- registered or maintained in deposit accounts or under the custody of an entity duly licensed by the Central Bank or by the CVM; or
- registered in registration, clearing and custody systems authorized by the Central Bank or by the CVM.

In addition, securities trading by foreign investors pursuant to Resolution CMN 4,373 is restricted to transactions carried out on the stock exchanges or organized over-the-counter markets licensed by the CVM.

On January 26, 2000, the Central Bank enacted Circular No. 2,963, providing that beginning on March 31, 2000, all investments by a foreign investor under Resolution CMN 4,373 are subject to the electronic registration with the Central Bank. Foreign investments registered under the Annex IV regulations were required to conform to the new registration rules by June 30, 2000.

Resolution No. 1,927 of the CMN provides for the issuance of depositary receipts in foreign markets in respect of shares of Brazilian issuers. Our ADS program was approved under the Annex V regulations by the Central Bank and the CVM prior to the issuance of the ADSs. Accordingly, the proceeds from the sale of ADSs by ADR holders outside Brazil are free of Brazilian foreign investment controls and holders of the ADSs will be entitled to favorable tax treatment. According to Resolution CMN 2,689, foreign investments registered under Annex V Regulations may be converted into the new investment system and vice-versa, provided that the conditions set forth by the Central Bank and the CVM are complied with.

Under current Brazilian legislation, the Brazilian Federal Government may impose temporary restrictions on remittances of foreign capital abroad in the event of a serious imbalance or an anticipated serious imbalance of Brazil's balance of payments. For approximately six months in 1989 and early 1990, the Brazilian Federal Government froze all dividend and capital repatriations that were owed to foreign equity investors, in order to conserve Brazil's foreign currency reserves. These amounts were subsequently released in accordance with Brazilian Federal Government directives. The imbalance in Brazil's balance of payments increased during 1999, and there can be no assurance that such increases will not incur in the future or that the Brazilian Federal Government will not impose similar restrictions on foreign repatriations in the future for similar or other reasons.

E. Taxation

The following summary contains a description of the principal Brazilian and U.S. federal income tax consequences of the ownership and disposition of the common shares or ADSs, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to hold common shares or ADSs. The summary is based upon the tax laws of Brazil and regulations thereunder and on the federal income tax laws of the United States and regulations and other authorities thereunder as of the date hereof, all of which are subject to change. Holders of common shares or ADSs should consult their tax advisers as to the tax consequences of the ownership and disposition of common shares or ADSs in their particular circumstances.

Although there is at present no income tax treaty between Brazil and the United States, the two countries have tax treatment reciprocity, which means that a tax paid in one country might be offset against the income tax due in the other country, or vice-versa, if conditions are met. It is important to mention that the tax authorities of the two countries have had discussions that may culminate in such a treaty in the future. No assurance can be given, however, as to whether or when a treaty will enter into force or how it will affect the U.S. holders of common shares or ADSs.

Brazilian Tax Considerations

The following discussion summarizes the principal Brazilian tax consequences of the ownership and disposition of common shares or ADSs by a non-Brazilian holder. This discussion does not address all the Brazilian tax considerations that may be applicable to any non-Brazilian holder, and each non-Brazilian holder should consult its tax adviser about the Brazilian tax consequences of investing in common shares or ADSs.

Taxation of Dividends

Dividends paid by us in cash or in kind from profits of periods beginning on or after January 1, 1996 (1) to the depositary in respect of common shares underlying ADSs or (2) to a non-Brazilian holder in respect of common shares will generally not be subject to Brazilian income tax withholding.

Taxation of Gains

According to Article 26 of Law No. 10,833 of December 29, 2003, which came into force on February 1, 2004, capital gains realized on the disposition of assets located in Brazil by non-Brazilian residents, whether or not to other non-residents and whether made outside or within Brazil, are subject to taxation in Brazil. Since January 1, 2017, the rate of the income tax on capital gains accrued by non-Brazilian individual residents may vary between 15% and 22.5% depending on the capital gain amount. Ultimately, a 25% rate may be applied if the capital gain is realized by investors located in a Low or Nil Tax Jurisdiction (see below under "—Discussion on Low or Nil Tax Jurisdictions"). Although we believe that the ADSs will not fall within the definition of assets located in Brazil for the purposes of Law No. 10,833, considering the general and unclear scope of Law No. 10,833 and the absence of any judicial guidance in respect thereof, we are unable to predict whether such interpretation will ultimately prevail in the Brazilian courts.

Gains realized by non-Brazilian holders on dispositions of common shares in Brazil or in transactions with Brazilian residents may be exempt from Brazilian income tax or taxed at a rate that may vary between 15% and 25%, depending on the circumstances. This is because the current legislation prescribes specific taxation rules for gains arising from investments in the Brazilian financial and capital markets as opposed to other types of gains.

In this sense, gains realized by non-Brazilian holders through transactions on Brazilian stock exchanges, if carried out in accordance with Resolution CMN 4,373 (that replaced Resolution CMN 2,689), as described below, are exempt from Brazilian income tax or subject to income tax at a rate of 15% if a holder in a Low or Nil Tax Jurisdiction realizes the gain. On the other hand, gains realized through transactions with Brazilian residents or not executed on the Brazilian stock exchanges are subject to tax at a rate that may vary between 15% and 22.5% depending on the capital gain amount, or of 25% if the transactions are made by investors resident in a Low or Nil Tax Jurisdiction. Non-Brazilian holders should consult their tax advisors on the applicable income tax rate.

Non-Brazilian holders of common shares registered under Resolution CMN 4,373 (which includes ADSs) will only be subject to the tax exemption mentioned herein if the investor has:

- appointed a representative in Brazil with power to take action relating to the investment in common shares;
- registered as a foreign investor with the CVM; and
- registered its investment in common shares with the Central Bank.

In addition, Resolution CMN 4,373 also establishes that securities held by foreign investors must be maintained under the custody of, or in deposit accounts with, financial institutions duly authorized by the Central Bank and the CVM.

Securities trading under Resolution CMN 4,373 is restricted to transactions on Brazilian stock exchanges or qualified over-the-counter markets. As stated herein, the preferential treatment afforded under Resolution CMN 4,373 and afforded to investors in ADSs is not available to investors resident or domiciled in Low or Nil Tax Jurisdictions.

There can be no assurance that the current preferential treatment for non-Brazilian holders of common shares under Resolution CMN 4,373 will be maintained.

Gain on the disposition of common shares, subject to the tax treatment described above, is measured by the difference between the amounts in Brazilian currency realized on the sale or exchange and the acquisition cost of the shares sold, measured in Brazilian currency, without any correction for inflation. The acquisition cost of shares must be supported by proven documents.

The deposit of common shares in exchange for the ADSs may be subject to Brazilian income tax if the amount previously registered with the Central Bank as a foreign investment in our common shares is lower than:

- the average price per common share on the B3 on the day of the deposit; or
- if no common shares were sold on that day, the average price per common share on the B3 during the fifteen preceding trading sessions.

The difference between the amount previously registered and the average price of the common shares, calculated as set forth above, may be considered by the tax authorities as a capital gain subject to income tax. Unless the common shares were held in accordance with Resolution CMN 4,373, in which case the exchange would be tax-free, the capital gain will be subject to income tax at the following rates: (1) 15%, for gains realized through transactions that were conducted on Brazilian stock exchanges; or (2) from 15% to 22.5% for gains realized through transactions in Brazil that were not conducted on the Brazilian stock exchanges, or 25% if realized by investors located at Low or Nil Tax Jurisdiction.

The cancellation of ADSs in exchange for common shares is not subject to Brazilian income tax if the non-Brazilian holder qualifies under Resolution CMN 4,373, but is subject to the IOF/Exchange tax as described below.

Discussion on Low or Nil Tax Jurisdictions

For purposes of Brazilian law, Low or Nil Tax Jurisdictions are countries and jurisdictions that do not tax income or that have a maximum income tax rate lower than 17%. Since 1998, the Brazilian Internal Revenue Service has issued acts expressly listing the countries/jurisdictions that are to be considered low tax jurisdictions for Brazilian tax purposes. Currently, the tax authorities have deemed approximately 60 countries to be low tax jurisdictions pursuant to Normative Instruction 1,037/2010, article 1. These countries include the Bahamas, the British Virgin Islands, the Cayman Islands and Hong Kong.

Under Brazilian tax legislation, holders domiciled in Low or Nil Tax Jurisdictions are: (1) subject to a higher rate of withholding tax on income and capital gains; (2) not entitled to exemptions for investments in the Brazilian capital markets; (3) subject to automatic application of transfer pricing rules in transactions with Brazilian legal entities that are resident in Brazil; and (4) subject to thin capitalization rules on debt with legal entities that are resident in Brazil.

On June 24, 2008, Law No. 11,727/08 established the concept of “privileged tax regime”, which is a tax regime that (1) does not tax income or taxes it at a maximum rate lower than 20%; (2) grants tax benefits to non-resident entities or individuals (a) without the requirement to carry out a substantial economic activity in the country or dependency or (b) contingent to the non-exercise of a substantial economic activity in the country or dependency; (3) does not tax or that taxes the income generated abroad at a maximum rate lower than 20%; or (4) does not provide access to information related to shareholding composition, ownership of assets and rights or economic transactions carried out. However, in 2014, an executive order National Treasury Ordinance No. 488/14 was issued (endorsed by Normative Instruction No. 1,530/14) indicating that, if countries are aligned with the international standards of fiscal transparency, the maximum rate to be considered as a “privileged tax regime” would be 17% and not 20%.

In principle, the best interpretation of Law No. 11,727/08 is that the new concept of privileged tax regime should be solely applied for purposes of transfer pricing rules in export and import transactions. However, due to the recent enactment of this Law, we are unable to ascertain whether or not the privileged tax regime concept will be extended to the concept of Low or Nil Tax Jurisdiction. The provisions of Law No. 11,727/08 that refer to the privileged tax regime came into effect on January 1, 2009. Although we are of the opinion that the concept of privileged tax regime should not affect the tax treatment of a non-resident shareholder described above, we cannot assure you whether subsequent legislation or interpretations by the Brazilian tax authorities regarding the definition of privileged tax regime will extend such concept to the tax treatment of a non-resident shareholder described above.

Prospective purchasers should therefore consult with their tax advisors regarding the consequences of the implementation of Law No. 11,727/08, Normative Instruction No. 1,037/2010 and of any related Brazilian tax laws or regulations concerning Low or Nil Tax Jurisdictions and privileged tax regimes.

Distributions of Interest on Capital

A Brazilian corporation may make payments to its shareholders characterized as interest on the corporation's capital as an alternative form of making dividend distributions. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy." The rate of interest may not be higher than the TJLP, as determined by the Central Bank from time to time. The total amount distributed as interest on capital may not exceed, for tax purposes, the greater of:

- 50% of net income for the year in respect of which the payment is made, after the deduction of social contribution or net profits and before (1) making any deduction for corporate income taxes paid and (2) taking such distribution into account; or

- 50% of retained earnings for the year prior to the year in respect of which the payment is made.

Payments of interest on capital are decided by the shareholders on the basis of recommendations by our Board of Directors.

Distributions of interest on capital paid to Brazilian and non-Brazilian holders of common shares, including payments to the depositary in respect of common shares underlying ADSs, are deductible by us for Brazilian tax purposes up to the limit mentioned above. Such payments are subject to withholding income tax at the rate of 15%, or 25% in the case of a stockholder who is domiciled in a Low or Nil Tax Jurisdiction. These payments may be qualified, at their net value, as part of any mandatory dividend. As described herein we and our subsidiaries have been paying interest on equity since 2017 and paid in 2021 as well. Please refer to "Item 5. — Operating and Financial Review and Prospects—Dividend Distribution—Interest on Equity" for detailed information. No assurance can be given that our Board of Directors will not recommend that future distributions of profits be made as interest on capital instead of as dividends.

Other Brazilian Taxes

There are no Brazilian inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of the common shares or ADSs by a non-Brazilian holder except for gift and inheritance taxes levied by some states in Brazil on gifts made or inheritances bestowed by individuals or entities not resident or domiciled in Brazil or in the relevant state to individuals or entities that are resident or domiciled within such state in Brazil. There is no Brazilian stamp, issue, registration or similar taxes or duties payable by holders of common shares or ADSs.

In 2018, there were two changes related to IOF: (i) the tax rate on foreign exchange transactions was increased to 1.10% (it was 0.38%) pursuant to Decree No. 9,297/2018; and (ii) rules were adopted relating to incidence of IOF in credit transactions of a period longer than one year pursuant to RFB Normative Instruction No. 1,814/2018 (and confirmed by RFB Normative Instruction No. 1,969/2020). In 2022, Decree No. 9.297/2018 was revoked by Decree No. 11,153/2022, although there were no changes in the 1.10% rate mentioned. In addition, as a step aimed to aid Brazil's bid to join the Organization for Economic Co-operation and Development (OECD), the Brazilian Federal Government, through Decrees No. 10,997/2022 and 11,153/2022, compromised to gradually reduce the IOF on foreign exchange transactions. Tax on Foreign Exchange and Financial Transactions.

Tax on foreign exchange transactions (the "IOF/Exchange Tax.")

Brazilian law imposes the IOF/Exchange Tax on the conversion of reais into foreign currency and on the conversion of foreign currency into reais. Currently, the tax rate related to foreign investments in the Brazilian financial and capital markets is zero.

However, it is important to note that the Brazilian Government is permitted to increase such rate at any time up to 25%. However, any increase in rates may only apply to future foreign exchange transactions.

As mentioned previously, the Brazilian Federal Government has adopted some measures to support Brazil's request to become a member of the OECD. One of those measures was to compromise to gradually reduce the IOF/exchange tax to zero by 2029, through Decrees No. 10,997/2022 and 11,153/2022.

Tax on transactions involving bonds and securities (the "IOF/Bonds Tax.")

Brazilian law imposes the IOF/Bonds Tax on transactions involving bonds and securities, including those carried out on a Brazilian stock exchange. The rate of IOF/Bonds Tax applicable to transactions involving the deposit of common shares in exchange for ADSs is currently zero, but can be reviewed by the Brazilian government any time.

U.S. Federal Income Tax Considerations

The following discussion is a summary of the U.S. federal income tax considerations generally applicable to the ownership and disposition of common shares or ADSs by U.S. Holders (as defined below) that hold common shares or ADSs as "capital assets" for U.S. federal income tax purposes (generally, property held for investment). This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury regulations promulgated thereunder (the "Regulations"), published positions of the Internal Revenue Service (the "IRS"), administrative pronouncements, judicial decisions and other applicable authorities, all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). There can be no assurance that the IRS would not assert, or that a court would not sustain, a position contrary to any of the considerations discussed herein.

As used herein, the term "U.S. Holder" means a beneficial owner of common shares or ADSs that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in or organized 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 (i) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) the trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of that holder's particular circumstances, or holders that are subject to special tax rules (including, for example, banks or other financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, dealers in securities or foreign currency, traders in securities that elect mark-to-market treatment, tax-exempt organizations (including private foundations), entities or arrangements that are treated as partnerships for U.S. federal income tax purposes (or partners therein), holders who are not U.S. Holders, U.S. expatriates, holders who own (directly, indirectly or constructively) 10% or more of our stock (by vote or value), holders who acquire their common shares pursuant to any employee share option or otherwise as compensation, investors that will hold their common shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes or investors who have a functional currency other than the U.S. dollar, all of whom may be subject to tax rules that differ significantly from those discussed below). Moreover, this discussion does not address any U.S. state or local or non-U.S. tax considerations, any U.S. federal estate, gift tax or alternative minimum tax considerations, or the Medicare tax on net investment income.

If a partnership (or other entity or arrangement that is treated as a partnership for U.S. federal income tax purposes) holds common shares or ADSs, the U.S. federal income tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships holding common shares or ADSs and partners in such partnerships should consult their tax advisors as to the particular U.S. federal income tax consequences of holding and disposing of the common shares or ADSs.

If a U.S. Holder holds ADSs, such holder should be treated as the holder of the underlying common shares represented by those ADSs for U.S. federal income tax purposes.

Taxation of Distributions

Subject to the discussion below under "Passive Foreign Investment Company Considerations," the gross amount of any distributions paid to a U.S. Holder on common shares or ADSs (including any non-U.S. tax withheld from such distributions) will generally be subject to tax as dividends to the extent paid out of the Company's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of the Company's current or accumulated earnings and profits will generally be treated as a non-taxable return of capital to the extent of the U.S. Holder's adjusted tax basis in their common shares or ADSs and thereafter generally treated as capital gain. Because the Company does not determine its earnings and profits under U.S. federal income tax principles, any distributions paid by the Company will generally be reported as dividends to U.S. Holders.

Individual and certain other non-corporate U.S. Holders may be subject to tax at the lower capital gains rate applicable to "qualified dividend income," provided that certain requirements are met, including that (i) the Company is eligible for the benefits of a comprehensive income tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program, or the common shares or ADSs are treated as readily tradable on an established securities market in the United States, (ii) the Company is neither a PFIC nor treated as such with respect to a U.S. Holder for the taxable year in which the dividend is paid and the preceding taxable year, and (iii) certain holding period requirements are met. The ADSs are listed on the New York Stock Exchange so the ADSs are expected to be readily tradable, although there can be no assurance in this regard.

The amount of any dividend income paid in *reais* will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date on which the U.S. Holder actually or constructively receives it, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

For foreign tax credit purposes, dividends received on common shares or ADSs will generally be treated as income from sources outside the United States and will generally constitute passive category income. Depending on the individual facts and circumstances, a U.S. Holder may be eligible, subject to various limitations, to claim a foreign tax credit in respect of any non-U.S. tax paid or withheld in respect of such dividends. Alternatively, a U.S. Holder may claim a deduction for U.S. federal income tax purposes in respect of such taxes. The rules governing the U.S. foreign tax credit are complex and their application depends in large part on the U.S. Holder's individual facts and circumstances. Accordingly, U.S. Holders should consult their tax advisors regarding the availability of the U.S. foreign tax credit in light of their particular circumstances.

Sale or Other Disposition of Common Shares or ADSs

Subject to the discussion below under "Passive Foreign Investment Company Considerations," a U.S. Holder will generally recognize gain or loss on the sale or other disposition of common shares or ADSs in an amount equal to the difference between amount realized upon disposition and the U.S. Holder's adjusted tax basis in its common shares or ADSs. Any capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in its common shares or ADSs exceeds one year at the time of disposition. Long-term capital gains of individuals and certain other non-corporate U.S. Holders are generally eligible for a reduced rate of taxation. The deductibility of capital losses is subject to limitations.

For foreign tax credit purposes, any gain or loss recognized by a U.S. Holder on the sale or other disposition of shares or ADSs will generally be treated as U.S.-source gain or loss, which may limit the ability to claim the foreign tax credit in respect of non-U.S. taxes imposed or withheld on the sale or other disposition of common shares or ADSs. The rules governing the U.S. foreign tax credit are complex and their application depends in large part on the U.S. Holder's individual facts and circumstances. Accordingly, U.S. Holders should consult their tax advisors regarding the availability of the U.S. foreign tax credit in light of their particular circumstances.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as the Company, will be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes, if, in any taxable year, either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. Passive income generally includes, among other things, dividends, interest, rents, royalties and net gains from the disposition of assets that produce such income. For this purpose, cash is generally categorized as a passive asset and a company's unbooked goodwill and other intangibles are taken into account and may be classified as active or passive depending on the income such assets produce or are held to produce. The Company will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which it owns, directly or indirectly or constructively, at least 25% (by value) of its stock.

Based upon the Company's income and assets, including goodwill and other unbooked intangibles, the Company believes it was not a PFIC for its most recent taxable year ended December 31, 2023, and does not expect to be a PFIC for the current taxable year or foreseeable future taxable years. Nevertheless, because PFIC status is a factual determination made annually after the close of each taxable year based on the composition of income and assets, no assurance can be provided that the Company will not be considered a PFIC for the current, or any past or future taxable years. While we do not expect to be or become a PFIC in the current or future taxable years, the determination of whether we are or will become a PFIC will depend on our income, assets and activities in each year. Under circumstances where the Company's passive income significantly increases relative to non-passive income, or the Company determines not to deploy significant amounts of cash, the Company's risk of becoming classified as a PFIC may substantially increase.

If the Company is classified as a PFIC for any taxable year during which a U.S. Holder holds common shares or ADSs, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules, regardless of whether the Company remains a PFIC, with respect to any (i) excess distribution that the Company makes to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for its common shares or ADSs) and (ii) gain realized on the sale or other disposition, including an indirect disposition such as a pledge, of common shares or ADSs. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the common shares or ADSs;
- amounts allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which the Company is classified as a PFIC (each, a "pre-PFIC year"), will be taxable as ordinary income;
- amounts allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest marginal tax rate in effect for individuals or corporations, as appropriate, for that year; and
- the interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than a pre-PFIC year.

If the Company a PFIC for any taxable year during which a U.S. Holder holds common shares or ADSs and any of its non-U.S. subsidiaries is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of each lower-tier PFIC for purposes of the application of these rules. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of the Company's subsidiaries.

As an alternative to the foregoing rules, a U.S. Holder of “marketable stock” in a PFIC may make a mark-to-market election with respect to such stock. If a U.S. Holder makes a valid mark-to-market election, the U.S. Holder will include in income each year an amount equal to the excess, if any, of the fair market value of common shares or ADSs as of the close of such U.S. Holder’s taxable year over such U.S. Holder’s adjusted basis in such shares or ADSs. The U.S. Holder is allowed a deduction for the excess, if any, of such U.S. Holder’s adjusted basis in the common shares or ADSs over their fair market value as of the close of the taxable year, but only to the extent of any net mark-to-market gains on the common shares or ADSs included in the U.S. Holder’s income for prior taxable years. Amounts included in the U.S. Holder’s income under a mark-to-market election, as well as gain on the actual sale or other disposition of the common shares or ADSs, will be treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the common shares or ADSs, as well as to any loss realized on the actual sale or disposition of the common shares or ADSs, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included in income with respect to such shares or ADSs. The U.S. Holder’s basis in the common shares will be adjusted to reflect any such income or loss amounts. If a U.S. Holder makes a mark-to-market election, then, in any taxable year for which the Company is classified as a PFIC, tax rules that apply to distributions by corporations that are not PFICs would apply to distributions by the Company (except that the lower applicable capital gains rate for qualified dividend income would not apply). If a U.S. Holder makes a valid mark-to-market election and the Company subsequently ceases to be classified as a PFIC, the U.S. Holder will not be required to take into account the mark-to-market income or loss described above during any period that we are not classified as a PFIC.

The mark-to-market election is available only for “marketable stock,” which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter (“regularly traded”) on a qualified exchange or other market, as defined in the applicable Regulations. For those purposes, the ADSs are treated as listed on a qualified exchange or other market because of their listing on the New York Stock Exchange. The Company anticipates that its ADSs shares should qualify as being regularly traded, but no assurance may be given in this regard.

Because a mark-to-market election can be made only with respect to marketable stock, such election generally will not be available for any lower-tier PFICs that the Company may own. Therefore, if the Company is treated as a PFIC, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder’s indirect interest in any investments held by the Company that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

The Company does not intend to provide information necessary for U.S. Holders to make a qualified electing fund election, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If a U.S. Holder owns common shares or ADSs during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621 or such other form as is required by the U.S. Treasury Department. U.S. Holders should consult their tax advisors regarding the potential tax consequences to such holder if the Company is or becomes a PFIC, including the possibility of making a mark-to-market election.

Foreign Financial Asset Reporting

A U.S. Holder may be required to report information relating to an interest in common shares or ADSs, generally by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with the U.S. Holder’s federal income tax return. A U.S. Holder may also be subject to significant penalties if the U.S. Holder is required to report such information and fails to do so. U.S. Holders should consult their tax advisors regarding information reporting obligations, if any, with respect to ownership and disposition of common shares or ADSs.

F. Dividends and Paying Agents

Not applicable.