex Internacional, in Net Serviços, and with GLA Brasil Ltda., a DirecTV

entity, in Sky Brasil. According to Anatel, the market shares of Net Serviços and Sky Brasil in pay-TV distribution were 37.0% and 29.8%, respectively, in terms of households subscribing to pay-TV as of December 31, 2011.

- **Internet.** Each of Globo’s businesses uses the Internet to enhance its users’ experience. Globo’s Internet strategy is focused on three areas of content: news, sports and entertainment. Globo.com, a division of Globo, is responsible for uniting and organizing the content produced by the different businesses on the portal’s homepage, and also for providing web-related technology services to the different businesses and affiliates of Globo. In addition, Globo.com is a provider of broadband and narrowband Internet access to end-users.
- **Publishing.** Editora Globo, the publishing arm of Globo, is one of the largest magazine publishers in Brazil in terms of circulation and advertising revenues. Editora Globo’s titles include *Época*, the second largest newsweekly in Brazil with an average weekly circulation of 398,664 units in 2011, as well as *Quem*, a weekly celebrity title in Brazil, and *Marie Claire*, a premier women’s interest title. In July 2010, Editora Globo and Condé Nast Publications, through its subsidiary Condé Nast Brasil, entered into a joint venture to form a company to publish *Vogue* and other Condé Nast magazine titles in Brazil. Editora Globo and Condé Nast Publications hold a 70% and 30% stake in the capital stock of the new company, respectively.
- **Music label.** Globo’s music business unit produces, promotes and sells soundtracks for Globo’s *telenovelas* and other shows. Globo’s music business operates under several brands, most notably Som Livre, which has an important catalogue of current Brazilian pop music artists.

Globo’s consolidated net sales, advertising and services by revenue source are as follows:

	Year ended December 31,		
	2011	2010	2009
	(in millions of reais)		
Advertising .....	8,123.7	7,519.9	6,099.7
Content/Programming.....	2,408.2	1,907.3	1,453.8
Other .....	445.5	385.5	333.1
<b>Total .....</b>	<b>10,977.4</b>	<b>9,812.7</b>	<b>7,886.6</b>

As set out above, “Advertising” includes all advertising revenues, such as advertising from broadcast television, pay-TV, Internet service, publishing and others. “Content/Programming” includes all revenues related to content and programming, such as pay-TV programming, sales of television programming abroad, Internet (content and ISP), sports rights for broadcast television and subscriptions from the publishing business. “Other” includes all revenues not classified above, such as sound recording services and others.

### Market Overview

Brazil is one of the largest advertising markets in the world. In 2011, Brazilian media advertising expenditures reached approximately R\$28.5 billion, which represents an increase of 8.5% from 2010, when media advertising expenditures amounted to approximately R\$26.2 billion. The amount of total advertising expenditures in Brazil as a percentage of Brazilian GDP was 0.7% for each of the years ended December 31, 2011 and 2010, according to IBGE and Projeto Intermeios.

According to Projeto Intermeios, television (including broadcast and pay-TV) is the largest advertising medium in Brazil, generating more advertising revenue than all other types of media combined. In 2011, the total television advertising share was R\$19.2 billion, or 67.5% of total media advertising revenues. In 2010, total television advertising revenues accounted for R\$17.5 billion, or 66.8% of total media advertising revenues in Brazil.

Brazil is the largest television market in Latin America, with approximately 55.5 million television households and approximately 185 million individuals in these households as of December 31, 2011. Television viewing is an important leisure activity in Brazil. The average Brazilian television household spent approximately five hours per day watching television in 2011. Broadcast television reached 99% of Brazil’s 5,565 cities as of December 31, 2011, according to Globo’s *Atlas de Cobertura*.

Globo relies heavily upon advertising revenues, and therefore seeks to maximize its audience share and ratings. Globo has been the audience share leader for most programming segments and for most periods of the day since the early 1970s.

With respect to the Brazilian pay-TV market, as of December 2011, there were approximately 12.7 million pay-TV (cable, satellite and DTH) subscribers.

## Globo's Strengths

The following strengths distinguish Globo from its competitors:

- **Premier media brand with Brazilian audiences and advertisers.** The Globo brand has been one of the most powerful brands in Brazil and in Latin America among both consumers and advertisers for over four decades since the first TV Globo station began broadcasting in Rio de Janeiro in 1965.
- **Unparalleled reach to target Brazilian audiences.** Globo's programs are among the leading television programs in Brazil in terms of ratings and audience share. For the year ended December 31, 2011, TV Globo had a national average prime time audience share of 53% and an overall average national audience share of 46%, in each case more than double that of its closest competitor, according to IBOPE Telereport—PNT/2011 (TLE). Globo's leadership across periods of time during the day (morning, prime time) and programming segments (sports, news, *telenovelas*) provides advertisers with an unparalleled opportunity to reach a large number of target audiences.
- **Content that is deeply attuned to Brazilian culture and values.** Globo creates audiovisual content that values Brazilian culture and is tailored to the interests and tastes of the Brazilian public, based on intensive use of surveys and expert studies. Globo continuously innovates with respect to its audiovisual content and program formats to remain in step with changing viewer media consumption habits and preferences in Brazil.
- **Largest and most diversified program offering and media content library in Brazil.** Globo maintains the most complete and leading programming schedule in Brazil, both for the Globo Network and, through Globosat, for pay-TV distributors. Globo consistently provides high-quality coverage of the most important live sports and entertainment events in Brazil and of interest to Brazilian viewers outside of Brazil. In addition, Globo has one of the most extensive portfolios of film rights in Brazil.
- **Highest creative quality and production values.** Globo has been able to attract and retain many of the most talented and innovative authors, directors and artists in Brazil. In addition, Globo is able to maintain high standards for content quality and production value on the Globo Network by producing most of its content in-house. Globo's production facilities in Rio de Janeiro and São Paulo are the largest in Brazil and among the largest in the world and they leverage proprietary audiovisual production systems and cutting-edge technology to create premier quality audiovisual content.
- **Market leadership in news and sports coverage.** Globo operates the largest news gathering organization in Brazil, with more than 4,930 news gathering and production professionals. Globo broadcasts "*Jornal Nacional*," the top-rated news program in Brazil with an average audience share of 58% in 2011. The smallest audience for any of Globo's news programs is greater than that of any competitor's highest rated news program, according to IBOPE. In addition, Globo provides coverage of most of the major sporting events of interest to Brazilian audiences, including the 2014, 2018 and 2022 FIFA World Cups, the 2016 Olympic Games and the Brazilian Soccer Championship. As of December 31, 2011, Globo was the leader in Internet news and sports coverage in Brazil mainly through its websites *www.globoesporte.com* and G1 (*www.g1.globo.com*), according to *IBOPE Re Ratings*.

## Globo's Strategy

The Globo brand is one of the most recognized brands in Brazil and Latin America. To maintain its strong brand and leadership in its markets, Globo has adopted a strategy that has the following principal components:

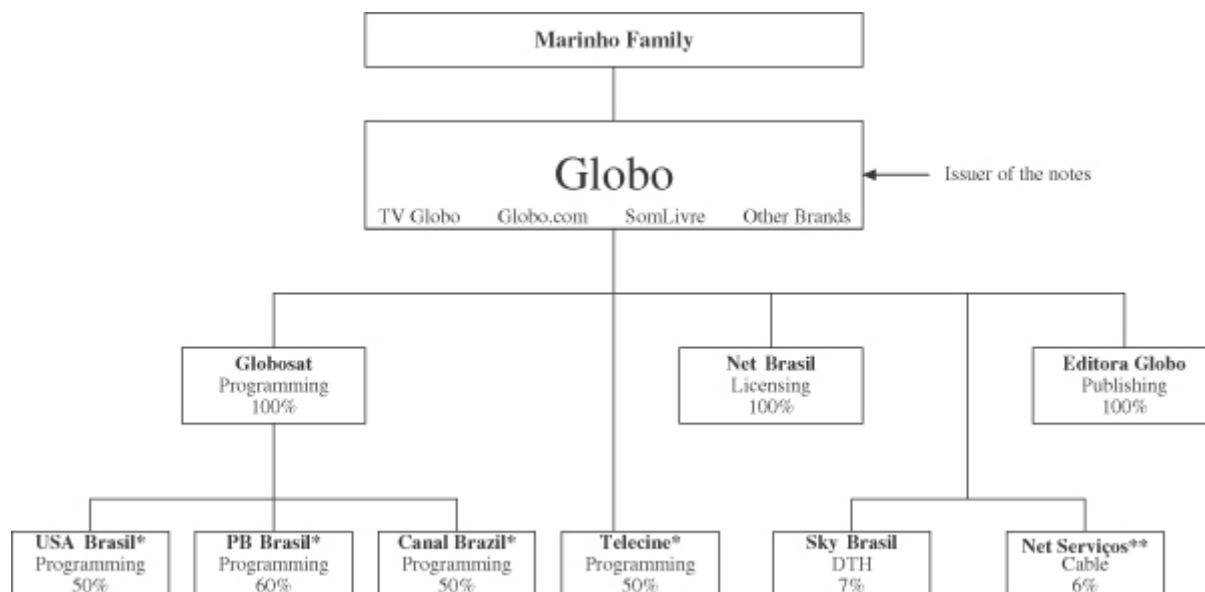
- **Maintain Globo's position as the leading producer of audiovisual content in Brazil.** Globo's intention is to continue to produce award-winning and highly rated audiovisual content that responds to the values, preferences and media consumption habits of Brazilian audiences. Globo plans to continue to build strong relationships with emerging and established artistic and creative talent and to continue to incorporate emerging production technologies into Globo's production processes to sustain quality and to drive further innovation in Globo's content and program formats.
- **Continue to develop the most complete programming schedule in the Brazilian market.** Globo intends to build on the success of its programs across premium genres, including drama, news, sports and films. Globo also intends to leverage its horizontal programming strategy that provides top quality content at the same time of day on most days. Globo believes that its horizontal programming strategy will continue to drive high viewer loyalty and consistently strong ratings.
- **Deepen strong relationships with advertisers.** Globo intends to strengthen its relationship with advertisers as a leading provider of access to Brazilian consumers through innovative advertising formats and a diversified portfolio of high quality audiovisual content backed by the strong Globo brand. For example, in recent years, Globo was able to increase its up-front sales of advertising on the Globo Network, creating a relationship with these advertising partners that extends over the course of the year.



- **Increase cross-platform integration and interactivity to leverage Globo’s content on existing and emerging platforms.** Globo intends to leverage its existing content and to create new content and formats tailored to the Internet, wireless telephones, mobile devices and other emerging platforms by focusing on increasing audience interactivity and developing an array of digital products to respond to evolving consumer media consumption habits and preferences.

### Globo’s Organization

The following chart is a simplified overview of the direct and indirect ownership structure of Globo and its principal subsidiaries as of May 8, 2012. Ownership percentages have been rounded.



\* Globo’s partners in these joint ventures are: USA Brasil—NBC Universal (50%); PB Brasil—Playboy TV Latin America (40%); Canal Brazil—GCB Empreendimentos Participações (50%); and Telecine—Paramount (12.5%), Metro Goldwyn Mayer (12.5%), NBC Universal (12.5%) and Twentieth Century Fox (12.5%).

\*\* For more information with respect to Globo’s ownership of Net Serviços and recent developments, see “—Pay-TV Operations—Net Serviços—Ownership.”

#### Globosat

Globosat is the only subsidiary of Globo that (i) represents at least 10% of the capital and reserves or (ii) at least 10% of net profit or loss of Globo. Its registered office is located at Av. das Américas, nº 1650, Bloco 1, salas 304, 306, 307 e 308, Bloco 2, salas 103 à 119 e 122, 125 e 126 e Bloco 05, loja 101, salas 201 e 301 – Rio de Janeiro/RJ. - CEP: 01430-001 and it is the leading provider of pay-TV programming for cable multiple system operators and satellite television distributors in Brazil.

Globo owns 99.99% of Globosat and the remaining 0.01% is owned by Organizações Globo Participações S.A. The issued capital of Globosat is R\$148,877,616.00, divided in 148,877,616 quotas, with par value of R\$1.00 each and all shares are fully paid up. In 2011, the amount paid as dividends by Globosat was of R\$456,795,000.00. Globosat does not publish its annual accounts.

#### Television

Globo’s television business comprises: (i) broadcast television; (ii) pay-TV programming; and (iii) pay-TV operations.

#### Broadcast Television

##### Advertising Market

Brazil is one of the largest advertising markets in the world. In 2011, Brazilian media advertising expenditures reached R\$28.5 billion, which represents an increase of 8.5% when compared to 2010 when Brazilian media advertising expenditures were approximately R\$26.2 billion. The amount of total advertising expenditures in Brazil as a percentage of Brazilian GDP was 0.7% for the years ended 2011 and 2010, according to IBGE and Projeto Intermeios.

Historically, television is the largest advertising medium in Brazil, generating more advertising revenue than all other media types combined. Television advertising's share of total advertising revenues in 2011 was 67.5%, with broadcast television accounting for 63.3% and pay-TV representing 4.2% of the Brazilian market. In 2010, television advertising was estimated to account for R\$17.5 billion, or 66.8%, of total media advertising revenues, according to Projeto Intermeios.

### **Overview**

TV Globo, the leading broadcast television network in Brazil, was established in 1965 by Mr. Roberto Marinho and includes television stations in some of the major Brazilian cities: Rio de Janeiro, São Paulo, Recife, Brasília and Belo Horizonte. On August 31, 2005, TV Globo was merged (the "Merger") with and into Globopar as part of the financial restructuring of Globopar and TV Globo completed in 2005 (the "Restructuring"). After the Merger, Globopar was renamed Globo.

In addition to the five television stations owned by Globo, as of December 31, 2011, the Globo Network included 117 full-time, independent affiliated television stations that broadcast throughout Brazil. As of December 31, 2011, the Globo Network covered approximately 99% of the estimated 55.5 million total television households in Brazil, according to Globo's *Atlas de Cobertura*.

The 117 independent affiliated stations mentioned above which are part of the Globo Network but not owned by Globo are independent TV broadcasters in Brazil that receive and transmit the Globo broadcasting signal. Globo provides affiliated stations with advertising sales support and receives a percentage of regional sales as a fee for sales services performed. These affiliated stations have long-term agreements with Globo and are contractually obligated to observe rules set by Globo.

The Globo Network's broadcast programming includes news and sports programs, *telenovelas*, miniseries, children's programs, films licensed by Globo from international distributors, variety shows, and educational and public service programs. Globo's broadcasting programming business produces approximately 83% of its programming broadcast as of December 31, 2011. Globo also produces approximately 87% of its prime time (Monday to Sunday, 6:00 PM to 12:00 AM) programming as of December 31, 2011. The majority of the production activities occurs in studios and production facilities in Rio de Janeiro and São Paulo.

### **Market**

For the year ended December 31, 2011, the Globo Network was the market leader with a 46% average audience share, and a 53% average audience share during prime time.

Broadcast television is the market leader in the Brazilian advertising market, accounting for 62.9% of the advertising market in 2010 and increasing to 63.3% in 2011, according to Projeto Intermeios. The Globo Network has accounted for a significant portion of total broadcast television advertising revenues in the Brazilian market over the last several years.

### **Audience Market Share**

Brazil is the largest television market in Latin America, with approximately 55.5 million television households, comprising approximately 185 million individuals as of December 31, 2011. Television viewing is an important leisure activity in Brazil. The average Brazilian television household spent approximately five hours per day watching television in 2011. Broadcast television reaches 99% of Brazil's 5,565 cities as of December 31, 2011, according to Globo's *Atlas de Cobertura*.

According to Globo's *Atlas de Cobertura*, the Globo Network, as the other five competing national television networks, relies heavily on advertising revenues, and therefore seeks to maximize its audience share and ratings. Audience share is the number of households with a TV set turned on a specific channel during the time of broadcast divided by the total number of households with a TV set turned on, excluding other uses of TV set such as DVD, video-recorder and other appliances connected to a TV. Audience ratings represent the number of households with a TV set turned on a specific channel during the time of broadcast divided by the total households with at least one TV set, regardless of whether it is turned on or off. Accordingly, audience ratings will be directly affected by the number of television sets that are turned on and, for this reason, tend to increase during the course of the day, with peak viewing occurring between 6:00 PM and 12:00 AM.

According to estimates published by IBOPE, the Globo Network had an average nationwide broadcast television audience share of approximately 46% for the year ended December 31, 2011. For the same period, the Globo Network's primary competitors, Record, SBT, Bandeirantes and Rede TV, accounted for average nationwide broadcast television audience shares of approximately 18%, 15%, 6% and 3%, respectively. The Globo Network's audience share in 2010 and 2009 was 47% and 49%, respectively.

The Globo Network's audience-share leadership is evident during prime time, where its audience share was 53%, 52% and 54%, for the years ended December 31, 2011, 2010 and 2009, respectively, compared to 11%, 11% and 12% for SBT, and 17%, 18% and 17% for Record, its closest competitors, for the same periods. TV Globo reaches its peak audience during prime time, reaching up to 20.3 million adults, according to Globo's *Atlas de Cobertura* and IBOPE Telereport—PNT 2009/2010/2011.

### Competition

The Globo Network primarily competes with four Brazilian national television networks: Record, SBT, Bandeirantes and Rede TV. The sixth Brazilian national network, CNT, attracts very low audience shares and ratings compared to the other national networks and has not been included in the audience and ratings table set out below. There are also a number of smaller, state-owned television stations, which broadcast in their respective states. The state-owned television stations generally attract smaller audiences than the national networks.

#### Average Audience Shares 7am to midnight For the Year Ended December 31, (expressed as a percentage)

<u>Network</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Globo .....	46	47	49
Record.....	18	18	18
SBT.....	15	14	15
Bandeirantes .....	6	6	6
Rede TV.....	3	3	3
Other* .....	12	12	9

\* Includes pay-TV

#### Average Audience Ratings 7am to midnight For the Year Ended December 31, (expressed as a percentage)

<u>Network</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Globo .....	18	18	20
Record.....	7	7	7
SBT.....	6	6	6
Bandeirantes .....	2	2	2
Rede TV.....	1	1	1

(Source: IBOPE Telereport—PNT 2009/2010/2011)

In addition to other broadcast networks, Globo's broadcasting business faces competition from pay-TV programmers, including affiliates of Globo. However, the Globo broadcast channel also maintains a high audience rating on the cable and DTH platforms. As of December 31, 2011, approximately 12.7 million Brazilian television households subscribed for pay-TV services, according to Anatel.

### Strategy

#### *The Globo Brand in Broadcasting*

Since the 1970s, Globo's broadcasting business has invested heavily in quality programming and a stable show line-up, leading to the strengthening of the Globo brand and a leadership position in audience ratings.

Building on its brand focus and leadership position, Globo seeks continuously to improve its production process, thereby significantly enhancing productivity and increasing in-house production. The integration of the whole production cycle in one site—Projac—in 1995 was a landmark of this process. In recent years, Globo has focused on extending the life cycle of its products, increasing productivity and reinforcing the strength of the Globo brand by implementing strategies for brand extensions and multi-platform product use.

Globo has adopted various strategies to maintain the strength of the Globo brand, including:

- using its expertise to produce and exploit high quality audiovisual content;
- distributing its audiovisual content as broadly as possible on several existing platforms and innovative new formats;

- maintaining a complete programming schedule addressing the specific needs of the Brazilian market, thereby creating viewer loyalty;
- combining its contents, brands and different platforms to enhance interactivity and to strengthen connections with the customer, thereby maximizing value from this relationship;
- searching for new revenues in addition to advertising, including content licensing, direct revenues from end users and international sales; and
- continuing to improve its governance and production systems.

#### *Focus on Cash Generation*

Globo's broadcasting business continues to focus on cash generation. Globo focuses on maximizing net sales by increasing efficiency in the advertising market and maintaining the lead broadcast position while also searching for new sources of revenue through brand extension strategies.

#### *Brand Extension and Other Sources of Revenues*

The television industry has undergone and continues to undergo technological changes. To maintain Globo's broadcasting business' leading position in the market, Globo must stay abreast of these changes by adapting to the new demands of the market. To meet these new demands, Globo includes multi-platform uses for its new products in the early stages of their development.

As a leader in the television industry, Globo's goal is to lead the modernization of the Brazilian media industry by transforming traditional television programs into interactive products that can be "consumed" anytime and any place by end-viewers. Allowing viewers to interact with television programs improves Globo's content and ensures new sources of revenue for Globo. End-viewer consumption provides Globo with direct access to viewers and reinforces the Globo brand with those end-viewers. Globo's principal brand extension initiatives include the following: (i) the Internet (broadband, narrowband and mobile); (ii) the licensing of branded products; (iii) international sales/international channel; and (iv) Globo Filmes.

#### *Operations*

##### *Broadcast TV Programming Schedule*

Globo's broadcasting business uses a horizontal programming concept, which consists of generally broadcasting the same type of programming at the same time each weekday. For example, during prime time on Monday through Saturday, a *telenovela* would generally be broadcast from 6:30 PM to 7:15 PM, followed by local news from 7:15 PM to 7:35 PM, another *telenovela* from 7:35 PM to 8:30 PM, national news from 8:30 PM to 9:05 PM, and a third *telenovela* from 9:05 PM to 10:15 PM. This differs from a vertical programming approach, which varies the genres broadcast during time slots across different days of the week. Horizontal programming creates the habit of watching television every day, promoting loyalty among the viewers. It is a key factor with respect to Globo's high audience share and ratings.

In order to target multiple audiences and advertising needs, Globo Network's programming is broken down in diverse genres, as follows: 44% entertainment, 30% news, 15% films and cartoons, 7% sports and 4% other.

The programming schedule is based on audience feedback through surveys and audience research.

The diverse programming schedule used by Globo is suitable for a broad range of advertisers, as it appeals to many segments of the Brazilian population.

##### *Multi-platform Integration*

Globo believes that the media industry is moving towards more interactivity. In other words, viewers will be able to give feedback in real time, play games, shop and experience enhanced, targeted commercials via the integration of different platforms. It is expected that this new multi-platform approach will broaden the spectrum for consumers and extend the life cycle of products. This would generate additional advertising sales and consumer subscriptions (including new revenue streams for new platforms). Globo continues to evaluate and implement aspects of multi-platform integration to develop new products and upgrade existing ones. Although more visible in the reality show format, the concept of audience interactivity and multiple platforms is present in some form in almost all of Globo's programming as evidenced by the use of narrowband, mobile and broadband technology.

##### *In-house Entertainment Production*

Globo's entertainment programming is diverse and targeted at multiple audiences. Entertainment programming (up to 10 daily programs and up to 12 weekly programs) accounts for approximately 44% of the content broadcast from 7:00 AM to 12:00 AM, reaching 48% of average audience share during this period in 2011.

Entertainment programming formats include *telenovelas*, miniseries, weekly sitcoms, variety shows (including talk shows, investigative shows and reality shows) and children's programming. The format that generates the largest audience share on a regular basis is the *telenovela*, which is a soap-opera-like drama that is typically shown for an hour each day, six days a week, and runs for approximately 180 episodes. Globo is one of the world's largest producers of *telenovelas*. Globo's survey system allows alterations in plot lines and character development during the course of the *telenovela* based on audience input. Globo-produced *telenovelas* are also exported to a number of other countries. See "—International Sales/International Channel" for more information about TV Globo's international activities.

Globo's broadcasting business has also adapted "reality television" programming to appeal to the Brazilian market and to incorporate other Globo media platforms, including the Internet, pay-TV and pay-per-view.

The popularity of reality television has grown rapidly. For example, through a partnership with Endemol Globo, "*Big Brother*" was adapted to the Brazilian market and has maintained very high broadcast TV audience share numbers compared to other programming and has been popular on pay-TV channels, pay-per-view and on the Internet. Globo incorporates audience voting and interactivity into the reality television genre by allowing voting through the Internet, telephone and mobile wireless technology. In 2011, the reality show "Big Brother Brasil 11" received a significant number of viewer votes through SMS (13.1 million), phone and cell phones (6.2 million) and the Internet (455.1 million).

#### *Exclusive Casting*

Globo's artistic talent is a competitive advantage that reinforces the Globo brand. Globo's cast has approximately 731 long-term exclusive contracts as of December 31, 2011. In addition, for specific additional needs, talent is contracted on a program-by-program basis. For example, from January 1 to December 31, 2011, a monthly average of 561 contracts were entered into on this basis.

#### *Projac*

Projac is the largest entertainment content production center in the Americas and one of the largest in the world. Projac encompasses substantially all of Globo's broadcasting business' in-house entertainment production in one location by providing infrastructure, technology and production processes capable of simultaneously and continuously producing dramaturgy, shows and live broadcasts. The consolidation of these activities in one location has facilitated production, increased program quality, and reduced television production costs. The facilities combine cutting-edge technology with management production systems developed in-house.

Projac's current capacity includes: 139,000 square meters of constructed area; three scenographic cities covering more than 160,000 square meters; ten acoustically treated studios with the most advanced lighting resources in the world and an aggregate studio area of 8,000 square meters; and a stage set and scenographic city factory. Other facilities at Projac include costume design and wardrobe, rehearsal space, make-up and hairdressing and office space for directors, producers, screenwriters and other production personnel. The facilities at Projac also contain advanced equipment to permit production not only for conventional broadcast TV, but also for high definition television format ("HDTV") and digital cinema.

Projac was built with a special awareness of the environment, with 1,000,000 square meters of Atlantic rainforest being preserved. The facility also provides its own sewage treatment station, intelligent water use programs and environmentally friendly cooling systems. Projac also independently produces enough power to service a city of 90,000 inhabitants. The sewage treatment station, water treatment plant and power generation station that support operations at Projac require licenses from the environmental authorities to operate. Globo believes it has all necessary licenses for these operations which are considered by Brazilian environmental regulations to be potentially polluting.

In addition to Projac, Globo has another set of studios and news production facilities in São Paulo. Additionally, there is a news production facility in Jardim Botânico, Rio de Janeiro.

#### *News Coverage*

Globo's broadcasting business is a powerful news gathering television company in Brazil. Together with its affiliated stations, Globo is present in all Brazilian states and selected cities throughout the world and has approximately 4,930 professionals involved in the gathering and production of news programs and events. The strength of Globo's news programming and broadcasting reinforces the Globo brand.

Globo broadcasts eleven daily news programs that provide a total of over five hours of live news every day. These news programs account for 30% of the content broadcast from 7:00 AM to 12:00 AM and had an average audience share of 44% in 2011.

Globo broadcasts “*Jornal Nacional*,” a national news program, throughout Brazil at 8:30 PM six nights a week. This news broadcast obtained audience shares of 58%, 56%, 58% for 2011, 2010 and 2009, respectively, according to IBOPE Telereport—PNT 2009/2010/2011.

The Globo Network produces over 80 hours per day of local news broadcasts in addition to the daily national broadcast news. In addition to news gathered by Globo’s journalists in Brazil and abroad, Globo also retransmits international news broadcasts and uses the services of a variety of international news agencies.

### *Sports Coverage and Rights*

Globo’s broadcasting business is present at most of the major sporting events (particularly any event that includes Brazilian athletes), including: the 2014, 2018 and 2022 FIFA World Cups, the 2014 Winter Olympic Games and 2016 Summer Olympic Games, the Brazilian Soccer Championship, the 2013 FIFA Confederation Cup, the most followed state soccer championships (such as the São Paulo and Rio de Janeiro championships), the Brazil Cup, Libertadores Cup, Formula One races, all Volleyball World championships and many other important Brazilian and international championships such as basketball, gymnastics and swimming. Sports coverage accounts for 7% of the content broadcast from 7:00 AM to 12:00 AM, reaching 40% of the average audience share during this period in 2011.

In August 2009, Globo acquired the transmission rights to the 2016 Olympic Games to be held in Rio de Janeiro, Brazil. Globosat has also acquired the pay-TV non-exclusive rights to the 2016 Olympic Games and the transmission rights to the 2014 Winter Olympic Games. Globo and Grupo Bandeirantes de Comunicação, one of Globo’s competitors, purchased non-exclusive transmission rights for broadcast television with respect to the 2016 Olympic Games and the 2014 Winter Olympic Games. Globo also purchased exclusive rights for Internet, pay-TV, radio and mobile device coverage with respect to both events. Certain of these rights were also acquired by Globosat and Bandeirantes, with Globo being the only party entitled to further sublicense any of these rights to third parties.

During the 2006 and 2010 FIFA World Cups, the transmission of Brazilian soccer matches by Globo received an audience share of 91% and 75%, respectively, according to IBOPE Telereport—PNT 2009/2010/2011 (on a TL basis).

In December 2006, Globo acquired the transmission rights related to the 2010 and 2014 FIFA World Cup and all other FIFA events through January 10, 2015. These rights comprise several distribution platforms in Brazil, including television broadcast. Globo has also acquired, on an exclusive basis, free and pay-TV rights, as well as mobile and Internet rights, with respect to the 2018 and 2022 FIFA World Cups, effective from January 1, 2015 to December 31, 2022.

In 2011, Globo acquired free-television, Internet, mobile and international rights, and Globosat acquired pay-TV and pay-per-view rights with respect to the Brazilian Soccer Championship (Series A), seasons 2012-2015. Such rights were acquired directly from each of the Series A Brazilian soccer teams.

Globo produces the feed for worldwide broadcasting of many sporting events that take place in Brazil such as Brazilian Formula One races (Brazilian feed), the World Beach Volleyball championships, women’s World Basketball championships and Beach Soccer Championships. Globo also produced the worldwide feed of the beach volleyball competition at the 2008 Beijing Olympic Games.

Globo may purchase exclusive or non-exclusive broadcasting rights. Globo’s broadcasting business audience share with respect to sporting events is generally not affected by the broadcast of the same sporting event by a competitor. Therefore, in order to reduce costs, Globo usually tries to sublicense its previously acquired exclusive rights to other television stations.

### *Globo Filmes*

Globo Filmes was created in 1998 to produce works that showcase Brazilian culture and increase synergies between the movie and the television businesses. Globo Filmes has played a fundamental role in the growth of the Brazilian film industry.

From 1998 to 2011, several of the Brazilian movies with the highest box-office sales were produced or co-produced by Globo Filmes. The most remarkable among these top box-office hits were: “De Pernas Pro Ar” (2011’s largest national blockbuster in terms of box office revenues, reaching 3.5 million admissions and R\$31.2 million in box office revenues); “Tropa de Elite 2” (released in October 2010, breaking the all-time box office records in Brazilian cinema, reaching 11.3 million admissions and generating total revenues of R\$104.2 million); “Se Eu Fosse Você 2” (sequel to a predecessor hit from 2006, which was released in January 2009 and is considered the second highest grossing Brazilian movie since what is generally known as “the recovery period” (return of national film production in 1995)); “Dois Filhos de Francisco” (released in 2005); “Carandiru” (entered into the Official Selection of the Palme

D'Or at the Cannes International Film Festival in 2003); “Nosso Lar” (released in 2010); “Se Eu Fosse Você” (released in 2006); “Chico Xavier” (released in 2010); “Cidade de Deus” (also known as “City of God,” released in 2003 and nominated in 2004 for four Academy Awards in the Best Director, Best Screenplay (Adaptation), Best Cinematography and Best Editing categories); “Lisbela e o Prisioneiro” (released in 2003); and “Cazuza—O Tempo Não Pára” (released in 2004).

In 2011, Globo Filmes released a total of 12 feature films compared to nine films in 2010 and 11 films in 2009. Globo Filmes’ 2011 releases reached an aggregate of more than 13 million admissions at Brazilian cinemas, representing 74% of the national production gross audience. As of December 31, 2011, Globo Filmes was participating in the co-production of 12 additional films to be released in 2012, following which it will have a library of 123 films. This content generates revenues in ancillary markets such as home entertainment, pay-TV and international sales. Globo has exclusive broadcast TV rights to these movies in Brazil.

### ***Film Transmission Rights***

In addition to generating a high audience share, films provide both programming convenience and commercial attractiveness by being flexible with respect to screening times and providing advertisers with a product that the advertisers are familiar with. Globo broadcasts a “blockbuster” film every Monday night (approximately 51 films per year). Overall, including late night films, TV Globo broadcasted over 867 films in 2011. In addition, Globo always screens a “blockbuster” film on the same day as a *telenovela*’s premiere in order to capture the movie audience and transport it to the new program. Films and cartoons represented 15% of the content broadcast from 7:00 AM to 12:00 AM and had an average 41% audience share in 2011. Globo purchases films from major United States movie studios (e.g., Columbia, Twentieth Century Fox, Paramount, DreamWorks, BuenaVista International/Disney and Nickelodeon).

The recent growth in Brazilian film productions led by Globo Filmes also creates opportunities to air Brazilian “blockbuster” productions, strengthening Globo’s broadcasting business and Globosat programming.

See “—Pay-TV Programming—Globosat” for more information on Globosat.

### ***Licensing***

Globo is also engaged in licensing activities that permit third parties and related parties to use certain names and characters appearing in the Globo Network programs. In 2011, this business included over 2,800 licensed products relating to approximately 200 brands.

### ***International Sales/International Channel***

Globo International Division (“Globo International”) carries out overseas sales of Globo’s broadcast business’ programs.

Traditionally, the largest export market for Globo’s *telenovelas* and miniseries has been Portugal.

In addition to selling its programs abroad, TV Globo also provides an international channel that was created in 1999 and provides TV Globo programming content in Portuguese to five continents via satellite. The international channel is an *à la carte* pay-TV channel distributed to its subscribers via cable satellite, Internet protocol television (“IPTV”) and other transmission means. Brazilians and other Portuguese-speaking viewers are able to receive, via satellite, 24 hours of Portuguese language programming daily.

As of December 31, 2011, the international channel had approximately 585,500 subscribers around the world who follow newscasts, *telenovelas*, sports events, series, specials, shows and other programming. In 2011, Globo International sold its programming (including *telenovelas*) in or its subscription to its international channel to 199 countries. Angola is currently the largest market based on subscribers for Globo’s international channel.

### ***Commercial Operations***

TV Globo’s General Managing Department of Sales is responsible for TV Globo’s relationship with the advertising market. It creates initiatives that encourage advertisers and agencies across sectors to leverage new commercial opportunities through television and researches and applies technology to provide efficient operations for advertisers. For example, it uses an electronic media acquisition system connected to 1,077 advertising agencies across Brazil that manages approximately 17.5 million advertisements per year. As of December 31, 2011, approximately 3,500 entities, including both advertising agencies and individual companies, are included in Globo’s client list. Approximately 1,200 clients advertise with Globo’s broadcasting business each month.

Globo’s strong relationship with the advertising market allows its General Managing Department of Sales to create and value innovative commercial formats and to sell commercial plans with added value and up-front cash payments. These commercial plans

are carried out pursuant to arrangements under which large advertisers are offered special advertising rates for the sponsorship of important televised events, such as the Olympic Games, the FIFA World Cup and Formula One races. Accordingly, large advertisers are encouraged to sponsor an event over a specified period of time rather than for a specific broadcast. This allows Globo to develop a relationship with the advertiser and ensure that Globo receives advertising revenue over the long term.

### ***Technology***

Throughout its history, Globo's broadcasting business has been a pioneer in Brazil in the use of new technologies. Globo currently uses new technologies on a daily basis operation, such as digital distribution to its affiliated stations across Brazil, virtual advertising, HDTV production, tapeless production for pay-TV news and broadcast sports, Internet and mobile content development and digital mobile units. Globo is also a technology pioneer, testing new technologies which are not available in the market, as exemplified by the recent coverage of the 2012 "Brazilian Carnival" and a soccer game using 02 SONY prototype cameras, which are able to record with four times more resolution than the current regular Full High Definition ("HD") cameras. These cameras bring high-end cinema quality to the broadcast industry.

Globo is also investing in the conversion of its operations into digital format. This process started with content creation and is moving towards content distribution. Globo produces 100% of its entertainment content in digital form and uses digital mobile units and transmission links to cover live sports events. Six studios at Projac, seven news studios and six outside broadcasting trucks are set up for HDTV. Globo is investing in 3D productions such as "Brazilian Carnival." Some journalism and entertainment programs, such as "Globo Repórter," "A Grande Família" and miniseries are produced in HDTV format, as well as all *telenovelas*. The first telenovela was broadcasted in this format in October 2007. Globo also transmits and produces a variety of sporting events and concerts in HDTV format. At least twice a week, Globo broadcasts different soccer games in the HDTV format.

With respect to news broadcasting, Globo has replaced its analog equipment and installations with digital technology. Globo is also pursuing the advantages of the transition from linear, tape-based operations to file-based (tapeless) operations. The 2004 Athens Olympic Games marked the beginning of the use of a digital, server-based news production system in tapeless format, and other examples include "*Big Brother Brasil*," GloboNews and sports-related content.

Globo has invested in seven fully digital master controls and associated digital satellite uplinks, for national (five owned and 117 independent affiliated stations) and international distribution, all installed in Rio de Janeiro.

Globo's five owned stations in Rio de Janeiro, São Paulo, Belo Horizonte, Recife and Brasilia have regional digital distribution networks.

Brazilian digital terrestrial television transmission began in 2007 in the city of São Paulo and expanded to Rio de Janeiro and Belo Horizonte in 2008, and to Recife and Brasília in 2009. The Brazilian system is based on Japanese digital TV technology and has become one of the most modern terrestrial digital TV systems. With this technology, Globo expects to be able to: (i) broadcast its high definition content with high quality, (ii) broadcast its signal to mobile telephones equipped with TV receivers (free of charge for users), (iii) broadcast to TV receivers installed in buses, cars and subways, and (iv) broadcast interactive content.

Globo expects that the next steps in its digital conversion will be: (i) an increase in the amount of HD content produced, with such production capable of being shown both currently and when digital TV is fully introduced in the Brazilian market; (ii) the indexing and digitalization of Globo's content library in order to create new distribution opportunities and revenues; and (iii) the conclusion of the process of conversion of certain equipment and systems to digital format.

### ***Employees***

As of December 31, 2011, Globo's broadcasting business had approximately 11,000 full-time employees, most of which belong to unions, including unions of journalists, radio-professionals and artists. Each year the unions meet with 24 employee union leaders to negotiate wage increases and other employment conditions. Globo's broadcasting business has not experienced any strikes in the last 20 years.

Globo's broadcasting business compensation system has both fixed and variable components. Variable compensation is calculated on an annual basis, with employees receiving semi-annual payments, based on the achievement of budgetary targets.

Globo's broadcasting business also provides employees with a benefits plan that includes medical care, life insurance and a private pension program, among other features.

### ***Globo's Content***



Globo produces the content for the “GloboNews” channel. GloboNews is a pay-TV channel with distribution of its exhibition rights intermediated by Net Brasil. Globosat is responsible for the advertising sales for the GloboNews channel. Globo pays a monthly commission to Globosat equivalent to 27% of net revenues based on the advertising time aired on the GloboNews channel. In addition, Globosat provides technical services to Globo related to the GloboNews channel in exchange for a monthly fee under a service agreement.

Globo produces and licenses content for “SPORTV,” “SPORTV2” and “SPORTV3” pay-TV channels offered by Globosat. Each month, Globosat pays an amount to Globo, as agreed to between Globosat and Globo and, each year Globosat pays an additional amount to Globo based on advertising net revenue growth. Globosat also pays an additional fee based on net results of major events (such as World Cup and Olympic Games).

Globo also represents Globosat for the distribution of the “PFC International” channel, a Brazilian soccer channel, broadcasted worldwide.

Globo licenses in-house productions programming for “Canal Viva,” a pay-TV channel offered by Globosat released in 2010, pursuant to a licensing agreement which sets forth monthly payments according to the exhibition time of Globo’s content in the Canal Viva.

Globo and Globosat have a programming exchange agreement, pursuant to which Globo licenses to Globosat certain of its television programs for exhibition on Globosat’s channels in Brazil and Globosat licenses certain of its programs for exhibition by Globo on its international ethnic channel.

Globo sublicenses certain sports rights to Globosat such as the FIFA World Cup.

### ***Licenses***

Globo’s broadcasting business renewed its five licenses to broadcast from its television stations in October 2007 and such licenses are valid until 2022, at which time Globo expects the licenses will be renewed. The first broadcasting license was originally granted to former TV Globo by the Brazilian government in 1957 and has been renewed (together with the additional four licenses obtained afterwards) ever since. See “Risk Factors—Risks Relating to Globo’s Business—Globo’s businesses are highly dependent on their continued ability to maintain government licenses.”

### ***Insurance***

Globo’s broadcasting business has an “all risks” insurance policy that provides protection for all significant assets owned by Globo’s broadcasting business and for those assets that Globo’s broadcasting business is responsible for or are assigned to third parties. This policy also provides coverage for possible losses from advertising due to exhibition interruptions.

Globo’s broadcasting business also has insurance against third-party liabilities arising from damages during its activities and coverage for national and international transportation.

Globo generally renews its insurance policies annually and the current “all risks” and civil liability insurance policies are valid until August 2012.

When purchasing insurance, Globo’s broadcasting business seeks coverage in the domestic and international insurance markets at levels compatible with Globo’s broadcasting business enterprise size and activities.

### ***Pay-TV Programming***

#### ***Market***

Pay-TV services became commercially available in Brazil in the early 1990s with the construction of several major cable systems in the south and southeast of Brazil and with the launch of MMDS in São Paulo and Rio de Janeiro. According to Anatel, as of December 31, 2011, the total number of pay-TV subscribers in Brazil reached 12.7 million. The programming provided by pay-TV operators competes directly with that offered by broadcast television networks, with the six largest national broadcasting channels and their affiliates providing services to a substantial portion of Brazilian homes, free of charge and without any subscription requirements (e.g., Globo’s broadcast television channel is presented in more than 95% of Brazilian homes as of December 31, 2011), according to IBOPE/Media Workstation.

Globo’s pay-TV operations include production and licensing of pay-TV content in Brazil. Globo is primarily focused on developing programming and ensuring the pay-TV market receives high quality content.

Globo holds 100% of Globosat, the leading Brazilian pay-TV producer and programmer. Globo also has a 50% interest in Telecine, a programming company that is a joint venture with certain major U.S. movie studios. Globo also owns 100% of Net Brasil, which negotiates the purchasing of Brazilian programming on behalf of Sky Brasil, Net Serviços and other affiliated systems. In addition, Globosat also owns 50% of Universal Brasil, a joint-venture with NBC Universal (which is a part of GE Comcast) and Canal Brasil, a joint-venture with several Brazilian movie producers. Globosat also owns 60% of PB Brasil, a joint venture with Playboy TV Latin America (which is a joint venture between Claxson Interactive Group Inc. and Playboy Entertainment Group Inc.).

Globo produces Globo News, the first 24-hour news channel in Brazil which was launched in October 1996.

Globo News is distributed to pay-TV operators by Net Brasil. See “—Pay-TV Programming—Net Brasil” for more information on Net Brasil. With approximately 9.97 million subscribers as of October 31, 2011, according to PTS 179, Globo News is the most viewed news channel on pay-TV. Globo News content includes daily news updated hourly, interview programs focusing on specific topics (such as the economy, sports and culture) and certain previously aired news programs.

The following is a discussion of Globo’s leading pay-TV programming businesses:

### ***Globosat***

#### *Overview*

Globosat was incorporated in 1992 as a subsidiary of Globo to develop pay-TV programming in Brazil. Today, Globosat is the leading provider of pay-TV programming in Brazil, providing pay-TV content (including pay-per-view content) and operating channels that are sold directly to MSOs or through Net Brasil. Globosat’s content is available to cable, MMDS and DTH subscribers and its channels are available to subscribers of Net Serviços, Sky Brasil, Telefonica, TVA, Embratel, Oi, GVT and other independent operators which, as of December 31, 2011, represented an aggregate of approximately 12.7 million subscribers, according to Anatel.

#### *Strategy*

Globosat’s strategy is to remain a leading provider of pay-TV programming by acquiring and producing popular and premium content for distribution by third parties and by adding channels to its programming offerings.

Globosat also expects to be a major content provider for new digital platforms in the pay-TV market following the “TV Everywhere” concept, which enables viewers to watch TV on multiple platforms and devices.

#### *Operation*

Globosat generates its revenue by (i) selling its programming, (ii) selling its advertising time and (iii) providing technical services to other channels. Pay-per-view revenue (included in programming revenues) has increased in the last few years.

Globosat’s programs are either produced in-house or are purchased from third-party and related-party producers. Globo’s portfolio of channels contains more than 30 24-hour pay-TV channels for the Brazilian market, including nine of the top 20 in Brazil based on prime time audience share in December 2011. These channels cover all major categories of content, including news, sports, movies, documentaries, adult and entertainment.

Globosat is a “shared services provider” of technical services to “*Canais Globosat*,” and provides all “*Canais Globosat*” with access to shared advertising sales and marketing, general administration, information technology, engineering services, research and programming acquisition services.

Over the last ten years, Globosat and TV Globo have benefited from increased synergies by strengthening their production links. This progressive collaboration has resulted in significant gains for the business since 2002, including the creation of basic channel and pay-per-view windows for TV Globo productions such as “*Big Brother Brasil*,” “*Programa do Jô*,” “*Altas Horas*” and others. Since 2003, the synergies of the feed production for SporTV with TV Globo’s sports division have resulted in an improvement in quality, a reduction in costs and the ability to use TV Globo’s on-air talent in SporTV programming. Since March 2010, TV Globo licenses library content to a new Globosat’s channel called Canal Viva.

In 2008, Globosat was the first programmer to launch an HDTV pay-TV channel in Brazil called “Globosat HD,” which provides a mix of all the Globosat channels’ content in HDTV. During 2009, Globosat launched a second HDTV channel, focused on music and shows called “Multishow HD.” In 2011, Globosat launched an additional HD channel called “Off,” which focuses on action, adventure and nature and SporTV 3 (SD channel) which, combined to SporTV and SporTV 2, offers 72-hour sport content.

Pursuant to its “TV Everywhere” strategy, Globosat launched an Internet portal of Globosat channels content called “Muu” in 2011, which is available only to Globosat content subscribers.

Globosat also has content available on a Net Serviços VoD platform called “Now.” Such content is available only for Globosat content subscribers.

Globosat owns 50% of Universal Channel, a joint-venture with NBC Universal and Canal Brasil, a joint venture with several Brazilian movie producers. Globosat also owns 60% of PB Brasil, a joint venture with Playboy TV Latin America (which is a joint venture between Claxson Interactive Group Inc. and Playboy Entertainment Group Inc.) to develop and distribute adult content in Brazil.

## *Telecine*

### *Overview*

Telecine was organized in 1994 as a joint venture among Globo (50%) and Paramount, Metro Goldwyn Mayer, NBC Universal and Fox with 12.5% each (together, the “Studio Partners”).

Telecine operates a film programming service which consists of six movie channels in Standard Definition (“SD”) targeted to the premium packages of the pay-TV operators and one movie channel (Megapix) targeted to the basic packages of the pay-TV operators. Six of these channels are also offered in HD.

The channels are sold to pay-TV operators by Net Brasil.

Telecine channels show films produced and/or distributed by Paramount, DreamWorks, Metro Goldwyn Mayer, Universal, Fox and Buena Vista International, Inc. (“Buena Vista”) and licensed to Telecine, as well as films licensed from other independent producers/distributors. Telecine has more than 1,000 films in its licensed collection at any time.

In October 2011, Telecine signed an exclusive three-year agreement with Buena Vista, a film studio controlled by The Walt Disney Company, to exhibit films produced by Buena Vista.

Telecine sells content for VoD services operated by Net Serviços and Sky. Such VoD service offers films distributed by Fox and other independent distributors.

Using tax benefits, Telecine has invested in many Brazilian audiovisual projects to support and promote the Brazilian audiovisual content market.

### *Strategy*

Telecine aims to be the ultimate movie watching entertainment experience, offering through seven different channels, 24 hours a day, the most recent blockbusters and the best collection of Hollywood hits and award winning movies from all around the world. To maximize consumer satisfaction, within the network, the same blockbusters are offered in both original and dubbed versions.

Telecine believes that the key to its success lies in its large film collection, with each channel offering various titles according to genres, its ability to meet subscribers’ expectations and its marketing strategy.

### *Operation*

In each of the years ended 2011 and 2010, Telecine’s programming revenues accounted for 92% of Telecine’s revenues. This is compared to 8% of revenues that originated from Brazilian advertising for Telecine during the same respective periods.

Telecine has the following channel brands:

- Telecine Premium, which shows the most recent and major box office hits in SD and HD;
- Telecine Action, which shows action films, thrillers, horror movies, westerns and science fiction in SD and HD;
- Telecine Touch, which shows drama, adventures and romances in SD and HD;
- Telecine Fun, which shows comedies and films in SD and HD;
- Telecine Pipoca, which shows the best of the Telecine network films dubbed in Portuguese in SD and HD;
- Telecine Cult, only offered in SD, which shows the great classics in the history of cinema, cult movies and award-winning independent productions from all around the world; and

- Megapix, a basic channel in SD and HD, which shows re-run films, dubbed in Portuguese.

As of October 31, 2011 Globo's channels had the following number of subscribers:

- Telecine Action: 2.9 million subscribers, 1.3 million of which subscribed to the HD channels, based on PTS 179; and
- Megapix: 8.5 million subscribers, 980 thousand of which subscribed to the Megapix HD channel, based on PTS 179.

### ***Net Brasil***

#### *Overview*

Net Brasil negotiates the purchasing of Brazilian programming, thus obtaining better pricing and payment terms for its affiliated systems. Net Brasil also represents certain Globo pay-TV content with non-affiliate systems.

#### *Strategy*

Net Brasil seeks to maintain and increase the high level of penetration of the channels and content of Globosat and its joint-ventures among the multi-channel systems in the growing Brazilian pay-TV market.

#### *Operations*

Net Brasil negotiates the purchasing of Brazilian programming to MSOs, such as Sky Brasil and Net Serviços, as well as other operators in which Net Brasil's shareholders have no interests, such as Acom, ORM and Brasil Telecomunicações.

Net Brasil also represents certain Globo pay-TV content for non-affiliate systems, such as: Oi, GVT, Telefônica and other pay-TV operators. This content consists on Globosat and certain joint ventures (such as Telecine and PB Brasil) linear channels, as well as non-linear content for VoD through set top box consumption and other platforms.

### ***Pay-TV Operations***

#### *Overview*

Globo owns direct and indirect equity interests in Net Serviços, the leading cable company in Brazil, and indirect equity interests in Sky Brasil, the leading satellite DTH subscription service in Brazil.

Globo owns a 6% equity interest in Net Serviços, the leading MSO providing pay-TV services via cable in Brazil, and a 7% equity interest in Sky Brasil, the leading satellite distributor of DTH pay-TV services in Brazil.

On February 27, 2008, Liberty Media Corporation acquired News Corp.'s interest in DirecTV and subsequently acquired additional common shares of DirecTV and, on October 22, 2009, DirecTV following approval at a special stockholders meeting of a proposed combination of DirecTV with Liberty Entertainment, Inc., was split off from Liberty Media Corporation. See “—Pay-TV Operations—Sky Brasil.”

On June 1, 2010, Globo notified DirecTV of the exercise of its right to cause DirecTV to acquire a portion of Globo's equity interest in Sky Brasil (representing 18.9% of Sky Brasil total ownership), all pursuant to the terms of the Exchange Rights Agreement dated October 8, 2004, among Globo, The News Corporation Limited and DirecTV.

On December 16, 2010, Globo and its subsidiary Distel sold an 18.9% ownership interest in Sky Brasil to a DirecTV Group entity for approximately to R\$1.0 billion and recorded a gain of R\$758.7 million under “investment results” on the consolidated statement of income of Globo. As a result, Globo's consolidated ownership interest in Sky Brasil decreased from 25.9% to 7%. Until January 2014, Globo has the right, under certain circumstances, to cause DirecTV to purchase all of Globo's remaining ownership interest of 7% in Sky Brasil, for which Globo would be paid in shares of DirecTV, cash or a combination thereof if DirecTV so determines.

### ***Net Serviços***

#### *Overview*

Net Serviços was the largest MSO distributing pay-TV services provider in Brazil as of December 31, 2011, based on number of subscribers and homes covered. As of the same date, Net Serviços' cable network covered approximately 10.4 million homes and had approximately 4.7 million connected subscribers in Brazil. Net Serviços is also a leading provider of high-speed cable modem Internet access through the Virtua service, which had 4.3 million subscribers as of December 31, 2011. Net Serviços also provides voice services in conjunction with Embratel. As of December 31, 2011, Net Serviços had 3.8 million voice subscribers. The launch of Net Fone via Embratel in 2006 strengthened Net Serviços' product portfolio, complementing pay-TV and broadband services. Net

Serviços currently offers these three products in several combined packages to better serve different income segments and consumer and entertainment profiles.

According to Anatel, Net Serviços provided service to approximately 37% of Brazil's pay-TV subscribers as of December 31, 2011.

### ***Ownership***

In 2001, as part of a reorganization of the equity ownership structure of Net Serviços, Net Serviços succeeded Globo and its subsidiaries in the right of amortizing for tax purposes certain goodwill of Globo related to acquisitions. Amortization of goodwill over an estimated period results in tax benefits for Net Serviços and its subsidiaries. Net Serviços issued shares to Globo up to the amount of the tax benefits realized. At the issuance of shares, all shareholders of Net Serviços were given the right to purchase from Globo a pro rata amount of shares in order to prevent dilution. In March 2009, Net Serviços issued new shares in an amount of R\$59.0 million to Globo, and Globo sold shares in an amount of R\$53.3 million to the other shareholders of Net Serviços. As a result, Globo's ownership on a consolidated basis increased to 6.90% as of March 31, 2009.

On October 7, 2010, Embratel, a significant shareholder of Net Serviços and signatory to the Net Serviços shareholders' agreement, made a voluntary public tender offer for all the preferred shares issued by Net Serviços, at a price of R\$23.00 per share. In connection with the public offering notice, in October 2010, Globo sold 1,887,314 preferred shares of Net Serviços for R\$43.4 million in cash and recorded a gain of R\$9.2 million. As a result, Globo's ownership interest in Net Serviços decreased, on a consolidated basis, from 6.90% as of December 31, 2009 to 6.35% as of December 31, 2010.

Until recently, Globo was the controlling shareholder of Net Serviços, through its controlling stake in GB. GB held the majority of the voting capital stock of Net Serviços. Telmex, through its wholly-owned subsidiaries, Embrapar and Embratel, is a significant shareholder in Net Serviços. With the passage of Law 12,485, however, non-Brazilian entities were given the right to own a controlling interest in Brazilian cable companies. As a result, and pursuant to the terms of GB shareholders' agreement, Embrapar and Embratel were granted the right to acquire from Globo, and Globo was granted the right to cause Embrapar and Embratel to purchase from Globo, subject to certain conditions, an additional interest in the voting capital of GB that would give Embrapar and Embratel, through GB, control over 51% of Net Serviços' voting common shares. The intent to exercise such rights was communicated by Globo, GB and Embratel to Anatel in October 2011. In January 2012, Anatel approved the transaction from a telecommunications regulatory perspective, allowing Embratel to acquire control of Net Serviços. In addition, Anatel determined that the parties should amend Net Serviços' corporate documents by June 2012 in order to restrict Globo from controlling any entity that provides telecommunications services provided by Net Serviços, as established by Law 12,485, according to which programmers and broadcasting companies, such as Globo, are not allowed to hold control over telecommunications companies in Brazil.

In February 2012, Embrapar, following Anatel's consent, notified Globo that it was exercising its call option for 5.5% of the voting capital of GB. Accordingly, upon the transfer of shares on March 5, 2012, Embrapar, jointly with a subsidiary, acquired direct control of GB from Globo and, accordingly, acquired indirect control of Net Serviços. On March 12, 2012, the transaction was submitted to Anatel and CADE to be analyzed from an antitrust perspective. The case is currently under Anatel's review; after this review, Anatel will issue a non-binding report on the transaction and then send it to CADE for final judgment.

On March 5, 2012, Embrapar issued a press release announcing Embrapar's intention to commence a tender offer for all of the outstanding common and preferred shares, including preferred shares represented by American Depositary Shares of Net Serviços.

## **Sky Brasil**

### ***Market, Overview and Ownership***

Sky Brasil (formerly NetSat Serviços Ltda.) operates satellite pay-TV services (DTH), through the use of mini-parabolic antennas in the Ku band. Sky Brasil is indirectly controlled by DirecTV. Sky Brasil markets its services under the brand name "Sky" and is the leading provider of DTH programming services in Brazil.

On June 1, 2010, Globo notified DirecTV of the exercise of its right to cause DirecTV to acquire a portion of Globo's equity interest in Sky Brasil (representing 18.9% of Sky Brasil total ownership), pursuant to the terms of the Exchange Rights Agreement dated October 8, 2004, among Globo, The News Corporation Limited and DirecTV. On December 16, 2010, Globo and its then subsidiary Distel (which has since been merged into Globo) sold an 18.9% ownership interest in Sky Brasil to a DirecTV Group entity for approximately R\$1.0 billion and recorded a gain of R\$758.7 million under "investment results" on the consolidated statement of income of Globo. As a result, Globo's consolidated ownership interest in Sky Brasil decreased from 25.9% to 7%. Until January 2014, Globo has the right, under certain circumstances, to cause DirecTV to purchase up to all of Globo's remaining ownership interest of 7% in Sky Brasil, for which Globo would be paid in shares of DirecTV, cash or a combination thereof as DirecTV so determines.

According to Anatel, as of December 31, 2011, Sky Brasil had approximately 3.8 million subscribers, an estimated 30% of the aggregate Brazilian pay-TV market.

Sky Brasil offers a variety of high quality programming, including sports, news and general entertainment. In addition, Sky Brasil subscribers in certain areas have access to the Globo Network broadcasts through Sky Brasil's satellite signal on a local to local basis.

## **Internet**

Each of Globo's businesses uses the Internet to enhance its users' experience. Globo's Internet strategy is focused on three areas of content: news, sports and entertainment. As of December 31, 2011, Globo was the leader in terms of audience (unique audience) in those categories, according to IBOPE Net Ratings.

G1, Globo's news portal, was launched in September 2006. It comprises content from all of Globo's news programs as well as content that is produced exclusively for the portal.

Globoesporte.com is Globo's sports portal. This website, together with Sportv.com.br (or Sportv.globo.com), makes Globo the leader in terms of unique audience in the sports segment, according to IBOPE Net Ratings.

In entertainment, the aggregation of all of Globo's Internet initiatives and the extension of Globo's traditional media business makes Globo the most important player in this segment.

The users' experience of Globo's news, sports and entertainment sites are enhanced by videos that are embedded in most of Globo's sites.

Globo.com, a division of Globo, is responsible for uniting and organizing the content produced by the different businesses on the portal's homepage, and also for providing web-related technology services to Globo's affiliates, different businesses and related parties, such as Infoglobo Comunicação e Participações S.A. ("Infoglobo") and most of its joint-controlled entities. Such services are provided under a service agreement, in exchange for a monthly fee corresponding to the amount of service used.

In addition to technology services, Globo.com also offers products and services such as Globomail (web mail) and provides broadband and narrowband Internet access to end-users.

Globo currently has over 1,700 sites in its portfolio. According to data published by IBOPE Net Ratings as of December 31, 2011, the Globo.com portal is the second largest in Brazil with over 28 million unique visitors per month when considering home and work data measurement.

## **Publishing**

### ***Editora Globo***

Editora Globo, based in São Paulo, is the publishing arm of Globo. Editora Globo is one of the leading publishing companies in the Brazilian market. Editora Globo publishes magazines and books that are sold throughout Brazil. Magazine publishing accounted for 84% of Editora Globo's total revenue, while other revenue, including book publishing, accounted for the remaining 16% as of December 31, 2011.

The main products in Editora Globo's portfolio are (i) *Época*, the second largest newsweekly in Brazil; (ii) *Quem*, a weekly celebrity magazine launched in 2000; (iii) *Marie-Claire*, which Globo believes is the most prestigious magazine in the women's interest sector; and (iv) *Época Negócios*, a business magazine. In May 2008, Editora Globo launched *Época São Paulo*, a guide to entertainment and culture in the city of São Paulo, as a supplement of *Época* magazine. In addition, Editora Globo publishes nine other monthly magazine titles covering subjects such as automobiles, science, agribusiness and home decoration. Magazine revenues consist of subscriptions (36%), newsstand sales (9%) and advertising (55%) as of December 31, 2011.

In July 2010, Editora Globo and Condé Nast Publications, through its subsidiary Condé Nast Brasil, entered into a joint venture to form a company, *Edições Globo Condé Nast S.A.* Editora Globo and Condé Nast Publications hold 70% and 30% of the capital stock of the new company, respectively. *Edições Globo Condé Nast S.A.* publishes three magazine titles in Brazil, *Vogue*, *Casa Vogue* and *GQ*, and is expected to launch a fourth title in April 2012.

## **Music Label**

Globo's music business consists of four Globo majority-owned or wholly-owned subsidiaries that are involved in various aspects of the music industry. On December 31, 2011, Globo held (i) 99.99% of SIGEM—Sistema Globo de Edições Musicais Ltda.

("SIGEM"); (ii) 99.99% of Sigla Sistema Globo de Gravações Audiovisuais da Amazônia Ltda. ("Sigla da Amazônia"); (iii) 99.98% of Zende Serviços de Entretenimento Ltda. ("Zende"); and (iv) 99.99% of Comercial Fonográfica RGE Ltda. ("RGE" and, together with SIGEM, Sigla da Amazônia and Zende, "Som Livre"). Music content is a component of Globo's audiovisual content and programming strategy. Som Livre was founded in 1969 with the purpose of producing, promoting and selling soundtracks for Globo's *telenovelas* and other shows, which it did mainly by licensing tracks from other established record companies. With time, Som Livre started signing and recording its own acts.

The recorded music part of Som Livre's business as of December 31, 2011 encompasses a catalog of over 38,000 original tracks, a number that grows weekly with the addition of new masters through contracts of full ownership or licenses for exclusive distribution. Som Livre has a strong cast of current Brazilian pop music artists from many genres. In physical and digital sales, it ranks third in Brazil only behind powerhouses Universal Music and Sony Music, both backed by major international hits, and much ahead of Warner Music and EMI, according to *Associação Brasileira de Produtores de Discos—ABPD*.

Recently, Som Livre has ventured into other lines of the music business such as live concerts and advertising licensing. In the live business, it has limited rights for shows of most of its signed artists, exploring such rights through regional promoters or by flagship festivals such as "Sertanejo Pop Festival," while in advertising it represents a specific set of songs, brands and images.

Globo's music publishing business has been restructured during the last five years after the sale of the better part of its catalog to Warner-Chappell in 2006. Under the new market brand Som Livre Edições Musicais, the company signed a whole new set of composers and compositions that led the unit to turn in a profitable operation.

## **Brazilian Broadcasting and Pay-TV Industries Regulations**

### ***Telecommunications Industry***

The Brazilian Constitution establishes that the federal government has the authority to operate, either directly or by means of an authorization, concession or permission, the telecommunications services, pursuant to a specific law, which, among other things, would regulate the organization of the telecommunications services and create a regulatory body. The Brazilian Constitution also establishes that the federal government has the authority to operate radio and TV broadcasting services, either directly or by means of an authorization, concession or permission.

On July 16, 1997, the General Telecommunications Law was enacted to (i) authorize the privatization of the 29 companies that comprised the Telebrás System, the national publicly-owned telecommunications holding company, (ii) regulate the privatization process of telecommunications services in Brazil and (iii) create Anatel, which regulates telecommunications services in Brazil.

Anatel is an agency integrating the indirect federal public administration, connected to the Ministry of Communications, responsible for the development of the telecommunications services in Brazil. Anatel has wide-ranging authority, including, but not limited to: (i) implementing a national telecommunications policy; (ii) regulating concessions, permissions and authorizations, managing concession agreements and supervising the rendering of telecommunications services; (iii) regulating, monitoring and revising pricing for telecommunications services under the public regime; (iv) issuing regulations relating to the standards of telecommunication services; and (v) deciding on the interpretation of the telecommunications legislation and settling any conflicts that may arise among telecommunications service providers.

The granting of radio and TV broadcasting services is excluded from Anatel's jurisdiction and remains within the executive power's authority, through the Ministry of Communications. Nevertheless, Anatel is responsible for the distribution and monitoring of the spectrum of broadcasting frequencies, taking into consideration the technological aspects.

### ***Pay-TV Industries***

In September 2011, the Brazilian Congress passed Law 12,485, which was signed into law by the president of Brazil on September 12, 2011. Law 12,485 created a new legal framework for subscription television services in Brazil, replacing and unifying the previously existing regulatory frameworks that used to govern various forms of pay-TV services, such as cable television, MMDS and DTH. Pay-TV services are called "Conditioned Access Services" (*Serviço de Acesso Condicionado*) under Law 12,485.

In summary, Law 12,485 (i) eliminated the regulatory asymmetries that existed among the technologies used to provide pay-TV services to subscribers, making them all subject to the same regulations; (ii) allows telecommunication companies, who were previously allowed to provide pay-TV services using only MMDS and DTH, to enter the cable television market in Brazil; (iii) removes foreign ownership limitations on companies to provide pay-TV services via cable in Brazil; (iv) prevents telecommunications companies from controlling or holding an equity interest above 30% of the total and voting stock of broadcast TV providers, producers and programmers headquartered in Brazil; (v) prevents broadcast TV providers, producers and programmers headquartered in Brazil from controlling or holding an equity interest above 50% of the total and voting stock of telecommunications

companies; and (vi) establishes minimum quotas for domestic content programming on channels and channel packages offered to subscribers.

After public hearings and a period of public consultation, Anatel has recently enacted Resolution 581, dated March 26, 2012, implementing certain aspects of Law 12,435 and Ancine is currently drafting the final version of its rules that will also regulate Law 12,485.

### ***Broadcast Television Services***

The provision of broadcast television services in Brazil is governed by (i) Law 4,117 of August 27, 1962 (usually referred to as the “Old Telecommunications Code” and which was revoked by the General Telecommunications Law, except with respect to penal matters not covered by the General Telecommunications Law and with respect to provisions related to radio and TV services); (ii) Decree No. 52,795 of October 31, 1963; and (iii) complementary regulation. These regulations are supplemented by rules issued by the Ministry of Communications, which has the overall responsibility for regulating the Brazilian television industry.

Decree No. 52,795 establishes the conditions that must be met by television stations to be granted the right to renew their respective licenses (an automatic renewal only occurs if there has been no decision from the competent authority within 120 days of the renewal request). Those conditions are basically: (i) compliance with all applicable provisions of Brazilian law related to the broadcasting industry and the applicable concession agreement; (ii) moral, technical and financial ability to operate the television station; and (iii) the renewal of the license being consistent with public interest. Decree No. 7,670 of January 16, 2012 requires the prior approval of the president of Brazil for the renewal of television broadcasting licenses. In addition, if upon 120 days after the filing of a license renewal request the competent authority does not decide as to whether or not to grant the renewal, the license shall be considered renewed. The refusal to renew a license is subject to the approval of at least two-fifths of the members of the Brazilian Congress.

A legal entity may have licenses to operate a maximum of ten television stations throughout Brazil, with no more than five stations broadcasting in very high frequency (“VHF”) and subject to a maximum of two stations in each Brazilian state. Similarly, no individual may hold shares in licensed entities if as a result he would hold shares in licensed entities which operate more than two stations in any one state or which operate more than five stations broadcasting in VHF.

Transfers of licenses are restricted and require the prior consent of the federal government. No license can be transferred within the first five years from the date of the issuance of the operational license certificate (See Article 91 of Decree No. 52,795). Any amendment to the by-laws of the legal entity operating a television broadcasting station that triggers a change in the control, management or purpose of the company requires the prior approval of the president of Brazil and/or the Ministry of Communications, as the case may be. The Ministry of Communications must also be informed of any other amendment to the by-laws within 60 days after such amendment becomes effective. These limitations on the ownership of television stations and on the transfer of licenses are designed to reduce the possibility of a consolidation of television stations into one group.

There is a legal obligation to ensure that at least 5% of daily programming is set aside for news broadcasts and that at least five hours per week of educational programming are broadcast. In addition, advertisement slots are limited to a maximum of 25% of total daily programming. There are no formal censorship laws applicable to the television industry in Brazil, though a system of self regulation is in place with respect to broadcasting and advertisement. The primary industry association is the *Associação Brasileira de Empresas de Rádio e Televisão*. Advertisers and advertising agencies are members of the *Conselho de Auto-Regulação Publicitária* (“CONAR”), a self-regulating body which makes recommendations as to the content of advertisement in Brazil. Although CONAR has no legal powers to enforce their recommendations, they are generally respected in Brazil.

Monitoring of television stations is conducted by the Ministry of Communications, which has the power to impose fines on television stations, suspend their licenses for infringement of the law, and may make recommendations that a license be revoked. Revocation of a license can only be effected by the executive branch of the government under certain limited circumstances, e.g., an infraction committed by means of a television broadcast, repeated violations of the law, suspension of broadcast services for more than 30 consecutive days without consent of the Ministry of Communications and the inability of a television station, for technical or financial reasons, to continue to operate. Moreover, revocation of a license requires a judicial decision (obtained through a due process of law), according to Paragraph 4 of article 223 of the Brazilian Constitution. Neither Globo nor any of the television stations comprising the Globo Network have ever had their licenses suspended.

The Brazilian Constitutional Amendment No. 36 as of 2002 and Law 10,610 as of 2002 allowed foreign ownership of radio and television broadcasting services through companies incorporated under Brazilian law and headquartered in Brazil, provided, however, that such foreign participation is limited to 30% of the voting and non-voting shares of that radio or television broadcasting company. The other 70% of the shares must be held, directly or indirectly, by Brazilian nationals or persons who have held Brazilian nationality



for more than ten years. In addition, the management of a broadcasting company can only be exercised by a Brazilian national or a person who has held Brazilian nationality for more than ten years.

With the approval of Law 12,485, no new licenses for the provision of cable TV or authorizations for Television and Audio Signal Broadcasting to Subscribers via DTH, MMDS, cable TV or pay-TV Special Service shall be granted. According to Law 12,485, companies whose old licenses and authorization are still in force have the option to keep them until the expiration thereof or can migrate immediately to the new service. Nevertheless, if those companies need to submit an approval request to Anatel to transfer their control, to change their corporate structure, to alter their corporate documents or to transfer their licenses, it will be mandatory that they commit to migrate to the new service as soon as the final version of Anatel's regulations are approved. This will be a condition for Anatel to review and grant approval requests.

### ***Net Serviços***

Authorizations to commercially operate the distribution of television signals to subscribers are granted in Brazil by Anatel. Originally, the subsidiaries and affiliates of Net Serviços obtained their respective provisional licenses to operate between 1990 and 1991. Cable operators that provided cable television services under a "distribution of television signal by physical means, including cable" ("DISTV") authorization, granted under Ordinance 250, were required, under the Cable Law (Law 8,977 of January 6, 1995), to file applications to have their DISTV authorizations converted into cable television licenses. DISTV authorizations covering all of the service areas of Net Serviços were converted into cable television licenses during December 1996. The subsidiaries and affiliates of Net Serviços filed their applications and were granted definitive licenses in February and March of 1997.

In October 2011, as a result of Law 12,485, Net Serviços committed to migrate to the new service, i.e. the Conditioned Access Service, as soon as the final version of Anatel's regulations are approved. As detailed above, this commitment was mandatory since this was a condition for Anatel to review and grant its approval for the transfer of Net's control from Globo to Embratel.

### ***Sky Brasil***

On March 18, 1991, the National Communication Secretariat ("SNC") granted to Horizonte Comunicações Ltda. ("Horizonte"), a company that later became controlled by the Marinho family, a provisional license to operate a pay-TV service via satellite in Brazil on the condition that Horizonte comply with any subsequent legislation. The Marinho family acquired control of Horizonte on May 21, 1991. Horizonte later changed its name to Globosat Comunicações Ltda., merged with Globo Participações Ltda. and finally changed its name to Globo Comunicações e Participações Ltda. On January 9, 1996, Globopar requested authorization to operate satellite television in accordance with the provisions of Ordinance 281. On April 23, 1996, the Ministry of Communications issued Ordinance 88, granting Globopar nonexclusive permission to operate pay-TV via satellite services, in accordance with Ordinance 281. Such permission was valid for a term of fifteen years, commencing on December 22, 1994. Anatel issued Act 44,754 in 2004, approving the transfer of Globopar's license to operate in the pay satellite television business to Sky Brasil. Currently, Globo holds a 7% indirect participation interest in Sky Brasil.

In accordance with Law 12,485, as Sky Brasil's licenses are still in force, it will have the option to keep them in place until the expiration thereof or to migrate immediately to Conditioned Access Service. Nevertheless, if Sky Brasil needs to submit any approval request to Anatel, it will have to commit to migrate to the new service as soon as the final version of Anatel's regulations are approved. As detailed above, this shall be a condition for Anatel to review and grant an approval request.

### ***Intellectual Property Legislation***

Brazilian intellectual property laws were edited in accordance with the Brazilian Constitution, which grants to authors the exclusive right over works, creations and trademarks. Such laws were written based on international treaties currently in effect, especially the Bern Convention, the Paris and Rome Conventions, as well as the TRIPS Agreement. This legal scenario legitimates Globo as the holder of all audiovisual works it produces, all of its creations and trademarks.

Based upon the legal protection granted by Brazilian Law and the International Treaties, Globo adopts any and all existing legal measures in order to protect and enforce such exclusive rights, which includes any rights of third parties eventually licensed to Globo, working hard to obtain the most updated technological measures to prevent any unauthorized use of its intellectual property—works, creations and trademarks.

### **Legal Proceedings**

Globo and its subsidiaries are party to legal proceedings in the regular course of business. While it is impossible to determine with certainty the ultimate outcome of these matters. Globo makes provisions for these contingencies based on the opinion of internal and external legal counsel and the probability that financial resources will be required to settle the claim, where settlement amounts may be estimated with sufficient certainty. Provisions for contingencies are recognized when (i) Globo has a present legal obligation

as a result of past events, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) the amount has been reliably estimated. Provisions are recorded at amounts considered sufficient to cover probable losses based on the opinions of internal and external legal counsel.

### *Civil Litigation*

In 2005, *Escritório Central de Arrecadação e Distribuição* (“ECAD”) filed a lawsuit against Globo claiming that Globo had been using its musical works without paying royalties and without prior approval since the expiration of their last agreement in June 2005. ECAD claims damages of unpaid royalties in the amount of 2.5% of Globo’s gross monthly revenue, plus monetary restatement and interest. Globo’s initial appeal was successful, and ECAD’s further appeal is awaiting decision in the higher courts. Globo also filed a lawsuit against ECAD on July 25, 2005 challenging the amount claimed by ECAD and requesting the right to continue to use ECAD’s musical works in consideration for the amount paid under the last agreement in place between them (adjusted for inflation). Based on the opinion of internal and external legal counsel, Globo believes that a favorable outcome is possible and, therefore, no provision has been recorded. Separately from Globo’s dispute with ECAD, there is an administrative proceeding currently before CADE which challenges the system ECAD uses to determine royalties charged to users. Although Globo is not a party to such proceeding, its outcome may affect the outcome of the lawsuits described immediately above.

### *Tax Claims*

#### *IRPJ and CSLL Tax Assessment—Goodwill*

In December 2009, the Brazilian tax authorities imposed a tax assessment and ordered Globo to pay Corporate Income Tax (*Imposto de Renda sobre Pessoa Jurídica—IRPJ*) and Social Contribution on Net Profit (*Contribuição Social sobre Lucro Líquido—CSLL*) on goodwill recorded in connection with an investment in 2005 in one of Globo’s subsidiaries, which was amortized and used for determination of taxable income in the calendar years between 2005 and 2008. Globo was accused of failing to add to the calculation basis of IRPJ and CSLL the values corresponding to such excess premium. Additionally, the Brazilian tax authorities claimed that in calendar year 2005, Globo failed to pay IRPJ and CSLL on financial income arising from the settlement of debt acquired at a discount. Globo defended this claim, but the lower administrative court has ruled against Globo. Globo appealed and the decision is still pending. As of December 31, 2011, the estimated contingency amount in connection with this assessment was R\$840.1 million. Based on the opinion of internal and external legal counsel, Globo believes that a favorable outcome is possible and, therefore, no provision has been recorded.

#### *Offset Relating to the Notice of Goodwill Infringement*

Globo filed applications with the Brazilian tax authorities in the years of 2007 and 2008, in order to offset credits relating to income tax and social contribution on credits related to profits in 2006 with debts relating to PIS and COFINS. Because of the tax assessments described above under “—IRPJ and CSLL Tax Assessment—Goodwill,” the offsets were not accepted. As a result, in January 2012, Globo was summoned to present petitions regarding the correctness of these offsets and was assessed penalties and payments that amount to R\$105.8 million as of January 2012. Globo defended this claim and is now awaiting a decision. Based on the opinion of internal and external legal counsel, Globo believes that a favorable outcome is possible and, therefore, no provision has been recorded.

#### *IRPJ and CSLL Tax Assessment—Goodwill—Globosat*

In December 2010, the Brazilian tax authorities imposed a tax assessment on Globosat related to the deductibility of goodwill originated in 2004 and amortized for determination of taxable profit from 2004 to 2008. Globosat defended this claim, but the lower administrative court has ruled against Globo. Globo has appealed and a decision is still pending. As of December 31, 2011, the estimated contingency amount in connection with this assessment was R\$322.5 million. Based on opinions of its internal and external legal counsel, Globo believes that a favorable outcome is possible and, therefore, no provision has been recorded.

#### *INSS Tax Assessment for Services Rendered to Globo*

In 2007 and 2008 the *Secretaria da Receita Previdenciária* (National Social Security) imposed tax assessments on Globo in the amount of approximately R\$153.3 million (at December 31, 2011) related to social security contributions (“INSS”) in connection with payment of services rendered by certain legal entities from December 2002 to December 2005. Globo believes that the outcome is possible and, therefore, no provision has been recorded.

#### *Offsets Relating to Withholding Income Tax on Credits and Other Taxes*

Globo filed applications with the Brazilian tax authorities for a tax refund and offsets related to withholding income tax on credits related to profits in 1997, 1998 and 1999, which were granted in September 2002. However, in 2007, the Brazilian tax

authorities reversed these prior determinations. As a result, as of December 31, 2011, the Brazilian tax authorities had withheld R\$90.7 million used to offset the payment of other taxes. Globo has argued that the statute of limitations on the right to review these credit applications has expired. Based on an opinion of legal counsel, Globo believes that R\$64.0 million of the total withheld amount may be classified as having a remote chance of loss. Globo believes that it is possible that the Brazilian tax authorities will withhold the remaining R\$26.7 million.

### ***Labor Litigation***

On December 31, 2011, Globo was party to labor lawsuits, with a total contingency amount of R\$163.4 million. The claims asserted in such lawsuits relate to: (i) Globo's recognition of employment relationships involving certain service providers and the payment of compensation to such service providers, (ii) Globo's payment of severance amounts to such service providers, (iii) Globo's payment of fines to such service providers as a result of its delay in the payment of such severance amounts and (iv) Globo's payment of overtime to such service providers. Globo has established provisions in its consolidated financial statements for amounts relating to claims in which an unfavorable outcome is probable. The total amount provisioned as of December 31, 2011, is R\$118.7 million. Such amount includes the lawsuits filed by formal workers who rendered services through various legal entities.

Globo filed against the federal authorities (*União Federal*) a lawsuit challenging legal and constitutional aspects regarding the increase of the applicable rate of labor insurance (*seguro de acidente trabalho*) from 1% to 3% fixed by Decree No. 6,042 of February 12, 2007. Globo deposited the amount corresponding to the percentage questioned, or 2% per month, which as of December 31, 2011, amounted to R\$112.9 million.

## OWNERSHIP AND MANAGEMENT STRUCTURE

Globo is 100% owned indirectly by the Marinho family. Globo is managed by its management committee, managing directors and other executive officers.

Globo's management committee is its highest governing body and is comprised of Roberto Irineu Marinho, João Roberto Marinho and José Roberto Marinho.

The following is a list of Globo's executive officers and key members of management:

Name	Title
Roberto Irineu Marinho .....	President and CEO
João Roberto Marinho.....	Vice-president, Institutional Relations
José Roberto Marinho .....	Vice-president, Social Responsibility
Octávio Florisbal.....	Managing Director, TV Globo (Broadcast Television)
Jorge Luiz Nóbrega.....	Managing Director, Subscription Media Group; Managing Director, Corporate Center, Globo
Alberto Pecegueiro.....	Managing Director, Globosat (Pay-TV Programming)
Frederic Zoghaib Kachar.....	Managing Director, Editora Globo (Publishing)
Juarez de Queiroz Campos Júnior.....	Managing Director, Globo.com (Internet)
Marcelo Luís Mendes Soares .....	Managing Director, Som Livre (Music Label)
Antonio Claudio Ferreira Netto .....	General Legal Counsel
Paulo Ricardo Tonet Camargo .....	Director, Institutional Relations
Rossana Fontenele Berto.....	Corporate Director, Strategic Planning and Control, Globo
Sergio Lourenço Marques .....	Corporate Director, Finance and Investor Relations, Globo

The business address of the management committee members and the executive officers is Avenida Afrânio de Melo Franco 135, Rio de Janeiro, RJ 22430-060, Brazil.

The biographies of the management committee members and executive officers are set forth below:

**Roberto Irineu Marinho.** Mr. Roberto Irineu Marinho is the President and CEO of Globo. Mr. Marinho began his career as a journalist working for the O Globo newspaper in 1966 and, after being trained at the ABC Television Network in New York in 1977, held the position of Executive Vice-president of TV Globo up to 1998. He is also a board member of a number of companies belonging to the Marinho family.

**João Roberto Marinho.** Mr. João Roberto Marinho is a Vice-president of Globo. Mr. Marinho began his career as a journalist working for the O Globo newspaper, where he held a number of positions including that of Editor, Production Chief, Director and Vice-president up to 1998.

**José Roberto Marinho.** Mr. José Roberto Marinho is a Vice-president of Globo. Mr. Marinho began his career as a journalist working for the O Globo newspaper, and joined the Globo Rádio Network in 1984, where he held the position of Vice-president until 1998. Mr. Marinho also serves on the Board of Fundação Roberto Marinho and other charitable and environmental foundations.

**Octávio Florisbal.** Mr. Florisbal is currently the Managing Director of TV Globo, where he has worked since 1982. He was Marketing Director for TV Globo until 1990 and Superintendent of the Commercial Division of TV Globo until August 2004. He previously worked as the Media Director of the J. Walter Thompson advertising agency, and as the Planning Director of Lintas International. Mr. Florisbal is currently a senior manager of the Brazilian Advertising Association and holds a senior post at CONAR.

**Jorge Luiz Nóbrega.** Mr. Nóbrega is the Managing Director of the Subscription Media Group and is also the Managing Director of Globo's Corporate Center. He joined the company in 1998 as Director of Business Strategy. During this period, he was responsible for strategic planning, competitive intelligence and the assessment of business results. Previously, Mr. Nóbrega worked for the World Bank, the Interamerican Development Bank and Xerox, among other companies. He is also the Chairman of the Board of Directors of Net Serviços and a board member of Sky Brasil.

**Alberto Pecegueiro.** Mr. Pecegueiro has been the Managing Director of Globosat since January 1995. Mr. Pecegueiro began his career at his own publishing company in 1974. In 1979, he moved to Editora Globo as Magazine Director, where he stayed until 1987. After leaving Editora Globo in 1987, Mr. Pecegueiro joined Editora Abril S.A. ("Editora Abril"). Mr. Pecegueiro remained at Editora

Abril until 1993 and held the positions of Managing Director for various Publications Groups and Publishing Director of Editora Abril. In 1993, Mr. Pecegueiro joined Net Brasil as Marketing Director. He is also a board member of Sky Brasil.

**Frederic Zoghaib Kachar.** Mr. Kachar is the Managing Director of Editora Globo, the publishing business of Globo. He joined Globo in 1997 as a financial analyst at Infoglobo Comunicações e Participações S.A. (“Infoglobo”), a newspaper company. In 2001, Mr. Kachar became CFO of Diário de São Paulo (formerly known as Diário Popular) when it was acquired by Infoglobo. In 2002, he joined Editora Globo as CFO and has been the Managing Director since 2008. Prior to joining Globo, Mr. Kachar worked at Deloitte Touche Tohmatsu.

**Juarez de Queiroz Campos Júnior.** Mr. Queiroz Campos, Jr. has been the Managing Director of Globo.com since February 2001. Previously, Mr. Queiroz was the Marketing & Corporate Vice-president of Tele Norte Leste Participações S.A. and the Marketing and Sales Director of Souza Cruz S.A.

**Marcelo Luís Mendes Soares.** Mr. Soares was promoted to Managing Director of Som Livre, the music business of Globo, in March 2011. He joined Som Livre as New Business Director in 2007. Mr. Soares previously held logistics and marketing positions in companies such as Globo.com, Ambev and TIM.

**Antonio Claudio Ferreira Netto.** Mr. Netto has been the General Legal Counsel of Globo since January 2008. Previously, he was the Director, Legal Counsel of TV Globo from 2003 to 2007. Mr. Netto has worked as a legal counsel of Globo since 1987.

**Paulo Ricardo Tonet Camargo.** Mr. Camargo has been Globo’s Director of Institutional Relations since December 2011. He is responsible for managing the relationship between the companies owned by the Marinho family and the legislative and executive branches of the Brazilian government, as well as regulatory agencies. Mr. Camargo is also responsible for Globo’s relationship with traditional and new media industry associations and social media organizations.

**Rossana Fontenele Berto.** Mrs. Berto has been the Corporate Director of Strategic Planning and Control of Globo (and, prior to the Restructuring, of Globopar and TV Globo) since 2002. Previously, Ms. Berto was the General Director of Sky Brasil from 1999 to February 2002, General Director of Net Rio from 1998 to 1999 and Controller of Multicanal from 1993 to 1998. She is also a board member of Sky Brasil and Net Serviços.

**Sergio Lourenço Marques.** Mr. Marques is the Corporate Director of Finance and Investor Relations of Globo. He joined Globopar in February 2000 as Head of Financial Operations in the Treasury Department and became the Corporate Treasury Director in 2002. Mr. Marques became the Corporate Director of Finance and Investor Relations in 2010. Previously, Mr. Marques held positions at Banco Pactual, Atlantic Petroleo and Ipiranga Petroleo.

## RELATED PARTY TRANSACTIONS

### **Dividends Paid and Payable to Shareholders**

During the years ended December 31, 2011, 2010 and 2009, Globo made dividend payments in the amounts of R\$782.3 million, R\$1,541.9 million and R\$520.9 million, respectively. Total accrued and unpaid dividends payable to shareholders amounted to R\$1,500.6 million as of December 31, 2011 (R\$1,763.4 million at December 31, 2010 and R\$636.1 million as of December 31, 2009), of which R\$820.0 million (R\$782.8 million at December 31, 2010 and R\$636.1 million as of December 31, 2009) were recorded as current liabilities.

### **Lease Guarantees**

Globo has guaranteed the obligations of Aero Rio Táxi Aéreo Ltda., a Brazilian limited liability company (“Aero Rio”), with respect to three aircraft leases, of which one was executed in 2007, another was executed in 2009 and was renewed in March 2012 and the third was executed in 2010. The Marinho family indirectly holds 100% of Aero Rio’s shares. The outstanding balance as of December 31, 2011 under the leases was R\$15.3 million.

### **Agreements Between Globosat and Affiliated Companies**

Globosat provides management and technical services to Canal Brazil, USA Brasil, Net Brasil, Telecine and PB Brasil in exchange for a monthly fee determined under a service agreement.

Globosat purchases and sells advertising time to affiliates such as Infoglobo, Editora Globo, USA Brasil, Telecine, Canal Brazil, PB Brasil, and others. Certain sales are made through barter transactions.

### **Internet Services Agreements between Globo’s Internet Division, Globo.com, and Affiliates**

Globo Group, through its Internet business unit, Globo.com, provides Internet and related technology services to related parties, such as Infoglobo and most of its joint controlled entities. Such services are provided under a service agreement, in exchange for a monthly fee corresponding to the amount of service used.

### **Sale of Advertising and Licensing by Globo to Related Parties**

Globo, as part of its broadcasting business, sells advertising time to related parties, such as Infoglobo, Editora Globo, Sky Brasil, Net Serviços, Globosat and others. Certain sales are made through barter transactions.

Globo also licenses certain in-house production content to be used by certain related parties, including, occasionally, the right to use the “Globo” trademark solely for the purpose of linking Globo and its licensed content.

### **Programming Agreement Between Net Brasil and Sky Brasil and Net Brasil and Net Serviços**

Net Brasil acts as a purchasing agent of Brazilian content, including Globosat and Telecine programming, distributed to MSOs, such as Sky Brasil and Net Serviços.

Sky Brasil obtains directly, for its own account and benefit, its international programming line-up from sources outside of Brazil under an amended and restated programming agreement with Net Brasil. Net Brasil continues, however, to obtain Brazilian content or channels for Sky Brasil.

Net Serviços obtains all of its Brazilian programming from Net Brasil pursuant to an amended and restated programming agreement with Net Brasil. Net Serviços obtains directly, for its own account and benefit, all new international content from sources outside of Brazil.

Net Brasil licensed to Net Serviços the right to use the “NET” brand name until 2015 and, in the case of termination, for an additional 30 months from the date of termination.

### **Endemol Globo**

Endemol Globo is engaged in developing, distributing and producing audiovisual programs based on formats owned by the shareholders and licensed on a worldwide basis. Globo pays a license fee to Endemol Globo to broadcast these licensed programs.

### **Globo's Guarantee of Net Brasil's Obligations under Certain Telecine Agreements**

Globo guarantees the performance by Net Brasil of its obligations under Net Brasil's distribution arrangements with Telecine, pursuant to which Telecine sells its content through Net Brasil to pay-TV operators in Brazil. Net Brasil bears financial responsibility for remitting monthly per-subscriber payments to Telecine regardless of whether Net Brasil has received payments from the affiliated MSOs, which include Net Serviços and Sky Brasil—the principal MSOs on which Telecine is exhibited. As a result of the Globo guarantee, Globo currently has an obligation to make these payments to Telecine in the event Net Brasil fails to do so. Nonetheless, Net Brasil, and consequently Globo, shall be released from any further obligation of payment upon delivery of a release notice to Telecine (except for the obligations outstanding prior to the delivery of such release notice). See “Business—Pay-TV Programming—Telecine.”

## DESCRIPTION OF OTHER INDEBTEDNESS

The following description is a summary of the principal amounts of outstanding indebtedness of Globo on a consolidated basis as of December 31, 2011 in millions of *reais*.

Perpetual Notes.....	R\$ 609.6
2022 Notes.....	R\$ 375.2
Bank Loans.....	R\$ 99.9
Other Bank Loans.....	R\$ 4.0

For a description of the SENs and Amended 2022 Notes being offered concurrently with this offering and the Mandatory Exchange, see “Summary—Concurrent Offering.”

### Perpetual Notes

#### *Ranking, Maturity and Prepayments*

The 6.25%/9.375% Step-Up Perpetual Notes (the “Perpetual Notes”) are unsecured and unsubordinated obligations of Globo, ranking equal in right of payment with Globo’s existing and future unsubordinated obligations. The Perpetual Notes are effectively subordinated to any secured debt of Globo to the extent of the value of the assets securing such debt and structurally subordinated to all debt and other liabilities of Globo’s subsidiaries. The Perpetual Notes have no fixed final maturity date and will be repaid only in the event that Globo redeems them, they are purchased by another person at Globo’s option or upon acceleration due to an event of default.

Globo may, at its option, redeem the Perpetual Notes (i) in whole or in part, at 100% of their principal amount plus accrued and unpaid interest and additional amounts, if any, on any date on or after July 20, 2015; provided that no less than US\$150.0 million aggregate principal amount of the Perpetual Notes remains outstanding following any partial redemption, or (ii) at any time upon the occurrence of specified events relating to Brazilian tax law. Globo may provide that payment of the redemption amount of Perpetual Notes and the performance of its obligations with respect to a redemption may be performed by another person (which may include, at Globo’s option, transferring to another person the right to purchase the Perpetual Notes).

#### *Interest*

Interest on the Perpetual Notes accrues at the rate of 6.25% per annum from (and including) July 20, 2010 to (but excluding) July 20, 2015. Thereafter, interest on the Perpetual Notes will accrue at the rate of 9.375% per annum. Interest on the Perpetual Notes is payable in cash quarterly in arrears on January 20, April 20, July 20 and October 20 of each year.

#### *Covenants*

The indenture governing the Perpetual Notes contains a limited number of covenants, including limitation on liens, limitation on consolidation, merger or transfer of assets and certain reporting requirements, subject in each case to important exceptions.

#### *Events of Default*

Under the indenture governing the Perpetual Notes, an event of default is defined to include: non-payment of interest or principal, breach of other obligations, cross-default (with a US\$20,000,000 threshold), unsatisfied judgments and enforcement proceedings and insolvency-related events.

### 2022 Notes

#### *Ranking, Maturity and Prepayments*

The 2022 Notes are unsecured and unsubordinated obligations of Globo, ranking equal in right of payment with all of Globo’s unsecured, unsubordinated obligations. Globo may, at its option, redeem the 2022 Notes (i) in whole or in part, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and additional amounts, if any, on or after April 26, 2012 (provided that at least US\$100.0 million aggregate principal amount of the Senior Notes remains outstanding following any partial redemption), if redeemed during the twelve month period commencing on April 26 of the years set forth below:



<b>Redemption Period</b>	<b>Price</b>
2012 .....	103.625%
2013 .....	102.417%
2014 .....	101.208%
2015 and thereafter .....	100.000%

In addition, Globo may redeem the 2022 Notes at any time upon the occurrence of specified events relating to Brazilian tax law.

#### *Interest*

The 2022 Notes bear interest from April 26, 2007 at the annual rate of 7.25%, payable semi-annually in arrears on each interest payment date. The interest payment dates are April 26 and October 26 each year.

#### *Covenants*

The 2022 Notes Indenture contains a limited number of covenants, including limitation on liens, limitation on consolidation, merger or transfer of assets and certain reporting requirements, subject in each case to important exceptions.

#### *Events of Default*

Under the 2022 Notes Indenture, an event of default is defined to include: non-payment of interest or principal, breach of other obligations, cross-default (with a US\$20,000,000 threshold), unsatisfied judgments and enforcement proceedings, insolvency-related events and unenforceability of obligations.

#### **Bank Loans**

In October 2006, Globo entered into a credit agreement with each of Unibanco, Banco Bradesco S.A. and Banco Itaú BBA S.A. that provided for an unsubordinated and unsecured term loan in the aggregate principal amount of R\$456.1 million (the “Bank Loans”). Globo has, since 2006, repaid a significant portion of the amount initially drawn in 2006 under the Bank Loans. As of December 31, 2011, the outstanding principal amount of the Bank Loans was R\$99.9 million, in addition to R\$2.3 million consisting of accrued and unpaid interest.

#### *Maturity and Prepayments*

The Bank Loans mature in October 2012. Globo may prepay the Bank Loans at any time, in whole or in part, at their outstanding principal amount plus accrued and unpaid interest.

#### *Interest*

The Bank Loans bear interest at CDI + 1.0% per annum, payable every six months. Interest payment dates are April 20 and October 20 each year.

#### *Events of Default*

The Bank Loans provide for certain events of default, including: non-payment, breach of other obligations, insolvency-related events, unsatisfied judgments, corporate restructuring and enforcement proceedings and change of control.

## DESCRIPTION OF NOTES

Globo issued the 4.875% Senior Notes due 2022 (the “notes”) pursuant to an indenture dated as of April 11, 2012 (the “indenture”), among Globo, The Bank of New York Mellon, as Trustee, The Bank of New York Mellon Trust (Japan) Ltd., as Principal Paying Agent and The Bank of New York Mellon (Luxembourg) as Luxembourg Paying Agent. Under the indenture, Globo will appoint a registrar, paying agents and transfer agents, which are identified on the inside back cover page of this offering memorandum. A copy of the indenture, including the form of the notes, will be available for inspection during normal business hours at the offices of the Trustee and the paying agents. The Trustee will also act as a transfer agent and the registrar in the event that Globo issues physical notes in the limited circumstances described in “Form of Notes.”

This Description of Notes is a summary of the material provisions of the notes and the indenture. You should refer to the indenture, which is incorporated by reference herein, for a complete description of the terms and conditions of the notes and the indenture, including the obligations of Globo and your rights.

You will find the definitions of capitalized terms used in this section under “—Certain Definitions.” For purposes of this section of this offering memorandum, references to “Globo” refer only to Globo Comunicação e Participações S.A. and not to its subsidiaries.

### General

The notes:

- will be unsubordinated, unsecured obligations of Globo;
- will initially be limited to an aggregate principal amount of US\$300,000,000;
- will mature on April 11, 2022;
- will have no sinking fund provisions;
- may be redeemed or purchased at Globo’s option at any date on or after April 11, 2017;
- will be issued in registered form without interest coupons in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof; and
- will be represented by registered notes in global form and may be exchanged for physical notes in registered form only in limited circumstances.

Interest on the notes:

- will accrue at the rate of 4.875% per annum;
- will accrue from April 11, 2012 or from the most recent interest payment date;
- will be payable in cash semi-annually in arrears on April 11 and October 11 of each year, commencing on October 11, 2012;
- will be payable to the holders of record on the second Business Day immediately preceding the related interest payment dates; and
- will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Principal of, and interest and any additional amounts on, the notes will be payable, and the transfer of notes will be registrable, at the office of the Trustee, and at the offices of the paying agents and transfer agents, respectively. Globo initially will maintain The Bank of New York Mellon Trust (Japan) Ltd., as Principal Paying Agent. For so long as the notes are listed on the Euro MTF Market of the Luxembourg Stock Exchange, Globo will maintain a paying agent and transfer agent in Luxembourg.

Globo may from time to time without notice to or consent of the holders of the notes issue an unlimited principal amount of additional notes of the same series as the notes offered by this offering memorandum.

### Ranking

The notes will be unsecured, unsubordinated obligations of Globo and will rank equally in right of payment with Globo’s existing and future unsecured, unsubordinated obligations. The notes will be effectively subordinated to any secured debt of Globo to the extent of the value of the assets securing that debt and will be structurally subordinated to all debt and other obligations of Globo’s subsidiaries. As of December 31, 2011, Globo had R\$1,103.3 million in total debt outstanding, and Globo’s consolidated subsidiaries had debt of R\$4.0 million outstanding. See “Risk Factors—Payments on the notes will be effectively subordinated to any secured debt

of Globo and structurally subordinated to debt obligations of Globo's subsidiaries. Moreover, the notes are not guaranteed by any of Globo's subsidiaries."

## **Redemption**

The notes may be redeemed as described below. Any redemption may require the prior approval of or prior notice to the Central Bank of Brazil.

### ***Optional Redemption with "Make-Whole" Amount on or after April 11, 2017***

On or after April 11, 2017, the notes may be redeemed or purchased, at the option of Globo, in whole or in part, at any time or from time to time prior to their maturity, on at least 30 days' but not more than 60 days' notice, at a redemption or purchase price equal to the greater of (1) 100% of the principal amount of the notes and (2) the sum of the present values of each remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the redemption or purchase date and unpaid) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus basis points (the "Make-Whole Amount"), plus accrued and unpaid interest on the principal amount of the notes to the redemption or purchase date and additional amounts, if any. Globo may provide in such notice that payment of the redemption or purchase price and the performance of its obligations with respect to such redemption or purchase may be performed by another person (which may include, at Globo's option, transferring to another person the option to purchase the notes). Upon an optional redemption or purchase, Globo may notify the Trustee whether Globo intends to refinance the debt represented by the notes to be redeemed or purchased.

"Treasury Rate" means, with respect to any redemption or purchase date, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the maturity date for the notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate shall be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month), or (2) if the release referred to in clause (1) (or any successor release) is not published during the week preceding the calculation date or does not contain the yields referred to above, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption or purchase date. The Treasury Rate will be calculated on the third Business Day preceding the redemption or purchase date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such notes.

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

"Comparable Treasury Price" means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Reference Treasury Dealer" means each of HSBC Securities (USA) Inc. or its affiliates which is a primary United States government securities dealer and three other leading primary United States government securities dealers in New York City reasonably designated by Globo in writing; provided, however, that if HSBC Securities (USA) Inc. (or its affiliates) shall cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), Globo will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 pm New York time on the third Business Day preceding such redemption date.

On and after the redemption or purchase date, interest will cease to accrue on the notes or any portion of the notes called for redemption or purchase (unless Globo or another person defaults in the payment of the redemption or purchase price and accrued and unpaid interest). On or before the redemption or purchase date, Globo will deposit with the Trustee money sufficient to pay the

redemption or purchase price of and (unless the redemption or purchase date shall be an interest payment date) accrued and unpaid interest to the redemption or purchase date on the notes to be redeemed or purchased on such date. If less than all of the notes are to be redeemed or purchased, the notes to be redeemed or purchased shall be selected by the Trustee by such method as set forth in the indenture.

### ***Optional Tax Redemption***

If as a result of any change in or amendment to the laws (or any rules or regulations thereunder) of Brazil or any political subdivision or taxing authority thereof or therein affecting taxation, or any amendment to or change in an official interpretation, administration or application of such laws, treaties, rules, or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective or, in the case of a change in official position, is announced on or after the issue date of the notes or on or after the date a successor assumes the obligations under the notes, Globo, any person on its behalf, or any successor has or will become obligated to pay additional amounts as described below under “—Additional Amounts” in excess of the additional amounts Globo or any successor would be obligated to pay if payments were subject to withholding or deduction at a rate of (a) 12.5%, in the case of payments of interest made to a paying agent which is a financial institution that is a resident of Japan, (b) 25% in case the holder of the notes is resident in a tax haven jurisdiction or enjoys the benefits of a “privileged tax regime” (as defined in Law No. 11,727 of June 23, 2008) should the concept of “privileged tax regime” be deemed to apply to a holder of the notes, or (c) 15% in every other situation, as a result of the taxes, duties, assessments and other governmental charges described below under “—Additional Amounts” (the “Minimum Withholding Level”), Globo or any successor may, at its option, redeem all, but not less than all, of the notes, at a redemption price equal to 100% of their principal amount, together with accrued and unpaid interest to the date fixed for redemption, upon publication of irrevocable notice not less than 30 days nor more than 90 days prior to the date fixed for redemption. No notice of such redemption may be given earlier than 90 days prior to the earliest date on which Globo or any successor would, but for such redemption, be obligated to pay the additional amounts above the Minimum Withholding Level. Globo shall not have the right to so redeem the notes in the event it becomes obligated to pay additional amounts which are less than the additional amounts payable at the Minimum Withholding Level. Notwithstanding the foregoing, Globo or any successor shall not have the right to so redeem the notes unless: (i) it has taken reasonable measures to avoid the obligation to pay additional amounts; and (ii) it has complied with all necessary Central Bank regulations to legally effect such redemption.

In the event that Globo or any successor elects to so redeem the notes, it will deliver to the Trustee: (1) an officers’ certificate stating that Globo or any successor is entitled to redeem the notes pursuant to their terms and setting forth a statement of facts showing that the condition or conditions precedent to the right of Globo or any successor to so redeem have occurred or been satisfied; and (2) an opinion of counsel to the effect that Globo or any successor has or will become obligated to pay additional amounts in excess of the additional amounts payable at the Minimum Withholding Level as a result of the change or amendment, that Globo cannot avoid payment of such excess additional amounts by taking reasonable measures available to it and that all governmental requirements necessary for Globo or any successor to effect the redemption have been complied with.

### ***Open Market Purchases***

Globo or any of its affiliates may at any time purchase notes in the open market or otherwise at any price. Any such purchased notes will not be resold, except in compliance with applicable requirements or exemptions under relevant securities laws.

### ***Redemption at Maturity Date***

The notes will become due at their specified maturity date, April 11, 2022, and Globo will be required either to refinance the notes or to pay the holders 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, payable with respect thereto.

### **Payments**

Globo, or any other person on its behalf, will make all payments on the notes exclusively in such coin or currency of the United States as at the time of payment will be legal tender for the payment of public and private debts.

Globo, or any other person on its behalf, will make payments of interest on the notes and principal that becomes due and payable as set forth in the indenture. Globo will deposit with the Trustee or the Principal Paying Agent no later than 10:00 a.m. (New York City time) one Business Day prior to any payment date money sufficient to pay such interest and principal.

Globo, or any other person on its behalf, will make payments of principal that becomes due and payable upon surrender of the relevant notes at the specified office of the Trustee or any of the paying agents. Globo will pay principal and interest on the notes to the persons in whose name the notes are registered at the close of business on the second Business Day before the relevant payment date.

Under the terms of the indenture, each payment in full of principal, redemption or purchase amount, additional amounts, interest and/or any other amount payable under the indenture in respect of any note made by or on behalf of Globo to or to the order of the Principal Paying Agent in the manner specified in the indenture on the date due shall be valid and effective to satisfy and discharge the obligation of Globo to make the payment of principal, redemption amount, additional amounts, interest and/or any other amount payable under the indenture, provided, however, that the liability of the Principal Paying Agent under the indenture shall not exceed any amounts paid to it by Globo, or any other person on its behalf, or held by it, on behalf of the holders under the indenture; and provided further that, in the event that there is a default by the Principal Paying Agent in payment of principal, redemption amount, additional amounts, interest and/or any other amount payable in respect of any note in accordance with the indenture, Globo, or any other person on its behalf, shall pay on demand such further amounts as will result in receipt by the holder of such amounts as would have been received by it had no such default occurred.

All payments will be subject in all cases to any applicable tax or other laws and regulations, but without prejudice to the provisions of “—Additional Amounts.” No commissions or expenses will be charged to the holders in respect of such payments.

Subject to applicable law, the Trustee and the paying agents will pay to Globo upon request any monies held by them for the payment of principal or interest that remains unclaimed for two years, and, thereafter, holders entitled to such monies must look to Globo for payment as general creditors. After the return of such monies by the Trustee and the paying agents to Globo, neither the Trustee nor the paying agents shall be liable to the holders in respect of such monies.

### **Additional Amounts**

All payments by Globo in respect of the notes will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments, or other governmental charges of whatever nature imposed or levied by or on behalf of Brazil, unless Globo is compelled by law to deduct or withhold such taxes, duties, assessments, or governmental charges. In such event, Globo will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and pay such additional amounts as may be necessary to ensure that the net amounts receivable by holders of the notes after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the notes in the absence of such withholding or deduction. No such additional amounts shall be payable:

(1) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such note by reason of the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of such holder, if such holder is an estate, a trust, a partnership, or a corporation) and Brazil, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein, other than the mere holding of the note or enforcement of rights and the receipt of payments with respect to the note;

(2) in respect of notes surrendered (if surrender is required) more than 30 days after the Relevant Date (as defined below) except to the extent that payments under such note would have been subject to withholding and the holder of such note would have been entitled to such additional amounts, on surrender of such note for payment on the last day of such period of 30 days;

(3) where such withholding or deduction is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, any European Union Directive on the taxation of savings;

(4) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or other governmental charges by reason of such holder's failure to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with Brazil, or a successor jurisdiction or applicable political subdivision or authority thereof or therein having power to tax, of such holder, if (a) compliance is required by such jurisdiction, or any political subdivision or authority thereof or therein having power to tax, as a precondition to, exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and (b) Globo has given the holders at least 30 days' notice that holders will be required to provide such certification, identification or other requirement;

(5) in respect of any estate, inheritance, gift, sales, transfer, capital gains, excise or personal property or similar tax, assessment or governmental charge;

(6) in respect of any tax, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal of or interest on the note or by direct payment by Globo in respect of claims made against Globo;

(7) in respect of any tax imposed on overall net income; or

(8) in respect of any combination of the above.

In addition, no additional amounts shall be paid with respect to any payment on a note to a holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment to the extent that payment would be required by the laws of Brazil or any political subdivision thereof to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interestholder in a limited liability company or a beneficial owner who would not have been entitled to the additional amounts had that beneficiary, settlor, member or beneficial owner been the holder.

“Relevant Date” means, with respect to any payment on a note, whichever is the later of: (i) the date on which such payment first becomes due; and (ii) if the full amount payable has not been received by the Trustee on or prior to such due date, the date on which notice is given to the holders that the full amount has been received by the Trustee.

The notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation. Except as specifically provided above, Globo shall not be required to make a payment with respect to any tax, assessment or governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein.

In the event that additional amounts actually paid with respect to the notes described above are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder of such notes, and, as a result thereof such holder is entitled to make claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such notes, be deemed to have assigned and transferred all right, title, and interest to any such claim for a refund or credit of such excess to Globo.

Any reference in this offering memorandum, the indenture or the notes to principal, interest or any other amount payable in respect of the notes by Globo will be deemed also to refer to any additional amount, unless the context requires otherwise, that may be payable with respect to that amount under the obligations referred to in this subsection.

The foregoing obligation will survive termination or discharge of the indenture until payment of any additional amounts that are due and payable under the indenture will have been made.

## **Covenants**

The indenture will contain the following covenants:

### ***Limitation on Liens***

Globo will not, and will not permit any Significant Subsidiary to, create or cause or permit to be created any Lien (other than Permitted Liens) on any of its property or assets now owned or hereafter acquired by it or on any Capital Stock of any Significant Subsidiary, securing any Debt unless prior thereto or contemporaneously therewith effective provision is made to secure the notes equally and ratably with such Debt for so long as such Debt is so secured by such Lien. The preceding sentence will not require the notes to be equally and ratably secured if the Lien consists of the following (each, a “Permitted Lien”):

(1) any Lien existing on the date of the indenture and any Lien pursuant to any agreement or instrument existing on the date of the indenture; and any extension, renewal or replacement of any such Lien or any other Permitted Lien, provided, however, that the principal amount of any Debt secured by any such Lien is not increased as a result thereof;

(2) any Lien on any property or assets (including Capital Stock of any person) securing Debt incurred solely for purposes of financing the acquisition, lease, construction or improvement (including all costs, expenses and other liabilities incurred in connection with such acquisition, construction or improvement thereof, as well as with the development, fitting-out and/or obtaining of any performance or other bond required to be posted in connection therewith) of such property or assets after the date of the indenture; provided that (a) the aggregate principal amount of Debt secured by such Lien will not exceed (but may be less than) the cost of the property or assets so acquired, leased, constructed or improved, and (b) the Lien is incurred before, or within 365 days after the completion of, such acquisition, lease, construction or improvement and does not encumber any other property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) of Globo or any Significant Subsidiary; and provided, further, that to the extent that the property or asset acquired is Capital Stock, the Lien also may encumber other property or assets of the person so acquired;

(3) any Lien securing Debt for the purpose of financing all or part of the cost of the acquisition, construction or development of a project (including all costs, expenses and other liabilities incurred in connection with such acquisition, construction or development thereof, as well as with the fitting-out and/or obtaining of any performance or other bond required to be posted in connection therewith); provided that any such Lien in respect of such Debt is limited to property or assets (including Capital Stock of any project entity), and/or revenues of such project; and provided, further, that the Lien is incurred before, or within 365 days after the completion of, such acquisition, construction or development and does not apply to any other property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) of Globo or any Significant Subsidiary;

(4) any Lien existing on any property or assets of any person before that person's acquisition (in whole or in part) by, merger into or consolidation with Globo or any Subsidiary after the date of the indenture; provided that such Lien is not created in contemplation of or in connection with such acquisition, merger or consolidation and such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured the obligations to which such Lien relates;

(5) any Lien created or arising by operation of law;

(6) any pledge, guarantee or deposit made in connection with any tax, civil or labor contingency or any administrative proceedings (whether in or out of court), any pledge, guarantee or deposit in respect of any proceeding being contested in good faith to which Globo or any Subsidiary is a party, good faith deposits, guarantees or pledges in connection with bids, tenders, contracts (other than for the payment of Debt) or leases to which Globo or any Subsidiary is a party or deposits, pledges or guarantees for the payment of rent, in each case made in the ordinary course of business;

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

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

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

(10) any rights of set-off or netting of any person with respect to any deposit account (or similar arrangement) of Globo or any Significant Subsidiary arising in the ordinary course of business;

(11) any Lien granted to secure borrowings from, directly or indirectly, (a) Banco Nacional de Desenvolvimento Econômico e Social—BNDES, or any other Brazilian governmental development bank or credit agency, or (b) any international or multilateral development bank, government-sponsored agency, export-import bank or official export-import credit insurer;

(12) any Lien on the inventory or receivables of Globo or any Significant Subsidiary securing the obligations of such person under any lines of credit or working capital facility or in connection with any structured export or import financing or other trade transaction; provided that the aggregate principal amount of Debt incurred that is secured by receivables that will fall due in any calendar year shall not exceed (a) with respect to transactions secured by receivables from export sales, 80% of the consolidated gross revenues of the Globo Consolidated Group from export sales for the immediately preceding calendar year, determined in accordance with Accounting Standards; or (b) with respect to transactions secured by receivables from domestic (Brazilian) sales, 80% of the consolidated gross revenues of the Globo Consolidated Group from sales within Brazil for the immediately preceding calendar year, determined in accordance with Accounting Standards; and provided, further, that Advance Transactions will not be deemed transactions secured by receivables for purpose of the above calculation;

(13) any Lien securing Hedging Agreements so long as such Hedging Agreements are entered into for bona fide, non-speculative purposes;

(14) any encumbrance or restriction (including, but not limited to, put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement, as long as such joint venture does not constitute a Significant Subsidiary;

(15) any Lien securing Debt incurred solely for the purpose of financing the acquisition, purchase or lease of equipment in the ordinary course of business;

(16) any Lien over negotiable instruments in the ordinary course of commercial banking documentary transactions to secure Debt not existing on the date of the indenture or any nonfinancial indebtedness falling due not more than one year after the date on which such Debt or non-financial indebtedness is originally incurred; and

(17) in addition to the foregoing Liens set forth in clauses (1) through (16) above, Liens securing Debt of Globo or any Significant Subsidiary (including, without limitation, guarantees of Globo or any Significant Subsidiary) which do not in aggregate principal amount, at the time of the creation thereof, exceed 15.0% of Total Consolidated Assets (excluding goodwill and deferred income tax and social contribution).

#### ***Limitation on Consolidation, Merger or Transfer of Assets***

Globo will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its assets to, any person, unless:

(1) the resulting, surviving or transferee person (the “Successor”) will be a person organized and existing under the laws of Brazil, the United States of America, any State thereof or the District of Columbia, or any other country that is a member country of the European Union or of the Organization for Economic Co-operation and Development on the date of the indenture, and the Successor (if not Globo) will expressly assume, by a supplemental indenture to the indenture, executed and delivered to the Trustee, all the obligations of Globo under the notes and the indenture;

(2) the Successor (if not Globo), if not organized and existing under the laws of Brazil, undertakes, in such supplemental indenture, to pay such additional amounts in respect of principal (and premium, if any) and interest as may be necessary in order that every net payment receivable in respect of the notes after deduction or withholding for or on account of any present or future tax, duty, assessment or other governmental charge imposed by such other country or any political subdivision or taxing authority thereof or therein will not be less than the amount of principal (and premium, if any) and interest then due and payable on the notes, subject to the same exceptions set forth under “—Additional Amounts” but replacing existing references in such clause to Brazil with references to the other country;

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

(4) Globo will have delivered to the Trustee an officers’ certificate and an opinion of independent legal counsel, each stating that such consolidation, merger or transfer and such supplemental indenture, if any, comply with the indenture.

The Trustee will accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set forth in this covenant, in which event it will be conclusive and binding on the holders.

The Successor will succeed to, and be substituted for, and may exercise every right and power of, Globo under the indenture, and thereafter the predecessor company shall be relieved of all obligations and covenants under the indenture, except that the predecessor company in the case of a lease of all or substantially all of its assets will not be released from the obligation to pay the principal of and interest on the notes.

### ***Reporting Requirements***

So long as any notes are outstanding, Globo will provide the Trustee with the following reports (and will also provide the Trustee with sufficient copies, as required, of the following reports referred to in clauses (1) through (4) below for distribution, upon their written request to the Trustee and at Globo’s expense, to all holders of notes):

(1) an English language version of its annual audited consolidated financial statements prepared in accordance with Accounting Standards promptly upon such financial statements becoming available but not later than 120 days after the close of its fiscal year;

(2) an English language version of its unaudited consolidated quarterly financial statements prepared in accordance with Accounting Standards promptly upon such consolidated financial statements becoming available but not later than 75 days after the close of each fiscal quarter (other than the last fiscal quarter of its fiscal year);

(3) simultaneously with the delivery of each set of financial statements referred to in clauses (1) and (2) above, an officers’ certificate stating whether a Default or Event of Default exists on the date of such certificate and, if a Default or Event of Default exists, setting forth the details thereof and the action which Globo is taking or proposes to take with respect thereto;

(4) without duplication, English language versions or summaries of such other reports or notices as may be filed or submitted by (and promptly after filing or submission by) Globo with the Luxembourg Stock Exchange or any other stock exchange on which the notes may be listed (in each case, to the extent that any such report or notice is generally available to its security holders or the public in Brazil); and

(5) as soon as practicable and in any event within 30 calendar days after any director or executive officer of Globo becomes aware of the existence of a Default or Event of Default, an officers’ certificate setting forth the details thereof and the action which Globo is taking or proposes to take with respect thereto.

Delivery of the above reports to the Trustee is for informational purposes only and the Trustee’s receipt of such reports will not constitute constructive notice of any information contained therein or determinable from information contained therein, including Globo’s compliance with any of its covenants in the indenture (as to which the Trustee is entitled to rely exclusively on officers’ certificates).



## Provision of Information

For so long as any of the notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act of 1933, as amended (the “Securities Act”), Globo undertakes that it will, during any period in which it is not subject to Section 13 or 15(d) under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, furnish on request to any holder of the notes, or to any prospective purchaser thereof, such information as is required to be provided pursuant to Rule 144A(d)(4) under the Securities Act in order to permit compliance with Rule 144A in connection with the resale of such notes.

## Events of Default

An “Event of Default” under the indenture occurs if:

(1) Globo defaults in any payment of interest (including any related additional amounts) on any note when the same becomes due and payable, and such default continues for a period of 30 days;

(2) Globo defaults in the payment of the principal (including any related additional amounts) of any note when the same becomes due and payable, whether at its stated maturity, upon acceleration, upon redemption or otherwise;

(3) Globo fails to comply with any of its covenants or agreements in the notes or the indenture (other than those referred to in (1) and (2) above), and such failure continues for 60 days after the notice specified below;

(4) Globo or any Significant Subsidiary defaults under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Debt for money borrowed by Globo or any Significant Subsidiary (or the payment of which is guaranteed by Globo or any Significant Subsidiary) whether such Debt or guarantee now exists, or is created after the date of the indenture, which default (a) is caused by failure to pay the principal of or premium, if any, or interest on such Debt after giving effect to any grace period provided in such Debt on the date of such default (“Payment Default”) or (b) results in the acceleration of such Debt prior to its express maturity and, in each case, the principal amount of any such Debt, together with the principal amount of any other such Debt under which there has been a Payment Default or the maturity of which has been so accelerated, totals US\$50 million (or its equivalent in any other currency or currencies at the time of determination) or more in the aggregate;

(5) a final, non-appealable, judgment or order for the payment of any amount equal to, or in excess of, US\$50 million (or its equivalent in any other currency or currencies at the time of determination) is rendered against Globo or any Significant Subsidiary and continues unsatisfied or unstayed for a period of 60 days after the date thereof or, if later, the date therein specified for payment;

(6) an involuntary case or other proceeding is commenced against Globo or any Significant Subsidiary with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a Trustee, receiver, síndico, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 days; or an order for relief is entered against Globo or any Significant Subsidiary under the applicable bankruptcy laws as now or hereafter in effect and such order is not being contested by Globo or any Significant Subsidiary, as the case may be, in good faith or has not been dismissed, discharged or otherwise stayed, in each case within 60 days of being made;

(7) Globo or any Significant Subsidiary (i) commences a voluntary case or other proceeding seeking liquidation, reorganization, concordata, recuperação judicial/extra-judicial or other relief with respect to itself or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, síndico, liquidator, assignee, custodian, Trustee, sequestrator or similar official of Globo or any Significant Subsidiary for all or substantially all of the property of Globo or any Significant Subsidiary or (iii) effects any general assignment for the benefit of creditors; or

(8) any event occurs that under the laws of Brazil or the United States of America or any political subdivision thereof has substantially the same effect as any of the events referred to in any of clause (6) or (7) above.

A Default under clause (3) above will not constitute an Event of Default until the Trustee or the holders of at least 25% in principal amount of the notes outstanding notify Globo of the Default and Globo does not cure such Default within the time specified after receipt of such notice.

The Trustee is not to be charged with knowledge of any Default or Event of Default or knowledge of any cure of any Default or Event of Default unless either (i) an authorized officer of the Trustee with direct responsibility for the indenture has actual knowledge of such Default or Event of Default or (ii) written notice of such Default or Event of Default has been given to the Trustee by Globo or any holder.

If an Event of Default (other than an Event of Default specified in clause (6), (7) or (8) above) occurs and is continuing, the Trustee or the holders of not less than 25% in principal amount of the notes then outstanding may declare all unpaid principal of and accrued interest on all notes to be due and payable immediately, by a notice in writing to Globo, and upon any such declaration such amounts will become due and payable immediately. If an Event of Default specified in clause (6), (7) or (8) above occurs and is continuing, then the principal of and accrued interest on all notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder.

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

### **Defeasance**

Globo may at any time terminate all of its obligations with respect to the notes (“defeasance”), except for certain obligations, including those regarding any trust established for a defeasance and obligations to register the transfer or exchange of the notes, to replace mutilated, destroyed, lost or stolen notes and to maintain agencies in respect of notes. Globo may at any time terminate its obligations under the covenants described under “—Covenants—Limitation on Liens” and “—Covenants—Reporting Requirements”, and any omission to comply with such obligations will not constitute a Default with respect to the notes (“covenant defeasance”). In order to exercise either defeasance or covenant defeasance, Globo must irrevocably deposit in trust, for the benefit of the holders of the notes, with the Trustee, money or U.S. government obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants expressed in a written certificate delivered to the Trustee, without consideration of any reinvestment, to pay the principal of, and interest on the notes to any redemption date or maturity and comply with certain other conditions, including the delivery of an opinion of counsel as to certain tax matters.

### **Amendment, Supplement, Waiver**

Subject to the exceptions described below, the indenture may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the notes then outstanding, and any past Default or compliance with any provision may be waived with the consent of the holders of at least a majority in principal amount of the notes then outstanding. However, without the consent of each holder of an outstanding note affected thereby, no amendment may:

- (1) modify the stated maturity of any note;
- (2) reduce the rate of or extend the time for payment of interest on any note;
- (3) reduce the principal of any note;
- (4) reduce the amount payable upon redemption of any note or change the time at which any note may be redeemed;
- (5) change the currency for payment of principal of, or interest on, any note;
- (6) impair the right to institute suit for the enforcement of any payment on or with respect to any note;
- (7) waive a default in the payment of principal or interest on the notes;
- (8) reduce the principal amount of notes whose holders must consent to any amendment or waiver;
- (9) make any change in the amendment or waiver provisions which require each holder’s consent; or
- (10) modify or change any provision of the indenture affecting the ranking of the notes in a manner adverse to the holders of the notes.

The holders of the notes will receive prior notice as described under “—Notices” of any proposed amendment to the notes or the indenture described in this paragraph. After an amendment described in the preceding paragraph becomes effective, Globo is required to mail to the holders a notice briefly describing such amendment. However, the failure to give such notice to all holders of the notes, or any defect therein, will not impair or affect the validity of the amendment.

The consent of the holders of the notes is not necessary to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

Globo and the Trustee may, without the consent or vote of any holder of the notes, amend or supplement the indenture or the notes for the following purposes:

- (1) cure any ambiguity, omission, defect or inconsistency; provided that such amendment or supplement does not materially and adversely affect the rights of any holder;
- (2) comply with the covenant described under “—Limitation on Consolidation, Merger or Transfer of Assets”;
- (3) add guarantees or collateral with respect to the notes;
- (4) add to the covenants of Globo for the benefit of holders of the notes;
- (5) surrender any right conferred upon Globo;
- (6) evidence and provide for the acceptance of an appointment by a successor Trustee;
- (7) provide for the issuance of additional notes;
- (8) provide for any guarantee of the notes, to secure the notes or to confirm and evidence the release, termination or discharge of any guarantee of or Lien securing the notes when such release, termination or discharge is permitted by the indenture; or
- (9) make any other change that does not materially and adversely affect the rights of any holder of the notes or to conform the indenture to this “Description of Notes”;

*provided* that, in the case of clause (1) or (2) above, Globo has delivered to the Trustee an opinion of counsel and an officers’ certificate, each stating that such amendment or supplement complies with the provision in the indenture entitled “—Without Consent of Holders”.

## **Notices**

For so long as notes in global form are outstanding, notices to be given to holders will be given to the depositary, in accordance with its applicable policies as in effect from time to time. If notes are issued in certificated form, notices to be given to holders will be deemed to have been given upon the mailing by first class mail, postage prepaid, of such notices to holders of the notes at their registered addresses as they appear in the records of the registrar. For so long as the notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, Globo will publish notices in English on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if that is not practicable, in another English-language daily newspaper of general circulation in Europe.

## **Trustee**

The Bank of New York Mellon is the Trustee under the indenture.

The indenture contains provisions for the indemnification of the Trustee and for its relief from responsibility. The obligations of the Trustee to any holder are subject to such immunities and rights as are set forth in the indenture.

Except during the continuance of an Event of Default, the Trustee needs to perform only those duties that are specifically set forth in the indenture and no others, and no implied covenants or obligations will be read into the indenture against the Trustee. In case an Event of Default has occurred and is continuing, the Trustee shall exercise those rights and powers vested in it by the indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. No provision of the indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties thereunder, or in the exercise of its rights or powers, unless it receives indemnity satisfactory to it against any loss, liability or expense.

The holders of a majority in principal amount of the notes may remove the Trustee by so notifying the Trustee in writing and may appoint a successor Trustee. Globo shall remove the Trustee if: (i) the Trustee fails to maintain its eligibility to act as the trustee; (ii) the Trustee is adjudged a bankrupt or insolvent; (iii) a receiver or other public officer takes charge of the Trustee or its property; or (iv) the Trustee otherwise becomes incapable of acting.

Globo and its affiliates may from time to time enter into normal banking and trustee relationships with the Trustee and its affiliates.

## **Governing Law and Submission to Jurisdiction**

The notes and the indenture will be governed by the laws of the State of New York. Each of the parties to the indenture will submit to the jurisdiction of the U.S. federal and New York State courts located in the Borough of Manhattan, City and State of New

York for purposes of legal actions and proceedings instituted in connection with the notes and the indenture. Globo has appointed Corporation Service Company, 1180 Avenue of the Americas, Suite 210, New York, New York 10036-8401, as its authorized agent upon which process may be served in any such action.

### **Currency Indemnity**

U.S. dollars are the sole currency of account and payment for all sums payable by Globo under or in connection with the notes, including damages. Any amount received or recovered in a currency other than dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of Globo or otherwise) by any holder of a note in respect of any sum expressed to be due to it from Globo will only constitute a discharge to Globo to the extent of the dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that dollar amount is less than the dollar amount expressed to be due to the recipient under any note, Globo will indemnify such holder against any loss sustained by it as a result; and if the amount of United States dollars so purchased is greater than the sum originally due to such holder, such holder will, by accepting a note, be deemed to have agreed to repay such excess. In any event, Globo will indemnify the recipient against the cost of making any such purchase.

For the purposes of the preceding paragraph, it will be sufficient for the holder of a note to certify in a satisfactory manner (indicating the sources of information used) that it would have suffered a loss had an actual purchase of dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of dollars on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above). These indemnities constitute a separate and independent obligation from the other obligations of Globo, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any holder of a note and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note.

### **Certain Definitions**

The following is a summary of certain defined terms used in the indenture. Reference is made to the indenture for the full definition of all such terms as well as other capitalized terms used herein for which no definition is provided.

“Accounting Standards” means (i) the accounting principles generally accepted by the accounting profession in Brazil at such time or (ii) IFRS, as in effect from time to time, as may be elected by Globo.

“Advance Transaction” means an advance from a financial institution involving either (a) a foreign exchange contract or (b) an export contract.

“Brazil” means the Federative Republic of Brazil.

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

“Capital Lease Obligations” means, with respect to any person, any obligation which is required to be classified and accounted for as a capital lease on the face of a balance sheet of such person prepared in accordance with Accounting Standards; the amount of such obligation will be the capitalized amount thereof, determined in accordance with Accounting Standards; and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

“Capital Stock” means, with respect to any person, any and all shares of stock, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated, whether voting or non-voting), such person’s equity including any preferred stock, but excluding any debt securities convertible into or exchangeable for such equity.

“Debt” means (without double-counting), with respect to any person, whether recourse is to all or a portion of the assets of any person and whether or not contingent, (i) every obligation of such person for money borrowed, (ii) every obligation of such person evidenced by bonds, debentures, notes or other similar instruments representing financial indebtedness, including obligations of such nature incurred in connection with the acquisition of property, assets or businesses, (iii) every reimbursement obligation of such person with respect to letters of credit, bankers’ acceptances or similar facilities issued for the account of such person, (iv) every obligation of such person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business) as a means of primarily obtaining finance, (v) every Capital Lease Obligation of such person, (vi) every obligation under interest rate swap or similar agreements or foreign currency hedge, exchange or similar agreements of such person (the amount of any such obligation to be calculated at its marked to market value at the

relevant time of calculation), and (vii) every guarantee or indemnity to pay the obligations referred to in (i) to (vi) (inclusive) above of such person; provided that the following shall not be considered to be Debt:

(a) Intercompany Debt; or

(b) any obligation under interest rate swap or similar arrangements or foreign currency hedge, exchange or similar arrangements in the ordinary course of business and not for speculation that are designed to protect any Member of the Globo Consolidated Group against fluctuations in interest rates or currency exchange rates with respect to the underlying obligations or assets being hedged and which shall have a notional amount no greater than the payments due with respect to such underlying obligations or assets.

For the avoidance of doubt, “Debt” shall not include (i) any indemnification obligations in respect of the Sky Transaction, (ii) any obligations to cause Sky to eliminate Debt of Sky or any of its subsidiaries or any Member of the Globo Consolidated Group under the Sky Transaction, subject, for the purposes of this paragraph (ii), to an aggregate cap of US\$10 million (or its equivalent in any other currency, calculated at the date of incurrence of the relevant obligation) or (iii) any obligation of any Member of the Globo Consolidated Group under or in connection with the Sky Monetisation.

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

“Globo” means Globo Comunicação e Participações S.A., a company incorporated under the laws of Brazil and registered with the General List of Taxpayers under number CNPJ no. 27.865.757/0001-02, and any successor in interest thereto.

“Globo Consolidated Group” means Globo and its subsidiaries, as per consolidation accounting rules, as determined by the most recently available quarterly, semi-annual or annual audited, or with limited auditing review, as the case may be, consolidated financial statements of Globo, determined in accordance with Accounting Standards, and “Member of the Globo Consolidated Group” means any one of the Globo Consolidated Group.

“Globosat” means Globosat Programadora Ltda., a company incorporated under the laws of the Federative Republic of Brazil and registered with the General List of Taxpayers under number CNPJ no. 03.290.630/0001-36.

“Hedging Agreements” means (a) any interest rate swap agreement, interest rate cap agreement or other agreement designed to protect against fluctuations in interest rates, (b) any foreign exchange forward contract, currency swap agreement or other agreement designed to protect against fluctuations in foreign exchange rates or (c) any commodity or raw material futures contract or any other agreement designed to protect against fluctuations in raw material prices.

“holder” means the person in whose name a note is registered in the register.

“IFRS” means the International Financial Reporting Standards issued by the International Accounting Standards Board, as in effect from time to time.

“Intercompany Debt” means any obligation owed by one Member of the Globo Consolidated Group to another Member of the Globo Consolidated Group.

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

“Significant Subsidiary” means any Subsidiary which, at the time of determination, (x) at least 95% of the Capital Stock of which is owned by Globo, directly or indirectly, and (y) (a) had assets which, as of the date of Globo’s most recent quarterly consolidated balance sheet, constituted at least 10% of Total Consolidated Assets as of such date or (b) had net operating revenues for the 12-month period ending on the date of Globo’s most recent consolidated statement of income which constituted at least 5% of the Globo Consolidated Group’s total net operating revenues on a consolidated basis for such period, determined in accordance with Accounting Standards; provided, however, that Globosat shall constitute a Significant Subsidiary if, at any time of determination, Globo owns, directly or indirectly, at least 75% of the Capital Stock of Globosat.

“Sky” means Sky Brasil Serviços Ltda., a company incorporated under the laws of the Federative Republic of Brazil and registered with the General List of Taxpayers under number CNPJ no. 72.820.822/0001-20 and any Successor thereto.

“Sky Monetisation” means any transaction by one or more Members of the Globo Consolidated Group where the purpose of such transaction is the monetisation of all or a portion of the face value of any rights available to such Members of the Globo Consolidated Group to exchange Capital Stock of Sky (and of the economic interest in the Capital Stock underlying such rights to exchange), including any related disposition, or granting of a Lien in, all or any part of the Capital Stock of Sky.

“Sky Transaction” means any of the transactions contemplated under (i) the Participation Agreement, dated as of October 8, 2004, among Globopar, The News Corporation Limited and The DirecTV Group, Inc., (ii) the Brazil Business Combination Agreement, dated as of October 8, 2004, among Globopar, The News Corporation Limited and The DirecTV Group, Inc., (iii) the Exchange Rights Agreement, dated as of October 8, 2004, among Globopar, The DirecTV Group, Inc. and The News Corporation Limited, and (iv) all other agreements contemplated by such agreements; as any such agreement may be amended, supplemented, waived or otherwise modified from time to time.

“Subsidiary” of any person means any other person whose affairs and policies the first person controls or has the power to control directly or indirectly (whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of that second person or otherwise).

“Total Consolidated Assets” means the total assets of the Globo Consolidated Group on a consolidated basis, determined in accordance with Accounting Standards.

“Trustee” means The Bank of New York Mellon until a successor replaces it and, thereafter, means the successor.

## FORM OF NOTES

The notes will be issued in registered form without interest coupons in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. No notes will be issued in bearer form.

Globo has agreed to maintain a paying agent, registrar and transfer agent in the Borough of Manhattan, the City of New York and to maintain a Luxembourg paying and transfer agent in Luxembourg. Globo initially has appointed the Trustee at its corporate trust office as paying agent, registrar and transfer agent, The Bank of New York Mellon Trust (Japan) Ltd. as principal paying agent, and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg paying and transfer agent for all notes. Each transfer agent will keep a register, subject to such reasonable regulations as Globo may prescribe.

### **Book-Entry; Delivery and Form**

The notes offered and sold in reliance on Rule 144A under the Securities Act will be represented by a single, permanent global note in definitive, fully registered book-entry form (the "Rule 144A Global Note"). Notes offered and sold in reliance on Regulation S will be represented by a single, permanent global note in definitive, fully registered book-entry form (the "Regulation S Global Note" and, together with the DTC Rule 144A Global Note, the "Global Notes"). The Global Notes will be registered in the name of a nominee of DTC and deposited on behalf of the purchasers of the notes represented thereby with a custodian for DTC for credit to the respective accounts of direct or indirect participants in DTC, including Euroclear or Clearstream.

Each Global Note (and any notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under "Notice to Investors." Except in the limited circumstances described below, owners of beneficial interests in a Global Note will not be entitled to receive physical delivery of certificated notes.

### **Global Notes**

Globo expects that pursuant to procedures established by DTC (a) upon deposit of the Global Notes, DTC or its custodian will credit on its internal system portions of the Global Notes to the respective accounts of persons who have accounts with DTC and (b) ownership of the notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants as defined below) and the records of participants (with respect to interests of persons other than participants). Such accounts will initially be designated by or on behalf of the Initial Purchasers and ownership of beneficial interests in the Global Notes will be limited to persons who are participants and have accounts with DTC or persons who hold interests through participants. Except as otherwise described herein, investors may hold their interests in a Global Note directly through DTC only if they are participants in such system, or indirectly through organizations (including Euroclear and Clearstream) which are participants in such system.

So long as DTC or its nominee is the registered owner or holder of any Global Note, DTC or such nominee will be considered the sole owner or noteholder represented by that Global Note for all purposes under the indenture and the notes, as the case may be. No beneficial owner of an interest in any note will be able to transfer such interest except in accordance with the applicable procedures of DTC and, if applicable, Euroclear and Clearstream, in addition to those provided for under the indenture.

Payments of principal of and interest (including additional amounts), as applicable, on the Global Notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither Globo, the Trustee nor any paying agent under the indenture will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Notes, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests representing any notes held by DTC or its nominee.

Globo expects that DTC or its nominee, upon receipt of any payment of principal of or premium and interest (including additional amounts), as applicable, on a Global Note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee.

Payment to owners of beneficial interests in a Global Note held through such participant will be governed by standing instructions and customary practice, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants. Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures. The laws of some jurisdictions require that certain persons take physical delivery of certificates evidencing securities they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of beneficial owners of

interests in a Global Note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Before the 40th calendar day after the later of the commencement of the offering of the notes and the issue date of the notes, transfers by an owner of a beneficial interest in the Regulation S Global Note to a transferee who takes delivery of such interest through the Rule 144A Global Note will be made only in accordance with the applicable procedures and upon receipt by the Trustee of a written certification from the transferor in the form provided in the indenture to the effect that such transfer is being made to a person whom the transferor reasonably believes is a Qualified Institutional Buyer (“QIB”) in a transaction meeting the requirements of Rule 144A. After the expiration of the 40-day period, such transfers may occur without compliance with these certification requirements. See “Notice to Investors.”

Transfers by an owner of a beneficial interest in the Rule 144A Global Note to a transferee who takes delivery of such interest through the Regulation S Global Notes, whether before, on or after the 40th day referred to above, will be made only upon receipt by the Trustee of a certification in the form provided in the indenture to the effect that such transfer is being made in accordance with Regulation S. See “Notice to Investors.”

Transfers of beneficial interests within a Global Note may be made without delivery of any written certification or other documentation from the transferor or transferee.

Any beneficial interest in a Global Note that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in the first Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note.

Subject to compliance with the transfer restrictions applicable to the notes, Globo understands that cross-market transfers between DTC participants, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels or Luxembourg time, respectively). Globo understands that Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to the depositories of Clearstream or Euroclear.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Rule 144A Global Note from a DTC participant will be credited during the securities settlement processing day immediately following the DTC settlement date, and such credit will be reported to the relevant Euroclear or Clearstream participant on such business day following the DTC settlement date. Cash received in Euroclear or Clearstream as a result of sales of interests in the Regulation S Global Note by or through a Euroclear or Clearstream participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

Globo expects that DTC will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange) only at the direction of the participant to whose interests in the applicable Global Notes are credited and only in respect of the aggregate principal amount of notes as to which such participant has given such direction.

Globo understands that DTC is a limited purpose trust company organized under the laws of the State of New York, a “banking organization” within the meaning of New York banking law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the U.S. Securities Exchange Act of 1934, as amended. Globo further understands that DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations (“participants”). Globo further understands that indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (“indirect participants”).

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among the DTC participants, Euroclear and Clearstream, they are under no obligation to perform such procedures, and such procedures may be discontinued or modified at any time. Neither Globo, the Trustee nor the paying agents under



the indenture will have any responsibility for the performance by DTC, Euroclear, Clearstream, the participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

### **Physical Notes**

Interests in the Global Notes will be exchangeable or transferable, as the case may be, for physical notes (“physical notes”) in registered form if (i) DTC notifies Globo that it is unwilling or unable to continue as depositary for the Global Notes, or DTC ceases to be a “clearing agency” registered under the U.S. Securities Exchange Act of 1934, as amended, and a successor depositary is not appointed by Globo within 90 calendar days or (ii) Globo, at its option, elects to terminate the book-entry system through a depositary.

### **Replacement, Exchange and Transfer of Notes**

If a note becomes mutilated, destroyed, lost or stolen, Globo may issue, and the Trustee will authenticate and deliver, a substitute note in replacement. In each case, the affected noteholder will be required to furnish to Globo or the Trustee, as the case may be, and certain other specified parties an indemnity under which it will agree to pay Globo or the Trustee, as the case may be, and certain other specified parties for any losses they may suffer relating to the note that was mutilated, destroyed, lost or stolen. Globo or the Trustee may also require that the affected noteholder present other documents or proof. The affected noteholder will be required to pay all expenses and reasonable charges associated with the replacement of the mutilated, destroyed, lost or stolen note.

Under certain limited circumstances, beneficial interests in the Global Note may be exchanged for physical notes. If Globo issues physical notes, a noteholder of such physical note may present its notes for exchange with notes of a different authorized denomination, together with a written request for an exchange, at the office or agency of Globo designated for such purpose in the City of New York or Luxembourg. In addition, the noteholder of any physical note may transfer such physical note, in whole or in part, by surrendering it at any such office or agency together with an executed instrument of assignment. Each new physical note issued in connection with a transfer of one or more physical notes will be available for delivery from the registrar and the Luxembourg transfer agent within five Luxembourg business days after receipt by the registrar and the Luxembourg transfer agent of the relevant original physical note or physical notes and the relevant executed instrument of assignment. Transfers of the physical notes will be effected without charge by or on behalf of Globo, the registrar or the Luxembourg transfer agent, but only upon payment (or the giving of such indemnity as the registrar or such transfer agent may require in respect) of any tax or other governmental charges which may be imposed in relation thereto.

Globo will not charge the holders of notes for the costs and expenses associated with the exchange, transfer or registration of transfer of the notes. Globo may, however, charge the holders of notes for any tax or other governmental charges. Globo may reject any request for an exchange or registration of transfer of any note (i) made within 15 calendar days of the mailing of a notice of redemption of notes or (ii) made between any regular record date and the next interest payment date.

## CERTAIN ERISA CONSIDERATIONS

PURSUANT TO U.S. TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY INFORMED THAT (A) THIS SUMMARY IS NOT INTENDED AND WAS NOT WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES UNDER THE U.S. FEDERAL TAX LAWS THAT MAY BE IMPOSED ON THE TAXPAYER, (B) THIS SUMMARY WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY GLOBO AND THE INITIAL PURCHASERS OF THE NOTES, AND (C) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the Code impose certain restrictions on (i) employee benefit plans (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA, (ii) plans described in section 4975(e)(1) of the Code that are subject to Section 4975 of the Code, including individual retirement accounts or Keogh plans, (iii) any entities whose underlying assets include plan assets by reason of a plan’s investment in such entities (each of (i), (ii) and (iii), a “Plan” and (iv) persons who have certain specified relationships to such Plans (“Parties in Interest” under ERISA and “Disqualified Persons” under the Code). ERISA also imposes certain duties on persons who are fiduciaries of Plans subject to ERISA and both ERISA and the Code prohibit certain transactions between a Plan and Parties in Interest or Disqualified Persons with respect to such Plans. The Initial Purchasers or Globo, as a result of their own activities or because of the activities of an affiliate, may be considered a Party in Interest or a Disqualified Person with respect to Plans. Accordingly, prohibited transactions within the meaning of Section 406 of ERISA and Section 4975 of the Code may arise if the notes are acquired by a Plan with respect to which one of the Initial Purchasers or Globo or any of their respective affiliates is a Party In Interest or Disqualified Person. Certain exemptions from the prohibited transaction rules could be applicable, however, depending in part upon the type of plan fiduciary making the decision to acquire the notes and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Exemption (“PTE”) 90-1, regarding investments by insurance company pooled separate accounts; PTE 91-38, regarding investments by bank collective investment funds; PTE 84-14, regarding transactions effected by a “qualified professional asset manager;” PTE 96-23, regarding investments by certain in house asset managers; PTE 95-60, regarding investments by insurance company general accounts; and Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code regarding transactions with certain service providers. There can be no assurance that the foregoing exemptions or any other exemption will be available with respect to any particular transaction involving the notes. Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions.

In order to minimize the potential for ERISA violations, each purchaser of the notes, by purchasing and holding the notes, will be deemed either (a) to have represented and warranted that it is not a Plan or (b) to have represented and warranted that none of its acquisition, holding and disposition of the notes will constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code because an exemption, all the conditions of which are met, is available.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing notes on behalf of or with “plan assets” of any Plan consult with their counsel regarding the potential consequences if the assets of the trust were deemed to be “plan assets” and the availability of exemptive relief under the exemptions mentioned above or any other applicable exemption.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code; however, such plans may be subject to foreign, federal, state or local laws or regulations which affect their ability to invest in the notes (“Similar Law”). Each purchaser of the notes, by purchasing and holding the notes, will be deemed to have represented and warranted that either (a) it is not an employee benefit plan that is subject to any such Similar Law or (b) its acquisition, holding and disposition of the notes will not constitute a violation of any such Similar Law or other violation. Any fiduciary of such a governmental, church or foreign plan considering an investment in the notes should determine the need for, and, if necessary, the availability of, any exemptive relief under such laws or regulations.

## TAXATION

The following discussion summarizes certain Brazilian and U.S. federal income tax considerations that may be relevant to you if you invest in the notes. This summary is based on laws and regulations now in effect in Brazil and laws, regulations, rulings and decisions now in effect in the United States, any of which may change. Any change could apply retroactively and could affect the continued accuracy of this summary.

This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your tax advisors about the tax consequences of holding the notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

### **Brazilian Taxation**

The following discussion is a general description of certain Brazilian tax aspects of the notes applicable to a holder of the notes who is an individual, entity, trust or organization that is not resident or domiciled in Brazil for purposes of Brazilian taxation (“Non-Resident Holder”) and does not purport to be a comprehensive description of all the tax aspects of the notes. Therefore, each Non-Resident Holder should consult his/her/its own tax advisor concerning the Brazilian tax consequences in respect of the notes.

#### *Interest Payment Under the Notes*

Interest income (which, for purposes of this paragraph, includes any deemed income on the difference between the issue price of the notes and the price at which the notes are redeemed, or the original discount) payable by an issuer resident in Brazil to a Non-Resident Holder is subject to withholding income tax in Brazil. The rate of withholding income tax is 15% unless (i) the Non-Resident Holder of the notes is resident or domiciled in a low or nil tax jurisdiction (i.e., countries or jurisdictions which do not impose any income tax or which impose it at a maximum rate lower than 20% or where the laws impose restrictions on the disclosure of ownership composition or securities ownership, or “Low Nil or Tax Jurisdiction”), in which case the applicable rate is 25%; or (ii) a lower rate is provided for in an applicable tax treaty between Brazil and the country or jurisdiction where the recipient of the payment has its domicile.

Brazil and Japan are signatories to a treaty for the avoidance of double taxation that provides for a rate of 12.5% for Brazilian withholding income tax in respect of interest payable under debt obligations. If Globo is not entitled to rely on such treaty in connection with payments of interest under the notes, any such payments will be subject to Brazilian withholding tax at the rates indicated in the previous paragraph.

#### *Capital Gains*

Capital gains generated outside Brazil as a result of a transaction between two non-residents of Brazil with respect to assets located in Brazil are subject to income tax in Brazil, according to Article 26 of Law 10,833, enacted on December 29, 2003 (“Law 10,833”).

Although Globo considers that the notes do not fall within the definition of assets located in Brazil for purposes of Law 10,833, considering the general and unclear scope of this legislation and the absence of judicial guidance in respect thereof, Globo is unable to predict how Law 10,833 would be interpreted in the Brazilian courts. If such courts were to determine that the notes constitute assets located in Brazil, gains realized by a Non-Resident Holder from the sale or other disposition of the notes to a Brazilian resident or even to a non-resident of Brazil will be subject to income tax in Brazil at a rate of 15% (or 25% if such Non-Resident Holder is resident or domiciled in a Low or Nil Tax Jurisdiction).

#### *Discussion on Low or Nil Tax Jurisdictions*

On June 23, 2008, Law 11,727 introduced the concept of “privileged tax regime” in connection with transactions subject to Brazilian transfer pricing rules and also applicable to thin capitalization/cross border interest deductibility rules, which is broader than the concept of a Low or Nil Tax Jurisdiction. In addition, on June 4, 2010, the Brazilian Tax Authorities enacted Ordinance No. 1,037, as amended, listing (i) the countries and jurisdictions considered Low or Nil Tax Jurisdictions, and (ii) the privileged tax regimes. Although the interpretation of the current Brazilian tax legislation could lead to the conclusion that such concept of “privileged tax regime” should apply only for purposes of Brazilian transfer pricing and thin capitalization/cross border interest deductibility rules, Globo is not able to ascertain whether this “privileged tax regime” concept will also be applied to interest and payments made to Non-Resident Holders in respect of the notes.

If the Brazilian tax authorities determine that payments made to a recipient will benefit from a privileged tax regime, such payments could be subject to Brazilian withholding tax at a rate of up to 25%. Potential investors should consult with their own tax

advisors from time to time regarding the consequences of the implementation of Law 11,727, Ordinance No. 1,037 and of any related Brazilian tax law or regulation concerning Low or Nil Tax Jurisdiction and “privileged tax regimes.”

#### *Other Tax Considerations*

Pursuant to Decree No. 6,306 of December 14, 2007, (as amended from time to time), the conversion of Brazilian *reais* into foreign currency and on the conversion of foreign currency into Brazilian *reais* are subject to the tax on foreign exchange transactions (“IOF/Exchange”).

Currently, the IOF/Exchange tax rate varies according to the nature and conditions of the relevant transaction, being generally due at 0.38%.

As a general rule, foreign exchange transactions in connection with cross border loans and financings, for both the inflow and outflow of proceeds into and from Brazil, are currently subject to IOF/Exchange tax at a rate of 0%. However, for foreign exchange transactions (including simultaneous foreign exchange transactions mandatorily carried out in connection with amendments to cross-border loans and financings and international notes) entered into from March 12, 2012 onwards in connection with the inflow of proceeds to Brazil deriving from cross-border loans or financings or international note issuances, subject to registration with the Central Bank of Brazil and with the minimum average term of 1800 days or less, will be subject to IOF/Exchange tax at a rate of 6% (which will be levied with penalties and interest in case of cross-border loans or financings or international notes with minimum average term longer than 1800 days with respect to which an early redemption occurs affecting such minimum average term). The outflow of proceeds on such cross-border loans or financings or international bond issuances currently remains subject to the IOF/Exchange tax at a rate of 0%.

The Brazilian government can increase such rate at any time up to a rate of 25%, but only with respect to future exchange transactions. In any event, any IOF/Exchange Tax relating to cross-border loans and financings or international notes issuances would be borne by the Brazilian borrower/issuer.

#### *Stamp, Transfer or Similar Taxes*

Generally, there are no stamp, transfer or other similar taxes in Brazil applicable to the transfer, assignment or sale of the notes outside Brazil nor any inheritance, gift or succession tax applicable to the ownership, transfer or disposition of the notes, except for gift and inheritance taxes imposed by some states of Brazil on gifts and bequests by a Non-Resident Holder to individuals or entities domiciled or residing within such Brazilian states.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of notes. Prospective purchasers of notes should consult their own tax advisors concerning the tax consequences of their particular situations.

### **U.S. Federal Income Taxation**

PURSUANT TO U.S. TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY INFORMED THAT (A) THIS SUMMARY IS NOT INTENDED AND WAS NOT WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES UNDER THE U.S. FEDERAL TAX LAWS THAT MAY BE IMPOSED ON THE TAXPAYER, (B) THIS SUMMARY WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY GLOBO AND THE INITIAL PURCHASERS OF THE NOTES, AND (C) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following summary describes certain U.S. federal income tax consequences relating to the purchase, ownership and disposition of the notes by U.S. Holders (as defined below) that purchase the notes at their issue price (generally the first price at which a substantial amount of the notes is sold, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) pursuant to this offering and hold such notes as capital assets. This summary does not discuss all the tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as:

- financial institutions;
- insurance companies;
- tax-exempt investors;
- real estate investment trusts;
- regulated investment companies;

- grantor trusts;
- dealers or traders in securities or currencies;
- persons that will hold the notes as a position in a “straddle” or as a part of a “hedging,” “conversion” or other risk reduction transaction for U.S. federal income tax purposes;
- U.S. Holders whose functional currency is other than the U.S. dollar; or
- certain former citizens or long-term residents of the United States.

Moreover, this description does not address any U.S. federal estate, gift or alternative minimum tax consequences of the acquisition, ownership or disposition of the notes.

This description is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), existing, proposed and temporary U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date hereof. All of the foregoing are subject to change (possibly with retroactive effect) or differing interpretations which could affect the tax consequences described herein.

For purposes of this summary, a “U.S. Holder” is a beneficial owner of the notes who, for U.S. federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if such trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes or if (1) a court within the United States is able to exercise primary supervision over its administration and (2) one or more U.S. persons have the authority to control all of the substantial decisions of such trust.

If any entity treated as a partnership for U.S. federal income tax purposes holds the notes, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax adviser as to its own tax consequences.

**PERSONS CONSIDERING AN INVESTMENT IN THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISERS WITH REGARD TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO SUCH INVESTMENT IN LIGHT OF THEIR OWN PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY U.S. STATE OR LOCAL, OR NON-U.S. TAXING JURISDICTIONS.**

### *Interest*

In general, interest payable on a note (including any non-U.S. tax withheld with respect to such payment and any additional amounts paid in respect thereof) will be taxable to a U.S. Holder as interest income when it is received or accrued, in accordance with such U.S. Holder’s regular method of accounting for U.S. federal income tax purposes. The notes are not expected to be issued with more than a de minimis amount of original issue discount (“OID”). However, if the notes are issued with more than a de minimis amount of OID, each U.S. Holder generally will be required to include OID in its income as it accrues, regardless of such holder’s regular method of accounting for U.S. federal income tax purposes, using a constant yield method, possibly before such U.S. Holder receives any payment attributable to such income. The remainder of this summary assumes that the notes are not issued with more than a de minimis amount of OID.

Interest income on the notes generally will be treated as income from sources outside the United States and generally will be categorized for U.S. foreign tax credit purposes as “passive category income” or, in the case of some U.S. Holders, as “general category income.” A U.S. Holder may be eligible to elect to claim a U.S. foreign tax credit against its U.S. federal income tax liability, subject to applicable limitations and holding period requirements, for any non-U.S. income tax withheld from payments on the notes. A U.S. Holder that does not elect to claim a U.S. foreign tax credit for non-U.S. income tax withheld may instead claim a deduction for such withheld tax, but only for a taxable year in which such U.S. Holder elects to do so with respect to all non-U.S. income taxes paid or accrued in such taxable year. The rules relating to U.S. foreign tax credits are very complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

### *Sale, Exchange, Retirement or Other Disposition of the Notes*

Upon the sale, exchange, retirement or other disposition of a note, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between the amount realized on such sale, exchange, retirement or other disposition (other than any amount attributable to accrued stated interest, which, if not previously included in such U.S. Holder’s income, will be taxable as

interest income to such U.S. Holder) and such U.S. Holder's "adjusted tax basis" in such note. A U.S. Holder's "adjusted tax basis" in a note is generally the amount such U.S. Holder paid for such note, decreased by the aggregate amount of payments (other than stated interest) on such note previously made to such U.S. Holder. Any gain or loss so recognized generally will be capital gain or loss and will be long-term capital gain or loss if such U.S. Holder has held such note for more than one year at the time of such sale, exchange, retirement or other disposition. Net long-term capital gain of certain non-corporate U.S. Holders is generally subject to preferential rates of tax. The deductibility of capital losses is subject to limitations. Such gain or loss generally will be treated as U.S. source income or loss for purposes of the foreign tax credit provisions of the Code. Consequently, a U.S. Holder may not be able to use any foreign tax credit arising from Brazilian tax imposed on the disposition of a note (as described above under "—Brazilian Taxation—Capital Gains") unless such credit can be applied (subject to applicable limitations) against the U.S. federal income tax attributable to other income of such U.S. Holder treated as derived from foreign sources.

### ***Information Reporting and Backup Withholding***

Under certain circumstances, information reporting and/or backup withholding may apply to a U.S. Holder with respect to payments on, or proceeds from the sale, exchange, retirement or other disposition of, a note, unless an applicable exemption is satisfied. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability if the required information is furnished by the U.S. Holder on a timely basis to the IRS.

### ***Disclosure Requirements for Specified Foreign Financial Assets***

Individual U.S. Holders (and certain U.S. entities specified in U.S. Treasury Department guidance) who, during any taxable year, hold any interest in any "specified foreign financial asset" generally will be required to file with their U.S. federal income tax returns certain information on IRS Form 8938 if the aggregate value of all such assets exceeds certain specified amounts. "Specified foreign financial asset" generally includes any financial account maintained with a non-U.S. financial institution and may also include the notes if they are not held in an account maintained with a financial institution. Substantial penalties may be imposed, and the period of limitations on assessment and collection of U.S. federal income taxes may be extended, in the event of a failure to comply. U.S. Holders should consult their own tax advisers as to the possible application to them of this filing requirement.

### ***European Union Savings Directive (Directive 2003/48/EC)***

The Council of the European Union ("EU") has adopted a directive on the taxation of savings income (Directive 2003/48/EC; the "Directive"). Pursuant to the Directive, each member state of the EU is required to provide to the tax authorities of the other member states information regarding payments of interest and other similar income paid by persons within its jurisdiction to individuals who are the beneficial owners of such income and residents of such other member states or to certain other persons established in such other member states, except that Austria and Luxembourg may instead operate a withholding system in relation to such payments for a transitional period, subject to a procedure whereby no such withholding should be levied if the beneficial owner of the payment authorizes the exchange of certain information and/or presents an appropriate certificate from the tax authority of the member state of which such beneficial owner is a resident. A number of non-EU countries and territories (including the Cayman Islands) have adopted measures similar to the Directive by either applying the withholding system or the exchange of information procedure (which the Cayman Islands has adopted). For the avoidance of doubt, should any deduction or withholding be required to be made, or be made, pursuant to the Directive or related measures, no additional amounts shall be payable or paid by Globo.

## PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement, dated April 4, 2012, between Globo and the Initial Purchasers, relating to the notes, the Initial Purchasers have agreed to purchase, and Globo has agreed to sell to them, US\$300,000,000 principal amount of notes at the initial offering price set forth on the cover page of this offering memorandum.

<u>Initial Purchasers</u>	<u>Principal Amount of Notes</u>
HSBC Securities (USA) Inc. ....	US\$ 150,000,000
Itau BBA USA Securities, Inc. ....	US\$ 150,000,000
Total.....	US\$ 300,000,000

The purchase agreement provides that the obligations of the Initial Purchasers to purchase the notes offered hereby are subject to certain conditions precedent and the Initial Purchasers will purchase all of the notes offered by this offering memorandum if any of these notes are purchased.

After the initial offering, the Initial Purchasers may change the offering price and other selling terms.

Globo has agreed to indemnify the Initial Purchasers against some specified types of liabilities, including liabilities under the U.S. federal securities laws, and will contribute to payments the Initial Purchasers may be required to make in respect of any of these liabilities.

The notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in the United States, in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any state of the United States and any other applicable jurisdiction, as further described in "Notice to Investors." Terms used above have the meanings given to them by Regulation S and Rule 144A under the Securities Act.

In connection with sales outside the United States, the Initial Purchasers have agreed that, except for sales described in the preceding paragraph, the Initial Purchasers will not offer, sell or deliver the notes to, or for the account of, U.S. persons (i) as part of its distribution or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, and they will send to each dealer to whom they sell such notes during such period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the benefit of, U.S. persons.

Further, until the expiration of 40 days after the commencement of the offering, any offer or sale of notes within the United States by a broker-dealer may violate the registration requirements of the Securities Act, unless such offer or sale is made pursuant to Rule 144A under the Securities Act or another available exemption from the registration requirements thereof.

The notes are a new issue of securities with no established trading market. Globo has applied to list the notes on the Official List of the Luxembourg Stock Exchange and to admit the notes for trading on the Euro MTF Market. The Initial Purchasers may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

In connection with this offering, the Initial Purchasers may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, the Initial Purchasers may bid for and purchase notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. In addition, if the Initial Purchasers create a short position in the notes in connection with the offering by selling more notes than are listed on the cover page of this offering memorandum, then the Initial Purchasers may reduce that short position by purchasing notes in the open market. The Initial Purchasers may also impose penalty bids, which would permit the Initial Purchasers to reclaim a selling concession from a dealer when the notes originally sold by those Initial Purchasers are purchased in a covering transaction to cover short positions. In general, purchases of a security for the purpose of stabilizing or reducing a short position could cause the price of that security to be higher than it might otherwise have been in the absence of those purchases.

The Initial Purchasers and their affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for Globo, for which they received or will receive customary fees and expenses.

The Initial Purchasers or their affiliates may enter into derivative or structured transactions with clients, at their request, in connection with the notes. The Initial Purchasers or their affiliates may also purchase some of the notes to hedge their risk exposure in connection with such transactions. Also, the Initial Purchasers or their affiliates may acquire the notes for their own proprietary account. Such transactions may have an effect on demand, price and other terms of the offering.

Globo has agreed in the purchase agreement, subject to certain exceptions, that for a period of 90 days after the date of the issuance of the notes, neither Globo, nor any of Globo's subsidiaries or other affiliates over which Globo exercises management or voting control, nor any person acting on Globo's behalf will, without the prior written consent of the Initial Purchasers, offer, sell, contract to sell or otherwise dispose of any securities that are substantially similar to the notes.

Globo delivered the notes against payment for the notes on April 11, 2012.

### **Certain Selling Restrictions**

The notes are offered for sale in those jurisdictions where it is lawful to make such offers. No action is being taken or is contemplated by Globo that would permit a public offering of the notes or possession or distribution of any preliminary offering memorandum or offering memorandum or any amendment thereof, any supplement thereto or any other offering material relating to the notes in any jurisdiction where, or in any other circumstance in which, action for those purposes is required. Accordingly, the notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the notes may be distributed, published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction.

#### ***United Kingdom***

The Initial Purchasers have represented and agreed that (a) they have only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) received by them in connection with the issue or sale of any notes which are the subject of the offering contemplated by this offering memorandum in circumstances in which Section 21(1) of the FSMA does not apply to them and (b) they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the notes in, from or otherwise involving the United Kingdom.

#### ***Brazil***

The notes have not been, and will not be, registered with the CVM. The notes may not be offered or sold in Brazil, except in circumstances that do not constitute a public offering or unauthorized distribution under Brazilian laws and regulations.

#### ***Hong Kong***

The Initial Purchasers have not (i) offered or sold, and will not offer or sell, in Hong Kong, by means of any document, the notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong (the "Securities and Futures Ordinance") and any rules made under that Ordinance or (b) in other circumstances which do not result in the document being a "offering memorandum" as defined in the Companies Ordinance (Cap. 32 of Hong Kong) or which do not constitute an offer to the public within the meaning of that ordinance or (ii) issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the notes which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance or any rules made under that ordinance.

#### ***Singapore***

This offering memorandum has not been registered as an offering memorandum with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore, as amended (the "Securities and Futures Act"). Accordingly, the notes may not be offered or sold or made the subject of an invitation for subscription or purchase, nor may this offering memorandum, nor any other document or material in connection with the offer or sale or invitation for subscription or purchase of any notes, be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person, or any person pursuant to Section 275 (1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act. Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased notes, namely a person who is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share



capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the Trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor; should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust, as the case may be, shall not be transferable for 6 months after such corporation or such trust, as the case may be, has acquired the notes under Section 275 of the Securities and Futures Act except: (i) to an institutional investor under Section 274 of the Securities and Futures Act, to a relevant person or to any person pursuant to Section 275 (1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

### ***Japan***

The notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law") and the Initial Purchasers have agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***European Economic Area ("EEA")***

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State ("the Relevant Implementation Date"), an offer to the public of any notes which are the subject of the offering contemplated by this offering memorandum may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State may be made at any time with effect from and including the Relevant Implementation Date under the following exemptions under the Prospectus Directive:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

*provided* that no such offer of notes shall result in a requirement for the publication by Globo or any initial purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive.

Any person making or intending to make any offer of notes within the EEA should only do so in circumstances in which no obligation arises for Globo or any of the initial purchasers to produce a prospectus for such offer. Neither Globo nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes through any financial intermediary, other than offers made by the initial purchasers which constitute the final offering of notes contemplated in this offering memorandum.

For the purposes of this provision, and your representation below, the expression an "offer to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any notes to be offered so as to enable an investor to decide to purchase any notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

### **Short Selling and Stabilizing Transactions**

In connection with the offering, the Initial Purchasers may purchase and sell the notes in the open market. These transactions may include short sales, purchases to cover positions created by short sales and stabilizing transactions.

Short sales involve the sale by the Initial Purchasers of a greater principal amount of notes than they are required to purchase in the offering. The Initial Purchasers may close out any short position by purchasing notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the notes in the open market prior to the completion of the offering.

Stabilizing transactions consist of various bids for or purchases of the notes made by the Initial Purchasers in the open market prior to the completion of the offering.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or slowing a decline in the market price of the notes. Additionally, these purchases, along with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market. These transactions may be effected in the over-the-counter market or otherwise. If these activities are commenced, they may be discontinued by the Initial Purchasers at any time.

## NOTICE TO INVESTORS

*Because of the following restrictions you are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the notes.*

The notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the notes are being offered and sold only:

- (A) to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) (“QIBs”) in reliance on Rule 144A, and
- (B) outside the United States to persons other than U.S. persons (“non-U.S. purchasers,” which term includes dealers or other professional fiduciaries organized, incorporated or (if an individual) resident in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)) in reliance on Regulation S under the Securities Act. As used herein, the terms “offshore transaction,” “United States” and “U.S. person” have the meanings given to them in Regulation S.

Each purchaser of notes will be deemed to have represented and agreed as follows:

1. It is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is either (A) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A, or (B) a non-U.S. purchaser that is outside the United States and is purchasing the notes in an offshore transaction pursuant to Regulation S.
2. It acknowledges that the notes have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.
3. It shall not resell or otherwise transfer any of such notes prior to (x) the date which is one year, in the case of Rule 144A notes, or 40 days, in the case of Regulation S notes, after the later of the date of the original issue of these notes and the last date on which Globo or any of its affiliates were the owner of such notes (or any predecessor thereto) or (y) such later date, if any, as may be required by applicable law, except:
  - (A) to Globo or any of its affiliates,
  - (B) inside the United States to a person whom the seller reasonably believes is a QIB in a transaction complying with Rule 144A,
  - (C) outside the United States in compliance with Rule 904 under the Securities Act,
  - (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), or
  - (E) in accordance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if Globo so requests);

in each case (A) through (E) above in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

4. It agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes.
5. It acknowledges that prior to any proposed transfer of notes in certificated form or of beneficial interests in a Global Note, the holder of notes or the holder of beneficial interests in a Global Note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the indenture.
6. It understands that all of the notes will bear a legend substantially to the following effect unless otherwise agreed by Globo thereof:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER OR ANOTHER EXEMPTION UNDER THE SECURITIES ACT.

“BY ITS ACCEPTANCE HEREOF, THE HOLDER OF THIS NOTE (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT AND (2) AGREES THAT IT WILL NOT WITHIN [ONE YEAR—FOR NOTES ISSUED

PURSUANT TO RULE 144A] [40 DAYS—FOR NOTES ISSUED IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S] AFTER THE LATER OF THE DATE OF THE ORIGINAL ISSUANCE OF THIS NOTE AND THE DATE ON WHICH THE COMPANY OR ANY OF ITS AFFILIATES OWNED SUCH NOTE OFFER, RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) (I) TO THE COMPANY OR ANY AFFILIATE THEREOF, (II) FOR SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (V) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE COMPANY SO REQUESTS), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS. THE HOLDER OF THIS NOTE FURTHER AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS NOTE PURSUANT TO SUBCLAUSES (IV) TO (V) OF CLAUSE (A) ABOVE, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND THE COMPANY SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.”

7. It acknowledges that the Trustee will not be required to accept for registration of transfer any notes acquired by it, except upon presentation of evidence satisfactory to Globo and the Trustee that the restrictions set forth herein have been complied with.
8. It is not a Plan or its acquisition, holding and disposition of the notes will not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code because an exemption, all the conditions of which are met, is available.
9. It is not an employee benefit plan that is subject to any Similar Law or its acquisition, holding and disposition of the notes will not constitute a violation of any Similar Law or other violation.
10. It acknowledges that Globo, the Initial Purchaser and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the notes are no longer accurate, it shall promptly notify Globo and the Initial Purchaser. If it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations, and agreements on behalf of each account. The gross proceeds of this offering of notes will be used to refinance a portion of certain debt.

## LISTING AND GENERAL INFORMATION

The CUSIP, ISIN and Common Code numbers for the notes are as follows:

	<u>Rule 144A Global Note</u>	<u>Regulation S Global Note</u>
CUSIP .....	37957TAH4	P47773AL3
ISIN .....	US37957TAH41	USP47773AL38
Common Code .....	077284249	077284222

The Global Notes have been registered in the name of a nominee of DTC and deposited on behalf of the purchasers of the notes represented thereby with a custodian for DTC for credit to the respective accounts of direct or indirect participants in DTC, including Euroclear or Clearstream. The Global Notes have therefore been accepted for clearing and settlement through the DTC, Euroclear and Clearstream.

Copies of Globo's latest annual audited consolidated financial statements and unaudited consolidated quarterly financial statements may be obtained (free of charge) at the offices of the principal paying agent and any other paying agent, including any Luxembourg paying agent, and copies of the *estatuto social* (by-laws) of Globo, as well as the indentures and any amended and restated or supplemental indentures (including the form of notes), will be available (each, free of charge) at the offices of the principal paying agent and any other paying agent, including any Luxembourg paying agent. Globo does not publish annual and interim non-consolidated financial statements.

Except as disclosed in this offering memorandum, there has been no material adverse change in Globo's financial position since December 31, 2011, the date of the latest audited consolidated financial statements included elsewhere in this offering memorandum.

Except as disclosed in this offering memorandum, Globo is not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, nor so far as Globo is aware is any such litigation or arbitration pending or threatened.

Globo has applied to list the notes on the Official List of the Luxembourg Stock Exchange and to admit the notes for trading on the Euro MTF Market.

So long as the notes are listed on the Luxembourg Stock Exchange, Globo shall appoint and maintain a paying agent in Luxembourg, where the notes may be presented or surrendered for payment or redemption, in the event that the Global Notes are exchanged for definitive certificated notes. In addition, in the event that the Global Notes are exchanged for definitive certificated notes, announcement of such exchange will be made in the manner provided under "Description of Notes—Notices," and such announcement will include all material information with respect to the delivery of the definitive certificated notes, including details of the paying agent in Luxembourg.

The issuance of the notes was authorized by a resolution of the board of directors of Globo, passed on March 26, 2012.

Globo is responsible for the offering memorandum and, to the best of Globo's knowledge, the information given in the offering memorandum is in accordance with the facts and contains no omissions likely to affect the import of the offering memorandum.

### VALIDITY OF SECURITIES

The validity of the notes will be passed upon for Globo by Debevoise & Plimpton LLP. Certain legal matters relating to the issuance of the notes will be passed upon by Cleary Gottlieb Steen & Hamilton. Certain matters of Brazilian law relating to the notes will be passed upon for Globo by Pinheiro Guimarães Advogados and for the Initial Purchasers by Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados.

### INDEPENDENT AUDITORS

The consolidated financial statements of Globo as at and for the years ending December 31, 2011, 2010 and 2009 have been audited without qualification by Ernst & Young Terco Auditores Independentes S.S., independent auditors, as stated in their report included herein.

## INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
<b>Audited Consolidated Financial Statements of Globo Comunicação e Participações S.A. as of and for the years ended December 31, 2011, December 31, 2010 and December 31, 2009</b>	
Independent Auditors' Report .....	F-1
Consolidated Statements of Financial Position as of December 31, 2011, 2010 and 2009 .....	F-3
Consolidated Statements of Income for the years ended December 31, 2011, 2010 and 2009 .....	F-5
Consolidated Statements of Comprehensive Income for the years ended December 31, 2011, 2010 and 2009 .....	F-6
Consolidated Statements of Changes in Equity for the years ended December 31, 2011, 2010 and 2009 .....	F-7
Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010 and 2009 .....	F-8

## **Independent auditors' report on consolidated financial statements**

The Board of Directors and Shareholders of  
**Globo Comunicação e Participações S.A.**  
Rio de Janeiro - RJ

We have audited the accompanying consolidated financial statements of Globo Comunicação e Participações S.A. ("Company") and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2011, 2010 and 2009, and the consolidated statements of income, of comprehensive income, of changes in equity and of cash flows for the years then ended, as well as the summary of significant accounting policies and explanatory information.

### **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

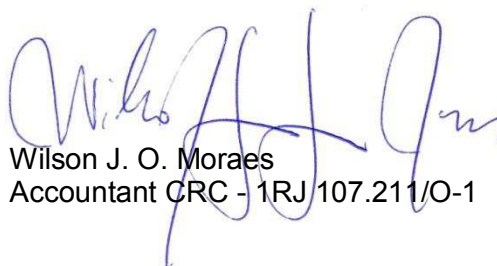
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Globo Comunicação e Participações S.A. and its subsidiaries as at December 31, 2011, 2010 and 2009, and their consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Rio de Janeiro, March 15, 2012

ERNST & YOUNG TERCO  
Auditores Independentes S.S.  
CRC - 2SP 015.199/O-6-F-RJ



Mauro Moreira  
Accountant CRC - 1RJ 072.056/O-2



Wilson J. O. Moraes  
Accountant CRC - 1RJ 107.211/O-1



## Globo Comunicação e Participações S.A.

Consolidated statements of financial position  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais)

	<b>Note</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	<b>4</b>	<b>590,740</b>	1,528,751	1,146,689
Marketable securities	<b>4</b>	<b>4,632,744</b>	3,016,504	2,034,497
Trade receivables	<b>5</b>	<b>1,188,832</b>	1,043,176	991,747
Transmission and exhibition rights	<b>6</b>	<b>826,645</b>	611,555	674,716
Other		<b>506,973</b>	290,771	363,137
Total current assets		<b>7,745,934</b>	6,490,757	5,210,786
<b>Non-current assets</b>				
Transmission and exhibition rights	<b>6</b>	<b>714,482</b>	266,975	145,320
Legal deposits	<b>8</b>	<b>439,317</b>	308,753	232,668
Deferred income tax and social contribution	<b>9</b>	<b>141,109</b>	203,471	383,417
Investments	<b>10</b>	<b>676,369</b>	550,508	615,804
Property, plant and equipment	<b>11</b>	<b>2,124,140</b>	1,990,741	1,829,758
Intangibles	<b>12</b>	<b>1,024,330</b>	993,079	940,605
Other		<b>92,313</b>	92,369	74,349
Total non-current assets		<b>5,212,060</b>	4,405,896	4,221,921
Total assets		<b>12,957,994</b>	10,896,653	9,432,707

	Note	2011	2010	2009
Liabilities and equity				
Current liabilities				
Debt	13	117,047	13,145	33,011
Accounts payable		963,005	754,168	697,191
Dividends payable	16	820,010	782,799	636,096
Advances from customers		1,587,733	1,363,836	1,344,517
Salaries and social benefits		491,401	421,351	357,403
Other		213,588	200,995	150,261
Total current liabilities		<u>4,192,784</u>	3,536,294	3,218,479
Non-current liabilities				
Debt	13	986,261	974,759	1,014,073
Accounts payable		203,448	197,779	180,157
Dividends payable	16	680,564	980,564	-
Provision for contingencies	14	370,729	349,234	263,566
Other		93,482	110,232	140,809
Total non-current liabilities		<u>2,334,484</u>	2,612,568	1,598,605
Equity				
Capital	16	4,721,001	2,434,758	2,434,758
Earnings reserves		1,665,691	2,285,724	2,193,713
Foreign currency translation reserve		993	(3,083)	(14,389)
		<u>6,387,685</u>	4,717,399	4,614,082
Non-controlling interests		43,041	30,392	1,541
Total equity		<u>6,430,726</u>	4,747,791	4,615,623
Total liabilities and equity		<u>12,957,994</u>	10,896,653	9,432,707

See accompanying notes to the consolidated financial statements.

## Globo Comunicação e Participações S.A.

Consolidated statements of income  
 Years ended December 31, 2011, 2010 and 2009  
 (In thousands of Brazilian Reais)

	Note	2011	2010	2009
Net sales, advertising and services				
Third parties	17	9,513,426	8,734,111	6,935,361
Related parties	7/17	1,463,996	1,078,597	951,222
Cost of sales and services		(5,745,359)	(5,323,903)	(4,724,995)
Gross profit		5,232,063	4,488,805	3,161,588
Operating (expenses) income				
Selling		(1,301,229)	(1,170,438)	(940,319)
General and administrative		(1,371,177)	(1,223,670)	(1,063,946)
Gain (loss) on sale of property, plant and equipment and intangible		130	(463)	511
Other operating expenses		(28,463)	(15,917)	(12,046)
Operating income before financial and investments results		2,531,324	2,078,317	1,145,788
Financial income	18	483,724	270,408	339,554
Financial expense	18	(263,670)	(106,444)	9,767
Equity pick-up	10	152,320	302,377	231,191
Gain on sale of interest in associates and other investment results	19	11,907	809,484	(16,651)
Income before income tax and social contribution		2,915,605	3,354,142	1,709,649
Income tax and social contribution	9	(747,735)	(609,712)	193,990
Net income for the year		2,167,870	2,744,430	1,903,639
Net income attributable to				
Equity holders of the parent		2,188,118	2,759,760	1,904,158
Non-controlling interests		(20,248)	(15,330)	(519)
		2,167,870	2,744,430	1,903,639

See accompanying notes to the consolidated financial statements.

## Globo Comunicação e Participações S.A.

Consolidated statements of comprehensive income  
Years ended December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net income for the year	2,167,870	2,744,430	1,903,639
Other comprehensive income			
Exchange differences on translation of foreign operations	<u>4,076</u>	11,306	(39,114)
Total comprehensive income for the year	<u>2,171,946</u>	2,755,736	1,864,525
Total comprehensive income attributable to			
Equity holders of the parent	2,192,194	2,771,066	1,865,044
Non-controlling interests	<u>(20,248)</u>	(15,330)	(519)
	<u>2,171,946</u>	2,755,736	1,864,525

See accompanying notes to the consolidated financial statements.

	Equity attributable to equity holders of the parent						Total
	Capital	Earnings reserves		Other reserves	Total comprehensive income		
		Legal reserve	Retained earnings reserves		Other comprehensive income	Retained earnings	
Balances at January 01, 2009	2,434,758	95,190	794,365	-	24,725	-	3,349,038
Translation adjustment	-	-	-	-	(39,114)	-	(39,114)
Net income for the year	-	-	-	-	-	1,904,158	1,904,158
Dividends	-	-	(600,000)	-	-	-	(600,000)
Transfer to reserves	-	95,185	1,808,973	-	-	(1,904,158)	-
Other	-	-	-	-	-	-	-
Balances at December 31, 2009	2,434,758	190,375	2,003,338	-	(14,389)	-	4,614,082
Translation adjustment	-	-	-	-	11,306	-	11,306
Net income for the year	-	-	-	-	-	2,759,760	2,759,760
Dividends	-	-	(2,016,474)	-	-	(652,650)	(2,669,124)
Transfer to reserves	-	137,400	1,957,949	-	-	(2,095,349)	-
Other	-	-	13,136	-	-	(11,761)	1,375
Balances at December 31, 2010	<b>2,434,758</b>	<b>327,775</b>	<b>1,957,949</b>	-	<b>(3,083)</b>	-	<b>4,717,399</b>
Capital increase with reserves and capital contribution	<b>2,286,243</b>	<b>(327,775)</b>	<b>(1,957,949)</b>	-	-	-	<b>519</b>
Advances for future capital increase	-	-	-	-	-	-	-
Translation adjustment	-	-	-	-	<b>4,076</b>	-	<b>4,076</b>
Net income for the year	-	-	-	-	-	<b>2,188,118</b>	<b>2,188,118</b>
Dividends	-	-	-	-	-	<b>(519,680)</b>	<b>(519,680)</b>
Transfer to reserves	-	<b>109,406</b>	<b>1,559,032</b>	-	-	<b>(1,668,438)</b>	-
Other	-	-	-	<b>(2,747)</b>	-	-	<b>(2,747)</b>
Balances at December 31, 2011	<b>4,721,001</b>	<b>109,406</b>	<b>1,559,032</b>	<b>(2,747)</b>	<b>993</b>	-	<b>6,387,685</b>

See accompanying notes to the consolidated financial statements.

## Globo Comunicação e Participações S.A.

Consolidated statements of cash flows  
Years ended December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais)

	2011	2010	2009
Cash flows from operating activities			
Income before income tax and social contribution	2,915,605	3,354,142	1,709,649
Adjustments to reconcile income before income tax and social contribution for the period and net cash provided by operating activities			
Depreciation and amortization	223,556	208,259	216,587
Equity pick-up	(152,320)	(302,377)	(231,191)
Interest expense and monetary variation of assets and liabilities, net	201,157	60,668	(255,990)
Provision for contingencies	43,199	112,404	(208,276)
Impairment (reversal of impairment) on assets	8,184	(31,374)	10,477
Gain on sale of property, plant and equipment and investment	(11,131)	(785,008)	(303)
	<b>3,228,250</b>	<b>2,616,714</b>	<b>1,240,953</b>
(Increase) decrease of assets and increase (decrease) of liabilities			
Trade receivables	(93,409)	(120,063)	(185,481)
Transmission and exhibition rights	(663,665)	(57,308)	(27,053)
Advances from customers	197,383	18,179	538,677
Accounts payable	113,448	182,424	36,826
Dividends received	89,649	107,656	57,037
Other assets and liabilities	(207,936)	(31,893)	59,833
Cash provided by operating activities	<b>2,663,720</b>	<b>2,715,709</b>	<b>1,720,792</b>
Payments of debt interests	(70,091)	(85,384)	(103,207)
Payments of income tax and social contribution	(715,573)	(398,758)	(183,622)
Net cash provided by operating activities	<b>1,878,056</b>	<b>2,231,567</b>	<b>1,433,963</b>
Cash flows from investing activities			
Acquisition of marketable securities	(1,616,240)	(982,007)	(475,418)
Acquisition of property, plant, equipment and software	(377,594)	(385,560)	(327,037)
Proceeds from disposal of property, plant and equipment	7,035	1,015	3,971
Acquisition of intangibles	(14,230)	(16,570)	(974)
Proceeds from sale of investments	-	1,064,965	-
Acquisition of associates	(63,054)	(2,330)	(3,170)
Subscription rights	-	397	56,887
Other	361	1,464	(17,891)
Net cash used in investing activities	<b>(2,063,722)</b>	<b>(318,626)</b>	<b>(763,632)</b>
Cash flows from financing activities			
Proceeds from new debt	-	102	15,019
Repayment of debt	(102)	(16,284)	(2,107)
Capital increases from non-controlling shareholders	30,129	27,162	-
Dividends paid	(782,372)	(1,541,859)	(520,885)
Net cash used in financing activities	<b>(752,345)</b>	<b>(1,530,879)</b>	<b>(507,973)</b>
Increase (decrease) in cash and cash equivalents	<b>(938,011)</b>	<b>382,062</b>	<b>162,358</b>
Cash and cash equivalents at the beginning of the year	<b>1,528,751</b>	<b>1,146,689</b>	<b>984,331</b>
Cash and cash equivalents at the end of the year	<b>590,740</b>	<b>1,528,751</b>	<b>1,146,689</b>

See accompanying notes to the consolidated financial statements.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements

December 31, 2011, 2010 and 2009

(In thousands of Brazilian Reais, except when otherwise indicated)

### **1. General information**

Globo Comunicação e Participações S.A. (“Company”) and its subsidiaries (collectively referred hereinafter as “Globo Group”) comprise a group of television broadcast stations and internet businesses engaged through its subsidiaries and jointly controlled companies in Pay TV’s programming and distribution and publishing businesses, being the largest media group in Brazil.

The Company is a privately held company incorporated in Brazil, not listed on any stock exchange. Its registered office is headquartered in Rio de Janeiro, Brazil, located at Rua Lopes Quintas 303. The address of its corporate offices is Avenida Afrânio de Melo Franco 135, zip code 22430-060, Rio de Janeiro, Brazil. The Company’s Investor Relations department main telephone number is (55 21) 2540-4444.

### **2. Basis of preparation and presentation of the consolidated financial statements**

These consolidated financial statements are the responsibility of the Company’s management and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) comprising the technical pronouncements issued by the International Accounting Standards Board (“IASB”).

The Company also prepares a separate set of financial statements in accordance with accounting practices adopted in Brazil (“Brazilian GAAP”) given that, until December 31, 2010, its Brazilian GAAP financial statements were different to IFRS in respect to the recognition of jointly controlled entities. For Brazilian GAAP purposes, according to CPC 19 - Joint ventures, the only treatment accepted was the proportionate consolidation, while for IFRS purposes, the Company’s Management had elected the equity method to account for these investments, as permitted by IAS 31 - Joint ventures. In June 2011, CPC 19 was amended and the alternative to recognize the interests in jointly controlled entities by equity method has also been permitted for the periods beginning on January 1, 2011. Therefore, for December 31, 2011, the Company still prepared two sets of financial statements as for Brazilian GAAP purposes the prior years are being restated following this change in accounting practice.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

These consolidated financial statements were authorized for issuance by the Company's directors on March 15, 2012.

The consolidated financial statements have been prepared under the historical cost basis, except for the financial assets, financial instruments (including derivative instruments) that have been measured at fair value, as detailed in the following accounting practices and Note 20.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented and uniformly applied by all Globo Group companies.

These consolidated financial statements of Globo Group are prepared using accounting policies that comply with the pronouncements effective for the fiscal years beginning on or after January 01, 2011.

The main accounting policies adopted by Globo Group are described below:

#### **2.1. Basis of consolidation**

##### Subsidiaries

Subsidiaries are all entities over which Globo Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Globo Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to Globo Group, and, deconsolidated from the date that control ceases.



## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.1. Basis of consolidation (Continued)**

##### Subsidiaries (Continued)

Changes in a Globo Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The subsidiaries financial statements are prepared based on accounting policies consistent with those adopted by the Company.

##### Non-controlling interests on subsidiaries

Globo Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to Globo Group. Disposals of non-controlling interests result in gains and losses for Globo Group and are recorded in the income statement.

The non-controlling interests are accounted for based on the proportionate participation on the subsidiaries' book values, when applicable, at each balance sheet date.

##### Consolidation

Globo Group consolidates all of its subsidiaries. The consolidation consists of an aggregation of assets, liabilities, and income and expenses account balances, as per their nature, complemented by the following adjustments and eliminations:

- ▶ The effects of significant transactions carried out among the consolidated companies;
- ▶ The Globo Group's interest in the capital, reserves, and retained earnings or deficits of subsidiaries and comprehensive income items;
- ▶ The balances of loans, current accounts and other asset and liability accounts held among the consolidated companies;
- ▶ The non-controlling interest in the equity and results of operations of the consolidated companies, recorded as "non-controlling interests".

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.2. Investments in jointly controlled entities**

Globo Group has interests in jointly controlled entities, whereby the ventures have an agreement that establishes joint control over the economic activities of those entities. Investments in jointly controlled entities are accounted for the equity method.

The financial statements of the jointly controlled entities are prepared for the same reporting period as Globo Group's. Adjustments are made where necessary to make the accounting policies consistent with those of Globo Group.

#### **2.3. Investments in associates**

Associates are entities over which Globo Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. The investment in associates is accounted for using the equity method of accounting. Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in Globo Group's share of the net assets of the associate.

Globo Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income and reserves is recognized in other comprehensive income and reserves.

The cumulative post-acquisition movements are recorded against the carrying amount of the investment.

In the event of losses, after Globo Group's interest is reduced to zero, no additional losses are provided for, and no liability is recognized, unless there are legal or constructive obligations to make payments on behalf of the associate.

Unrealized gains on transactions between Globo Group and its associate are eliminated to the extent of its interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.3. Investments in associates (Continued)**

The financial statements of associates are prepared for the same reporting period as Globo Group. Where necessary, adjustments are made to make the accounting policies consistent with those of Globo Group.

Upon loss of significant influence over the associate, Globo Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

#### **2.4. Functional currency and presentation of foreign subsidiaries**

Items included in the financial statements of each of Globo Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Brazilian Reais, which is its functional and presentation currency.

The foreign subsidiaries Worldwide Financial Trading Limited and Power Company S.A. were considered an extension of the Company's operations and, therefore, the Brazilian Reais was elected to be their functional currency. Non-monetary assets and capital accounts have been translated into Brazilian Reais based on the exchange rate prevailing at the time the transactions occurred. Monetary assets and liabilities denominated in foreign currency were translated at the official exchange rates at each balance sheet date.

The foreign subsidiary Globo International Ltd. and its subsidiaries have the majority of their transactions denominated in US dollars; therefore, Management elected the US dollar as their functional currency.

Accordingly, its balance sheet accounts were translated at the closing rates of each balance sheet date and the income statement accounts were translated using a monthly average rate. Capital accounts were translated based on the exchange rate prevailing at the time the transactions occurred.

The effect from the translation of the foreign subsidiary's financial statements is presented in equity as "Other comprehensive income - cumulative translation adjustments".

## Globo Comunicação e Participações S.A.

Notes to the consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian Reais, except when otherwise indicated)

### 2. Basis of preparation and presentation of the consolidated financial statements (Continued)

#### 2.5. Revenue recognition

Revenue is recognized to the extent that it is both probable that the economic benefits will flow to Globo Group and can be reliably measured. Revenue is measured at the fair value of the consideration received, net of sales deductions such as estimated rebates, credit notes, refunds, rate adjustments, discounts and sales taxes or duties.

All revenue, as well as costs and expenses, are recorded on an accrual basis. Key classes of revenue are recognized on the following basis:

Type of revenue	Recognition
Broadcast and print advertising	On transmission, or as published
Internet advertising	As displayed
Programming and content	Monthly on accrual basis
Publishing	Upon the effective delivery
Internet subscription and e-commerce.	As the service is rendered, or the products are shipped
Events	On the date of event

A summary of revenue recognition policies by significant activity is as follows:

#### Advertising revenues

The main advertising revenues are from broadcasting on its free to air television channel and pay-tv channels, merchandising in in-house production programming, published in magazines and displaying on websites.

Advertising and merchandising revenues from free to air television channel, pay-tv channels and publishing products are recognized as they are aired or published over the period of the advertising contract. Publication is regarded to be when the product has been delivered to the retailer and is available to be purchased by the general public, net of estimated returns. Online advertising revenues are recognized over the period in which the advertisements are displayed, according to the contracts.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.5. Revenue recognition (Continued)**

A significant portion of revenues are collected in advance from customers, primarily in connection with sponsorships of sports events to be broadcasted in future periods. Accordingly, these advances are recorded as liabilities (Advances from customers) and the revenue is recognized when the advertising is aired.

##### Programming and content

Pay television programming revenues are recognized monthly on an accrual basis, in accordance with the subscribers' base and prices established in the contracts. Revenues from licensed television programs, co-produced films and live events are recognized when the programs are sold and become available for broadcast. Revenue derived from phonographic licenses is recognized on an accrual basis.

##### Publishing

Publishing revenues consist of newsstands and bookstore sales of magazines and books to retail consumers and subscribers. Circulation revenue is recognized in the month in which the magazine is sold. Subscription revenue is recognized upon the effective delivery of the units to the subscribers. Book publishing and sale are recognized upon delivery of products to customers. Revenue relating to any particular publication is brought into account in the month it is published.

Advances from subscribers of magazines are recorded as advances from customers and the revenues are recognized upon delivery of the product.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.6. Current and non-current assets and liabilities**

Assets and liabilities are classified as current when realizable or settled within the following 12 months. Current and non-current liabilities are stated at the amounts for which they would be settled at each balance sheet date, including interest accrued in accordance with contractual conditions.

#### **2.7. Cash and cash equivalents and marketable securities**

Cash equivalents are held for the purpose of meeting short term cash commitments and are readily convertible to a known amount of cash and subject to insignificant risks of changes in value. Therefore, the amount classified as cash equivalents comprises short maturity investments of three months or less from the date of acquisition.

The marketable securities are short term investments held with the objective to be actively negotiated. Such investments are measured at fair value through profit and loss, and the gains and losses from the fair value fluctuations are recognized in the income statements.

#### **2.8. Trade receivables**

Trade receivables are amounts due from customers for sales or services in the ordinary course of business, and are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for losses, if applicable.

#### **2.9. Transmission and exhibition rights**

Transmission and exhibition rights are comprised of films, live events and other exhibition rights, and are recorded at the acquisition cost when such rights become available or when advances are made, whichever occurs first.

Film costs include the unamortized cost of film and television series rights acquired from third parties pursuant to acquisition agreements. The films amortization is determined based upon the estimated revenues for each exhibition throughout its contractual life cycle.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.9. Transmission and exhibition rights (Continued)**

Live events comprise mainly sports rights, including soccer championships transmission rights, and are amortized as aired.

The recovery of live events and film rights are revised on a title-by-title basis, and, if necessary, are written-off when it becomes known that a film or event will not be aired until the end of the contract term.

Casting rights are represented by the total amount of the contracts with artists and are allocated to programming production costs using the straight-line method over the contract term.

The production costs of completed and in process “telenovelas”, mini-series, series and other television programming are also recorded as exhibition rights. These rights are expensed as the programs are aired. Programs are written-off when it is determined they will not be aired.

#### **2.10. Business combination and goodwill**

The purchase method of accounting is used to account for the business combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, including assets given and any equity or debt instruments issued, at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, Globo Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any contingent payment to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration which is deemed to be an asset or liability, will be recorded in accordance with IAS 39 - Financial Instruments: Recognition and Measurements in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.10. Business combination and goodwill (Continued)**

Goodwill is initially measured as the difference between the transferred consideration exceeding the acquired net assets (identifiable net assets acquired and liabilities assumed). If the consideration is lower than the fair value of the acquired net assets, the difference must be recognized as gain in profit or loss. After initial recognition, goodwill is measured at cost, net of any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of cash generating unit that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

There have been no significant business combinations in 2011, 2010 and 2009.

#### **2.11. Other intangibles**

Other intangible assets comprise mainly software acquired separately and measured on initial recognition at cost. The useful lives of these intangible assets are assessed as finite and they are amortized over the useful economic lives. Globo Group assesses for impairment whenever there is an indication that the intangible asset may be impaired.

#### **2.12. Property, plant and equipment**

Land and buildings comprise mainly studios, production facilities and offices. All property, plant and equipment are stated at acquisition or construction cost, less accumulated depreciation and/or accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Globo Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

When significant parts of property, plant and equipment are required to be replaced in intervals, Globo Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively.



## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.12. Property, plant and equipment (Continued)**

Depreciation is provided using the straight-line method based upon the estimated economic useful lives of the asset. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other operating gains (losses)' in the income statement.

#### **2.13. Impairment of non-financial assets**

Assets that have an indefinite useful life (e.g. goodwill) are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### **2.14. Income tax and social contribution**

The current income tax and social contribution are calculated based on income, adjusted by additions and deductions as determined by the current tax legislation. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax and social contribution are recognized, using the liability method, on tax loss carryforwards, negative basis of social contribution and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax and social contribution assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.14. Income tax and social contribution (Continued)**

Globo Group evaluates annually the carrying amount of deferred income tax and social contribution assets in relation to its operating performance and projected future taxable income and, when necessary, reduces its amount to the expected realization value.

Deferred income tax and social contribution assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

#### **2.15. Assets and liabilities denominated in foreign currency or subject to indexation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, within 'financial income or expenses'.

Assets and liabilities denominated in Brazilian Reais and subject to indexation are adjusted based on applicable indices and are recorded in the income statement as financial income or expenses.

#### **2.16. Debt**

Debt is adjusted for monetary and exchange rate variations and includes interest incurred up to the balance sheet date, based on effective interest rates and contractual terms.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.17. Incentive plan commission on sales**

Additional commission on sales is paid to the advertising agencies in accordance with the agreements between Globo Group and the agencies, according to each agency's sales performance. The expenses are recorded as selling expenses on an accrual basis based on management estimates.

#### **2.18. Provision for contingencies and other liabilities**

Provisions for contingencies are recognized when: Globo Group has a present legal obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, and the increase in the provision due to passage of time is recognized as interest expense.

#### **2.19. Financial instruments**

##### Financial assets - initial recognition and measurement

The classification depends on the purpose for which the financial assets were acquired and is determined at initial recognition.

Purchases and sales of financial assets are recognized on the trade-date – the date on which Globo Group commits to purchase or sell the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and Globo Group has transferred substantially all risks and rewards of ownership.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.19. Financial instruments (Continued)**

##### Financial assets - initial recognition and measurement (Continued)

Globo Group classifies and measures its financial assets as follows:

(i) Financial assets at fair value through profit or loss

These are held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term and, accordingly, are classified as current assets. Derivatives are also categorized as held for trading unless they are designated as hedges.

These financial assets are initially recognized at fair value, and transaction costs are expensed in the income statement. The subsequent measurement is at fair value and gains or losses arising from changes in the fair value are presented in the income statement in the period in which they arise. Dividend income from these financial assets is recognized in the income statement when the right to receive payments is established.

(ii) Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

They are initially recognized at fair value plus transaction costs, and are subsequently carried at amortized cost using the effective interest method, on which the interest income is recognized in the income statement on an accrual basis.

Currently, Globo Group has no significant financial assets designated as available-for-sale or held to maturity.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.19. Financial instruments (Continued)**

##### Impairment of financial assets carried at amortized cost

Globo Group assesses at the end of each reporting period whether there is objective evidence that financial assets is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. The impairment loss can be reversed when objectively related to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating) and the reversal is recognized in the consolidated income statement.

##### Financial liabilities - initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings (debt), or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Globo Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings (debt), plus directly attributable transaction costs. Globo Group's financial liabilities include trade and other payables, loans and borrowings (debt), and derivative financial instruments. Globo Group has no effective hedge.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.19. Financial instruments (Continued)**

##### Financial liabilities - initial recognition and measurement (Continued)

The measurement of financial liabilities depends on their classification as follows:

- (i) Loans and borrowings (debt) - after initial recognition, interest bearing loans and borrowings (debt) are subsequently measured at amortized cost using the effective interest rate method, and the gains and losses are recognized in the income statement.

Globo Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

##### Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Gains or losses are recognized in the income statement.

##### Offsetting financial instruments

Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously

Globo Group determines the fair market value of financial instruments at the balance sheet date, including hedge and swap instruments, based on significant market values resulting from trading at securities markets. In cases where quoted market prices are not available, the fair value is based on estimates using present value and other valuation techniques.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.20. Use of estimates and judgments**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect reported amounts of revenues, expenses, assets and liabilities, and accompanying notes. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The main estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include: impairment of assets, determination of current and deferred income taxes, fair value of financial instruments, useful lives and residual value of property plant and equipment and intangible assets, post-employment benefit plans, provision for contingencies and revenue recognition. The estimations and judgments are complex and consider several assumptions and projections of the future and, therefore, by definition, actual results may differ from these estimates. Globo Group reviews the main estimates and assumptions quarterly or annually.

#### **2.21. Statement of cash flows**

The statement of cash flows is prepared under the indirect method.

#### **2.22. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (“CEO”) that makes strategic decisions.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.23. Dividends**

Minimum dividends as defined by Brazilian corporate law are recognized as liability at year-end, unless all shareholders decline their rights on the minimum dividends. Additional dividends are recognized in period in which the dividends are declared and approved by the shareholders, otherwise they are presented in equity as "Additional Dividends".

#### **2.24. Cost and expenses**

Costs and expenses are recorded on an accrual basis. Costs include manufacturing and distribution costs, royalty and copyright expenses, artists' rights costs, exhibition and transmission rights, recording costs and direct overheads. Selling, general and administrative expenses substantially include marketing and advertising expenses, selling costs, impairment and indirect overheads.

#### **2.25. New accounting pronouncements and interpretations**

Globo Group adopted all pronouncements, revised pronouncements and interpretations issued IASB that were in force at December 31, 2011.

From January 2011, the following pronouncements and interpretations went in force: IAS 24 - Related Party (Revised); IAS 32 Financial Instruments: Presentation (Revised); IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction; e IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments. The adoption of these pronouncements did not generated impacts on Globo Group consolidated financial statements.



## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.25. New accounting pronouncements and interpretations (Continued)**

The following amendments and interpretations of standards were issued by IASB but are not in force in 2011.

▶ IAS 19 Employee Benefits

Amended in June 2011. The main impacts of the amendments are: (i) elimination of the corridor approach; (ii) recognition of actuarial gains and losses in other comprehensive income as incurred; (iii) immediate recognition of historic service costs in income; and (iv) substitution of contribution costs and expected return on plan assets for the net contribution amount calculated through the application of the asset discount rate (liability) of the net defined benefit. This standard is applicable as from January 1, 2013.

▶ IFRS 9 Financial Instruments: Classification and Measurement

Covers the classification, measurement and disclosure of financial assets and liabilities. IFRS 9 was issued in November 2009 and October 2010 and substituted the wording of IAS 39 relating to the classification and measurement of financial instruments. IFRS 9 requires the classification of financial instruments in two categories: measured at fair value through profit or loss and measured at amortized cost. Calculation is made based on initial recognition. The calculation basis is based on the business model and the contractual cash flow characteristics of the financial instruments. In relation to financial liability, the standard maintains the majority of requirements established by IAS 39. The main alteration is that in cases where the fair value option is adopted for financial liabilities the portion of change in fair value due to the credit risk of the entity itself is recorded in other comprehensive income and not in the income statements except when this results in a mismatch in accounts. The standard is applicable as from January 1, 2013.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.25. New accounting pronouncements and interpretations (Continued)**

▶ IFRS 10 Consolidated Financial Statements

Supports existing principles, identifying the concept of control as the predominant factor in determining whether an entity should or should not be included in the company's consolidated financial statements. The standard provides additional guidance for the determination of control. This standard is applicable as from January 1, 2013. The Company's Management understands that this standard will not impact the Company's financial statements.

▶ IFRS 11 Joint Arrangements

Issued in May 2011. The standard provides a more realistic approach for joint agreements in focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangements: (i) joint operations - that occur when an operator holds right and contractual obligations over assets and as a result records its portion under assets liabilities, revenues and expenses; and (ii) shared control - occurs when an operator holds rights over the net assets of an agreement and records the investment by the equity pickup method. The proportional consolidation method will no longer be permitted under joint control. This standard is effective from January 1, 2013.

▶ IFRS 12 Disclosure of Involvement with Other Entities

Covers the requirements over disclosure for all forms of interest in joint arrangements, associations, interest for specific purposes and other interest not recorded in accounts. This standard is effective from January 1, 2013.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian Reais, except when otherwise indicated)

### **2. Basis of preparation and presentation of the consolidated financial statements (Continued)**

#### **2.25. New accounting pronouncements and interpretations (Continued)**

▶ IFRS 13 Fair Value Measurement

Issued in May 2011. The objective of IFRS 13 is to improve consistency and simplify fair value measurement providing a more precise definition of the sole source of fair value measurement and disclosure requirements for IFRS purposes. The requirements which are closely aligned between IFRS and US GAAP, do not increase use of fair value accounting but provide guidelines on their application when their use is already required or permitted by other IFRS or US GAAP standards. The standard will be applicable from January 1, 2013.

▶ IAS 12 Income Taxes

Recovery of Underlying Assets. This amendment changes some definitions in the tax basis, temporary differences, uncertain tax positions and new concepts of measurement of deferred taxes, depending whether the entity expects to recover the asset through use or selling the asset. This pronouncement is applicable from January 1, 2012.

Globo Group does not expect that these pronouncements will generate significant impacts on its consolidated financial statements.

## Globo Comunicação e Participações S.A.

Notes to the consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian Reais, except when otherwise indicated)

### 3. Segment information

At December 31, 2011, 2010 and 2009, Company had the following interests and related segments:

	Ownership %					Segment
	December 31, 2011			December 31, 2010	December 31, 2009	
	Direct	Indirect	Total	Total	Total	
Fully consolidated entities						
Globosat Programadora Ltda.	100.00	-	100.00	100.00	100.00	Television
Globo International Ltd. (partially merged in Company in March 2011)	100.00	-	100.00	100.00	100.00	Television
Globo Portugal Unipessoal, LDA	100.00	-	100.00	-	-	Television
Horizonte Conteúdos Ltda. (GLB Participações Ltda.)	100.00	-	100.00	100.00	100.00	Television
Interpro - International Promotions Ltda.	100.00	-	100.00	100.00	100.00	Television
Net Brasil S.A.	100.00	-	100.00	100.00	100.00	Television
Editora Globo S.A.	99.99	-	99.99	100.00	100.00	Editorial
Edições Globo Condé Nast S.A.	-	70.00	70.00	70.00	-	Editorial
Editora Globo Livros Ltda.	1.00	99.00	100.00	100.00	100.00	Editorial
UGB Participações S.A.	100.00	-	100.00	100.00	100.00	Internet service
Mosaico Negócios de Internet S.A.	-	82.00	82.00	77.47	64.00	Internet service
Gazeus Negócios de Internet Ltda	-	45.38	45.38	42.86	-	Internet service
Gazzag Serviços de Internet Ltda.	-	45.38	45.38	42.86	-	Internet service
Odysseus Entretenimento Ltda. (merged in Gazzag in June 2011)	-	-	-	42.86	-	Internet service
Zende - Serviços de Apoio e Logística Ltda.	99.98	-	99.98	99.98	99.98	Sound recording
Sigem - Sistema Globo de Edições Musicais Ltda.	99.99	-	99.99	99.99	99.99	Sound recording
Sigla - Sistema Globo de Gravações Audiovisuais da Amazônia Ltda.	99.99	-	99.99	99.99	99.99	Sound recording
Comercial Fonográfica RGE Ltda.	99.99	-	99.99	99.99	99.99	Sound recording
Pluris Participações Ltda. (Sigla - Sistema Globo de Gravações Audiovisuais Ltda.)	100.00	-	100.00	100.00	100.00	Promotions and events
Geo Eventos S.A.	-	60.00	60.00	60.00	-	Promotions and events
Trade Network Participações Ltda.	-	60.00	60.00	-	-	Promotions and events
Outplan Sistemas S.A. (Previously affiliate)	-	48.00	48.00	-	-	Promotions and events
Globopar Overseas Ltd. (Company extinguished)	-	-	-	-	100.00	Off-shore
Power Company S.A.	100.00	-	100.00	100.00	100.00	Off-shore
Prime Securities Trading Inc.	-	100.00	100.00	100.00	100.00	Off-shore
Worldwide Financial Trading Limited	100.00	-	100.00	100.00	100.00	Off-shore
Get Empreendimentos Temáticos Ltda.	100.00	-	100.00	100.00	100.00	Other
Globo Cabo Participações S.A.	100.00	-	100.00	100.00	100.00	Other
Globo Investments Ltd.	100.00	-	100.00	100.00	100.00	Other
Distel Holding S.A. (merged in Company in December 2010)	-	-	-	-	100.00	Other
TT2 Telecomunicações Ltda.	-	60.00	60.00	60.00	60.00	Other

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (“CEO”) that are used to make strategic decisions. The CEO considers the business from a product perspective and analyzes separately the performance of Television (Media Network), Editorial, Internet services, Sound recording, Off-shores, Promotions and events and Other businesses.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian Reais, except when otherwise indicated)

### **3. Segment information (Continued)**

The reportable segments are presented below:

#### **Television Segment**

The Television Segment comprises a group of Free to Air TV and Pay TV entities.

The business unit of free to air television, together with its own five broadcast television stations (Rio de Janeiro, São Paulo, Recife, Brasília and Belo Horizonte), its affiliated network of 117 stations, is also known as “Rede Globo” (“Globo Network”). The affiliated network stations are performed by independent Brazilian companies owned by no-related parties, regulated by a convention which establishes specific rules according to market conditions.

The bulk of the free to air television production activities takes place in studios and production facilities in and around Rio de Janeiro and São Paulo. The Projac production complex located in the outskirts of Rio de Janeiro serves as a comprehensive television production site tailored to the particular needs of the Company. Projac’s facilities are among the most technologically advanced television production studios in the world, leading to continuously increasing quality in the Company’s programming.

Globo Group is the leading producer of Pay TV programming in Brazil, including pay-per-view content and subscription channels that are sold to multiple system operators (“MSOs”).

Besides parent company, the main activities and operations carried out by the subsidiaries included in this segment are summarized as follows:

- (a) Globosat Programadora Ltda. (“Globosat”) - Globosat is the leading producer of Pay TV programming in Brazil, including pay-per-view content and subscription channels that are sold to multiple system operators (“MSOs”). Globosat’s content is available to cable, MMDS (Multichannel Multipoint Distribution Service) and DTH (Direct to Home) subscribers, and its channels are present in Net Serviços de Comunicação Ltda. (“Net Serviços”), Sky Brasil Serviços Ltda. (“Sky Brasil”), Empresas Brasileiras de Telecomunicações S.A. (“Embratel”), Telecomunicações de São Paulo S.A.- Telesp (“Telefonica”) and other smaller operators subscriber bases.

## **Globo Comunicação e Participações S.A.**

Notes to the consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian Reais, except when otherwise indicated)

### **3. Segment information (Continued)**

#### **Television Segment (Continued)**

- (b) Net Brasil S.A. (“Net Brasil”) - Net Brasil acts as a purchasing agent of Brazilian content, including Globosat and Telecine Programação de Filmes Ltda. (“Telecine”) programming, distributed to MSOs, such as Sky Brasil and Net Serviços, as well as other third-party operators. Net Brasil’s activities include negotiating terms and conditions for distribution of programming by cable, MMDS and DTH television operators; providing trademark development and licensing; and developing new services and products for such operators.
- (c) Interpro - International Promotions Ltda. (“Interpro”) - Interpro exploits and produces the F1 car racing events in Brazil.

#### **Editorial Segment**

The Editorial Segment, represented mainly by Editora Globo S.A. (“Editora Globo”), operates in the publishing and advertising for magazines and books.

In July 2010, Editora Globo and Condé Nast Publications, through its subsidiary Condé Nast Brasil, entered into a joint venture to form a company to publish Vogue and other Condé Nast magazine titles in Brazil. Editora Globo and Condé Nast Publications hold 70% and 30% stake in capital stock of the new company, respectively.

In connection with this operation, Editora Globo and Condé Nast Publications incorporated Edições Globo Condé Nast S.A. (“Edições Globo Condé Nast”), which started its editions in November 2010.

The activities and operations carried out by the companies included in this segment are summarized as follows:

- (a) Editora Globo S.A. (“Editora Globo”) - Editora Globo publishes magazines and books, which are sold at newsstands, bookstores and other retailers, as well as through subscriptions and sales people. It is one of the largest publishing companies in the Brazilian market with 14 different magazine titles, which are published weekly or monthly, as well as various books and collections that are sold throughout Brazil.
- (b) Edições Globo Condé Nast S.A. (“Edições Globo CN”) publishes Vogue and two other Condé Nast magazine titles in Brazil.

## Globo Comunicação e Participações S.A.

Notes to the consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian Reais, except when otherwise indicated)

### 3. Segment information (Continued)

#### Other businesses

The smaller segments have been combined as “other business” for reporting purposes. Other business segments include internet services, music content, promotion of events and other minor businesses.

Globo Group has a strong position in Brazilian internet audience mainly in the entertainment, journalism and sports segments. Globo Group, together with other Brazilian entrepreneurs, has been strengthening its internet strategy through the establishment and acquisition of other internet services companies.

The Company has a music content business unit focused on producing, promoting and selling CD's and DVD's of national and international artists, as well as soundtracks connected to its “telenovelas”, series and shows.

The segment information provided to the CEO for the reportable segments for the years ended December 31, 2011, 2010 and 2009 is as follows:

	December 31, 2011				
	Television	Editorial	Other	Adjustments and eliminations	Consolidated
Net sales, advertising and services	10,266,780	513,473	214,686	(17,517)	10,977,422
Cost of sales and services	(5,273,706)	(223,420)	(116,564)	14,131	(5,599,559)
Gross profit	4,993,074	290,053	98,122	(3,386)	5,377,863
Operating (expenses) income					
Selling	(1,073,121)	(198,326)	(33,160)	4,146	(1,300,461)
General and administrative	(1,109,676)	(78,783)	(107,423)	1,693	(1,294,189)
Other operating (expense) income	(35,054)	2,811	5,149	(1,369)	(28,463)
Dividends	89,938	-	-	-	89,938
Adjusted EBITDA	2,865,161	15,755	(37,312)	1,084	2,844,688
Items excluded from income statement to reach the Adjusted EBITDA					
Gain on sale of property, plant and equipment and intangible	-	-	-	-	130
Depreciation and amortization	-	-	-	-	(223,556)
Equity pick-up	-	-	-	-	152,320
Gain on sale of interest in associates and other investments results	-	-	-	-	11,907
Financial income	-	-	-	-	483,724
Financial expense	-	-	-	-	(263,670)
Income tax and social contribution	-	-	-	-	(747,735)
Dividends	-	-	-	-	(89,938)
Net income for the year	-	-	-	-	2,167,870
CAPEX (*)	333,600	6,667	37,327	-	377,594

## Globo Comunicação e Participações S.A.

Notes to the consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian Reais, except when otherwise indicated)

### 3. Segment information (Continued)

	December 31, 2010				Consolidated
	Television	Editorial	Other	Adjustment and elimination	
Net sales, advertising and services	9,199,324	438,661	181,924	(7,201)	9,812,708
Cost of sales and services	(4,896,016)	(169,572)	(118,169)	6,310	(5,177,447)
Gross profit	4,303,308	269,089	63,755	(891)	4,635,261
Operating (expenses) income					
Selling	(952,528)	(185,484)	(33,169)	1,375	(1,169,806)
General and administrative	(1,022,464)	(64,209)	(75,826)	-	(1,162,499)
Other operating (expense) income	(21,034)	1,433	4,168	(484)	(15,917)
Dividends	82,456	-	-	-	82,456
Adjusted EBITDA	2,389,738	20,829	(41,072)	-	2,369,495
Items excluded from income statement to reach the Adjusted EBITDA					
Gain on sale of property, plant and equipment and intangible	-	-	-	-	(463)
Depreciation and amortization	-	-	-	-	(208,259)
Equity pick-up	-	-	-	-	302,377
Gain on sale of interest in associates and other investments results	-	-	-	-	809,484
Financial income	-	-	-	-	270,408
Financial expense	-	-	-	-	(106,444)
Income tax and social contribution	-	-	-	-	(609,712)
Dividends	-	-	-	-	(82,456)
Net income for the year	-	-	-	-	2,744,430
CAPEX (*)	361,153	5,551	18,856	-	385,560

(\*) Refers to acquisitions of properties, plant and equipment and software.



## Globo Comunicação e Participações S.A.

Notes to the consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian Reais, except when otherwise indicated)

### 3. Segment information (Continued)

	December 31, 2009				Consolidated
	Television	Editorial	Other	Adjustment and elimination	
Net operating revenue	7,358,038	391,102	152,913	(15,470)	7,886,583
Cost of sales and services	(4,256,401)	(157,291)	(128,246)	(23,987)	(4,565,925)
Gross profit	3,101,637	233,811	24,667	(39,457)	3,320,658
Operating expenses					
Selling	(823,125)	(130,565)	(24,300)	40,186	(937,804)
General and administrative	(891,224)	(83,152)	(38,457)	3,889	(1,008,944)
Other operating income	(12,903)	1,552	34	(729)	(12,046)
Dividends	57,037	-	-	-	57,037
Adjusted EBITDA	1,431,422	21,646	(38,056)	3,889	1,418,901
Items excluded from income statement to reach the adjusted EBITDA					
Gain on sale of property, plant and equipment	-	-	-	-	511
Depreciation and amortization	-	-	-	-	(216,587)
Equity pick-up	-	-	-	-	231,191
Gain on sale of interest in associates and other investments results	-	-	-	-	(16,651)
Financial income	-	-	-	-	339,554
Financial expense	-	-	-	-	9,767
Income tax and social contribution	-	-	-	-	193,990
Dividends	-	-	-	-	(57,037)
Profit for the year	-	-	-	-	1,903,639
CAPEX (*)	309,637	2,574	14,826	-	327,037

(\*) Refers to acquisitions of properties, plant and equipment and software.

Adjusted EBITDA refers to earnings before financial results, income tax and social contribution, depreciation and amortization, gain (loss) on sale of property, plant and equipment and intangibles and investment results, and includes dividends received from non-consolidated investees.

Adjusted EBITDA is not defined under IFRS, and because not all companies use identical calculations, Globo Group's adjusted EBITDA may not be comparable to other similarly titled measures provided by other companies. Also, adjusted EBITDA should not be considered in isolation or as an alternative to operating income or net income, as a measure of operating performance, or to cash flows from operating activities.

The amounts provided to the CEO with respect to total assets and liabilities are measured in a manner consistent with these consolidated financial statements. There is no allocation of assets or liabilities per segments.

The total assets located in countries other than Brazil is insignificant.

## Globo Comunicação e Participações S.A.

Notes to the consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian Reais, except when otherwise indicated)

### 4. Cash and cash equivalents and marketable securities

	2011	2010	2009
Cash	130,926	48,339	90,201
Cash equivalents			
Governments bonds	263,437	1,286,804	771,785
Repurchase agreements	187,619	-	-
CDB (Certificates of bank deposits)	-	156,022	10,733
Investment fund	4,918	28,276	140,164
Other	3,840	9,310	133,806
Total cash and cash equivalent	<u>590,740</u>	<u>1,528,751</u>	<u>1,146,689</u>
Marketable securities			
Trading			
Government bonds	1,766,089	539,819	-
CDB	1,162,517	1,026,304	1,498,510
Repurchase agreements	708,918	1,338,527	492,652
Investment fund	569,234	23,790	-
Other	425,986	88,064	43,335
Total marketable securities	<u>4,632,744</u>	<u>3,016,504</u>	<u>2,034,497</u>

The cash and cash equivalents are classified as financial assets at fair value through profit and loss. See Note 20.

The marketable securities are classified as financial assets at fair value through profit and loss (see Note 20), and are presented within 'investing activities' in the statement of cash flows.

The government bonds are comprised of LFTs and LTNs and are fixed-income investments, mainly made through exclusive investment funds. LFTs are subject to floating remuneration at Selic rate (Brazilian standard interest rate) and LTNs are remunerated via a fixed rate. Usually, Globo Group has swap contracts to exchange the remuneration of its financial investments fixed-rate into floating remuneration.

The CDBs are remunerated at an average rate of 103,5% of the CDI (interbank deposit rate) fluctuation, are issued by first-line banks and most of them features daily liquidity. The CDB's are issued with guaranteed repurchase, floating remuneration, are valued on a daily basis, registered with the CETIP (clearinghouse) and have immediate and full portability.

The repurchase agreements are agreements with a commitment by a seller, usually a first-line banks, to buy a security back from Globo Group at a specified price at a designated future date. Most of the balance refers to contracts issued with floating rates (CDI) and collateralized by government bonds and debentures.

## Globo Comunicação e Participações S.A.

Notes to the consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian Reais, except when otherwise indicated)

### 5. Trade receivables

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Trade receivables	982,705	905,956	872,682
Provision for impairment of trade receivables	(22,326)	(29,027)	(30,109)
Trade receivables from related parties (Note7)	228,453	166,247	149,174
Trade receivables net	<u>1,188,832</u>	<u>1,043,176</u>	<u>991,747</u>

The maturities of trade receivables (net of its provision for impairment) are as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Less than 1 month	981,424	899,665	917,101
Between 1 and 3 months	84,138	50,182	5,853
Between 3 and 6 months	2,170	1,976	119
Between 6 and 12 months	353	8,146	4,817
Past due	120,747	83,207	63,857
	<u>1,188,832</u>	<u>1,043,176</u>	<u>991,747</u>

Movements on provision for impairment of trade receivables are as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
At the beginning of the period	(29,027)	(30,109)	(41,344)
Provision for impairment, net of reversals	(20,429)	(13,320)	(5,389)
Receivables written off as uncollectible	8,171	4,857	8,419
Collections of impaired receivables	18,959	9,545	8,205
At the end of the period	<u>(22,326)</u>	<u>(29,027)</u>	<u>(30,109)</u>

The changes in the provision for impairment of trade receivables have been included in 'selling expenses' in the statements of income. Trade receivables are written off when there is no expectation of recovering additional cash.

The carrying amounts of the trade and other receivables (net of its provision for impairment) are denominated in the following currencies:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Local currency	1,161,042	1,010,429	952,665
U.S. Dollars	24,594	30,336	37,158
Euro	3,026	2,243	1,826
Other currencies	170	168	98
	<u>1,188,832</u>	<u>1,043,176</u>	<u>991,747</u>

		Acquisition	Internal development	Impairment losses (recognized) reversed	Amortization	T
<b>Current</b>						
Live events	249,626	<b>1,261,631</b>	-	-	(1,081,584)	
Films	142,663	<b>15,946</b>	-	(2,515)	(121,402)	
In-house productions programming	142,715	-	<b>344,050</b>	-	(327,496)	
Casting rights	57,473	<b>13,489</b>	-	-	(73,336)	
Other	19,078	<b>76,742</b>	-	1,565	(82,397)	
	<u>611,555</u>	<u><b>1,367,808</b></u>	<u><b>344,050</b></u>	<u>(950)</u>	<u>(1,686,215)</u>	
<b>Non-current</b>						
Live events	105,555	<b>434,517</b>	-	-	-	
Films	34,356	<b>115,558</b>	-	-	-	
Casting rights	127,064	<b>83,540</b>	-	-	-	
Other	-	<b>4,289</b>	-	-	-	
	<u>266,975</u>	<u><b>637,904</b></u>	<u>-</u>	<u>-</u>	<u>-</u>	

		<b>Acquisition</b>	<b>Internal development</b>	<b>Impairment losses (recognized) reversed</b>	<b>Amortization</b>	
Current						
Live events	335,246	1,170,278	-	-	(1,293,701)	
Films	137,699	30,620	-	13,807	(139,340)	
In-house productions programming	118,297	-	358,895	-	(334,477)	
Casting rights	69,416	14,838	-	-	(92,054)	
Other	14,058	24,748	-	-	(21,137)	
	<u>674,716</u>	<u>1,240,484</u>	<u>358,895</u>	<u>13,807</u>	<u>(1,880,709)</u>	
Non-current						
Live events	37,062	106,296	-	-	-	
Films	8,859	125,374	-	-	-	
Casting rights	99,399	92,938	-	-	-	
Other	-	1,409	-	-	-	
	<u>145,320</u>	<u>326,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	

	January 01, 2009	Acquisition	Internal development	Impairment losses (recognized) reversed	Amortization
Current					
Live events	170,538	848,249	-	-	(828,010)
Films	91,679	9,281	-	1,672	(157,072)
In-house productions programming	145,024	-	309,784	-	(336,511)
Casting rights	56,613	34,245	-	-	(71,332)
Other	17,154	1,048	-	-	(4,144)
	<b>481,008</b>	<b>892,823</b>	<b>309,784</b>	<b>1,672</b>	<b>(1,397,069)</b>
Non-current					
Live events	170,342	11,189	-	-	-
Films	49,624	151,374	-	-	-
Casting rights	117,064	32,225	-	-	-
Other	-	-	-	-	-
	<b>337,030</b>	<b>194,788</b>	<b>-</b>	<b>-</b>	<b>-</b>

In December 2006, Company acquired the transmission rights related to the 2010 and 2014 FIFA World Cup, becoming the sole licensee in Brazil. These rights comprise several distribution platforms in Brazil, including television and internet. The total amount price was US\$ 340,000 thousand and has been paid in installments. Up to December 31, 2009, Company had already paid approximately R\$ 389,000 (US\$ 218,000) and the remaining balance is included in intangible assets described in Note 15.

## **Globo Comunicação e Participações S.A.**

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### **7. Related party transactions**

The Marinho's Family is the ultimate controlling party of Globo Group, and holds indirectly 100% of the Company's shares.

The Company is the ultimate controlling party that produces consolidated financial statement.

The related parties are described in the Notes 3 and 10. The nature of the main intercompany transactions carried out among related parties is summarized as follows:

- a) Globo Group enters into transactions with consolidated investees and with unconsolidated related parties generally with respect to the use of advertising space in the ordinary course of business. Accordingly, Globo Group sells advertising time to related companies, such as Infoglobo Comunicação e Participações S.A. ("Infoglobo"), Sky Brasil and others. Certain sales are made through barter transactions.
- b) The Company licenses some in-house production content to be used by some related parties, including the right to use the "Globo" trademark.
- c) Editora Globo has joint sales agreement with Infoglobo's labels. In addition, Infoglobo provides magazine distribution services to Editora Globo subscribers in the state of Rio de Janeiro.
- d) Globo Group produces the majority of the Portuguese-language programming and channels distributed by Net Serviços and Sky Brasil on their Pay TV channels.
- e) Globo Group purchases and sells advertising time to affiliates such as Infoglobo, Editora Globo, USA Brasil Programadora Ltda., Telecine, Canal Brazil S.A., and others. Certain sales are made through barter transactions.
- f) Globo Group, through its internet business unit, Globo.com, provides internet and related technology services to related parties, such as Infoglobo and most of its joint controlled entities. Such services are provided under a service agreement, in exchange for a monthly fee corresponding to the amount of service used.

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### 7. Related party transactions (Continued)

- g) Globosat, Net Serviços, Sky Brasil and Net Brasil had signed consortiums agreements to jointly use goods, rights and transmission resources and trade certain events in Pay-Per-View (PPV) programming. These operations were discontinued at the end of 2009.

As of December 31, 2011, the amounts due to and from related companies, arising from commercial transactions in the ordinary course of business, and classified as current accounts receivable and accounts payable, totaled R\$ 228,453 and R\$ 64,732 (R\$ 166,247 and R\$ 58,606 at December 31, 2010 and R\$ 149,174 and R\$ 42,649 at December 31, 2009), respectively, in the consolidated financial statements.

The operating revenues and net financial income (expense) with related companies for the years ended December 31, 2011, 2010 and 2009, are as follows:

	Operating revenues			Net financial expenses		
	2011	2010	2009	2011	2010	2009
Sky Brasil Serviços Ltda.	736,953	503,053	425,374	-	-	-
Net Serviços de Comunicação S.A.	620,989	493,319	430,688	-	-	-
Telecine Programação de Filmes Ltda.	69,471	49,538	61,920	-	-	7,818
Infoglobo Comunicação e Participações S.A.	6,732	5,876	9,385	(469)	(183)	(682)
Other	29,851	26,811	23,855	(825)	(861)	(1,281)
	<b>1,463,996</b>	<b>1,078,597</b>	<b>951,222</b>	<b>(1,294)</b>	<b>(1,044)</b>	<b>5,855</b>

### 8. Legal deposits

Globo Group is a defendant in several judicial tax, civil and labor claims for which certain legal deposits have been made, as follows:

	2011	2010	2009
Tax proceedings and other	307,278	181,748	151,471
Civil proceedings	89,953	89,767	56,779
Labor claims	42,086	37,238	24,418
Total	<b>439,317</b>	<b>308,753</b>	<b>232,668</b>

The legal deposits made in connection with certain proceedings will be released only in the event of a favorable outcome for Globo Group.



		<b>Additional benefit (obligation) recorded (offset)</b>	<b>Payment of taxes - Law 11941/09</b>	<b>December 31, 2009</b>	<b>Additional benefit (obligation) recorded (offset)</b>	<b>Other</b>	<b>December 31, 2010</b>
<b>Assets</b>							
Tax loss carryforwards	194,765	224,056	(203,732)	215,089	(81,107)	-	133,982
Negative basis of social contribution	71,396	89,250	-	160,646	(42,175)	-	118,471
Temporary differences							
Provision for contingencies	3,204	66,539	-	69,743	31,125	-	100,868
Provision for credit risk	-	26,005	-	26,005	1,557	-	27,562
Provision for losses on assets	-	25,313	-	25,313	(2,705)	-	22,608
Provision for investments losses	-	24,331	-	24,331	(8,370)	-	15,961
Provision for benefits to employees	39	26,638	-	26,677	(60)	-	26,617
Amortized goodwill temporarily non-deductible	-	104	-	104	-	-	104
Other	2,211	(11,692)	-	(9,481)	50,372	-	40,891
<b>Total deferred taxes assets</b>	<b>271,615</b>	<b>470,544</b>	<b>(203,732)</b>	<b>538,427</b>	<b>(51,363)</b>	<b>-</b>	<b>487,064</b>
<b>Liabilities</b>							
Temporary differences							
Amortization of goodwill for tax purposes	-	(154,273)	-	(154,273)	(128,688)	-	(282,961)
Depreciation of property, plant and equipment	-	-	-	-	-	-	-
Other	-	(737)	-	(737)	-	105	(632)
<b>Total deferred taxes liabilities</b>	<b>-</b>	<b>(155,010)</b>	<b>-</b>	<b>(155,010)</b>	<b>(128,688)</b>	<b>105</b>	<b>(283,593)</b>
<b>Net effect</b>	<b>271,615</b>	<b>315,534</b>	<b>(203,732)</b>	<b>383,417</b>	<b>(180,051)</b>	<b>105</b>	<b>203,471</b>

## **Globo Comunicação e Participações S.A.**

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### **9. Income tax and social contribution (Continued)**

The balances of deferred income tax and social contribution liabilities at December, 31, 2010 and 2009, in the amount of R\$ 283,593 and R\$ 155,010, respectively, previously presented as liabilities, for comparative purposes, were reclassified and are being presented net on the balance sheet.

Globo Group also has approximately R\$ 1.3 billion of temporary differences related to amortization of goodwill temporarily non-deductible over which no deferred tax assets have been recorded, considering the uncertainty of when it will be realized.

Additionally, at December 31, 2011 certain subsidiaries have tax loss carryforwards and negative basis of social contribution of R\$ 1,186,999 and R\$ 1,159,891, respectively, over which no deferred taxes were recorded, since currently there is no expectation to recover these tax credits.

Although the tax loss carryforwards and the negative basis of social contribution have no statutory limit, Globo Group can only use an amount up to 30% of taxable income each year.

Management evaluates the carrying value of the deferred income tax and social contribution assets based on the Company's projected future taxable income, to maintain these assets at their expected realization value. Management estimates that the deferred income tax and social contribution assets will be realized within 10 years.

	2011		2010	
	Income tax	Social contribution	Income tax	Social contribution
Income before income tax and social contribution	2,915,605	2,915,605	3,354,142	3,354,142
Income tax and social contribution at statutory rates (25% and 9% respectively)	(728,901)	(262,404)	(838,536)	(301,873)
Adjustments to derive the effective rates				
Permanent differences				
Equity	38,080	13,709	75,443	27,160
Tax benefits from political party and election programming	60,075	-	157,274	-
Other non-deductible expenses	(34,249)	(11,704)	(11,143)	(11,165)
Recognition of deferred income tax and social contribution over temporary differences originated in previous periods	139,349	31,243	20,424	7,353
Unrecorded benefits of deferred income tax and social contribution over temporary differences	17,371	1,067	111,975	23,991
Offset of tax loss carryforward and negative basis of social contribution	285	106	92,761	44,495
Unrecorded tax loss carryforward and negative basis of social contribution from subsidiaries	(12,923)	(4,652)	(11,073)	(3,715)
Recognition of tax loss carryforward and negative basis of social contribution originated in previous periods	2,611	951	-	-
Other	2,251	-	5,476	1,441
Income tax and social contribution	(516,051)	(231,684)	(397,399)	(212,313)
Effective rates	17.70%	7.95%	11.85%	6.33%

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### 9. Income tax and social contribution (Continued)

Income tax and social contribution computed and paid by Globo Group, as well as their respective income tax and social contribution returns and accounting records, are subject to review by tax authorities for the last five years only, after which they are not subject to tax authority review.

The current and deferred income tax and social contribution for the year ended December 31, 2011, 2010 and 2009 are as follows:

	2011	2010	2009
Current income tax	<b>(489,310)</b>	(274,306)	(76,558)
Current social contribution	<b>(196,063)</b>	(155,355)	(44,986)
Total current income tax and social contribution expense	<b>(685,373)</b>	(429,661)	(121,544)
Deferred income tax	<b>(26,741)</b>	(123,093)	223,664
Deferred social contribution	<b>(35,621)</b>	(56,958)	91,870
Total deferred income tax and social contribution expense	<b>(62,362)</b>	(180,051)	315,534
Total expense for the year	<b>(747,735)</b>	(609,712)	193,990

### 10. Investments

The detailed information about the joint controlled entities and associates are as follows:

	Ownership %				
	2011		2010		2009
	Direct	Indirect	Total	Total	Total
Jointly controlled entities					
Telecine Programação de Filmes Ltda.	50.00	-	50.00	50.00	50.00
USA Brasil Programadora Ltda.	-	50.00	50.00	50.00	50.00
Canal Brazil S.A.	-	50.00	50.00	50.00	50.00
PB Brasil Entretenimento S.A.	-	60.00	60.00	60.00	60.00
Endemol Globo S.A.	50.00	-	50.00	50.00	50.00
GB Empreendimentos e Participações S.A.	17.00	-	17.00	17.00	17.00
Net Serviços de Comunicação S.A.	3.46	2.89	6.35	6.35	6.90
Associates					
Sky Brasil Serviços Ltda.	7.00	-	7.00	7.00	25.90
Improve Produção e Curadoria Editorial Ltda.	-	18.00	18.00	18.00	-
Outplan Sistemas S.A. (consolidated as from April 2011)	-	-	-	18.00	-
Valônia Serviços de Intermediação e Participações S.A.	-	34.27	34.27	-	-

## **Globo Comunicação e Participações S.A.**

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### **10. Investments (Continued)**

The main activities and operations carried out by the joint controlled entities and the associates are summarized as follows:

- i. Telecine Programação de Filmes Ltda. (“Telecine”) is a joint venture between Company (50%), Paramount (12.5%), Metro Goldwyn Mayer (“MGM”, 12.5%), Universal (12.5%) and Twentieth Century Fox (“Fox”, 12.5%) (Paramount, MGM, Universal and Fox together are referred to as the “Studio Partners”). Telecine offers premier and basic movie channels to subscription television operators in Brazil distributed by Net Brasil. The thirteen Telecine channels mainly broadcast exclusive films produced and licensed by the Studio Partners and films from selected studios such as Disney (Buena Vista International, Inc.) with which Telecine signed in October 2011 an exclusive three year contract to exhibit the films produced by this studio.
- ii. USA Brasil Programadora Ltda. (“USA Brasil”) is a joint venture between Globosat (50%) and USA Brasil Holdings, L.L.C. (50%) a. NBC Universal Global Networks Latin America Inc. subsidiary. USA Brasil offers series and movies channel to subscription television operators in Brazil distributed by Net Brasil.
- iii. Canal Brazil S.A. (“Canal Brazil”) is a joint venture between Globosat (50%) and GCB Empreendimentos e Participações Ltda. (50%). Canal Brazil offers Brazilian content channel to subscription television operators in Brazil distributed by Net Brasil. Canal Brazil mainly broadcast Brazilian films, programs, in-house production content and independent production.
- iv. PB Brasil Entretenimento S.A. (“PB Brasil”) is a joint venture between Globosat (60%) and Playboy TV Latin America LLC (40%). PB Brasil offers adult content channels to subscription television operators in Brazil distributed by Net Brasil. PB Brasil’s channels mainly broadcast exclusive films produced and licensed by PTVLA and independent production.
- v. Endemol Globo S.A. (“Endemol Globo”) - is a joint venture between Company (50%) and Endemol Finance B.V. (50%). Endemol Globo is engaged in developing, distributing and producing audiovisual programs based on formats owned by the shareholders and licensed on a worldwide basis.

## **Globo Comunicação e Participações S.A.**

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### **10. Investments (Continued)**

- vi. GB Empreendimentos e Participações S.A. (“GB”) - GB is a special purpose company and holds an ownership interest in Net Serviços. Company, Embratel Participações S.A. (“Embrapar”) and Empresa Brasileira de Telecomunicações S.A. (“Embratel”) together own 99% of Net Serviços’ common shares through GB and other subsidiaries. Company controls, through GB, the majority of Net Serviços’ outstanding voting shares. The Net Serviços’ shareholders agreements between Company, Embrapar, Embratel and GB contain provisions relating to the transfer of shares of Net Serviços and the shares of GB, rights of refusal, and governance, including the rights of each of Company, Embrapar, Embratel and GB to appoint members to Net Serviços’ board of directors and board of officers, among other issues.
- vii. Net Serviços de Comunicação S.A. - Net Serviços is a public company with significant activities in the distribution of subscription television signals through a network of cable subsidiaries and affiliates located in major Brazilian cities. Net Serviços also offers high-speed internet access services through its cable network, as well as telecommunications services.
- viii. Sky Brasil Serviços Ltda. (“Sky Brasil”) - Sky Brasil operates Pay TV services through satellite (Direct to Home), through the use of mini-parabolic antennas in the Ku band. Sky Brasil operates the Sky System in Brazil with DirecTV Group.

Until January 2014, Globo Group has the right, under certain circumstances, to exchange all of its interest in Sky Brasil (7%) for shares of DirecTV, or if DirecTV determines, cash or a combination of cash and shares, subject to the conditions established in the agreement. Also, Company has certain approval rights consistent with its role as a strategic partner of Sky Brasil, including certain programming matters and extraordinary corporate transactions. Accordingly, the investment in this associate is still accounted for using the equity method of accounting.

- ix. Valônia Serviços de Intermediação e Participações S.A. is an internet service company which operates ClickOn, one of the leading group buying sites in Brazil.

	December 31, 2009	Acquisitions (Disposal)	Dividends/ interest on capital	Equity gain (loss)	December 31, 2010	Acquisitions	Dividen interest capita
<b>Associates</b>							
Sky Brasil Serviços Ltda.	176,097	(241,151)	(25,200)	204,018	113,764	-	
Other	-	3,100	-	(1,374)	1,726	<b>60,986</b>	
	<u>176,097</u>	<u>(238,051)</u>	<u>(25,200)</u>	<u>202,644</u>	<u>115,490</u>	<u><b>60,986</b></u>	
<b>Jointly controlled entities</b>							
Canal Brazil S.A.	13,015	-	(4,258)	5,457	14,214	-	(3,685)
Endemol Globo S.A.	409	-	(4,089)	4,089	409	-	(3,964)
GB Empreendimentos e Participações S.A.	117,359	6,372	-	13,010	136,741	-	
Net Serviços de Comunicação S.A.	198,243	(34,246)	-	14,724	178,721	-	
PB Brasil Entretenimento S.A.	6,840	-	(7,993)	9,811	8,658	-	(9,315)
Telecine Programação de Filmes Ltda.	87,236	-	(33,500)	30,889	84,625	-	(45,520)
USA Brasil Programadora Ltda.	15,630	-	(26,506)	21,149	10,273	-	(25,242)
	<u>438,732</u>	<u>(27,874)</u>	<u>(76,346)</u>	<u>99,129</u>	<u>433,641</u>	<u>-</u>	<u>(87,726)</u>
Other investments	975	402	-	-	1,377	<b>279</b>	
<b>Total</b>	<u><b>615,804</b></u>	<u><b>(265,523)</b></u>	<u><b>(101,546)</b></u>	<u><b>301,773</b></u>	<u><b>550,508</b></u>	<u><b>61,265</b></u>	<u><b>(87,726)</b></u>
<b>Provision for losses on investments</b>							
<b>Associates</b>							
Temparque S.A.	(1,086)	30	-	604	(452)	<b>21</b>	
<b>Total</b>	<u><b>(1,086)</b></u>	<u><b>30</b></u>	<u><b>-</b></u>	<u><b>604</b></u>	<u><b>(452)</b></u>	<u><b>21</b></u>	

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### 10. Investments (Continued)

	January 1, 2009	Acquisition (disposal)	Dividends/ interest on capital	Equity gain (loss)	December 31, 2009
Associates					
Sky Brasil Serviços Ltda.	56,471	-	-	119,626	176,097
	56,471	-	-	119,626	176,097
Jointly controlled entities					
Canal Brazil S.A.	12,915	-	(3,755)	3,855	13,015
Endemol Globo S.A.	409	-	(2,885)	2,885	409
GB Empreendimentos e Participações S.A.	90,592	1,704	-	25,063	117,359
Net Serviços de Comunicação S.A.	162,025	5,230	-	30,988	198,243
PB Brasil Entretenimento S.A.	9,575	-	(8,109)	5,374	6,840
Telecine Programação de Filmes Ltda.	87,654	-	(24,965)	24,547	87,236
USA Brasil Programadora Ltda.	14,068	-	(17,444)	19,006	15,630
	377,238	6,934	(57,158)	111,718	438,732
Other investments	1,608	(633)	-	-	975
Total	435,317	6,301	(57,158)	231,344	615,804
Provision for losses on investments					
Associates					
Temparque S.A.	(1,020)	87	-	(153)	(1,086)
Total	(1,020)	87	-	(153)	(1,086)

The main investment transaction during 2011, 2010 and 2009 were as follows:

- i) As described in Note 22, in March, 2012, Embratel Participações S.A. (“Embrapar”) became the controlling shareholder of GB and, therefore, the indirect controlling shareholder of Net Serviços. As a result, beginning March 2012, the Company ceased its joint control over Net Serviços, retaining 6.04% of interest on Net Serviços equity.
- ii) On April, 29, 2011, Globo Group through its controlled Mosaico, acquired 41.66% stake in the capital stock of Valônia Serviços de Intermediação e Participações S.A. (“Valônia”) for approximately R\$ 62,800. Valônia is an internet service company which operates ClickOn, one of the leading group buying sites in Brazil.
- iii) On October 7, 2010, Empresa Brasileira de Telecomunicações S.A. - Embratel (“Embratel”), an important shareholder and signatory to the Net Serviços shareholders’ agreement, held a voluntary tender public offering for all the preferred shares issued by Net Serviços, at the unit price of R\$23.00. In connection to the public offering notice, in October, 2010, Globo Group sold 1,887,314 preferred shares for R\$ 43,426 and recorded a gain of R\$ 9,181. As a result, its ownership interest in Net Serviços decreased from 6.90% to 6.35%.



## **Globo Comunicação e Participações S.A.**

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### **10. Investments (Continued)**

- iv) On June 1, 2010, Globo Group's notified The DIRECTV Group, Inc. ("DIRECTV") of the exercise of its right to cause DIRECTV to acquire its shares representing 18.9% of the ownership interest in Sky Brasil, all pursuant to the terms of the Exchange Rights Agreement, dated October 8, 2004, among Globo Group, The News Corporation Limited and DIRECTV.

On December 16, 2010, Globo Group sold 18.9% of their ownership in Sky Brasil for R\$ 1.024.448 and recorded a gain of R\$ 758.676, which is recorded under "investment results" in the income statement. As a result, Globo Group's ownership decreased from 25.9% to 7%.

Joint controlled entities	Net Serviços			GB Empreendimentos			Telecine		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Assets									
Current assets	1,621,495	1,498,838	1,608,168	-	-	-	246,662	142,174	161,204
Non-current assets	7,273,402	6,857,335	6,618,775	879,691	817,835	752,000	20,034	16,408	12,484
Total	8,894,897	8,356,173	8,226,943	879,691	817,835	752,000	266,696	158,582	173,688
Liabilities and equity									
Current liabilities	1,856,970	1,288,303	1,277,050	-	-	-	132,610	50,059	60,764
Non-current liabilities	2,850,088	3,253,204	3,528,308	161	142	126	3,236	4,418	3,596
Equity	4,187,839	3,814,666	3,421,585	879,530	817,693	751,874	130,850	104,105	109,328
Total	8,894,897	8,356,173	8,226,943	879,691	817,835	752,000	266,696	158,582	173,688
Net revenues	6,695,885	5,405,669	4,613,389	-	-	-	607,298	478,020	421,298
Cost of sales and services	(4,146,951)	(3,346,818)	(2,790,350)	-	-	-	(364,236)	(319,620)	(291,469)
Operating (expenses) income	(1,669,005)	(1,400,792)	(1,165,209)	61,837	65,819	130,992	(77,018)	(70,611)	(69,181)
Net interest (expense) income	(300,485)	(190,068)	65,442	-	-	-	7,732	7,751	10,810
Income tax and social contribution	(206,271)	(160,840)	54,916	-	-	-	(58,531)	(31,223)	(22,364)
Net income for the year	373,173	307,151	778,188	61,837	65,819	130,992	115,245	64,317	49,094
Joint controlled entities (Cont.)									
		USA Brasil				PB Brasil			
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Assets									
Current assets	51,052	41,648	47,843	23,762	17,726	18,771			35,582
Non-current assets	4,357	5,022	3,187	3,529	3,742	3,651			8,427
Total	55,409	46,670	51,030	27,291	21,468	22,422			44,009
Liabilities and equity									
Current liabilities	29,106	22,233	18,075	7,985	7,039	11,023			12,126
Non-current liabilities	5,719	3,891	1,695	-	-	-			-
Equity	20,584	20,546	31,260	19,306	14,429	11,399			31,883
Total	55,409	46,670	51,030	27,291	21,468	22,422			44,009
Net revenues	119,677	95,968	86,793	49,214	41,492	37,856			47,507
Cost of sales and services	(15,764)	(13,452)	(11,641)	(12,351)	(10,949)	(10,179)			(18,271)
Operating (expenses) income	(26,541)	(21,470)	(20,662)	(8,066)	(7,126)	(6,549)			(9,894)
Net interest (expense) income	1,283	2,225	2,793	1,531	932	1,043			1,619
Income tax and social contribution	(28,134)	(20,975)	(19,271)	(9,926)	(7,996)	(7,343)			(6,766)
Net income for the year	50,521	42,296	38,012	20,402	16,353	14,828			14,195

	Associates			Sky Brasil			Improve			Outplan		
	2011	2010	2009	2011	2010	2009	2011(*)	2010	2009			
Assets												
Current assets	1,279,187	1,290,297	593,858	1,921	617	-	-	1,367	-			
Non-current assets	2,401,460	1,694,708	1,397,458	735	202	-	-	2,000	-			
Total	3,680,647	2,985,005	1,991,316	2,656	819	-	-	3,367	-			
Liabilities and equity												
Current liabilities	1,580,051	1,323,790	355,109	629	466	-	-	4,497	-			
Non-current liabilities	384,995	362,021	1,138,664	467	220	-	-	1,519	-			
Equity	1,715,601	1,299,194	497,543	1,560	133	-	-	(2,649)	-			
Total	3,680,647	2,985,005	1,991,316	2,656	819	-	-	3,367	-			
Net revenues	4,766,538	3,314,146	2,617,105	4,067	1,161	-	-	3,378	-			
Cost of sales and services	(2,808,095)	(1,781,674)	(1,402,563)	(790)	(319)	-	-	(2,250)	-			
Operating expenses	(1,188,430)	(847,761)	(659,624)	(977)	(909)	-	-	(4,681)	-			
Net interest (expense) income	(140,659)	9,623	169,640	(61)	(7)	-	-	(588)	-			
Income tax and social contribution	(217,142)	185,313	(142,742)	(456)	-	-	-	-	-			
Net income for the year	412,212	879,647	581,816	1,783	(74)	-	-	(4,141)	-			

(\*) Globo Group obtained control of Outplan in 2011.

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### 11. Property, plant and equipment

	Annual depreciation rate	2011			2010	2009
		Cost	Accumulated depreciation	Net	Net	Net
Buildings and improvements	2.5%	2,277,819	(1,131,330)	1,146,489	1,049,804	1,013,246
Studio and transmission equipment	15.4%	1,305,073	(828,412)	476,661	409,813	302,532
Computer equipment and software	20%	293,262	(193,746)	99,516	86,109	70,310
Land	-	258,585	-	258,585	237,120	163,048
Construction in progress	-	18,700	-	18,700	26,456	165,971
Other	10% and 20%	369,082	(244,893)	124,189	181,439	114,651
<b>Total</b>		<b>4,522,521</b>	<b>(2,398,381)</b>	<b>2,124,140</b>	<b>1,990,741</b>	<b>1,829,758</b>

From January 2011, Management changed the depreciation rate of its studios and transmission equipment from 20.0% to 15.4% per year. This change was accounted for prospectively and decreased the depreciation charges of R\$ 28,503 for the year ended December 31, 2011.

Also, in 2010 the economic useful lives of the significant classes of fixed assets were reviewed and Management changed the depreciation rate of its buildings from 4.0% to 2.5% per year and this change was accounted for prospectively. The annual effect of this change resulted in a decrease of R\$ 42,876 in the depreciation expense for the year ended December, 31, 2011 (R\$ 42,479 in 2010).

	<b>December 31, 2010</b>	<b>Acquisitions</b>	<b>Acquisition of subsidiaries</b>	<b>Depreciation</b>	<b>Transfers</b>	<b>Dis</b>
Buildings and improvements	1,049,804	<b>105,082</b>	<b>155</b>	<b>(37,678)</b>	<b>29,186</b>	
Studio and transmission equipment	409,813	<b>137,752</b>	<b>3,544</b>	<b>(103,109)</b>	<b>29,944</b>	
Computer equipment and software	86,109	<b>37,109</b>	<b>232</b>	<b>(33,710)</b>	<b>10,108</b>	
Land	237,120	-	-	-	<b>21,465</b>	
Construction in progress	26,456	<b>12,556</b>	-	-	<b>(20,312)</b>	
Other	181,439	<b>34,839</b>	<b>1,485</b>	<b>(21,281)</b>	<b>(70,391)</b>	
Total of property, plant and equipment	1,990,741	<b>327,338</b>	<b>5,416</b>	<b>(195,778)</b>	-	

	<b>December 31, 2009</b>	<b>Acquisitions</b>	<b>Depreciation</b>	<b>Transfers</b>	<b>Dis</b>
Buildings and improvements	1,013,246	19,328	(23,709)	41,037	
Studio and transmission equipment	302,532	112,077	(108,346)	103,714	
Computer equipment and software	70,310	38,024	(29,444)	7,248	
Land	163,048	74,072	-	-	
Construction in progress	165,971	34,428	-	(173,943)	
Other	114,651	69,406	(23,877)	21,944	
Total of property, plant and equipment	1,829,758	347,335	(185,376)	-	

	<b>January 1, 2009</b>	<b>Acquisitions</b>	<b>Depreciation</b>	<b>Transfers</b>	<b>Dis</b>
Buildings and improvements	1,046,968	87	(64,193)	30,533	
Studio and transmission equipment	283,262	2,894	(90,323)	107,762	
Computer equipment and software	122,069	3,145	(37,494)	(15,584)	
Land	152,995	6,667	-	3,968	
Construction in progress	96,257	119,643	-	(49,929)	
Other	29,576	178,160	(13,846)	(76,750)	
Total of property, plant and equipment	1,731,127	310,596	(205,856)	-	

	<b>amortization rate</b>	<b>December 31, 2010</b>	<b>Acquisitions</b>	<b>Amortization</b>	<b>Disposals</b>	<b>Tr</b>
<b>Finite useful lives</b>						
Software	20%	74,594	<b>50,256</b>	<b>(27,563)</b>	<b>(359)</b>	
Other	20%	8,263	<b>9,230</b>	<b>(215)</b>	<b>(2,162)</b>	
<b>Total</b>		<b>82,857</b>	<b>59,486</b>	<b>(27,778)</b>	<b>(2,521)</b>	
<b>Indefinite useful lives</b>						
<b>Goodwill</b>						
Corporate restructuring goodwill		836,343	-	-	-	
Globosat Programadora Ltda.		23,895	-	-	-	
Mosaico Negócios de Internet S.A.		19,793	-	-	-	
Gazzag Serviços de Internet Ltda.		10,990	-	-	-	
Odysseus Entretenimento Ltda.		19,201	-	-	-	
Trade Network Participações Ltda		-	<b>8,843</b>	-	-	
Outplan Sistemas S.A.		-	<b>9,423</b>	-	-	
<b>Total</b>		<b>910,222</b>	<b>18,266</b>	-	-	
		<b>993,079</b>	<b>77,752</b>	<b>(27,778)</b>	<b>(2,521)</b>	

	amortization rate	December 31, 2009	Acquisitions	Amortization	Disposals	Tr
Finite useful lives						
Software	20%	59,252	38,225	(22,883)	-	
Other	20%	4,913	4,189	-	(839)	
<b>Total</b>		<b>64,165</b>	<b>42,414</b>	<b>(22,883)</b>	<b>(839)</b>	
Indefinite useful lives						
Goodwill						
Corporate restructuring goodwill		836,343	-	-	-	
Globosat Programadora Ltda.		23,895	-	-	-	
Mosaico Negócios de Internet S.A.		16,202	3,591	-	-	
Gazzag Serviços de Internet Ltda.		-	10,990	-	-	
Odysseus Entretenimento Ltda.		-	19,201	-	-	
<b>Total</b>		<b>876,440</b>	<b>33,782</b>	<b>-</b>	<b>-</b>	
		<b>940,605</b>	<b>76,196</b>	<b>(22,883)</b>	<b>(839)</b>	

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### 12. Intangibles (Continued)

	Annual amortization rate	January 1, 2009	Acquisition	Amortization	December 31, 2009
Finite lives					
Software	20%	53,519	16,441	(10,708)	59,252
Other	20%	2,605	2,331	(23)	4,913
Total		56,124	18,772	(10,731)	64,165
Indefinite lives					
Goodwill					
Corporate restructuring goodwill		836,343	-	-	836,343
Globosat Programadora Ltda.		23,895	-	-	23,895
Mosaico Negócio de Internet S.A.		-	16,202	-	16,202
Gazzag Negócios de Internet Ltda.		-	-	-	-
Odysseus Entretenimento Ltda.		-	-	-	-
Total		860,238	16,202	-	876,440
		916,362	34,974	(10,731)	940,605

Globo Group internally generated intangibles assets, such as trademarks which are not recognized as assets.

#### Impairment tests for goodwill

Goodwill is allocated to the related entity that originated the goodwill, which are considered the lowest levels of cash generating units. Globo Group's cash-generating units are identified according to its operating segment. An operating segment-level summary of the goodwill allocation is presented below.

Segments	2011	2010	2009
Television	860,238	860,238	860,238
Internet	33,782	49,984	16,202
Events	18,266	-	-
Total	912,286	910,222	876,440



## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian reais, except when specifically indicated)

### 12. Intangibles (Continued)

#### Impairment tests for goodwill (Continued)

The recoverable amount of a CGU is determined based on value-in-use calculations, using pre-tax cash flow projections based on financial budgets approved by management covering a five-year period, and considers assumptions consistent with current macroeconomics indexes. Regarding the revenues projections, the Company considers the expected growth of advertising market and projected market share of each segment. Concerning the costs and operating expenses, the Company considers the historical figures of its operations and also the growth expected with acquisition of sports and transmission rights, license agreement, and development of content and programming, etc. Additionally, the projections of capital investments are estimated based on the assumption of maintenance of the current level of operation and also for the updating to the newest standards of technology for production, programming and transmission. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

### 13. Debt

The outstanding debt as of December 31, 2011, 2010 and 2009 are comprised as follows:

Description	2011			2010	2009	Interest rate per year	Maturities
	Short-term	Long-term	Total	Total	Total		
Local currency							
Bank loans	104,803	1,466	106,269	102,273	118,150	CDI + 1%	October 2012
Total	104,803	1,466	106,269	102,273	118,150		
Foreign currency *							
Perpetual Notes	7,409	609,635	617,044	548,096	576,206	6.25%	-
Senior Notes	4,835	375,160	379,995	337,535	352,728	7.25%	April 2022
Total	12,244	984,795	997,039	885,631	928,934		
Total	117,047	986,261	1,103,308	987,904	1,047,084		

(\*) The Perpetual Notes and the Senior Notes have quarterly and semiannually call options starting on July 20, 2015 and on April 26, 2012, respectively.

There are no guarantees related to debt at December 31, 2011.

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### 13. Debt (Continued)

The indexes associated with outstanding consolidated debt, as of December 31, 2011, are as follows:

	<u>2011</u>
CDI (interbank deposit rate)	<b>10.87%</b>
Dollar (PTAX Central Bank)	<b>1.8758</b>

### 14. Provision for contingencies

Globo Group is a defendant in several judicial tax, civil and labor. Based on the opinion of Globo Group's internal and independent legal counsel, Management recognizes provision for contingencies in amount considered sufficient to cover probable losses resulting from such proceedings.

Changes in contingencies are summarized as follows:

	<u>2011</u>				<u>2010</u>	<u>2009</u>
	<u>Tax proceedings</u>	<u>Labor claims</u>	<u>Civil proceedings</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
Balances at the beginning of the year	173,997	109,573	65,664	349,234	263,566	525,248
Additions net of reversals	32,730	15,365	(14,484)	33,611	112,404	(208,276)
Payments	(3,328)	(6,929)	(5,242)	(15,499)	(35,498)	(59,297)
Monetary variation	44	689	2,650	3,383	8,762	5,891
Balances at the end of the year	<u>203,443</u>	<u>118,698</u>	<u>48,588</u>	<u>370,729</u>	<u>349,234</u>	<u>263,566</u>

In December 2010, the Brazilian tax authorities imposed a tax assessment to the subsidiary Globosat related to the deductibility of goodwill originated in 2004 and amortized for determination of taxable profit from 2004 to 2008. As of December 31, 2011, this contingency amounted to approximately R\$ 322,545 (R\$ 294,300 at December 31, 2010). Globosat has presented its administrative defense and is now waiting the judgment. Based on opinions of its internal and independent legal counsel, Management believes that a favorable outcome is possible and, therefore, no provision has been recorded.

## **Globo Comunicação e Participações S.A.**

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### **14. Provision for contingencies (Continued)**

In December 2009, the Brazilian tax authorities imposed a tax assessment and notified Company to pay income tax and social contribution related mainly to the amount of goodwill recorded in excess upon the acquisition of investments in one of its subsidiaries in 2005, which was amortized and used for determination of taxable profit in the calendar-years from 2005 to 2008. Company has presented its administrative defense and is now waiting the judgment. As of December 31, 2011, the estimated contingency amount in connection with this assessment was R\$ 840,075 (R\$ 787,865 at December 31, 2010 and R\$ 713,200 at December 31, 2009). The Company, based on opinions of internal and independent legal counsel, believes that a favorable outcome is possible and, therefore, no provision has been recorded.

In 2007 and 2008 the Secretaria da Receita Previdenciária (National Social Security) imposed tax assessments upon Company in the amount of approximately R\$ 153,289 (R\$ 145,000 at December 31, 2010 and R\$140,000 at December 31, 2009) related to social security contributions ("INSS") in connection with payment of services rendered by certain legal entities from December 2002 to December 2005. Company, based on the opinions of internal and independent legal counsel, believes that the probability of loss of these assessments is possible and, therefore, no provision has been recorded.

The civil matters consist of several copyright and damage claims filed against Globo Group.

#### **Refinancing Tax Program - Law 11941/09**

On May 27, 2009, Brazilian government enacted the Law 11941/09, which amended the tax legislation regarding the payment of tax debts due up to November 30, 2008. The law launched a Refinancing Tax Program and granted certain benefits, such as reduction of penalty and interest depending on the payment form.

Additionally, Law 11941/09 allows the companies to pay the interest through its tax loss carryforward and negative basis of social contribution.

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian reais, except when specifically indicated)

### 14. Provision for contingencies (Continued)

#### Refinancing Tax Program - Law 11941/09 (Continued)

The Company's management evaluated the benefits granted by the Law 11941/09 to adhere to this refinancing tax program and included the following matters in the refinancing program:

Description	Tax debit amount (*)	Reduction of penalty and interest (**)	Total amount to be paid	Payment		
				Offset of deferred income tax	In cash	In installments
Financial operations tax (IOF)	(a) 9,544	(4,178)	5,366	(2,257)	3,109	-
Withholding income tax (IRRF)	(b) 854,669	(437,858)	416,811	(188,300)	228,511	-
Others	37,029	(10,829)	26,200	(11,466)	4,377	10,357
Subtotal	<u>901,242</u>	<u>(452,865)</u>	<u>448,377</u>	<u>(202,023)</u>	<u>235,997</u>	<u>10,357</u>
Tax liability already recorded			<u>(17,683)</u>			
Tax liability recorded in 2009			<u>430,694</u>			

(\*) These amounts were calculated in accordance with the established criteria in the system of the Secretaria da Receita Federal do Brasil (Brazilian Tax Authority).

(\*\*) According to Law 11941/09, assuming that the tax debt due will be paid in one installment, 100% of penalties are waived and the interests can be reduced by 45%.

(a) This refers to assessments related to lack of payments of financial operations tax over commercial transactions and cash transfers with subsidiaries and affiliates. The internal and external lawyers had estimated the probability of loss as possible and, thus, no provision had been recorded before.

(b) This refers to the assessment of withholding income tax (IRRF) on foreign remittances relating to acquisition of an international entity in 2001, in the amount of R\$ 768,120, and other international remittances over which the withholding income taxes were not paid, in the amount of R\$ 86,549. The Company's internal and independent legal counsel had estimated the probability of loss as possible and, thus, no provision had been recorded before.

In the fourth quarter of 2009, upon recognition of this Refinancing Tax Program, the Company recorded a tax liability of approximately R\$ 430,694, of which R\$ 228,932 against operating expenses, R\$ 196,230 against financial expenses, R\$ 5,532 against income tax and social contribution expenses.

The Company also recognized a deferred income tax benefit of R\$ 202,023, related to deferred income tax asset used to partially offset the tax liabilities. Thus, the net effect in the Company's income statements was approximately R\$ 228,671 recorded in the fourth quarter of 2009.

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### 15. Commitments

In connection with its operational activities, Globo Group has commitments related to acquisition of transmission and exhibition rights, including live events, films, documentaries, television series and other rights.

The main commitments agreed by Globo Group for the following years, and not registered are summarized below:

	<b>Within one year</b>	<b>After one year and less than five years</b>	<b>After five years</b>	<b>Total</b>
Transmission and exhibition rights	1,340,724	3,985,885	972,633	6,299,242

These commitments refer mainly to sports events, such as National Brazilian Soccer and Regional championships, FIFA World Cup, F1 car racing, Olympics games, among others.

Globo Group acquired the transmissions rights related to the 2018 and 2022 FIFA World Cup becoming its sole licensee in Brazil. These rights comprise several distribution platforms in Brazil, including free television, pay television, internet and mobile. The Company is committed to pay these rights in installments over the next years until 2022.

Additionally, Globo Group rents equipment and properties from third parties in connection with its in-house production television programming of soap-operas, mini-series, series and other television programs. In the year ended December 31, 2011, Globo Group incurred in expenses amounting approximately to R\$ 208,000 (approximately R\$ 176,000 in 2010 and R\$ 157,900 in 2009), approximately.

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian reais, except when specifically indicated)

### 16. Equity

#### Capital

Company's capital at December 31, 2011, 2010 and 2009, is represented by 1,000,000 shares, of which 333,335 are common shares and 666,665 are preferred shares, all without par value.

Under Company's by-laws, only the holders of common shares are entitled to vote. Specific rights are guaranteed to the non-voting preferred shares, such as priority over the proceeds in the event of Company's liquidation.

On December 27, 2011, the Shareholders' Extraordinary Meeting approved a capital increase of R\$ 2,286,243 through the capitalization of prior year's retained earnings reserves, without issuance of new shares.

#### Earnings reserves

In accordance with Brazilian Corporate Law, the legal reserve, which is intended to ensure the integrity of capital and may only be used to offset losses or increase the capital, is set up on an annual basis at 5% of the net income for the year and it cannot exceed 20% of the capital stock..

The Bylaws provide for the distribution of mandatory dividends of 25% of net income for the year, adjusted in compliance with article 202 of Law 6404/76.

In December 2011, 2010 and 2009, Company's Management proposed a distribution of net income, as follows:

	2011	2010	2009
Net income for the year(*)	2,188,118	2,747,999	1,904,158
Legal reserve	(109,406)	(137,400)	(95,185)
	<b>2,078,712</b>	2,610,599	1,808,973
Minimum mandatory dividends	(519,680)	(652,650)	-
Retained earnings reserves	<b>1,559,032</b>	1,957,949	1,808,973

(\*) Refers to Parent Company's net income which is the basis for income distribution.

In 2009, the shareholders declined their right to the minimum mandatory dividends and fully appropriated the amount of R\$ 1,808,973 to retained earnings reserve.

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### 16. Equity (Continued)

#### Earnings reserves (Continued)

On December 16, 2010, the Shareholders' General Meeting approved the distribution of R\$ 2,016,474 (R\$ 600,000 in 2009) of dividends related to prior year's retained earnings reserve.

In 2011, the Company paid dividends of R\$ 782,372 (R\$ 1,541,859 in 2010 and R\$ 520,885 in 2009). On January 5, 2012, R\$ 450,000 of the outstanding dividends at December 31, 2011 were also paid, and the settlement of the remaining balance will be determined in the Shareholders' General Meeting.

### 17. Net revenues

	2011	2010	2009
Third parties			
Gross revenues	<b>10,237,828</b>	9,677,384	7,703,374
Taxes	<b>(467,715)</b>	(427,124)	(326,844)
Other deductions	<b>(256,687)</b>	(516,149)	(441,169)
	<b>9,513,426</b>	8,734,111	6,935,361
Related parties			
Gross revenues	<b>1,619,564</b>	1,195,663	1,060,471
Taxes	<b>(152,849)</b>	(112,396)	(103,197)
Other deductions	<b>(2,719)</b>	(4,670)	(6,052)
	<b>1,463,996</b>	1,078,597	951,222
Net revenues	<b>10,977,422</b>	9,812,708	7,886,583

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### 18. Financial income and financial expense

	2011	2010	2009
Financial income	<b>483,724</b>	270,408	339,554
Financial expense	<b>(263,670)</b>	(106,444)	9,767
Financial income (expense) , net	<b>220,054</b>	163,964	349,321

The financial income (expense), net for the year ended December 31, 2011, 2010 and 2009 are comprised as follows:

	2011			2010	2009
	Interest	Monetary and exchange variation	Total	Total	Total
Financial income					
Income	467,721	4,668	472,389	271,245	37,211
Discounts obtained	1,590	-	1,590	4,266	1,562
Other	4,479	5,266	9,745	(5,103)	300,781
Financial expense					
Expense from debt	(71,181)	(111,052)	(182,233)	(62,270)	213,186
Discounts granted	(31,165)	-	(31,165)	(13,086)	(12,036)
Other	(525)	(48,453)	(48,978)	(30,044)	(197,238)
Net financial expense - related parties (Note 7)	(643)	(651)	(1,294)	(1,044)	5,855
	<b>370,276</b>	<b>(150,222)</b>	<b>220,054</b>	163,964	349,321

### 19. Gain on sale of interest in associates and other investment results

	2011	2010	2009
Gain on sale of interest in Sky Brasil	-	758,676	-
Other	<b>11,907</b>	50,808	(16,651)
	<b>11,907</b>	809,484	(16,651)



Financial assets	2011			2010			Receivables
	Receivables	At fair value through the profit and loss	Total	Receivables	At fair value through the profit and loss	Total	
Cash and cash equivalents	-	590,740	590,740	-	1,528,751	1,528,751	-
Marketable securities	-	4,632,744	4,632,744	-	3,016,504	3,016,504	-
Receivables	962,844	-	962,844	879,394	-	879,394	845,038
Receivables from related parties	230,402	-	230,402	170,674	-	170,674	150,534
	<b>1,193,246</b>	<b>5,223,484</b>	<b>6,416,730</b>	<b>1,050,068</b>	<b>4,545,255</b>	<b>5,595,323</b>	<b>995,572</b>

The fair value of all securities is based on their current bid prices in an active market. There are no customers' credits.

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian reais, except when specifically indicated)

### 20. Financial instruments (Continued)

#### 20.1. Financial instruments by category (Continued)

The counterparties without external credit rating, in most cases, are the customers. That credits has the management valuation to define the credit risk. This valuation is based on historical information about counterparties, time of payment in arrears, relevance of the account receivable and individually renegotiation.

The financial liabilities are classified and measured at amortized cost, as follows:

Financial liabilities	Amortized cost		
	2011	2010	2009
Debt	1,103,308	987,904	1,047,084
Accounts payable	1,102,081	893,340	834,699
Payables to related parties	885,071	1,830,397	685,747
	<b>3,090,460</b>	<b>3,711,641</b>	<b>2,567,530</b>

The fair value of the debt at December 31, 2011, 2010 and 2009 is as follows:

Description	2011		2010		2009	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Local currency loans	106,269	106,269	102,273	102,273	118,150	118,150
Foreign currency loans	997,039	1,049,342	885,631	933,946	928,934	932,634
	<b>1,103,308</b>	<b>1,155,611</b>	<b>987,904</b>	<b>1,036,219</b>	<b>1,047,084</b>	<b>1,050,784</b>

The local currency debt is not actively traded and the interest rates are consistent with current market conditions, therefore the market values informed approximate their carrying values. The fair value of the foreign currency debt was calculated based on the secondary market with a market face value of 105.44% for the Perpetual Notes and 105.23% for the Senior Notes.

The following is a summary of Globo Group's risk management strategies and their effect on its consolidated financial statements.

## **Globo Comunicação e Participações S.A.**

Notes to consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian reais, except when specifically indicated)

### **20. Financial instruments (Continued)**

#### **20.2. Financial risk management**

##### 20.2.1. Financial risk factors

Globo Group's activities expose it to a variety of financial risks, such as: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Globo Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. Globo Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a corporate treasury department (Company Treasury) under policies approved by the Shareholders. Company Treasury identifies, evaluates and hedges financial risks in close co-operation with the operating units. Globo Group provides principles for overall risk management, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

##### 20.2.2. Market risk

###### 20.2.2.1. Foreign currency

Globo Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar. The foreign exchange exposure arises mainly from long-term debt, certain accounts payable, commitments to purchase programming rights denominated in foreign currencies and net investments in foreign operations.

Management has set up a policy to manage their foreign exchange risk against their functional currency, and hedges part of the foreign exchange risk exposure with certain derivative instruments, as described ahead.

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian reais, except when specifically indicated)

### 20. Financial instruments (Continued)

#### 20.2. Financial risk management (Continued)

##### 20.2.2. Market risk (Continued)

Globo Group's currency exposure arising from investments in foreign operations is insignificant.

Globo Group is exposed to the effects of exchange rate variations that could adversely impact their cash flows, financial position and operations, as follows:

	2011	2010	2009
Debt denominated in US dollars	997,039	885,631	928,934
Accounts payable denominated in US Dollars	151,969	145,751	113,737
Currency exposed liabilities	1,149,008	1,031,382	1,042,671
Cash and cash equivalent denominated in US dollars	(76,305)	(36,779)	(144,582)
Other assets denominated in foreign currencies, mostly accounts receivable	(123,073)	(91,300)	(61,371)
Currency exposure	949,630	903,303	836,718

##### (ii) Cash flow and fair value interest rate risk

Globo Group's interest rate risk arises from long-term debt, which exposes it to cash flow interest rate risk, offset by cash held at variable rates. Debt issued at fixed rates expose Globo Group to fair value interest rate risk.

Globo Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, Globo Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, Globo Group manages its cash flow interest rate risk by using fixed-to-floating interest rate swaps.

## **Globo Comunicação e Participações S.A.**

Notes to consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian reais, except when specifically indicated)

### **20. Financial instruments (Continued)**

#### **20.2. Financial risk management (Continued)**

##### 20.2.3. Concentration of credit risk

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents, marketable securities, derivative financial instruments and deposits with financial institutions, outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties with a minimum rating are accepted. Globo Group maintains cash and cash equivalents with various financial institutions and as a policy, it limits the exposure to each institution.

Globo Group's risk control assesses the credit quality of the customers, taking into account its financial position, past experience and other factors. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Globo Group does not hold any collateral as security; however, believes that the concentration of credit risk associated with accounts receivable of it is not significant.

##### 20.2.4. Liquidity risk

Cash flow forecasting is performed for all entities of Globo Group and aggregated by Company Treasury. Company Treasury monitors rolling forecasts of Globo Group's liquidity requirements to ensure it has sufficient cash to meet operational.

Surplus cash held by the operating entities over and above balance required for working capital management are managed individually by each company within the guidelines set by Company Treasury function. Surplus cash is invested in marketable securities aforementioned, choosing instruments with appropriate maturities or sufficient liquidity as determined by the forecasts.

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian reais, except when specifically indicated)

### 20. Financial instruments (Continued)

#### 20.2. Financial risk management (Continued)

##### 20.2.5. Derivative instruments

At December 31, 2011, with the objective to hedge its short term and part of the long term commitments in foreign currency, Globo Group had US dollar options, US dollar future, Forward Rate Agreement Coupon ("FRA Coupon"), Euro future and swap contracts, as summarized as follows:

	2011		2010		2009	
	Balance	Effect in P&L	Balance	Effect in P&L	Balance	Effect in P&L
Dollar options	8,309	(9,829)	(751)	(12,751)	7,979	43,134
Dollar future contracts	-	11,163	-	(11,253)	-	(110,000)
Forward rate agreement coupon	-	257	-	(7,662)	-	-
Euro future contracts	-	350	-	(8,361)	-	(6,800)
Swap contracts	4,167	8,791	(5,352)	(2,129)	(2,493)	(2,490)
	<u>12,476</u>	<u>10,732</u>	<u>(6,103)</u>	<u>(42,156)</u>	<u>5,486</u>	<u>(76,156)</u>

These derivatives are recorded at fair value in Globo Group's exclusive investments funds, the balances at year-end are recorded in the marketable securities amounts, and the gains and losses are recognized in the income statements.

At December 31, 2011, US dollar call options amounted to US\$ 140,000 thousand (US\$ 155,000 thousand at December 31, 2010 and US\$ 225,000 thousand at December 31, 2009), which decreases the currency exposure mentioned above. These options protect the Company's exchange rates exposure above R\$ 1.80 to R\$ 2.05 per dollar (strike prices of the contracts). Additionally, the Company sold US\$ 30,000 thousand in put options, which may cap Globo Group's benefit if the exchange rate is lower than R\$ 1.65 per dollar. There is no relevant exposure on the call options as management will exercise the options only when market exchange rates are higher than the aforementioned fixed rates. Otherwise, the potential loss for Globo Group is the premium paid to purchase the options. For the year ended December 31, 2011, the dollar options generated a net financial loss of R\$ 9,829 (loss of R\$ 12,751 in 2010 and gain of R\$ 43,134 in 2009).

## **Globo Comunicação e Participações S.A.**

Notes to consolidated financial statements (Continued)  
December 31, 2011, 2010 and 2009  
(In thousands of Brazilian reais, except when specifically indicated)

### **20. Financial instruments (Continued)**

#### **20.2. Financial risk management (Continued)**

##### **20.2.5. Derivative instruments (Continued)**

At December 31, 2011, US dollar future contracts amounted to US\$ 135,250 thousand (US\$ 38,500 thousand at December 31, 2010 and US\$ 31,500 thousand at December 31, 2009) with mature on February 1, 2012. These contracts generated a financial gain of R\$ 11,163 for the year ended December 31, 2011 (loss of R\$ 11,253 in 2010 and loss of approximately R\$ 110,000 in 2009).

At December 31, 2011, the FRA Coupon contracts amounted to US\$ 15,000 thousand with maturity date on October 1, 2012. For these contracts, Globo Group receives the US dollar variation plus 3.11% p.a. against CDI. These contracts generated a financial gain of R\$ 257 for the year ended December 31, 2011 (loss of R\$ 7,662 in 2010).

At December 31, 2011, Euro future contracts amounted to EUR\$ 13,750 thousand (EUR\$ 14,500 thousand at December 31, 2010 and (EUR\$ 15,750 thousand at December 31, 2009). These contracts generated a financial gain of R\$ 350 for the year ended December 31, 2011 (loss of R\$ 8,361 in 2010 and loss of approximately R\$ 6,800 in 2009).

At December 31, 2011, swap contracts amounted to US\$ 43,585 thousand (US\$ 46,644 thousand at December 31, 2010 and US\$ 50,000 thousand at December 31, 2009), for which the Globo Group pays 118.60% of the CDI and receives the US dollar variation against Brazilian Reais, plus 10.35% p.a. These contracts generated a financial gain of R\$ 8,791 for the year ended December 31, 2011 (loss of R\$ 2,129 in 2010 and loss of R\$ 2.490 in 2009).

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)  
 December 31, 2011, 2010 and 2009  
 (In thousands of Brazilian reais, except when specifically indicated)

### 20. Financial instruments (Continued)

#### 20.2. Financial risk management (Continued)

##### 20.2.6. Sensitivity analysis

The management prepared a sensitivity analyses for December 31, 2011, considering exchange rate variations and interest rate exposure, as follows:

<u>Sensitivity analysis</u>	<u>Estimated effect on 2011 pretax income</u>
	<u>In thousands of Brazilian Reais</u>
U.S. Dollar sensitivity	(a)
15% increase in U.S. Dollar in relation to Brazilian Real	<b>(51,562)</b>
40% increase in U.S. Dollar in relation to Brazilian Real	<b>(137,499)</b>
Interest rate sensitivity	(b)
15% increase in interest basic rate	<b>80,235</b>
40% increase in interest basic rate	<b>213,960</b>
(a) As mentioned above, Globo Group has a policy of hedging its short-term and part of the its long- term debt and commitments denominated U.S. Dollar. Therefore, the exposure effect demonstrated above was calculated based on the portion that is not hedged, including the principal amount of the perpetual notes which will not necessarily reflect in a cash effect, since it has no maturity.	
(b) This analysis was based on the average cash balance at December 31, 2011, excluding the portion of cash that it is hedging the exposure of the liabilities and commitments denominated in U.S. Dollar, described in the item (a).	



## **Globo Comunicação e Participações S.A.**

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### **21. Insurance**

The Company seeks coverage in the domestic and international insurance markets at levels commensurate with the Company's size and activities.

The Company has an "All Risks" insurance policy that provides protection for all significant assets owned or for those assets that are the Company's responsibility or are assigned to third parties, as well as against possible losses from advertising exhibition interruptions. The Company also has insurance against third-party liabilities arising from damages in the course of its activities and coverage for national and international transportation.

### **22. Subsequent event**

On February 16, 2012, Embrapar, the controlling shareholder of Embratel, following the prior consent granted by the National Telecommunications Agency - ANATEL, in January, 2012, notified the Company about its exercise of the call option for 1,077,520 common shares ("Option"), corresponding to 5.5% of the voting capital of GB. Accordingly upon the transfer of shares occurred on March 5, 2012, Embrapar, jointly with its subsidiary, Embratel, has the control over GB and, therefore, the indirect control of Net Serviços.

## Globo Comunicação e Participações S.A.

Notes to consolidated financial statements (Continued)

December 31, 2011, 2010 and 2009

(In thousands of Brazilian reais, except when specifically indicated)

### 23. Additional information (unaudited)

Consolidated statements of income for the three months ended December 31, 2011 and 2010:

	Three-month period ended	
	December 31	
	2011	2010
Sales, advertising and services		
Third parties	2,755,773	2,472,688
Related parties	406,412	294,227
Cost of sales and services	(1,792,382)	(1,561,627)
Gross profit	1,369,803	1,205,288
Operating expenses		
Selling	(376,029)	(346,556)
General and administrative	(400,732)	(432,706)
Loss on sale of property, plant and equipment and intangible	(1,534)	(1,639)
Other operating expenses	(7,699)	(4,932)
Operating income before financial and investments results	583,809	419,455
Financial income	121,426	59,941
Financial expense	(72,519)	(15,312)
Equity pick-up	40,880	106,206
Gain on sale of interest in associates and other investment results	11,907	809,661
Income before income tax and social contribution	685,503	1,379,951
Income tax and social contribution	(216,878)	(185,162)
Net income for the year	468,625	1,194,789
Net income attributable to:		
Equity holders of the parent	475,674	1,205,862
Non-controlling interests	(7,049)	(11,073)
	468,625	1,194,789

**PRINCIPAL CORPORATE OFFICES OF**

**Globo Comunicação e Participações S.A.**

Avenida Afrânio de Melo Franco, 135  
Rio de Janeiro, RJ 22430-060  
Brazil

**TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR**

The Bank of New York Mellon  
101 Barclay Street 4E  
New York, NY 10286  
USA

**PRINCIPAL PAYING AGENT**

The Bank of New York Mellon Trust (Japan) Ltd.  
Marunouchi Trust Tower, Main 1-8-3, Marunouchi  
Chiyoda-ku, Tokyo 100-8580  
Japan

**LUXEMBOURG PAYING AND TRANSFER AGENT**

The Bank of New York Mellon (Luxembourg) S.A.  
Vertigo Building—Polaris—2-4 rue Eugène Ruppert—L-2453  
Luxembourg

**LEGAL ADVISORS**

*To Globo Comunicação e Participações S.A.*

*as to United States Law*

**Debevoise & Plimpton LLP**

919 Third Avenue  
New York, New York 10022  
United States of America

*To the Initial Purchasers*

*as to United States Law*

**Cleary Gottlieb Steen & Hamilton**

Rua Funchal, 418, 13º andar  
São Paulo, SP 04551-060  
Brazil

*To Globo Comunicação e Participações S.A.*

*as to Brazilian Law*

**Pinheiro Guimarães Advogados**

Avenida Rio Branco 181, 27º andar  
Rio de Janeiro, RJ 20040-918  
Brazil

*To the Initial Purchasers*

*as to Brazilian Law*

**Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados**

Av. Presidente Wilson, 231, salões 403/404  
Rio De Janeiro, RJ 20030-021  
Brazil

**INDEPENDENT AUDITORS**

*To Globo Comunicação e Participações S.A.*

**Ernst & Young Terco Auditores Independentes S.S.**

Praia de Botafogo 370—8th Floor  
Rio de Janeiro, RJ 22250-040  
Brazil

**GLOBO**  
COMUNICAÇÃO E PARTICIPAÇÕES S.A.