

Information on the Issuance of Debentures
Annex 15 of CVM Instruction 481, of December 17 2009

To the Shareholders,

The Management of Suzano Papel e Celulose S.A. ("Company" or "Issuer") proposes to the Company's Extraordinary Shareholders' Meeting to be held on May 12, 2011 to approve the Company's fifth issuance of floating charge debentures convertible into shares ("Issuance"), in accordance with Annex 15 of CVM Instruction 481/2009, as follows:

1 Inform the maximum amount of the issuance.

The total amount of the Issuance shall be R\$ 1,200,000,000.00 (one billion two million Brazilian Reais)

2 Inform whether the issuance shall be divided into series.

The Issuance shall be carried out in two series, the 1st series shall be comprised of debentures convertible into common shares issued by the Issuer and the 2nd series shall be comprised of debentures convertible into preferred shares issued by the Issuer (common shares issued by the Issuer and preferred shares issued by the Issuer shall be jointly referred to as "Shares").

3 Inform the number and nominal value of the debentures of each series.

On million, two hundred thousand (1,200,000) debentures shall be issued, of which four hundred and one thousand, eight hundred and nineteen (401,819) debentures shall relate to the 1st series ("Debentures of the 1st Series") and seven hundred ninety-eight thousand, one hundred eighty-one (798,181) debentures shall relate to the 2nd series ("Debentures of the 2nd Series" and jointly with the Debentures of the 1st Series, "Debentures"). The Debentures shall have unit nominal value of R\$ 1,000.00 (one thousand Brazilian Reais) as of the issuance date, which is December 15, 2010 ("Unit Nominal Value" and "Issuance Date", respectively).

The Unit Nominal Value shall be restated by the variation of the Extended Consumer Price Index (IPCA) ("IPCA"), as ascertained and disclosed by the Brazilian Institute of Geography and Statistics (IBGE) as from the Issuance Date, calculated proportionally based on business days until the settlement of the Debentures (including settlement resulting from the declaration of accelerated maturity of the Debentures) (hereinafter referred to as "Restated Nominal Value"):

$$VN_a = VNe \times C$$

where:

VNa	=	Restated Nominal Value calculated with six (06) decimal places without rounding;
VNe	=	Unit Nominal Value, calculated with six (06)

decimal places without rounding;

C = accumulated factor of the month variations of the indexes used, calculated with eight (08) decimal places without rounding, as follows:

$$C = \prod_{k=1}^n \left[\left(\frac{NI_k}{NI_{k-1}} \right)^{\frac{dup}{dut}} \right]$$

where:

n	total number of indexes considered in the restatement of the asset, where n is a whole number;
NI _k	value of the index-number of the month prior to the restatement month, should the restatement happen on a previous date or on the date of the anniversary of the asset. After the anniversary date, value of the index-number of the restatement month;
NI _{k-1}	Value of the index-number for the month prior to month “k”;
dup	number of business days between the last anniversary date and the calculation date, limited to the total number of business days of validity of the price index, where “dup” is a whole number;
dut	Number of business days between the last and the next anniversary date, where “dut” is a whole number.

The IPCA shall apply to the shortest period permitted under applicable legislation, with no adjustment of the Deed of Debentures or any other formality.

Anniversary is the day of the maturity date or day informed as reference to the use of the index in each month.

Month of restatement is the monthly period between two consecutive dates of anniversary of the asset in question.

The factor resulting from the expression: $\left(\frac{NI_k}{NI_{k-1}} \right)^{\frac{dup}{dut}}$ is considered with eight (08) decimal places, without rounding.

The result is executed from the most recent factor to then subsequently adding the most remote ones. The intermediary results are calculated with sixteen (16) decimal places without rounding.

The amounts relating to weekends or holidays shall be equal to the value of the following business day, adjusting the *pro rata* as from the last prior business days.

If, on the restatement month the index- number is not yet available, the last available variation of the price index in question shall apply

$$\left(\frac{NI_{k-1}}{NI_{k-2}} \right)$$

In case of temporary unavailability of the IPCA upon the payment of any pecuniary obligation set forth in the Deed, the last index-number shall be used in substitution, as calculated proportionally to the business days, however, upon the disclosure of the index-number due, no financial compensation is due either to the Issuer nor to the Debenture holders (“Debenture Holder” or “Debenture Holders”).

For the maturing obligations as well as for the other parameters of the series of the Debentures, upon subsequent disclosure of the IPCA, all amount shall be recalculated and restated by the IPCA disclosed in such subsequent time, observing the period of one hundred and eighty (180) days established as per the paragraph below.

In the absence of ascertainment and/or disclosure of the index-number for a period longer than one hundred and eighty (180) days after the expected disclosure date, or further, in case of its extinction by law or judicial order, the IPCA shall be replaced by the substitute index legally determined for this case. In case of absence of a legal substitute of the IPCA, the Trustee (*Agente Fiduciário*) shall call a General Meeting of Debenture Holders of both series to be carried out within at most twenty (20) days after one of the events set forth in this item, in which meeting the Issuer shall present a proposal for a new parameter to be applied. For the effects of the general meeting of Debenture Holders herein set forth, the IPCA substitute index shall be approved by the quorum established in the Deed. Until the approval of this parameter the last index-number disclosed shall be used to calculate the amount of any obligations set forth in the Deed.

The Debenture Holders entitled to vote at the general meeting set forth above shall present a justification if they reject the index presented by the Issuer. In this case, the Issuer, based on such justification, shall present a new index in general meeting of Debenture Holders to be called by the Trustee within ten (10) days after the general meeting that rejected the previous parameter. Until the approval of the new index, the last index-number disclosed shall be used to calculate the amount of any obligations set forth in the Deed.

4 Inform the use of the proceeds

The proceeds from this Issuance shall be used for the construction of a new industrial plant of the Issuer in the city of Imperatriz, in the State of Maranhão, with estimated production capacity of 1.4 million ton/year of bleached eucalyptus pulp, and the implementation of the supporting infrastructure necessary for the future operations of the new unit, and for the improvement of the capital structure of the Issuer.

5 Explain in details the issuance reasons and its effects.

This Issuance represents an important part of the financial resources necessary for the construction of the industrial unit mentioned above. As they are mandatorily convertible into Shares, the resources obtained from the Issuance reinforce the capital structure of the Issuer, limiting the indebtedness effects since the beginning of the implementation of the industrial project.

6 Inform the yield of the Debentures

The Debentures shall provide interest of four point half percent (4.50%) per year, based on 252 business days, levied on the Restated Nominal Value as from the Issuance Date, calculated under the capitalization regime proportionally to the business days ("Yield"), as follows:

$$J = VNa \times (\text{Interest Factor} - 1)$$

where:

J	=	amount of interest due at the end of each interest calculation period, calculated with six (06) decimal places without rounding;
VNa	=	Restated Nominal Value calculated with six (06) decimal places without rounding;
Interest Factor	=	fixed interest factor calculated with nine (09) decimal places without rounding, as follows:

$$\text{Interest rate} = \left\{ \left[\left(\frac{\text{rate}}{100} + 1 \right)^{\frac{n}{252}} \right]^{\frac{DP}{DT}} \right\}$$

where:

rate	=	fixed interest rate, four point half percent (4.5000%) per year, informed with four (04) decimal places;
n	=	number of business days between the date of the next event and the date of the prior event, where "n" is a whole number;
DP	=	number of business days between the last event and the current date, where "DP" is a whole number;
DT	=	number of business days between the last and the next event, where "DT" is a whole number.

The Yield shall be paid annually, always on the fifth (15th) Day of January, with the first payment due on January 15, 2012 and the last date of payment coinciding with the last Date of Conversion (as defined in item 14.5 below).

The Yield shall always be payable in cases of conversion of the Debentures into Shares, and in these cases it shall be paid proportionally, calculated from the date of the last financial event until the Date of Conversion (as defined in item 14.5 below), as the case may be (all dates set forth in this item shall be hereinafter referred to as "Date of Payment of Yield").

7 Inform the type of Debentures to be issued and describe the guarantees, if any.

In order to ensure the timely and full payment of any pecuniary obligations resulting from the Debentures, including but not limited to the Yield, penalties and fines, the Debentures shall be of floating charge type. In addition, to guarantee the integral and timely payment of the Yield and any and all pecuniary obligation payable by the Issuer due to any default,

including but not limited to interest and regular penalty, including fine and the other charges relating to the Debentures of the 2nd Series assumed by the Issuer under the Deed of Debentures, the Issuer shall present to the Trustee a letter of guarantee provided by Suzano Holding S.A. in favor of the Debenture Holders of the Debentures of the 2nd Series.

8 Inform the maturity, repayment and redemption terms and conditions, including the cases of accelerated maturity, if any.

The maturity term of the Debentures shall be three (03) years after the Issuance Date, therefore on December 16, 2013 ("Maturity Date").

The Debentures shall be liquidated in the events of (i) maturity of the Debentures; (ii) request for conversion of the Debentures into Shares by Debenture Holders under the terms set forth in item 14.5 below; and/or (iii) at discretion of Debenture Holders, upon accelerated maturity of the Debentures according to the events set forth below. Upon occurrence of any of the events set forth herein, the Issuer shall liquidate the Debentures for the Restated Nominal Value up to the Date of Conversion (as defined in item 14.5 below), always through conversion of Debentures into Shares. The Yield, incident up to the date of occurrence of any of the events indicated above, shall be paid in cash, in Brazilian Reais.

Without prejudice to the paragraph above, the Debentures still outstanding shall be redeemed by the Issuer, in one installment, on the Maturity Date, through conversion into Shares, subject to item 14.5 below. The Yield, incident up to the date of occurrence of any of the events indicated above, shall be paid in cash, in Brazilian Reais.

The Debentures are not susceptible to early redemption by the Issuer. The occurrence of the following events shall lead to the accelerated maturity of the Debentures:

- (a) failure to comply with any pecuniary obligation relating to the Debentures, as set forth in the Deed, not remedied within up to ten (10) days after the respective Maturity Date;
- (b) failure to comply with any non-pecuniary obligation set forth in the Deed, as long as not remedied within thirty (30) days after the notification informing of such failure, and such notification shall be sent to the Issuer by the Trustee's own initiative or within up to two (02) business days after the request of any Debenture Holder, as the case may be;
- (c) reiterated protest of instruments against the Issuer, at individual or aggregated amount, within a period of twelve (12) consecutive months, exceeding R\$ 85,000,000.00 (eighty-five million Brazilian Reais), except if the protest has resulted from error or bad faith of third parties and such act is validly evidenced by the Issuer, or further, if such act is suspended or cancelled by the Issuer within up to ten (10) days after its occurrence. The amount in this item shall be annually restated as from the Issuance Date by the General Market Price Index (IGP-M);
- (d) application of judicial or extrajudicial receivership or voluntary bankruptcy filed by the Issuer, or declaration of bankruptcy of the Issuer;
- (e) dissolution or liquidation of the Issuer;
- (f) declaration of accelerated maturity of any debt of the Issuer due to contractual default or final and unappealable court decision ordering the payment, whose individual or aggregate amount within a period of twelve (12) consecutive months is higher than or equal to R\$ 85,000,000.00 (eighty-five million Brazilian Reais). The

amount in this item shall be annually restated as from the Issuance Date by the IGP-M;

- (g) allocation of the proceeds obtained in a form different from that specified in item 4 above;
- (h) default of any obligations assumed before the Brazilian Bank for Economic and Social Development (BNDES) and its subsidiaries, by the Issuer or any entity pertaining to the Economic Group of the Issuer, not remedied within the term of: (i) up to ten (10) business days after the respective Maturity Date in case of pecuniary obligation, and (ii) thirty (30) days after a default notice, in case of non-pecuniary obligation;
- (i) transfer of the Issuer's Control (except for transfers permitted under the Deed, as may be established therein), directly or indirectly, through any means, except if previously approved by the Debenture Holders representing the majority of the Debentures of the 2nd Series;
- (j) inclusion, in a shareholder agreement or bylaws of the Issuer, of a provision requiring special quorum for analysis and approval of issues that limit or impede the control of the Issuer by the respective controlling shareholders, or further, the inclusion in those documents, of a provision:
 - (i) restricting the Issuer's growth capacity or technological development;
 - (ii) restricting the Issuer's access to new markets; or
 - (iii) restricting or adversely affecting the capacity of payment of the financial obligations resulting from this operation.
- (k) evidence that the representations provided in the Deed are false or misleading, or further, significantly incorrect or incomplete on the date they were provided;
- (l) approval of a reduction of the capital stock of the Issuer with reimbursement to the shareholders of part of the amount of the shares, or with a decrease in the share value, when not paid-in, without prior and express approval of Debenture Holders representing the majority of the Debentures of the 2nd Series;
- (m) existence of a final and unappealable unfavorable court decision relating to the performance of acts by the Issuer that violate legislation fighting discrimination based on race or gender, child labor and slave labor;
- (n) a change of the Issuer's corporate purpose, except if previously approved by Debenture Holders representing the majority of the Debentures of the 2nd Series;
- (o) Issuer's unjustified failure to comply with, within the respective terms, as applicable, any provision of this item;

9 Inform whether the subscription shall be public or private.

The Debentures issuance shall be private, without any placement to investors, and shall not be subject to registration with the Brazilian Securities and Exchange Commission (CVM).

10 Inform the issues to be defined by the board of directors.

The matters pertaining to clauses VI to VIII, article 59, of Law 6,404/76, as amended ("Brazilian Corporation Law"), shall be assigned to the Board of Directors.

11 Identify the Trustee.

The Trustee hired for this Issuance is Oliveira Trust Distribuidora de Títulos e Valores Mobiliários S.A. ("Trustee").

12 Inform the Issuance risk rating, if any.

Not applicable.

13 Inform the secondary market in which the Debentures shall be traded, if applicable.

The Debentures shall be traded on a private basis or on a secondary regulated market, subject to the applicable legal and regulatory measures.

14 In case of convertible Issuance de Debentures

14.1 *Inform the conversion relation.*

The conversion price of the Debentures of both series in cases Debenture Holders' request for conversion or conversion on the Maturity Date, shall be R\$ 17.39 (seventeen Brazilian reais and thirty-nine centavos), equivalent to the average price weighted by the number of class "A" preferred shares issued by the Issuer traded on the last twenty (20) trading sections prior to (and excluding) December 15, 2010 plus a premium of twelve point half percent (12.5%), and, after (and including) January 1, 2011, for the effects of the conversion price dealt with in this item, the earnings declared per share shall be excluded from that amount of R\$ 17.39, as from the date of declaration, limited to the maximum accumulated amount of R\$ 1.00 (one Brazilian real) per share ("Conversion Price").

In case of declaration of accelerated maturity of the Debentures, under the terms of item 8 above and observing the grace periods, the Debentures may be converted at the discretion of the Debenture Holders, at any time until the Maturity Date, at the Conversion Price corresponding to the Market Price (as defined below) with a discount of five percent (5%), or at the Conversion Price with a discount of ten percent (10%), whichever is lower, provided that in any event the minimum conversion price in case of declaration of accelerated maturity of the Debentures shall be R\$ 9.00 (nine Brazilian Reais).

If a Declaration of Accelerated Maturity is made by (and excluding) November 18, 2013, the Market Price referred to above shall be equivalent to the average price weighted by the number of class "A" preferred shares issued by the Issuer traded on the last twenty (20) trading sections prior to the date of the Notice of Conversion (as defined below). For a Declaration of Accelerated Maturity made after (and including) November 18, 2013 the Market Price referred to above shall be the average price weighted by the number of class "A" preferred shares issued by the Issuer traded on the trading sessions between the date of Declaration of Accelerated Maturity of the Debentures and (i) the date of Notice of Conversion (as defined below) or (ii) the Maturity Date.

14.2 *Justify in details the economic aspects that determined the setting the conversion ratio.*

The conversion ratio of R\$ 17.39 (seventeen Brazilian Reais and thirty-nine centavos) was set based on the average price weighted by the number of class "A" preferred shares issued by the Company traded on the past twenty (20) trading sections prior to (and excluding) the Issuance Date plus a premium of twelve point half percent (12.5%). The earnings per share declared after January 1, 2011 shall be

excluded from the amount of R\$ 17.39 (seventeen Brazilian Reals and thirty-nine centavos), limited to the maximum accumulated amount of R\$ 1.00 (one Brazilian Real) per share. The setting of the conversion ratio considered i) the market price; ii) the yield attractive for the Company in comparison with the yield from non-convertible debentures; and iii) the characteristics of the Debentures, including but not limited to the mandatory convertibility into shares and the term of three (03) years.

14.3 *Provide management's opinion on the effects of the capital increase, particularly as to the dilution caused by the increase.*

The purpose of the Issuance is the construction of a new industrial unit and respective infrastructure and reinforcement of the Company's capital structure. Management believes that the effects of the capital increase resulting from the Issuance shall be important for this growth project.

The Company's management believes that the Conversion Price, based on the Market Price with adjustments that reflect the Debentures' characteristics already mentioned above, does not lead to unjustified dilution. In addition, the shareholders shall have preemptive right in the subscription of the Debentures.

14.4 *Provide a copy of all reports and studies that supported the setting of the conversion ratio.*

In order to fulfill this requirement, we attached a calculation spreadsheet containing: (i) the average price weighted by the number of class "A" preferred shares issued by the Issuer, traded on the last twenty (20) trading sessions prior to (and excluding) December 15, 2010 plus a premium of twelve point half percent (12.5%); (ii) average price for the period between the Issuance Date, i.e., December 15, 2010 and April 14, 2011 and (iii) average price of class "A" preferred shares issued by the Issuer on April 14, 2011 ("Annex I").

14.5 *Inform the terms and conditions of the conversion.*

Debentures of the 1st Series may only be converted into common shares of the Issuer, and Debentures of the 2nd Series may be converted into the same class of preferred shares issued by the Issuer as held by the Debenture Holder on the date of the Extraordinary General Shareholders' Meeting approving the Issuance ("Extraordinary Shareholders' Meeting"). Conversion of Debentures into class B preferred shares shall be allowed only to shareholders (i) that hold preferred shares of this class as of the date of the Extraordinary Shareholders' Meeting; (ii) that acquires Debentures of the 2nd Series during the Preemptive Term and (iii) maintains the ownership of these securities until the conversion request. Subject to the conditions in (i) to (iii) of this item, if a Debenture Holder is a holder of classes "A" and "B" preferred shares, the conversion of the Debentures of the 2nd Series shall be performed in the proportion of each class held by the Debenture Holder, and Debenture Holders entitled to the conversion of Debentures into class "B" preferred shares shall always have the option to choose to receive class "A" or class "B" preferred shares at the time of the conversion request. Should Debentures of the 2nd Series be purchased in the secondary market, the shares subject of the conversion shall be solely and exclusively class "A" preferred shares.

With due regard to the procedures described in this item 14.5 and the other provisions that shall be established in the Deed, the Debentures may be converted

into shares of the Issuer, at the discretion of the respective Debenture Holders, as from December 17, 2012 until the Maturity Date, at a number of shares resulting from the division of the Restated Nominal Value as of the Date of Conversion (as defined below) of the Debentures by the Conversion Price per Debenture held.

The conversion of Debentures of the 1st Series by Debenture Holders of the 1st Series shall be carried out in case of request of conversion of Debentures of the 2nd Series by Debenture Holders of the 2nd Series, whenever necessary to allow the maintenance of the proportion between the common and preferred shares issued by the Issuer, as provided for in the Brazilian Corporation Law.

The Debenture Holders shall manifest their intention of conversion through the Notice of Conversion of the Debentures of the respective series, to be sent in writing to the Issuer with copy to the Trustee ("Notice of Conversion").

For all legal effects, the Debentures conversion date shall be the seventh (7th) business Day after the (i) Issuer's receipt of the Notice of Conversion or (ii) Maturity Date, as the case may be ("Date of Conversion").

On the business day following the date of a Notice of Conversion or the Maturity Date, the Issuer shall formalize the conversion request before the agent bank through a registered letter with copy to the Trustee.

On the Date of Conversion the Issuer shall (i) deposit before the registrar agent of its shares, the number of shares corresponding to the series and quantity of Debentures converted and (ii) pay the Yield applicable to that date, calculated proportionally. The deposit expenses shall be paid by the Issuer and the fractions of Shares resulting from the conversion made under this item shall be due by the Issuer, in cash, on the Date of Conversion.

The Issuer's capital increase resulting from the conversion of the Debentures into Shares, in the form set forth in item III, of article 166 of the Brazilian Corporation Law, and in the Issuer's Bylaws, shall be ratified within up to sixty (60) days and filed with the proper Commercial Register within up to thirty (30) days after its ratification.

The Conversion Price shall be simultaneously and proportionally adjusted to the capital increase resulting from bonus shares, split or grouping of shares issued by the Issuer, at any title, as the case may be, that may occur after the Issuance Date, without any charge to the Debenture Holders and on the same proportion set out for such events for each type and class of shares. For instance, (i) in case of grouping of shares the Conversion Price shall be multiplied by the same ratio referring to the grouping of shares of the same type and class issued by the Issuer; and (ii) in case of share split or bonus shares, the Conversion Price shall be divided by the same ratio referring to the split of shares of the same class and type issued by the Issuer, or by the same ratio used for the issuance of bonus shares.

Until the full settlement of the Debentures of this Issuance, which shall occur due to the request of conversion of the Debentures or on the Maturity Date, should the Issuer issue other convertible Debentures or any other securities convertible into shares, for public or private subscription, at conversion prices lower than the Conversion Price, each Debenture Holder, at its discretion, shall be entitled to convert its Debentures into common or preferred shares of the Issuer, subject to the criterion set forth in the first paragraph of this item 14.5, at the Conversion Price of the new issuances. The right set forth in this item shall be exercised within up to

thirty (30) business days after (i) the date of the Issuer's General Shareholders' Meeting approving that issuance or (ii) the date of issuance of the new convertible securities, whichever occurs later, upon a communication to the Issuer and the Trustee.

Until the full settlement of the Debentures of this Issuance, which shall take place due to the request of conversion of the Debentures or on the Maturity Date, in case the Issuer issues subscription warrants at exercise prices lower than the Conversion Price each Debenture Holder shall, at its discretion, be entitled to convert its Debentures into common or preferred shares issued by the Issuer, subject to the criterion set forth in the first paragraph of this item 14.5., at the exercise price of the subscription warrant. The right set forth in this item shall be exercised within up to thirty (30) business days after (i) the date of the Issuer's Board of Directors' Meeting approving that issuance of subscription warrants or (ii) the date of issuance of the subscription warrants, whichever occurs later, upon a communication to the Issuer and the Trustee.

Until the full settlement of the Debentures of this Issuance, in case of approval of share issuance by the Issuer for public or private subscription, at an issue price lower than the Debentures Conversion Price each Debenture Holder shall be, at its discretion, entitled to convert its Debentures into common and preferred shares, as the case may be, at the issue price of the new shares to be issued. The right set forth in this item shall be exercised within up to thirty (30) business days after the holding of the Issuer's corporate act approving the issuance of the shares, upon a communication to the Issuer and the Trustee.

14.6 *Describe the rights, advantages and restrictions of the shares resulting from the conversion.*

As from the Date of Conversion the Issuer common shares resulting from the conversion of Debentures of the 1st Series shall (i) have the same characteristics and conditions and shall be entitled to the same rights and advantages set in the bylaws currently or in the future assigned to all other common shares issued by the Issuer; and (ii) fully participate in the results distributed, including dividends and interest on capital declared as from the date of issuance of such shares.

As from the Date of Conversion, the class "A" or "B" preferred shares, as the case may be, issued by the Issuer, resulting from the conversion of Debentures of the 2nd Series shall (i) have the same characteristics and conditions and shall be entitled to the same rights and advantages set in the bylaws currently or in the future assigned to the preferred shares of the respective converted class issued by the Issuer; and (ii) fully participate in the results distributed, including dividends and interest on capital declared as from the date of issuance of such shares.

14.7 *Inform whether the shareholders shall have preemptive rights to subscribe the Debentures, including details on the terms and conditions to which this right is subject.*

All the Issuer's shareholders of record as of the date of the Extraordinary General Shareholders' Meeting, without distinction, shall be entitled to preemptive right to subscribe for the Debentures in the proportion of the number of Issuer's shares they hold as of that date, as provided for in the Brazilian Corporation Law ("Preemptive Right"), and such right is valid for thirty (30) days after the publication of the notice to

the shareholders (“Notice to the Shareholders”) of the Issuer, informing of the Issuance and such Preemptive Right (“Preemptive Term”).

Shareholders who wish to subscribe for Debentures shall exclusively present themselves at the Agent Bank’s branches listed in the Notice to the Shareholders where they shall sign the Debentures’ subscription instrument. In case of shareholder represented by proxy, the proxy shall bear documentation evidencing the representation powers to subscribe for the Debentures. Shareholders whose shares are under custody of the Brazilian Clearing and Depository Corporation of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros (“CBLC” and “BM&FBOVESPA”, respectively) shall exercise their rights through their custody agents in accordance with the CBLC rules.

The cash payment of the subscribed Debentures shall be made at the time of the signature of the subscription instrument, even though not all Debentures of the Issuance are being subscribed for.

By subscribing for Debentures during the Preemptive Term the shareholders may manifest their interest in subscribing remaining Debentures not subscribed during the Preemptive Term (“Remaining Debentures”), in the proportion of the amounts subscribed in the exercise of their Preemptive Rights. Such interest shall be manifested through the Debentures subscription instrument. The term to subscribe for any Remaining Debentures shall be up to three (03) business days after the end of the Preemptive Term (“Term to Subscribe for the Remaining Debentures”), and the term for their payment shall be up to three (03) business days after the end of the Term to Subscribe for the Remaining Debentures (“Term to Pay-in the Remaining Debentures”). The number of Debentures to which each subscriber shall be entitled (*Debentures of the First Sharing*) shall be set by multiplying the total number of unsubscribed Debentures (*Unsubscribed Debentures*) by the percentage calculated through the division of the number of Debentures subscribed and the respective subscriber (*Subscribed Debentures*) by the total number of Debentures subscribed (*Total Subscribed Debentures*) by all subscribers that have applied for the right to Remaining Debentures (“First Sharing”), as described in the following formula:

$$Deb\ First\ Sharing = Unsubscribed\ Deb \times \frac{Subscribed\ Deb}{Total.Subscribed\ Deb}$$

After this ascertainment the subscription of all Remaining Debentures of the First Sharing shall be allowed by any subscriber that has expressly manifested its intention through the instrument of subscription of Remaining Debentures of the First Sharing. Should there be more than one subscriber interested in subscribing all Remaining Debentures of the First Sharing, such Debentures shall be divided among the interested subscribers in the proportion of the total number of Debentures then subscribed by each subscriber (“Second Sharing”). The term to subscribe for the Second Sharing shall be up to three (03) business days after the end of the Term to Pay-in the Remaining Debentures, and the shareholders who wish to subscribe for the respective Debentures of the Second Sharing shall pay them in simultaneously.

The Second Sharing subscription instruments may be requested at the Agent Bank’s branches listed in the Notice to the Shareholders. Shareholders with shares under custody of CBLC shall exercise their respective rights through their custody agents in accordance with the rules set by CBLC.

After the ascertainment of the Remaining Debentures above, the subscription for any Remaining Debentures of the Second Sharing shall be allowed through the performance of an auction in stock exchange under applicable laws and regulations.

If the number of Debentures to be subscribed by the Issuer's shareholders under the Preemptive Right is not a whole number, the fractional number must be rounded to the whole number immediately (i) superior, if the first decimal place is higher than or equal to five (05) decimals, or (ii) inferior if the first decimal place is lower than five (05) decimals; and in any case the decimal places following the first one shall be disregarded for the rounding purposes herein set forth.

14.8 Inform the percentage of potential dilution resulting from the Issuance

As of December 31, 2010 the Issuer's shareholders' equity was R\$ 8,640.6 million, and the net book value per share as of that date was R\$ 21.13 (twenty-one Brazilian Reais and thirteen centavos). The net book value per share was determined by the division of the Issuer's shareholders' equity by the total number of shares as of December 31, 2010.

Considering the conversion of the Debentures and the subscription of 82,186,268 Shares at Conversion Price of R\$ 17.39 (seventeen Brazilian Reais and thirty-nine centavos), and that the Issuer's shareholders' equity as of December 31, 2010 plus the Issuance amount less the present value of the Yield until the Maturity Date is R\$ 9,696.1 million, the net book value per share after the conversion of the Debentures would be R\$ 19.74 (nineteen Brazilian reais and seventy-four centavos).

In case the conversion price is R\$ 16.39 (sixteen Brazilian Reais and thirty-nine centavos) and subscription of 87,200,683 Shares, and that the Issuer's shareholders' equity as of December 31, 2010 plus the Issuance amount less the present value of the Yield until the Maturity Date is R\$ 9,696.1 million, the net book value per share after the conversion of the Debentures would be R\$ 19.55 (nineteen Brazilian Reais and fifty-five centavos).

The dilution in this case represents the difference between the price per share resulting from the conversion of the Debentures and the net book value per share immediately after the conversion of the Debentures. The table below shows this dilution calculated based on the simulations above:

**Variation from conversion at R\$ 17.39 assuming conversion in three years by the average
IPCA of 6% per year**

	<u>R\$/share</u>
1. Conversion Price	17.39
2. Net book value per share as of 12.31.10	21.13
3. Net book value per share after conversion	19.74
4. Variation of the net book value per share attributed to current shareholders (=19.74 - 21.13)	-1.39
5. Variation per share for new shareholders (=17.39 -19.74)	-2.35
6. Percentage of dilution per share for the Debenture holders (= -2.35/17.39)	-13.51%

**Variation from conversion at R\$ 16.39 assuming conversion in three years by the average
IPCA of 6% per year**

	<u>R\$/share</u>
1. Conversion Price	16.39
2. Net book value per share as of 12.31.10	21.13
3. Net book value per share after conversion	19.55
4. Variation of the net book value per share attributed to current shareholders (=19.55 - 21.13)	-1.58
5. Variation per share for new shareholders (=16.39 -19.55)	-3.16
6. Percentage of dilution per share for the Debenture holders (= -3.16/16.39)	-19.28%

Annex I

Average price per share weighted by the Company class "A" preferred shares traded

Date	Number of shares traded	Financial Volume	Average Price
Nov/ 17/10	566,600	8,727,481.00	15.40
Nov/18/10	772,200	12,060,050.00	15.62
Nov/19/10	734,300	11,320,130.00	15.42
Nov/22/10	587,100	8,999,343.00	15.33
Nov/23/10	1,000,800	15,043,460.00	15.03
Nov/24/10	729,600	11,161,300.00	15.30
Nov/25/10	756,100	11,601,450.00	15.34
Nov/26/10	808,000	12,187,530.00	15.08
Nov/29/10	732,000	11,041,760.00	15.08
Nov/30/10	949,500	14,367,890.00	15.13
Dec/01/10	1,014,000	15,684,220.00	15.47
Dec/02/10	920,900	14,337,600.00	15.57
Dec/03/10	1,361,200	21,475,740.00	15.78
Dec/06/10	692,700	10,838,930.00	15.65
Dec/07/10	632,000	9,897,350.00	15.66
Dec/08/10	586,700	9,182,959.00	15.65
Dec/09/10	301,300	4,722,923.00	15.68
Dec/10/10	1,029,500	16,165,140.00	15.70
Dec/13/10	1,021,800	15,976,780.00	15.64
Dec/14/10	410,500	6,407,227.00	15.61
Average of the 20 trading floors prior to the Issuance Date			15.45
Weighted average price plus a premium of 12.5%			17.39
Average price of the period as from the Issuance Date 12.15.2010 and 04.14.2011			14.60
Average price on 04.14.2011			14.72