IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, AS AMENDED (THE "SECURITIES ACT")) OR (2) NON-U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) OUTSIDE THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum and its annexes (the "Offering Memorandum") following this page, and you are advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS. THE OFFERING MEMORANDUM AND THE OFFER OF THE NOTES ARE ONLY ADDRESSED TO AND DIRECTED AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE "QUALIFIED INVESTORS" WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC, AS AMENDED) AND RELATED IMPLEMENTATION MEASURES IN MEMBER STATES ("QUALIFIED INVESTORS"). IN ADDITION, IN THE UNITED KINGDOM THE OFFERING MEMORANDUM IS ONLY BEING DISTRIBUTED TO QUALIFIED INVESTORS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLES 19(5) AND 19(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AND OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER REFERRED TO AS "RELEVANT PERSONS"). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFERING MEMORANDUM RELATES IS AVAILABLE ONLY TO (I) IN THE UNITED KINGDOM, RELEVANT PERSONS, AND (II) IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA OTHER THAN THE UNITED KINGDOM, QUALIFIED INVESTORS, AND WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. IN ADDITION, NO PERSON MAY COMMUNICATE OR CAUSE TO BE COMMUNICATED ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY, WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA"), RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE NOTES OTHER THAN IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO US.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY

RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the securities, investors must be either (1) QIBs or (2) non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the U.S. This Offering Memorandum is being sent at your request and by accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons (within the meaning of Regulation S under the Securities Act) and that the electronic mail address that you gave us and to which this Offering Memorandum has been delivered is not located in the U.S., and (2) that you consent to delivery of such Offering Memorandum by electronic transmission.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. 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 shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the issuer in such jurisdiction.

This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently neither the Initial Purchasers, nor any person who controls them nor any of their directors, officers, employees nor any of their agents nor any affiliate of any such person accept any liability or responsibility whatsoever in respect of any difference between this Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

OFFERING MEMORANDUM

U.S.$350,000,000
Eldorado Intl. Finance GmbH

(*a private company with limited liability incorporated under the laws of Austria*)

8.625% Senior Notes due 2021

Unconditionally Guaranteed by

Eldorado Brasil Celulose S.A. and Cellulose Eldorado Austria GmbH

Eldorado Intl. Finance GmbH, a private company with limited liability (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Austria, or the issuer, is offering U.S.$350,000,000 aggregate principal amount of its senior notes due 2021, or the notes. The notes will mature on June 16, 2021. Interest on the notes will accrue from June 16, 2016 at a rate of 8.625% per year. The issuer will pay interest on the notes semi-annually in arrears on June 16 and December 16 of each year, commencing on December 16, 2016.

The notes will be guaranteed by Eldorado Brasil Celulose S.A., a corporation (*sociedade anônima*) incorporated under the laws of the Federative Republic of Brazil, or the parent guarantor, and Cellulose Eldorado Austria GmbH, a private company with limited liability (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Austria, or the subsidiary guarantor. The parent guarantor and the subsidiary guarantor are collectively referred to herein as the guarantors.

Prior to June 16, 2019, the notes may be redeemed, in whole or in part, by paying the principal amount of the notes plus the applicable "make-whole" amount and accrued interest and additional amounts, if any. Thereafter, the notes may be redeemed, in whole or in part, at the redemption prices set forth herein. Up to 35% of the aggregate principal amount of the outstanding notes may also be redeemed using the proceeds of certain equity offerings completed before June 16, 2019. The notes also may be redeemed, in whole but not in part, at 100% of their principal amount plus accrued interest and additional amounts, if any, at any time upon the occurrence of specified events relating to tax laws of Brazil, Austria or other relevant jurisdictions, as set forth herein.

The notes and the guarantees will rank equally in right of payment with all other present and future senior unsecured obligations of the issuer and of the guarantor, respectively (except for any obligations that may be preferred by provisions of law that are both mandatory and of general application). The notes and the guarantees will be effectively subordinated in right of payment to all existing and future secured debt of the issuer and the guarantors to the extent of the value of the assets securing such obligations and structurally subordinated in right of payment to all existing and future debt and other liabilities, including trade payables, of Eldorado Brasil's subsidiaries (other than the issuer and the subsidiary guarantor). See "Description of the Notes."

The issuer will apply to the Singapore Exchange Securities Trading Limited, or the SGX-ST, for permission to list the notes on the main board of the SGX-ST. We cannot guarantee the listing will be obtained. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering memorandum. Admission to the main board of the SGX-ST is not to be taken as an indication of the merits of the notes or our company.

Investing in the notes involves risks. See "Risk Factors" beginning on page 21 for certain information that you should consider before investing in the notes.

Offering Price: 99.008% plus accrued interest, if any, from June 16, 2016.

Delivery of the notes in book-entry form will be made on or about June 16, 2016 through The Depository Trust Company, or DTC, and its participants, including Euroclear Bank S.A./N.V., or Euroclear, and Clearstream Banking, *société anonyme*, Luxembourg, or Clearstream. The notes are being offered in the European Economic Area pursuant to an exemption from prospectus requirements under Directive 2003/71/EC as amended by Directive 2010/73/EU, or the Prospectus Directive. This offering memorandum has not been approved by a competent authority within the meaning of the Prospectus Directive.

The notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or the Securities Act, or any state securities law. The notes may not be sold within the United States except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act, or Rule 144A, and may not be offered or sold outside the United States except to certain non-U.S. persons (as defined in Regulation S under the Securities Act, or Regulation S), in offshore transactions in reliance on Regulation S. Prospective purchasers that are qualified institutional buyers are hereby notified that sellers of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfer of the notes, see "Transfer Restrictions."

Joint Bookrunners

BofA Merrill Lynch **Credit Suisse** **BB Securities** **Santander**

The date of this offering memorandum is June 9, 2016.

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In this offering memorandum, except where otherwise indicated or where the context requires otherwise, references to (1) "Eldorado Finance" or the "issuer" are to Eldorado Intl. Finance GmbH, (2) "Eldorado Brasil" or the "parent guarantor" are to Eldorado Brasil Celulose S.A., (3) "Eldorado Austria" or the "subsidiary guarantor" are to Cellulose Eldorado Austria GmbH and (4) "Eldorado," "we," "us," "our," "our company" and similar terms are to Eldorado Brasil and its consolidated subsidiaries.

In making your investment decision, you should rely only on the information contained in this offering memorandum. None of the issuer, the guarantors or Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA) LLC, BB Securities Limited and Santander Investment Securities Inc. (collectively, the "initial purchasers"), has authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. None of the issuer, the guarantors or the initial purchasers is making an offer to sell or soliciting an offer to buy the notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum, regardless of the time of delivery of this offering memorandum or any sale of the notes. Our business, financial condition, results of operations and prospects may have changed since that date.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future. We have furnished the information contained in this offering memorandum.

The notes and the guarantees have not been registered with, recommended or approved by the U.S. Securities and Exchange Commission, or the SEC, the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or the CVM, the Austrian Financial Market Authority (*Finanzmarktaufsicht*) or any other federal or state securities commission or any other regulatory authority, and neither the SEC, the CVM nor any other securities commission or regulatory authority has passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

You should not construe the contents of this offering memorandum as investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for advice regarding the legal, tax, business, financial and related aspects of an investment in the notes. None of the issuer, the guarantors or the initial purchasers is making any representation to you regarding the legality of an investment in the notes by you under applicable law.

In making an investment decision, you must rely on your own examination of the issuer, our company and the terms of this offering, including the merits and risks involved. This offering is being made on the basis of this offering memorandum. Any decision to invest in the notes must be based solely on the information contained herein.

This offering memorandum is highly confidential and has been prepared solely for use in connection with an offering exempt from registration under the Securities Act and applicable state securities laws. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the notes. Distribution of this offering memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized, and any disclosure of any of its contents without our prior written consent is prohibited. This offering memorandum may not be copied or reproduced in whole or in part. See “Transfer Restrictions.” By accepting delivery of this offering memorandum, you agree to these restrictions and acknowledge that:

- Your investment decision is based solely on this offering memorandum, and you are not relying on any other information you may have received from us;

- You have been afforded an opportunity to request from us 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 herein;

- You have not relied upon the initial purchasers or any person affiliated with the initial purchasers in connection with your investigation of the accuracy of this information or your investment decision;

- This offering memorandum relates to an offering that is exempt from registration under the Securities Act and does not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities;

- If you purchase notes, you will be (1) deemed to have made the acknowledgments, representations, warranties and agreements described under “Transfer Restrictions” in this offering memorandum and (2) subject to restrictions on transferability and resale of the notes and may not transfer or resell the notes except as permitted under the Securities Act and other applicable securities laws pursuant to registration thereunder or exemption therefrom described under “Transfer Restrictions” in this offering memorandum; and

- 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 applicable state securities laws pursuant to registration or exemption therefrom. 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. See “Plan of Distribution” and “Transfer Restrictions.”

The information contained in this offering memorandum has been furnished by us and sources believed by us to be reliable. No representation or warranty, express or implied, is made by the initial purchasers as to the accuracy or completeness of any of the information set forth herein, and nothing contained in this offering memorandum is or shall be relied upon as a promise or representation, whether as to the past or the future. This offering memorandum summarizes certain documents and other information, and we refer you to them for a more complete understanding of what we discuss in this offering memorandum.

Each prospective purchaser of the notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we, the issuer nor the initial purchasers shall have any responsibility therefor.

The SGX-ST takes no responsibility for the contents of this offering memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering memorandum.

The issuer, the guarantors and the initial purchasers reserve the right to reject any offer to purchase the notes in whole or in part for any reason.

The offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy the notes by any person in any jurisdiction where it is unlawful to make such an offer or solicitation. The distribution of the offering memorandum and the offer or sale of the notes in certain jurisdictions is restricted by law. The offering memorandum may not be used for, or in connection with, and does not constitute, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstance in which such offer or solicitation is not authorized or is unlawful. Further information with regard to restrictions on offers, sales and deliveries of the notes and the distribution of the offering memorandum and other offering material relating to the notes is set out under "Plan of Distribution" and "Form of Notes".

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that any offer of the notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for us, the issuer or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive, in each case, in relation to such offer. None of the issuer, the guarantors or the initial purchasers has authorized, nor do they authorize, the making of any offer of the notes in circumstances in which an obligation arises for the issuer, the guarantors or the initial purchasers to publish a prospectus for such offer.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This offering memorandum does not constitute an offer of securities to the public in the United Kingdom, and is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive ("Qualified Investors") that are also (1) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (2) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this document or any of its contents. Persons into whose possession the offering memorandum may come are required by the issuer, the guarantors and the initial purchasers to inform themselves about and to observe such restrictions.

NOTICE TO INVESTORS WITHIN BRAZIL

THE NOTES (AND THE RELATED GUARANTEES) 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. THE NOTES (AND THE RELATED GUARANTEES) ARE NOT BEING OFFERED INTO BRAZIL. DOCUMENTS RELATING TO THE OFFERING OF THE NOTES, AS WELL AS INFORMATION CONTAINED

THEREIN, MAY NOT BE SUPPLIED TO THE PUBLIC IN BRAZIL, NOR BE USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OR SALE OF THE NOTES TO THE PUBLIC IN BRAZIL.

NOTICE REGARDING SINGAPORE OFFERING

THIS OFFERING MEMORANDUM HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE, AND THE NOTES (AND THE RELATED GUARANTEES) ARE BEING OFFERED IN SINGAPORE PURSUANT TO EXEMPTIONS INVOKED UNDER SECTION 274 AND/OR SECTION 275 OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, OR THE SFA. ACCORDINGLY, EACH OF THE INITIAL PURCHASERS HAS REPRESENTED AND AGREED THAT IT WILL NOT OFFER OR SELL THE NOTES NOR MAKE THE NOTES THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, NOR WILL IT CIRCULATE OR DISTRIBUTE THIS OFFERING MEMORANDUM OR ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE NOTES, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (A) TO AN INSTITUTIONAL INVESTOR UNDER SECTION 274 OF THE SFA, (B) TO A RELEVANT PERSON UNDER SECTION 275(I) AND/OR ANY PERSON UNDER SECTION 275(IA) OF THE SFA, AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275 OF THE SFA OR (C) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA.

ADDITIONAL INFORMATION

While any notes remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of the notes the information required pursuant to Rule 144(A)(d)(4)(i) under the Securities Act, during any period in which we are not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act.

The issuer will apply to list the notes on the SGX-ST. The issuer cannot guarantee the listing will be obtained. See “Listing and General Information.” The issuer will comply with any undertakings given to it from time to time by the SGX-ST in connection with the notes, and we will furnish to the SGX-ST all such information as the rules of the SGX-ST may require in connection with the listing of the notes.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references in this offering memorandum to "*real*," "*reais*" or "R$" are to the Brazilian *real*, the official currency of Brazil. All references to "U.S. dollars," "dollars" or "U.S.$" are to U.S. dollars, the legal currency of the United States. All references to "Brazil" are to the Federative Republic of Brazil. All references to the "Central Bank" are to the Brazilian Central Bank (*Banco Central do Brasil*).

We maintain our books and records in *reais*. Solely for the convenience of the reader, we have translated some amounts included in "Summary," "Summary Financial and Other Information," "Capitalization," "Selected Financial and Other Data" and "Business," from *reais* into U.S. dollars using the selling rate as reported by the Central Bank as of March 31, 2016 of R$3.559 to U.S.$1.00. As a result of fluctuations in the *real*/U.S. dollar exchange rate, the selling rate as of March 31, 2016 may not be indicative of current or future exchange rates. As a result, prospective investors should not read these convenience translations as representations that any amounts have been or could be converted into U.S. dollars or *reais* at those or any other exchange rates. The selling rate was R$3.905 to U.S.$1.00 as of December 31, 2015, R$2.656 to U.S.$1.00 as of December 31, 2014 and R$2.343 to U.S.$1.00 as of December 31, 2013, in each case, as reported by the Central Bank. See "Exchange Rates" for information regarding exchange rates for the *real* since January 1, 2011.

Financial Statements

Eldorado Brasil Celulose S.A.

Our audited annual and unaudited interim consolidated financial statements are included elsewhere in this offering memorandum and are presented in accordance with: (1) International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or the IASB; and (2) accounting practices adopted in Brazil, or Brazilian GAAP.

Brazilian GAAP is based on:

- Brazilian Law No. 6,404 of December 15, 1976, as amended from time to time, which is referred to hereinafter as the Brazilian Corporate Law; and
- the accounting standards issued by the Brazilian Accounting Standards Committee (*Comitê de Pronunciamentos Contábeis*), or the CPC, the Brazilian Institute of Independent Accountants (*Instituto dos Auditores Independentes do Brasil*), or IBRACON, and the Brazilian Federal Accounting Council (*Conselho Federal de Contabilidade*), or the CFC.

Our financial information contained in this offering memorandum has been derived from our unaudited interim consolidated financial statements as of March 31, 2016 and for the three-month periods ended March 31, 2016 and 2015 and our audited annual consolidated financial statements as of and for the years ended December 31, 2015, 2014 and 2013.

Non-GAAP Financial Measures

We have disclosed EBITDA, Adjusted EBITDA and net debt in this offering memorandum, which are non-GAAP financial measures. EBITDA, Adjusted EBITDA and net debt are used as measures of performance by our management. They should not be considered as measures of financial performance in accordance with IFRS or Brazilian GAAP. See "Summary Financial and Other Information" and "Selected Financial and Other Data."

We calculate EBITDA as net profit (loss) *plus*: net finance cost, income tax and social contribution and depreciation, depletion and amortization.

We calculate Adjusted EBITDA as EBITDA *plus* unrealized inventory profits from intercompany sales. Unrealized inventory profits from intercompany sales refers to unrealized profits from pulp sales to customers which occurs whenever there is a discrepancy between the accounting period in which the intercompany sale to the subsidiary is recorded and the period in which the product is delivered to the customer. As a result, Eldorado Brasil reverses revenue generated by it from an intercompany sale in its consolidated financial statements.

The use of EBITDA and Adjusted EBITDA instead of net profit has limitations as an analytical tool, including the following:

- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA and Adjusted EBITDA do not reflect our interest expense, or the cash requirements necessary to service interest or principal payments, on our loans and financing;
- EBITDA and Adjusted EBITDA do not reflect our tax expense or the cash requirements to pay our taxes;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements;
- EBITDA and Adjusted EBITDA do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments; and
- EBITDA and Adjusted EBITDA include adjustments that represented a cash expense or that represented a non-cash charge that may relate to a future cash expense, and some of these expenses are of a type that we expect to incur in the future, although we cannot predict the amount of any such future charge.

Thus, EBITDA and Adjusted EBITDA should not be considered as alternatives to profit before net finance costs, income tax and social contribution or cash flows from operating activities, nor should they be considered as liquidity measurements, EBITDA and Adjusted EBITDA are useful tools for assessing financial performance but are not reliable indicators of our ability to generate cash to service our debt obligations because certain of the items added to net income (loss) to determine EBITDA and Adjusted EBITDA involve outlays of cash. As a result, actual cash available to service debt obligations will be different from EBITDA and Adjusted EBITDA.

We calculate net debt as total loans and financing (total current loans and financing *plus* total non-current loans and financing *plus* borrowings-related parties) *minus* the sum of cash and cash equivalents, marketable securities and derivatives payable (receivable).

You should rely primarily on our IFRS results, and use EBITDA, Adjusted EBITDA and net debt in a supplemental manner in making your investment decision. There is no standard definition of EBITDA, Adjusted EBITDA or net debt, and our definition of EBITDA, Adjusted EBITDA and net debt may not be comparable to EBITDA, Adjusted EBITDA or net debt as used by other companies.

Market Data and Other Information

We have obtained the market and competitive position data, including market forecasts, used throughout this offering memorandum from internal surveys, market research, publicly available information and industry publications.

We have used the following sources to obtain market share and other related data:

- the Brazilian Tree Industry (*Indústria Brasileira de Árvores*), or Ibá, an association of private- and public-sector entities that advocates on behalf of the forestry industry in Brazil;
- the Forestry Research and Studies Institute (*IPEF - Instituto de Pesquisas e Estudos Florestais*), or IPEF, a Brazilian non-profit association;

- Hawkins Wright Ltd., or Hawkins Wright, an independent consulting firm that provides information services to the international forest products and bioenergy industries;

- the Pulp and Paper Products Council, or the PPPC, an organization that provides market data, market intelligence and analysis on the market pulp, newsprint, and printing and writing papers sectors;

- RISI, Inc., or RISI, an information provider for the global forest products industry; and

- Bloomberg L.P., or Bloomberg.

Industry publications generally state that the information presented therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry publications or forecasts and market research, while believed to be reliable, have not been independently verified by the issuer, the guarantors or the initial purchasers, and none of the issuer, the guarantors or the initial purchasers makes any representations as to the accuracy or completeness of any such information.

As used in this offering memorandum:

- "aMW" means average megawatt. An average megawatt is a unit of energy output that is equal to the amount of electricity produced by the continuous production of one megawatt over a period of one year. Because there are 8,760 hours in a year, an average megawatt is equal to 8,760 MWh;

- one "hectare" is equivalent to 10,000 square meters;

- "capacity utilization rate" means the ratio of the actual production to installed capacity, expressed as a percentage.

- "debottlenecking" means increasing production capacity of an existing facility through the modification and/or adjustment of equipment to remove throughput restrictions;

- "installed capacity" means the intended full-load sustained output that a facility is designed to produce (also referred to as name-plate capacity);

- "production capacity" means the actual pulp production for a particular facility, calculated on the basis of average monthly pulp production figures during a 12-month period;

- "MAI" means the mean annual increment or mean annual growth per year that a tree or stand of trees has experienced to a specified age. It is expressed in cubic meters per hectare/year;

- "mechanization" means the use of machine power as a substitute for or complement to human and animal labor in the tree plantation and harvest processes;

- "mechanization rate" is calculated by dividing the total mechanized area by the total planted area, expressed as a percentage;

- "MW" means one million watts. It is a unit for measuring power;

- "MWh" means one megawatt hour. It is a unit for measuring the generation of one megawatt of energy per hour; and

- "ton" and "MT" mean one metric ton, which is equal to 1,000 kilograms or 2,204.62 pounds.

Rounding

Certain figures and some percentages included in this offering memorandum have been subject to rounding adjustments. Accordingly, the totals included in certain tables contained in this offering memorandum may not correspond to the arithmetic aggregation of the figures or percentages that precede them.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the information contained in this offering memorandum may constitute forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Many of these forward-looking statements 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 our intent, belief or current expectations with respect to:

- the implementation of our principal operating strategies;
- general economic, political and business conditions, both in Brazil and in our principal export markets;
- industry trends and the general level of demand for, and change in the market prices of, our products;
- the performance of the Brazilian and world economies, including the impact of a longer than anticipated continuation of the current global economic downturn or further deterioration in world economic conditions;
- existing and future governmental regulation, and our compliance therewith, including tax, labor, pension and environmental laws and regulations and import tariffs in Brazil and in other markets in which we operate or to which we export our products;
- our ability to benefit from tax incentives, including those identified or discussed under “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting our Results of Operations—Effects of Tax Benefits;”
- the competitive nature of the industry in which we operate;
- our level of capitalization, including the levels of our indebtedness and overall leverage;
- the cost and availability of financing;
- our compliance with the covenants contained in the instruments governing our indebtedness;
- the implementation of our financing strategy and capital expenditure plans;
- inflation and fluctuations in currency exchange rates, including the *real* and the U.S. dollar;
- legal and administrative proceedings to which we are or may become a party;
- the volatility of the prices of the raw materials we sell or purchase to use in our business; and
- other factors or trends affecting our financial condition or results of operations, including those factors identified or discussed under “Risk Factors.”

We caution you that forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Forward-looking statements reflect only our current expectations and are based on our management’s beliefs and assumptions and on information currently available to our management. Although we believe these assumptions are reasonable, actual results may differ materially from those in the forward-looking statements as a result of various factors, including, without limitation, those identified in the section entitled “Risk Factors” in this offering memorandum. These risks and uncertainties include factors relating to the countries in which we operate, particularly Brazil, or to which we export our products, and the businesses in which we are currently engaged, many of which are cyclical in nature and highly competitive. As a result, investors are cautioned not to place undue reliance on forward-looking statements contained in this offering memorandum when making an investment decision regarding the notes.

These factors are not exhaustive, and new factors may emerge or changes to the foregoing factors may occur that could impact our business. Forward-looking statements speak only as of the date they are made, and neither we nor the initial purchasers undertake any obligation to update or revise 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.

Investors should consider this cautionary statement together with any written or oral forward-looking statements that we may issue in the future.

SUMMARY

This summary highlights information contained elsewhere in this offering memorandum. This summary does not contain all the information that you should consider before investing in the notes, and we urge you to read this entire offering memorandum carefully, including the information included under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and notes to those statements included elsewhere in this offering memorandum, before deciding to invest in the notes.

Overview

Our Company

We are the third largest producer of market pulp in Brazil and the fifth largest producer of market bleached hardwood kraft pulp, or BHKP, in the world in terms of production capacity, according to Hawkins Wright. As of December 31, 2015, our annual production capacity was 1.7 million tons of bleached eucalyptus kraft pulp, or BEKP, or 13.3% above our annual installed capacity of 1.5 million tons. We own and operate the largest single-line pulp processing plant in the world, which we refer to as the Três Lagoas mill. The Três Lagoas mill is located in the City of Três Lagoas, in the State of Mato Grosso do Sul, Brazil. We also source all of the wood we use to produce BEKP, a type of BHKP, from the State of Mato Grosso do Sul, an area climatically and topographically well suited to growing eucalyptus trees. We began operations in December 2012, and as a result of our accelerated production ramp up, by 2015 we supplied approximately 7.3% of the world's total demand for market BEKP as reported by PPPC. In 2015, we produced 1,597 thousand tons of BEKP, of which we sold 1.562 million tons, or 97.8% of our production, to a diversified customer base of tissue, printing and writing, specialty paper and cardboard producers in Asia (primarily China), Europe, North America, Brazil and other Latin American countries. Exports accounted for 89.7% of our total sales volume in 2015. During the last 12-month period ended March 31, 2016, we produced 1,656 thousand tons of BEKP, of which we sold 1,549 thousand tons, or 93.5% of our production. Exports accounted for 90.1% of our total sales volume during the last 12-month period ended March 31, 2016.

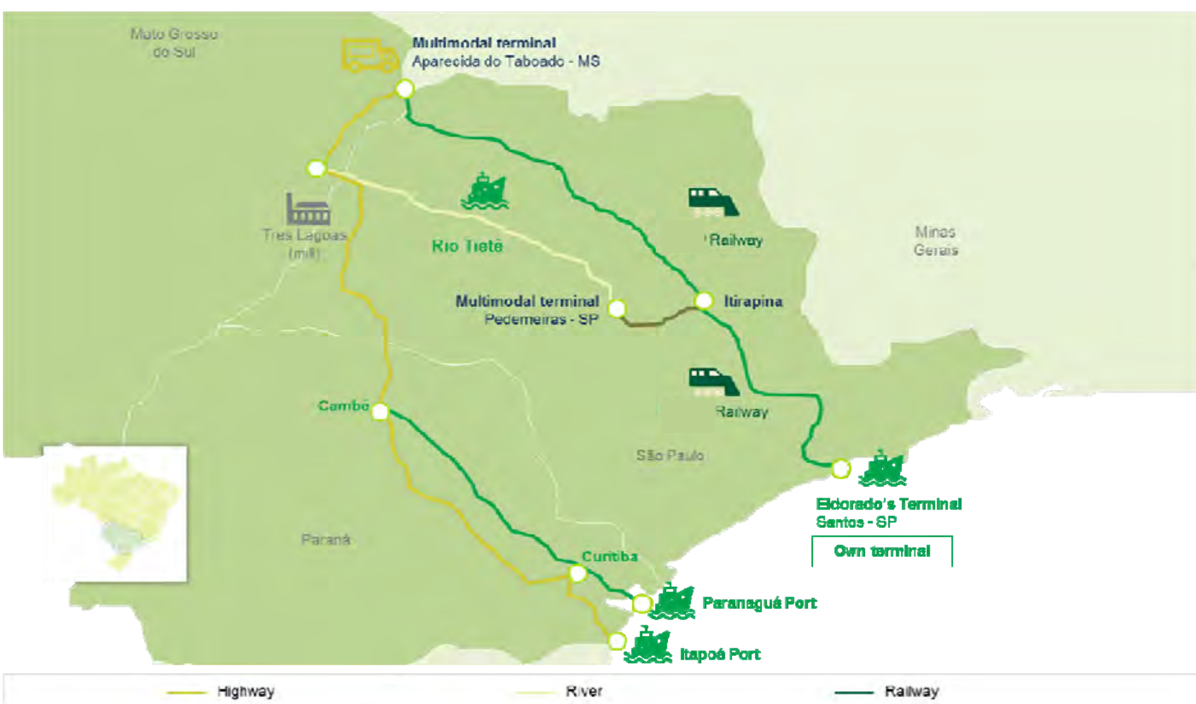
We are one of the lowest-cost producers of BHKP in the world, as reported by Hawkins Wright, with an average cash cost of U.S.$163 per ton during the three-month period ended March 31, 2016 (calculated based on an average exchange rate of U.S.$1.00 per R$3.90). We believe that we are able to keep our production costs low when compared to our competitors mainly as a result of the efficiency of our vertically-integrated forestry, industrial and logistics operations, which we attribute to, among other factors, our: (1) low raw materials consumption rates; (2) ability to procure raw materials at competitive costs, including our capacity to source wood from our own forests and cogenerate the energy required for our pulp production operations from renewable resources, as biomass, that are byproducts of the pulp production process; (3) well-trained, insourced labor force; and (4) high levels of mechanization and technological advancement. We are able to sell the excess energy that we cogenerate from the pulp production process to our third-party chemical suppliers and the Brazilian national grid.

During the three-month period ended March 31, 2016, we recorded total consolidated net revenue of R$740.9 million, including R$733.6 million from BEKP sales and R$6.6 million from energy sales. In 2015, we recorded total consolidated net revenue of R$3,236.6 million, including R$3,148.6 million from BEKP sales and R$58.6 million from energy sales. In 2014, we recorded total consolidated net revenue of R$2,199.2 million, including R$2,099.2 million from BEKP sales and R$90.1 million from energy sales. In 2015, we recorded an Adjusted EBITDA margin of 57.8%, which we believe was the highest for the year compared to other Brazilian publicly-traded companies in the sector as reported by Bloomberg.

In 2015, our state-of-the-art, sustainable forestry operations were among the most productive in the world. The MAI of eucalyptus growing in our own forests was 42.0 m^3/hectare/year in 2015, as compared to a Brazilian industry average of 39.0 m^3/hectare/year and a global (ex-Brazil) industry average of less than 23.0 m^3/hectare/year, respectively, according to Ibá. We attribute our high rate of productivity to, among other factors: (1) the short harvest cycle of our eucalyptus forests of six to seven years due to favorable natural conditions in the central region of Brazil, as compared to 25 to 70 years for other species in the southern United States, Canada and Scandinavia and eight to ten years for other species in Spain, Portugal and Chile; (2) our technological advancement, including the use of 11 high performance eucalyptus hybrids, which we refer to as clones, in our forests, engineered for the climatic conditions of the Três Lagoas region; and (3) our strict operations control and technological forestry package, expressed by our mechanization rate of 85%, as compared to an industry average in Brazil of 59%, according to IPEF. In 2015, we sourced some of our total wood requirements from our own forests, which are certified by the Forest Stewardship Council, or the FSC, an independent, international, non-governmental, not-for-profit organization. As of March 31, 2016, our own forestry base consisted of approximately 342.7 thousand hectares of forest in the State of Mato Grosso do Sul, of which 218.8 thousand hectares, or 63.9%, were planted areas. We plant almost all of our forests on lands that we lease from third parties under long-term leasing arrangements. We obtained the remainder of our total wood requirements during the three-month period ended March 31, 2016 and the year ended December 31, 2015 from our own forests and from third parties. Nevertheless, in order to strengthen our low cost competitiveness, we have purchased additional forestry for our existing operation and intend to further expand our forestry base. We expect that, within five years, we will source a majority of our wood supply for our existing and future operations (including the Vanguarda 2.0 mill) from our own forestry base.

We also dedicate resources to our logistics operations, in order to increase efficiency and reduce costs. For example, in June 2015, we inaugurated our state-of-the-art terminal in the Port of Santos, in the State of São Paulo, or the Santos Port Terminal. We invested R$104.2 million to construct the Santos Port Terminal, which has a capacity to handle up to approximately 750.0 thousand tons of BEKP per year and complements our shipping capacity from third-party terminals in the Port of Santos as well as third-party terminals in the Itapoá Port, in the State of Santa Catarina, and the Port of Paranaguá, in the State of Paraná. The Santos Port Terminal is located only 300 meters from the ship berth and provides us with loading priority, thereby increasing efficiency and reducing our demurrage costs. We also expect to decrease our transportation costs by expanding and consolidating our own forestry base within the State of Mato Grosso do Sul, where the Três Lagoas mill is located. Expanding and consolidating our own forestry base will also have the effect of reducing the average distance between our planted forests and the Três Lagoas mill by more than 50% within the next three years (reaching approximately 150 km of average distance in 2018). Finally, we plan to use waterways, such as rivers, in addition to trucks to transport wood into, and truck and rail to transport final product out of, the Três Lagoas mill, in order to diversify and reduce our transportation costs.

The following map sets forth the location of each of the Santos Port Terminal, the Itapoá Port and the Port of Paranaguá in relation to the Três Lagoas mill:



Vanguarda 2.0 Project

In 2015, we started construction of a second pulp production line in the Três Lagoas mill, which we refer to as the Vanguarda 2.0 Project, with an expected installed capacity of approximately 2.3 million tons per year at the beginning of operations, later debottlenecking to up to 2.5 million tons per year.

We expect to complete construction of this new line by the end of 2018, with production reaching the market in 2019. Upon the completion of the Vanguarda 2.0 Project, we expect to own the largest pulp industrial complex and be the second largest market pulp producer in the world, with an estimated total annual aggregate installed capacity of 4.0 million tons, reaching 4.2 million tons after debottlenecking. We believe that our existing total planted area, combined with our forestry expansion plans, will allow us to meet the wood requirement of our second pulp production line. In addition, we expect our second production line will benefit from the ongoing and forecast closures of older, low-capacity pulp factories worldwide.

The estimated total investment necessary to complete the Vanguarda 2.0 Project is approximately R$10.0 billion, approximately 30% of which we intend to pay for through equity funding and the remaining 70% of which we intend to borrow as long-term secured debt financing. As of March 31, 2016, we had invested R$87.9 million in the Vanguarda 2.0 Project, mainly related to environmental licensing and earthworks engineering.

Certain Operational and Financial Information

The table below summarizes certain of our consolidated operational and financial information as of and for the three-month periods ended March 31, 2016 and 2015 and for the years ended December 31, 2015, 2014 and 2013:

	As of and for the Three-Month Period Ended March 31,			As of and for the Year Ended December 31,			
	2016(1)	2016	2015	2015(1)	2015	2014	2013
	(in millions of U.S.$, unless otherwise indicated)	*(in millions of R$, unless otherwise indicated)*		*(in millions of U.S.$, unless otherwise indicated)*	*(in millions of R$, unless otherwise indicated)*		
Planted area (in thousand hectares)		218.8	200.0		215.0	200.0	161.9
Installed capacity (in thousand tons)(2)		1,500	1,500		1,500	1,500	1,500
Production capacity (in thousand tons)(3)		1,700	1,700		1,700	1,700	1,500
BEKP production (in thousand tons)		429	370		1,597	1,568	1,276
BEKP production for the last 12 months (in thousand tons)		1,656	1,609		1,597	1,568	1,276
Capacity utilization rate(4)		110.4%	107.2%		106.5%	104.5%	85.1%
BEKP sales volume (in thousand tons):							
Domestic sales		37	44		161	193	160
Export sales		317	322		1,401	1,368	994
Total BEKP sales volume		354	366		1,562	1,561	1,154
Energy generation (in thousands of MWh):							
Own consumption		196	176		751	759	635
Sales to our third-party chemical suppliers		115	95		428	415	244
Sales to Brazilian national grid		50	33		186	143	—
Total energy generation		361	305		1,364	1,317	879
Net revenue(5)							
BEKP sales revenue:							
Domestic sales	26.3	93.7	72.0	95.1	338.4	282.2	194.3
Export sales	179.9	639.9	549.1	789.6	2,810.2	1,817.0	1,364.8
Total BEKP sales revenue	206.2	733.6	621.1	884.7	3,148.6	2,099.2	1,559.1
Energy sales revenue	1.8	6.6	16.6	16.5	58.6	90.1	10.5
Other sales revenue	0.2	0.7	14.3	8.3	29.4	9.9	0.8
Total net revenue	208.2	740.9	652.0	909.4	3,236.6	2,199.2	1,570.4
Net profit (loss)(5)	(51.1)	(182.0)	(60.5)	78.9	280.6	(419.0)	(491.0)
EBITDA(6)	120.6	429.5	292.5	492.7	1,753.6	777.2	493.3
Unrealized inventory profits from intercompany sales(6)	15.1	53.9	4.8	32.6	116.1	43.8	—
Adjusted EBITDA(6)	135.7	483.4	297.3	525.3	1,869.7	821.0	493.3
Adjusted EBITDA margin(7)		65.2%	45.5%		57.8%	37.3%	28.6%

	As of and for the Three-Month Period Ended March 31,			As of and for the Year Ended December 31,			
	2016[(1)]	2016	2015	2015[(1)]	2015	2014	2013
	(in millions of U.S.$, unless otherwise indicated)	*(in millions of R$, unless otherwise indicated)*		*(in millions of U.S.$, unless otherwise indicated)*	*(in millions of R$, unless otherwise indicated)*		
Net debt[(8)]	2,295.7	8,170.3	7,751.5	2,219.3	7,898.1	7,401.2	6,518.2
Net debt/LTM Adjusted EBITDA ratio[(9)]		4.0x	6.0x		4.2x	9.0x	14.5x

(1) Solely for the convenience of the reader, amounts in Brazilian *reais* as of and for the three-month period ended March 31, 2016 and as of and for the year ended December 31, 2015 have been translated into U.S. dollars at the exchange rate as of March 31, 2016 of R$3.559 to U.S.$1.00. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

(2) Installed capacity means the intended full-load sustained output that the Três Lagoas mill is designed to produce (also referred to as name-plate capacity).

(3) Production capacity means the actual pulp production for a particular facility, calculated on the basis of average monthly pulp production figures during the twelve months prior to the end of the applicable period.

(4) Capacity utilization rate means the ratio of actual production for the twelve months prior to end of the applicable period to installed capacity, expressed as a percentage.

(5) Due to several Brazilian federal, state and municipal tax benefits and incentive programs, we benefit from significant tax benefits that affect our net revenue and net profit. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting our Results of Operations—Effects of Tax Benefits."

(6) EBITDA and Adjusted EBITDA are used as measures of performance by our management. We calculate EBITDA as net profit *plus*: net finance costs, income tax and social contribution and depreciation, depletion and amortization. We calculate Adjusted EBITDA as EBITDA *plus* unrealized inventory profits from intercompany sales.

EBITDA and Adjusted EBITDA are useful tools for assessing financial performance but are not reliable indicators of our ability to generate cash to service our debt obligations because certain of the items added to net profit (loss) to determine EBITDA and Adjusted EBITDA involve outlays of cash. As a result, actual cash available to service debt obligations will be different from EBITDA and Adjusted EBITDA. There is no standard definition of EBITDA or Adjusted EBITDA, and our definition of EBITDA and Adjusted EBITDA may not be comparable to EBITDA or Adjusted EBITDA as used by other companies. You should rely primarily on our IFRS results, and use EBITDA and Adjusted EBITDA in a supplemental manner in making your investment decision. For more information about the limitations of EBITDA and Adjusted EBITDA, see "Presentation of Financial and Other Information—Non-GAAP Financial Measures."

EBITDA and Adjusted EBITDA are reconciled to net profit (loss) below:

	For the Three-Month Period Ended March 31,			For the Year Ended December 31,			
	2016	2016	2015	2015	2015	2014	2013
	(in millions of U.S.$)[(a)]	*(in millions of R$)*		*(in millions of U.S.$)*[(a)]	*(in millions of R$)*		
Net profit (loss)	**(51.1)**	**(182.0)**	**(60.5)**	**78.9**	**280.6**	**(419.0)**	**(491.0)**
Finance income	(157.7)	(561.2)	(1,022.8)	(608.8)	(2,166.6)	(95.2)	(6.2)
Financial costs	319.0	1,135.4	1,374.6	940.7	3,348.0	1,264.7	1,087.0
Income tax and social contribution	(9.3)	(33.2)	(62.5)	0.2	0.6	(250.3)	(270.9)
Depreciation, depletion and amortization	19.8	70.5	63.7	81.7	290.8	277.0	174.4
EBITDA[(b)]	**120.6**	**429.5**	**292.5**	**492.7**	**1,753.6**	**777.2**	**493.3**
Unrealized inventory profits from intercompany sales[(c)]	15.1	53.9	4.8	32.6	116.1	43.8	—
Adjusted EBITDA[(d)]	**135.7**	**483.4**	**297.3**	**525.3**	**1,869.7**	**821.0**	**493.3**

(a) Solely for the convenience of the reader, amounts in Brazilian *reais* for the three-month period ended March 31, 2016 and the year ended December 31, 2015 have been translated into U.S. dollars at the exchange rate as of March 31, 2016 of R$3.559 to U.S.$1.00. See "Exchange Rates" for further information about recent fluctuations in exchange rates. Please note that the indenture governing the notes will contain certain financial covenants pursuant to which we may be required, from time to time, to calculate EBITDA and/or Adjusted EBITDA. At such times, we will calculate the U.S. dollar value of EBITDA and/or Adjusted EBITDA using the average selling rate for the applicable period as reported by the Central Bank instead of the period-end selling rate.

(b) EBITDA for the three-month periods ended March 31, 2016 and 2015 and years ended December 31, 2015, 2014 and 2013 includes EBITDA of R$1.7 million, R$(0.9) million, R$(3.4) million, R$(0.8) million and R$(1.0) million, respectively, of our unrestricted subsidiary, Rishis Empreendimentos e Participações S.A.

(c) We export pulp to our customers in Europe, Asia and North America through our wholly owned subsidiaries in Austria, China and the United States, respectively. When one of these subsidiaries enters into a sales agreement with a customer, Eldorado Brasil in turn enters into an intercompany pulp sales contract pursuant to which it sells and ships pulp to the subsidiary for final delivery to the customer. Whenever there is a discrepancy between the accounting period in which the intercompany sale to the subsidiary is recorded and the period in which product is delivered to the final customer, the revenue Eldorado Brasil generates from the intercompany sale is reversed in its consolidated financial statements. In these instances, however, when calculating Adjusted EBITDA we add back these "unrealized" profits since the product has a pre-determined final customer.

(d) Adjusted EBITDA for the three-month periods ended March 31, 2016 and 2015 and years ended December 31, 2015, 2014 and 2013 includes Adjusted EBITDA of R$1.7 million, R$(0.9) million, R$(3.4) million, R$(0.8) million and R$(1.0) million, respectively, of our unrestricted subsidiary Rishis Empreendimentos e Participações S.A.

(7) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA for a period by our total net revenue for the same period, expressed as a percentage.

(8) We calculate net debt as total loans and financing (total current loans and financing *plus* total non-current loans and financing *plus* borrowings-related parties) *minus* the sum of cash and cash equivalents, marketable securities and derivatives receivable. There is no standard definition of net debt, and our definition of net debt may not be comparable to net debt as used by other companies. You should rely primarily on our IFRS results, and use net debt in a supplemental manner in making your investment decision. For more information about the limitations of net debt, see "Presentation of Financial and Other Information—Non-GAAP Financial Measures."

The following table sets forth the calculation of net debt:

	As of March 31,			As of December 31,			
	2016	2016	2015	2015	2015	2014	2013
	(in millions of U.S.$)[(a)]	*(in millions of R$)*		*(in millions of U.S.$)*[(a)]	*(in millions of R$)*		
Total current loans and financing	737.3	2,624.0	2,070.5	642.5	2,286.5	1,745.0	1,458.5
Total non-current loans and financing	1,741.3	6,197.1	6,089.3	1,989.4	7,080.2	5,422.0	5,190.9
Borrowings – related parties	—	—	—	—	—	365.5	—
Total loans and financing	**2,478.6**	**8,821.1**	**8,159.8**	**2,631.9**	**9,366.7**	**7,532.5**	**6,649.4**
Cash and cash equivalents	(162.4)	(577.9)	(223.4)	(355.2)	(1,264.2)	(54.6)	(74.7)
Marketable securities	(41.9)	(149.3)	(49.9)	(32.2)	(114.5)	(48.6)	—
Derivatives payable (receivable)	21.5	76.4	(135.0)	(25.3)	(89.9)	(28.1)	(56.5)
Net debt[(b)]	**2,295.7**	**8,170.3**	**7,751.5**	**2,219.3**	**7,898.1**	**7,401.2**	**6,518.2**

(a) Solely for the convenience of the reader, amounts in Brazilian *reais* as of March 31, 2016 and December 31, 2015 have been translated into U.S. dollars at the exchange rate as of March 31, 2016 of R$3.559 to U.S.$1.00. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

(b) Our unrestricted subsidiary, Rishis Empreendimentos e Participações S.A., recorded no indebtedness during these periods.

(9) Net debt/LTM Adjusted EBITDA ratio as of March 31, 2016 and 2015 is calculated by dividing (1) our consolidated net debt at the end of the applicable period by (2) our consolidated Adjusted EBITDA for the 12-month period ended on such date. Net debt/LTM Adjusted EBITDA ratio as of December 31, 2015, 2014 and 2013 is calculated by dividing (1) our consolidated net debt at the end of the applicable year by (2) our consolidated Adjusted EBITDA for the corresponding year.

Our Strengths

Cash generation underpinned by a strong balance sheet

For the three-month period ended March 31, 2016, we used cash in operating activities of R$276.0 million and had Adjusted EBITDA of R$483.4 million. We recorded a net debt/LTM Adjusted EBITDA ratio of 4.0:1.0 as of March 31, 2016 (calculated by dividing (1) our consolidated net debt as of March 31, 2016 by (2) our consolidated Adjusted EBITDA for the 12-month period ended March 31, 2016). For the year ended December 31, 2015, we generated cash from operating activities of R$3,049.4 million and had Adjusted EBITDA of R$1,869.7 million. We recorded a net debt/LTM Adjusted EBITDA ratio of 3.7:1.0 as of December 31, 2015 (calculated in U.S. dollars by dividing (1) our consolidated net debt as of December 31, 2015 (translated into U.S. dollars at the exchange rate as of December 31, 2015) by (2) our consolidated Adjusted EBITDA for the year ended December 31, 2015 (translated into U.S. dollars at the average exchange rate for the year ended December 31, 2015)). Due to our competitive pulp production cost structure and the fact that we export almost all of our BEKP sales volume (89.6% in the three-month period ended March 31, 2016; 89.7% in the year ended December 31, 2015), we have access to attractive export financing lines that offer competitive short- and long-term interest rates.

Vertically integrated operations and low production costs

Our operations are vertically integrated, from the production of eucalyptus seedlings for our forests, to forestry management (including plantation, harvesting, logging and wood transportation) for our production facility in Três Lagoas, from which our products are transported to port terminals, including our Santos Port Terminal, for distribution to our customers. During the last 12-month period ended March 31, 2016, we produced approximately 1.7 million tons of BEKP. In 2015, we produced 1.597 million tons of BEKP and, during the second half of the year, maintained an average cash cost of U.S.$169 per ton, one of the most competitive in the world according to Hawkins Wright.

Our low production costs relative to many of our competitors are due to a number of factors, including:

- *High productivity of our forests*. Our state-of-the-art, sustainable forestry operations are among the most productive and efficient worldwide, as evidenced by the expected MAI of eucalyptus growing in our own forests of 42.0 m^3/hectare/year in 2015, compared to a Brazilian industry average of 39.0 m^3/hectare/year and a global (ex-Brazil) industry average of less than 23.0 m^3/hectare/year, according to Ibá. We own a nursery in the City of Andradina, in the State of São Paulo, with an annual capacity to produce up to 28 million seedlings, which are then sent to our forests to be planted. We use advanced forestry techniques and silvicultural practices in our renewable planted forests, including nearly 85% mechanization in our operations, which decrease our planting costs, while our competitors rely mostly on manual techniques. In addition, the climate and soil in the State of Mato Grosso do Sul are very suitable for eucalyptus forests and result in a growth cycle of six to seven years. This compares to harvesting cycles of other hardwood species in southern United States, Canada and Scandinavia of 25 to 70 years and in Spain, Portugal and Chile of eight to ten years. We also focus on technological advancement as a pathway to higher efficiency, including the use of 11 high performance eucalyptus clones in our forests adapted to the conditions of the Três Lagoas region.

- *State-of-the-art Três Lagoas mill.* Our state-of-the-art Três Lagoas mill began operating in 2012, and, as a result of our accelerated production ramp up, by 2015 we supplied approximately 7.3% of the world's total demand for market BEKP as reported by PPPC. Key performance indicators of the Três Lagoas mill include: (1) an average cash cost of U.S.$169 per ton in the second half of 2015, one of the most competitive in the world according to Hawkins Wright and (2) a capacity utilization rate of 106.5% in 2015.

- *Strong logistics operations*. In June 2015, we inaugurated our own state-of-the-art terminal in the Port of Santos, in the State of São Paulo. We invested R$104.2 million to build the Santos Port Terminal, which has a capacity to handle up to approximately 750.0 thousand tons of BEKP per year and complements our shipping capabilities from third-party terminals in the Port of Santos as well as third-party terminals in the Itapoá Port, in the State of Santa Catarina, and the Port of Paranaguá, in the State of Paraná. The Santos Port Terminal is located only 300 meters from the ship berth and provides us with loading priority, thereby increasing efficiency and reducing our demurrage costs. We also use our fleet as well as the fleets from third-party providers to transport wood into, and truck and rail to transport final product out of, the Três Lagoas mill. We also have the option to use waterways, such as rivers, in order to diversify and thereby reduce our transportation costs. These options allow us to assess the best pricing for transportation into and out of our mill.

- *Insourcing of operations.* We rely mostly on our well-trained labor force to operate our vertically-integrated business. We believe that by insourcing and training our employees, we are able to provide them with incentives to be more efficient, producing cost savings in the long-term. Furthermore, our labor force benefits from our high level of mechanization and modern machinery and equipment, which allows them to operate more efficiently and keeps our head-count low as compared to our competitors.

- *Consolidation of our forestry operations within the State of Mato Grosso do Sul.* Since the beginning of operations, we have aimed to consolidate our forestry operations within the State of Mato Grosso do Sul and benefit from the synergies we gain from maintaining our production facility in relatively close proximity. As of the date of this offering memorandum, all of our forests and the Três Lagoas mill are located in the State of Mato Grosso do Sul, and we also benefit from certain tax credits provided by this State.

- *Energy production*. The electricity generated by our pulp production process ensures the energy self-sufficiency of the Três Lagoas mill and allows us to sell our energy surplus to our third-party chemical suppliers and the Brazilian national grid. The Três Lagoas mill has an installed capacity of 220 MW of electricity. During the three-month period ended March 31, 2016, we generated 361,400 MWh of energy, of which we consumed 196,420 MWh and sold 115,090 MWh and 49,890 MWh to third-party chemical suppliers and the Brazilian national grid, respectively. In 2015, we generated 1,365,000 MWh of energy, of which we consumed 751,000 MWh and sold 428,000 MWh and 186,000 MWh to third-party chemical suppliers and the Brazilian national grid, respectively. Upon completion of the Vanguarda 2.0 Project, we expect the Três Lagoas mill will have a total installed capacity of 508 MW of electricity. As a self-sufficient energy producer, we also benefit from exemptions from certain energy generation taxes with respect to our first pulp production line, such as the Tariff over the Use of the Transmission System (*Tarifa de Uso do Sistema de Transmissão*).

Diversified markets with strong export position

Our key product, BEKP, is used as a raw material to produce several types of paper, such as tissue paper, printing and writing paper, cardboard and specialty papers. Our BEKP is sold worldwide to more than 50 countries and more than 200 customers. For the last 12-month period ended March 31, 2016 and the year ended December 31, 2015, none of our customers represented more than 10% and 8%, respectively, of our sales volume, and 35% and 43%, respectively, of our BEKP was used for tissue production, a less cyclical and more resilient end market compared to cardboard and printing and writing paper. For the last 12-month period ended March 31, 2016, our BEKP exports of 1,398 thousand tons represented 90.1% of our total sales volume and 11.8% of BEKP exported from Brazil. For the year ended December 31, 2015, our BEKP exports of 1,401 thousand tons represented 89.7% of our total sales volume and 12.4% of BEKP exported from Brazil. Producing pulp for both the Brazilian and export market allows us to benefit from geographic diversification, keeping us well positioned to capture potential growth in the international markets to which we export, including Asia (primarily China), Europe, North America and other Latin American countries, while reducing our risk of exposure to a single market or customer. According to Hawkins Wright, between 2016 and 2019, global demand for BEKP is forecast to expand by an average annual growth rate of 3.4%, or an average of 0.7 million tons per annum, from 20.7 million tons in 2016 to 22.9 million tons in 2019. This growth is expected to be driven primarily by an increase in demand from China, which lacks domestic wood supply and is heavily dependent on pulp imports to satisfy its demand for tissue paper.

High social and environmental standards

We have set high social and environmental standards for our operations. Since our first year of operation, we have adhered to the Global Reporting Initiative G4 guidelines. Through this process we annually review how we are addressing challenges and achieving results with our sustainability strategy and a vision for the future, as well as our role in society.

We are certified by the FSC and the Brazilian Forest Certification Program (*Programa Brasileiro de Certificação Florestal*), or Cerflor, a forest certification program created by the Brazilian National Institute of Metrology, Standardization and Industrial Quality (*Instituto Nacional de Metrologia, Qualidade e Tecnologia - Inmetro*), which is recognized internationally by the Programme for the Endorsement of Forest Certification Schemes – PEFC. We also developed a Forestry Planning Policy that aims to ensure that we protect the native ecosystem and availability of natural resources in the areas in which we operate.

Experienced and proven management team complemented by a supportive corporate governance structure

We have an experienced, proven and fully committed management team with a history of successfully managing other pulp and commodity businesses. Our management team has an average operating experience of more than 39 years in the forestry, pulp, chemicals and renewable energy sectors. Our senior management team also includes individuals with strong backgrounds in applying cost reduction and operational efficiency initiatives in an industrial setting, as well as significant experience in treasury management and financial reporting.

Our management is supported by a seven-member board of directors, including two independent directors, as defined by the independence standards of the *Novo Mercado* listing segment of the São Paulo Stock Exchange (*BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros*), or BM&FBOVESPA. Our controlling shareholder, J&F Investimentos S.A., or J&F, nominates three members of our board of directors, including the chairman of our board, Mr. Joesley Mendonça Batista. In addition to our board of directors, we maintain a three-member fiscal council as well as advisory committees including an audit committee and a related parties and conflicts of interests committee, among others.

Our Strategies

Increase operating efficiencies

We intend to maintain the focus on our low-cost operations through greater operating efficiencies and economies of scale. To this end, we intend to continue to:

- focus on reducing our wood costs through increased eucalyptus yields by continuing to invest in the genetic improvement of our trees;
- reduce our dependence on third party wood providers by expanding our own forestry base;
- take advantage of the competitive advantage of climate and soil conditions in Brazil and the short harvest cycle of eucalyptus trees;
- improve the efficiency of our operations through further investment in planting and harvesting equipment, production facilities and advanced information technology; and
- reduce the average distance between our own forests and the Três Lagoas mill.

Continue to focus on strong cash flow generation

Our strategy across our business underpins our focus on continued strong free cash flow generation from our pulp production activities while maintaining our current financial strategy, which includes financial cost optimization, including obtaining export credit lines at competitive short- and long-term interest rates. We seek to further optimize capital expenditures and working capital in order to maintain our leading cash conversion capabilities. Our strong focus on cash generation has led us to record net debt/LTM Adjusted EBITDA ratios of 4.0:1.0 and 3.7:1.0 as of March 31, 2016 and December 31, 2015, respectively (in each case, calculated in U.S. dollars by dividing (1) our consolidated net debt as of such date (translated into U.S. dollars at the exchange rate as of such date) by (2) our consolidated Adjusted EBITDA for the 12-month period ended on such date (translated into U.S. dollars at the average exchange rate for the 12-month period ended on such date). Furthermore, we are working to extend the average maturity of our outstanding indebtedness, including through the issuance of the notes offered hereby.

Continue to develop state-of-the-art technology in the forestry, industrial and logistics areas

Technological research and development has made it possible to improve our productivity while reducing the impact of our operations on the environment. In the forestry area, a comprehensive research program and the adoption of modern forestry practices have significantly increased our competitiveness. As an illustration, the expected MAI of eucalyptus growing in our own forests increased from 40 m^3/hectare/year in 2012 to 42 m^3/hectare/year in 2015. We believe that we use state-of-the-art technology for planting and harvesting trees, and storing and transporting wood with a fully mechanized system.

In the industrial area, the Três Lagoas mill, with its compact single-line layout, high level of automation and ability to generate 100% of the energy it requires to operate, has complied with "Best Available Technology" standards. The Três Lagoas mill is divided into four main integrated sectors: production, recovery of agents, environmental control and energy generation, each of which is automated and computerized, promoting efficient performance at each step of our pulp production process. In addition, the Três Lagoas mill produces excess energy that we sell to our third-party chemical suppliers and the Brazilian national grid.

In the logistics area, since June 2015 we have operated our own terminal in the Port of Santos using state-of-the-art equipment with our own professional team with the capacity to handle up to approximately 750.0 thousand tons of BEKP per year. Our logistics operations also experienced a significant reduction in costs due to our decision to increase the use of containers as a low-cost alternative to ship our finished products from Brazil to different regions of the world.

By continuing to focus on cutting-edge technological research and development, we aim to strengthen our position as one of the leading developers of technology in the forestry, industrial and logistics areas, maintain our record as a low-cost producer while meeting our standards of high quality production and maintain our reputation as an environmentally friendly and socially responsible manufacturer, in particular by using biomass, biofuels and other alternative energy sources, including the use of waste material from our wood mills for the operation of our processing plant.

Expand production capacity

We have started the construction of a new pulp production line in the Três Lagoas mill with an expected annual aggregate pulp production capacity of approximately 2.3 million tons, later debottlenecking to up to 2.5 million tons per year. Upon the completion of the Vanguarda 2.0 Project, we expect that we will own the largest pulp industrial complex and be the second largest market pulp producer in the world, with an estimated total annual aggregate pulp production capacity of 4.0 million tons, reaching 4.2 million tons after debottlenecking. We believe that our existing total planted area combined with our forestry expansion plans will allow us to meet the wood requirement of our second pulp production line. We expect to complete construction of this new line by the end of 2018, with production reaching the market in 2019. In addition, we continue to analyze opportunities to expand our core pulp business through additional investments, including acquisitions, in Brazil.

Our Corporate History

J&F acquired a controlling interest in our predecessor entity in October 2009. Subsequently, J&F took a series of steps in order to prepare our company to enter the pulp business.

In August 2011, we entered into an investment agreement with Grupo Rodrimar, which led to the acquisition of Rishis Empreendimentos e Participações S.A., a company engaged in the port terminal business. During that same month, we also acquired from Klabin S.A. its equity interest in Timber Holdings S.A., a company that owned land and eucalyptus forestry. In 2011, we began construction of the Três Lagoas mill, which we inaugurated in December 2012.

In August 2012, we changed our name to Eldorado Brasil Celulose S.A.

In June 2015, we inaugurated the Santos Port Terminal and began construction of the Vanguarda 2.0 Project. See "Business—Our History and Development—Vanguarda 2.0 Project" for additional information.

Recent Developments

Natural Gas Supply Contract

On April 25, 2016, Eldorado Brasil and Companhia de Gás do Estado de Mato Grosso do Sul, or MSGÁS, entered into a long-term natural gas supply contract. Pursuant to this contract, MSGÁS agrees to sell to Eldorado Brasil and Eldorado Brasil agrees to purchase from MSGÁS a minimum monthly amount of 3,360,000 cubic meters of natural gas from May 13, 2016 to June 30, 2028. MSGÁS will deliver the natural gas through its pipeline to a delivery point located in the Três Lagoas mill. The estimated value of this contract is R$563.3 million. For more information, see "Business—Material Agreements—Natural Gas Supply Contract."

Energy Auction

On April 29, 2016, Eldorado Brasil participated in the 23rd Energy Auction organized by the Brazilian Electricity Regulatory Agency (*Agência Nacional de Energia Elétrica*), or ANEEL. In connection with this auction, Eldorado Brasil entered into preliminary long-term energy supply agreements with several distribution companies in Brazil to provide them with an aggregate 43.1 aMW per year of electricity from renewable biomass sources over a 25-year period beginning in 2021, at an aggregate sales price of R$8.3 billion. Subject to meeting customary conditions precedent, including receiving final authorization from ANEEL, we expect to enter into final agreements in August 2016.

In order to meet our obligations under these energy supply agreements, we intend to construct a standalone 50 MW biomass energy generation facility to be named "Onça Pintada" in the City of Aparecida do Taboado, in the State of Mato Grosso do Sul, at an estimated cost of R$292.4 million. We have obtained a preliminary license (*licença prévia*) from the Environmental Agency of the State of Mato Grosso do Sul (*Instituto de Meio Ambiente do Mato Grosso do Sul*), or IMASUL, to begin construction of this facility, which is expected to last 24 months beginning in the second half of 2018.

Credit Facilities

On May 4, 2016, Eldorado Austria, as borrower, and Eldorado Brasil, as guarantor, entered into a secured term loan facility with Banco do Brasil AG, Succursale France, as arranger and lender, in connection with a five-year term loan of up to U.S.$400.0 million. This loan is secured by, among other things, an assignment of certain receivables of Eldorado Austria and is governed by French law. As of the date of this offering memorandum, the principal amount of U.S.$100.0 million had been disbursed under this credit facility.

On May 10, 2016, Eldorado Brasil entered into a secured credit facility with the Brazilian Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social*), or BNDES, in the aggregate principal amount of R$358.0 million, divided into four sub-credits, primarily to finance the planting and maintenance of 80,000 to 100,000 hectares of eucalyptus forests in the State of Mato Grosso do Sul. This credit facility is guaranteed by J&F and secured by a second ranking mortgage over the Três Lagoas mill, including the land on which it is located, named "Fazenda Eldorado." As of the date of this offering memorandum, no amounts have been disbursed under this credit facility.

For more information about these credit facilities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of Material Indebtedness—Recent Developments."

Termination of ALL Agreement

In 2011, we entered into a 15-year take-or-pay contract with ALL – América Latina Logística S.A., a logistics provider, for the transportation of our finished products from the Três Lagoas mill to the Port of Santos. On May 5, 2016, we terminated this agreement. Pursuant to the terms of the termination agreement, we are obligated to reimburse ALL for the expenses incurred in the project Terminal Aparecida do Taboado. The total amount of those expenses are approximately R$22.0 million (U.S.$6.2 million), which will be payable in 70 monthly installments, of equal amounts, adjusted by IPCA.

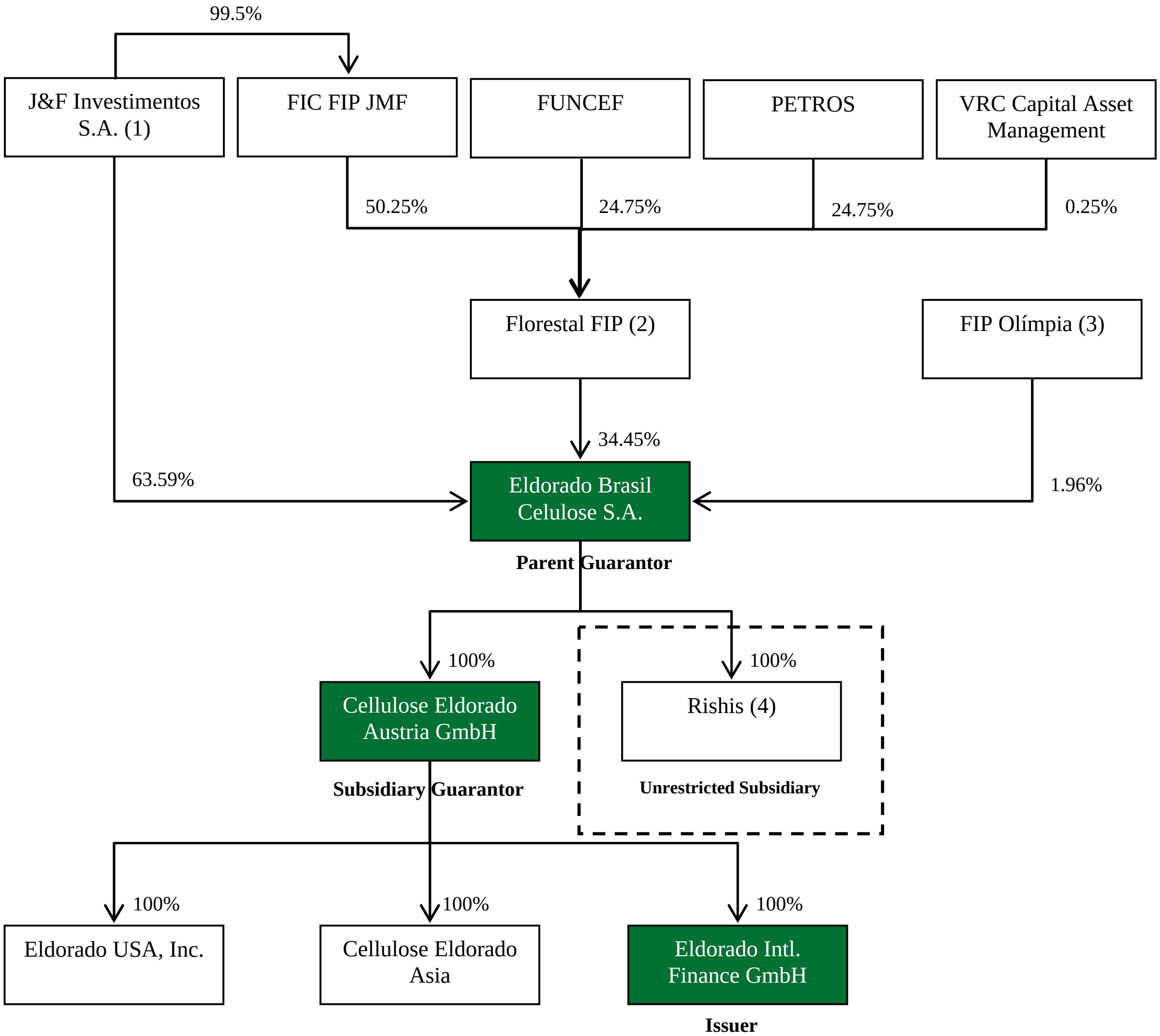
Resignation of Ad Hoc Chief Financial Officer and Strategic and Planning Executive Officer

On May 20, 2016, Mr. Carlos Hamilton Vasconcelos Araújo, who had been our ad hoc chief financial officer since June 2015 and our strategic and planning executive officer, resigned. We have been searching for a new chief financial officer since June 2015 and are searching for a strategic and planning executive officer.

Our chief executive officer has assumed the functions of the strategic and planning executive officer.

Our Ownership Structure

We are controlled by J&F, the largest conglomerate in Brazil, which holds a number of investments in addition to being the holding company of the JBS Group. Our ownership and summary corporate structure as of the date of this offering memorandum are presented in the following chart:



(1) We are controlled by J&F, a Brazilian holding company with investments in various industries, including food, pulp, financial services, shoes, apparel and media. J&F directly and indirectly (through Florestal Fundo de Investimento em Participações, or FIP Florestal) owns 80.9% of the capital stock of Eldorado Brasil.

(2) FIP Florestal is a private equity fund that directly owns 34.45% of the capital stock of Eldorado Brasil. FIP Florestal is controlled by the private equity fund Fundo de Investimentos em Cotas de Fundo de Investimentos em Participações JMF, or FIC-FIP JMF, which holds 50.25% of the equity interests in FIP Florestal. J&F owns 99.5% of the equity interests in FIC-FIP JMF. The remaining owners of FIP Florestal are: (i) Fundação dos Economiários Federais – FUNCEF, or FUNCEF, the pension fund for employees of Caixa Econômica Federal, a financial institution owned by the Brazilian federal government, with 24.75% (ii) Fundação Petrobrás de Seguridade Social – PETROS, or PETROS, the pension fund for employees of Petróleo Brasileiro S.A. – Petrobras, or Petrobras, with 24.75% and (iii) VRC Capital Asset Management S.A., with 0.25%.

(3) Fundo de Investimentos em Participações Olímpia, or FIP Olímpia, directly owns 1.96% of the capital stock of Eldorado Brasil. The Chief Executive Officer and Investor Relations Officer of Eldorado Brasil, José Carlos Grubisich Filho, owns 100% of the capital stock of FIP Olímpia.

(4) Rishis Empreendimentos e Participações S.A. will be an unrestricted subsidiary under the notes offered hereby. It will therefore not be subject to the covenants contained in the indenture to be issued in connection with the notes. For more information, see “Description of the Notes.”

Eldorado Finance and Eldorado Austria

The issuer, Eldorado Finance, is an indirect wholly-owned subsidiary of Eldorado Brasil and a direct wholly-owned subsidiary of Eldorado Austria. Eldorado Finance is a limited liability company incorporated under the laws of Austria on February 18, 2016 and registered with the Austrian Companies Register on February 20, 2016. The registered office of Eldorado Finance is located at Schwertgasse 2/18, A-1010, Vienna, Austria. For additional information, see "The Issuer".

The subsidiary guarantor, Eldorado Austria, is a direct wholly-owned subsidiary of Eldorado Brasil. Eldorado Austria is a limited liability company incorporated under the laws of Austria on May 16, 2012 and registered with the Austrian Companies Register on May 31, 2012. The registered office of Eldorado Finance is located at Schwertgasse 2/18, A-1010, Vienna, Austria.

Eldorado Finance's ability to incur indebtedness (other than the notes and other indebtedness ranking equally with the notes), make investments, pay dividends or distributions on its capital stock, redeem its capital stock or incur liens on its property and assets will be substantially limited by covenants in the indenture. See "Description of the Notes."

Eldorado Brasil

Eldorado Brasil's principal executive office is located at Avenida Marginal Direita do Tietê, 500, Building II, Basement Floor, Room 18, Vila Jaguará, Zip Code 05118-100, in the City of São Paulo, State of São Paulo, Brazil, and its telephone number is +55 (11) 2505-0200. Eldorado Brasil's website is www.eldoradobrasil.com.br. Information on Eldorado Brasil's website is not incorporated into this offering memorandum and should not be relied upon in determining whether to invest in the notes.

THE OFFERING

The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of the notes, see "Description of the Notes" in this offering memorandum.

Issuer	Eldorado Intl. Finance GmbH
Guarantors	Eldorado Brasil Celulose S.A. and Cellulose Eldorado Austria GmbH
Notes Offered	U.S.$350.0 million in aggregate principal amount of 8.625% Senior Notes due 2021.
Guarantees	Eldorado Brasil Celulose S.A. and Cellulose Eldorado Austria GmbH will unconditionally and irrevocably guarantee all of the issuer's obligations pursuant to the notes.
Issue Price	99.008% of the principal amount of the notes, plus accrued interest, if any, from June 16, 2016.
Maturity Date	June 16, 2021.
Interest	Interest will accrue on the notes at the annual rate of 8.625% from the original date of issuance under the indenture and will be payable semi-annually in arrears on June 16 and December 16 of each year, commencing on December 16, 2016.
Ranking	The notes will be senior unsecured obligations of the issuer ranking: • equally in right of payment with all existing and future unsecured, unsubordinated obligations of the issuer; • senior in right of payment to the issuer's subordinated debt; and • effectively subordinated to secured debt of the issuer to the extent of the value of the assets securing such secured debt. As of the date of this offering memorandum (and without giving effect to this offering of notes), the issuer had no outstanding loans and financing. The indenture will allow the issuer to incur debt in the future subject to certain conditions. The guarantees will be unsecured, unsubordinated obligations of the guarantors ranking: • equal in right of payment with all existing and future unsecured, unsubordinated obligations of the guarantor; • senior in right of payment to the guarantor's subordinated debt; • effectively subordinated in right of payment to existing and future secured debt of the guarantor, to the extent of the value of the assets securing such obligations; and

	• structurally subordinated in right of payment to all existing and future debt and other liabilities, including trade payables, of the guarantors' subsidiaries (other than the issuer and Eldorado Austria). As of March 31, 2016, we had total consolidated loans and financing of R$8,821.1 million (U.S.$2,478.6 million), of which R$6,641.3 million (U.S.$1,866.1 million) was secured loans and financing.
Additional Amounts	All payments of principal and interest by the issuer in respect of the notes will be made without withholding or deduction for any Brazilian, Austrian or other relevant jurisdictions' taxes or other governmental charges unless such withholding or deduction is required by law. In the event we are required to withhold or deduct amounts for any taxes or other governmental charges, we will pay such additional amounts as are necessary to ensure that the holders of the notes receive the same amount as such holders would have received without such withholding or deduction, subject to certain exceptions. See "Description of the Notes—Additional Amounts."
Optional Redemption	On or after June 16, 2019, the issuer or Eldorado Brasil may redeem the notes in whole or in part at any time at the redemption prices set forth in "Description of the Notes—Redemption—Optional Redemption." Before, June 16, 2019, the issuer or Eldorado Brasil may also redeem notes, in whole or in part, at a redemption price based on a "make-whole" premium plus accrued and unpaid interest. In addition, prior to or on June 16, 2019, the issuer or Eldorado Brasil may redeem up to 35% of the original principal amount of the notes with the net proceeds from certain equity offerings by us, at a price of 108.625% of the aggregate principal amount thereof, plus accrued and unpaid interest.
Tax Redemption...	The issuer or Eldorado Brasil may redeem the notes, in whole but not in part, 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 or Austrian tax laws. See "Description of the Notes—Redemption—Tax Redemption."
Change of Control Offer	Upon the occurrence of a change of control that results in a ratings decline, noteholders will have the right to require the issuer to repurchase some or all of the notes at 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the repurchase date. See "Description of the Notes—Covenants—Repurchase of Notes upon a Change of Control."
Substitution of Issuer..	The issuer may, without the consent of the holders of the notes and subject to certain conditions, be replaced and substituted by Eldorado Brasil or any wholly-owned subsidiary of Eldorado Brasil as principal debtor in respect of the notes. See

	"Description of the Notes—Substitution of the Issuer." Noteholders should be aware that there may be adverse tax consequences resulting from a substitution of the issuer. For more information, see "U.S. Federal Income Taxation—Substitution of the Issuer."
Certain Covenants	The indenture governing the notes will contain covenants that, among other things, will limit the guarantor's ability and the ability of the guarantor's restricted subsidiaries (including, in certain cases, the issuer) to, among other things: • incur additional indebtedness; • create liens; • make restricted payments; • engage in transactions with affiliates; • engage in sale and leaseback transactions; • sell assets; and • consolidate, merge or sell all or substantially all of the guarantor's assets and the assets of the guarantor's subsidiaries on a consolidated basis. These covenants are subject to important exceptions and qualifications that are described under the heading "Description of the Notes—Covenants."
Events of Default	For a discussion of certain events of default that will permit acceleration of the principal of the notes plus accrued interest, see "Description of the Notes—Events of Default."
Use of Proceeds	We intend to use the net proceeds from this offering to repay a portion of our existing indebtedness and use the remainder, if any, for general corporate purposes. See "Use of Proceeds."
Indenture	The notes will be issued under an indenture, to be entered into among the issuer, the guarantor, The Bank of New York Mellon, as trustee, and The Bank of New York Mellon Trust (Japan), Ltd., as principal paying agent.
Clearance and Settlement	The notes will be issued in book-entry form through the facilities of DTC for the accounts of its participants, including Euroclear and Clearstream, and will trade in DTC's same day funds settlement system. For a description of certain factors relating to clearance and settlement, see "Description of the Notes" and "Form of Notes."
Form and Denomination	The notes will be issued in the form of global notes in fully registered form without interest coupons, as described under "Form of the Notes." The global notes will be exchangeable or transferable, as the case may be, for definitive certificated notes in fully registered form without interest coupons only in limited circumstances. The notes will be issued in registered

	form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. See "Description of the Notes—Form and Transfer" and "Form of Notes."
Transfer Restrictions...	There are restrictions on the offer and sale of notes and the distribution of offering material in various jurisdictions. See "Transfer Restrictions."
Trustee, Registrar, Paying Agent and Transfer Agent...	The Bank of New York Mellon.
Principal Paying Agent	The Bank of New York Mellon Trust (Japan), Ltd.
Trading and Listing...	The issuer will apply to list the notes on the SGX-ST. We cannot guarantee the listing will be obtained.
	If the listing of the notes on the SGX-ST would, in the future, require the issuer to publish financial information either more regularly than we otherwise would be required to, or according to accounting principles which are materially different from the accounting principles which we would otherwise use to prepare our published financial information, the issuer may seek an alternative admission to listing, trading and/or quotation for the notes by another listing authority, stock exchange and/or quotation system.
Governing Law	The indenture and the notes will be governed by, and will be construed in accordance with, the laws of the State of New York.
Risk Factors	See "Risk Factors" and the other information in this offering memorandum for a discussion of factors you should carefully consider before deciding to invest in the notes.

SUMMARY FINANCIAL AND OTHER INFORMATION

The tables below present a summary of our consolidated financial and operating information as of and for the periods indicated. You should read this information in conjunction with our audited annual and unaudited interim consolidated financial statements and related notes included elsewhere in this offering memorandum and with the sections entitled "Presentation of Financial and Other Information," "Selected Financial and Other Data," and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The summary financial information as of March 31, 2016 and for the three-month periods ended March 31, 2016 and 2015 has been derived from our unaudited interim consolidated financial statements as of March 31, 2016 and for the three-month periods ended March 31, 2016 and 2015, and the corresponding notes thereto, which are included elsewhere in this offering memorandum. The summary financial information as of and for the years ended December 31, 2015, 2014 and 2013 has been derived from our audited annual consolidated financial statements as of and for the years ended December 31, 2015, 2014 and 2013, and the corresponding notes thereto, which are included elsewhere in this offering memorandum.

We maintain our books and records in *reais* and present our consolidated financial statements in accordance with: (1) IFRS, as issued by the IASB; and (2) Brazilian GAAP. Brazilian GAAP includes accounting practices provided for in the Brazilian Corporate Law and the accounting standards issued by the CPC.

Solely for the convenience of the reader, we have translated some of the *real* amounts included in this offering memorandum into U.S. dollars. The exchange rate used to translate such amounts was R$3.559 to U.S.$1.00, which was the commercial selling rate at closing for the purchase of U.S. dollars in effect as of March 31, 2016 as reported by the Central Bank. The U.S. dollar equivalent information included in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

	For the Three-Month Period Ended March 31,			For the Year Ended December 31,			
	2016[1]	2016	2015	2015[1]	2015	2014	2013
	(in millions of U.S.$)	*(in millions of R$)*		*(in millions of U.S.$)*	*(in millions of R$)*		
Summary statement of profit or loss information for the period:							
Net revenue	208.2	740.9	652.0	909.4	3,236.6	2,199.2	1,570.4
Cost of sales	(88.3)	(314.2)	(365.7)	(427.3)	(1,520.8)	(1,443.1)	(1,045.2)
Gross profit	**119.9**	**426.8**	**286.4**	**482.1**	**1,715.8**	**756.1**	**525.2**
Operating income (expenses):							
General and administrative expenses	(9.7)	(34.6)	(17.8)	(25.9)	(92.0)	(96.7)	(88.8)
Selling and logistics expenses	(25.5)	(90.6)	(87.9)	(106.9)	(380.4)	(371.0)	(298.6)
Fair value of biological assets	—	—	14.5	4.6	16.5	12.3	149.7
Other income, net	16.1	57.4	33.7	57.0	202.9	199.5	31.4
Profit before net finance costs and provision for income tax and social contribution (expense) benefit	**100.9**	**358.9**	**228.9**	**411.0**	**1,462.8**	**500.2**	**318.9**
Finance income	157.7	561.2	1,022.8	608.8	2,166.6	95.2	6.2
Finance costs	(319.0)	(1,135.4)	(1,374.6)	(940.7)	(3,348.0)	(1,264.7)	(1,087.0)
Net finance costs	(161.3)	(574.2)	(351.8)	(332.0)	(1,181.4)	(1,169.5)	(1,080.8)
Profit (loss) before provision for income tax and social contribution (expense) benefit	**(60.5)**	**(215.2)**	**(122.9)**	**79.1**	**281.2**	**(669.3)**	**(761.9)**
Current income tax and social contribution (expense)	(1.2)	(4.3)	—	—	—	(1.7)	—
Deferred income tax and social contribution (expense) benefit	10.6	37.6	62.5	(0.2)	(0.6)	252.0	270.9
Net profit (loss)	**(51.1)**	**(182.0)**	**(60.5)**	**78.9**	**280.6**	**(419.0)**	**(491.0)**
Attributable to:							
Controlling interest	(51.1)	(182.0)	(60.5)	78.9	280.6	(418.6)	(490.3)
Non-controlling interest	—	—	—	—	—	(0.4)	(0.7)

	For the Three-Month Period Ended March 31,			For the Year Ended December 31,			
	2016[(1)]	2016	2015	2015[(1)]	2015	2014	2013
	(in millions of U.S.$)	*(in millions of R$)*		*(in millions of U.S.$)*	*(in millions of R$)*		
Summary cash flow information for the period:							
Cash flows generated by (used in):							
Operating activities	(77.6)	(276.0)	917.4	856.8	3,049.4	984.7	(646.7)
Investing activities	(47.5)	(169.0)	(93.2)	(154.4)	(549.5)	(652.3)	(867.0)
Financing activities	(67.8)	(241.3)	(655.4)	(362.6)	(1,290.3)	(352.5)	992.6

(1) Solely for the convenience of the reader, *real* amounts for the three-month period ended March 31, 2016 and for the year ended December 31, 2015 have been translated into U.S. dollars at the exchange rate as of March 31, 2016 of R$3.559 to U.S.$1.00. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

	As of March 31,		As of December 31,			
	2016[(1)]	2016	2015[(1)]	2015	2014	2013
	(in millions of U.S.$)	*(in millions of R$)*	*(in millions of U.S.$)*	*(in millions of R$)*		
Summary statement of financial position information as of the date:						
Cash and cash equivalents	162.4	577.9	355.2	1,264.2	54.6	74.7
Marketable securities	41.9	149.3	32.2	114.5	48.6	—
Inventories	128.0	455.6	127.3	453.2	360.6	332.2
Biological assets	509.3	1,812.5	487.9	1,736.3	1,508.2	1,179.9
Property, plant and equipment	1,354.5	4,820.4	1,358.6	4,835.0	4,886.4	5,193.5
Total assets	2,855.8	10,163.3	3,050.4	10,855.9	8,688.0	8,274.8
Total loans and financing [(2)]	2,478.6	8,821.1	2,631.9	9,366.7	7,532.5	6,649.4
Total equity	257.6	916.9	307.5	1,094.5	816.0	1,237.1

(1) Solely for the convenience of the reader, *real* amounts as of March 31, 2016 and December 31, 2015 have been translated into U.S. dollars at the exchange rate as of March 31, 2016 of R$3.559 to U.S.$1.00. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

(2) Total current loans and financing plus total noncurrent loans and financing.

Other Summary Information

	As of and for the Three-Month Period Ended March 31,			As of and for the Year Ended December 31,			
	2016[(1)]	2016	2015	2015[(1)]	2015	2014	2013
	(in millions of U.S.$, unless otherwise indicated)	*(in millions of R$, unless otherwise indicated)*		*(in millions of U.S.$, unless otherwise indicated)*	*(in millions of R$, unless otherwise indicated)*		
Planted area (in thousand hectares)		218.8	200.0		215.0	200.0	161.9
Installed capacity (in thousand tons)[(2)]		1,500	1,500		1,500	1,500	1,500
Production capacity (in thousand tons)[(3)]		1,700	1,700		1,700	1,700	1,500
BEKP production (in thousand tons)		429	370		1,597	1,568	1,276
BEKP production for the last 12 months (in thousand tons)		1,656	1,609		1,597	1,568	1,276
Capacity utilization rate[(4)]		110.4%	107.2%		106.5%	104.5%	85.1%
BEKP sales volume (in thousand tons):							
Domestic sales		37	44		161	193	160
Export sales		317	322		1,401	1,368	994
Total BEKP sales volume		354	366		1,562	1,561	1,154
Energy generation (in thousands of MWh):							
Own consumption		196	176		751	759	635
Sales to our third-party chemical suppliers		115	95		428	415	244
Sales to Brazilian national grid		50	33		186	143	—
Total energy generation		361	305		1,364	1,317	879
Net revenue[(5)]							
BEKP sales revenue:							
Domestic sales	26.3	93.7	72.0	95.1	338.4	282.2	194.3
Export sales	179.9	639.9	549.1	789.6	2,810.2	1,817.0	1,364.8
Total BEKP sales revenue	206.2	733.6	621.1	884.7	3,148.6	2,099.2	1,559.1

	As of and for the Three-Month Period Ended March 31,			As of and for the Year Ended December 31,			
	2016[1]	2016	2015	2015[1]	2015	2014	2013
	(in millions of U.S.$, unless otherwise indicated)	*(in millions of R$, unless otherwise indicated)*		*(in millions of U.S.$, unless otherwise indicated)*	*(in millions of R$, unless otherwise indicated)*		
Energy sales revenue	1.8	6.6	16.6	16.5	58.6	90.1	10.5
Other sales revenue	0.2	0.7	14.3	8.3	29.4	9.9	0.8
Total net revenue	208.2	740.9	652.0	909.4	3,236.6	2,199.2	1,570.4
Net profit (loss)[5]	(51.1)	(182.0)	(60.5)	78.9	280.6	(419.0)	(491.0)
EBITDA[6]	120.6	429.5	292.5	492.7	1,753.6	777.2	493.3
Unrealized inventory profits from intercompany sales[6]	15.1	53.9	4.8	32.6	116.1	43.8	—
Adjusted EBITDA[6]	135.7	483.4	297.3	525.3	1,869.7	821.0	493.3
Adjusted EBITDA margin[7]		65.2%	45.5%		57.8%	37.3%	28.6%
Net debt[8]	2,295.7	8,170.3	7,751.5	2,219.3	7,898.1	7,401.2	6,518.2
Net debt/LTM Adjusted EBITDA ratio[9]		4.0x	6.0x		4.2x	9.0x	14.5x

(1) Solely for the convenience of the reader, amounts in Brazilian *reais* as of and for the three-month period ended March 31, 2016 and as of and for the year ended December 31, 2015 have been translated into U.S. dollars at the exchange rate as of March 31, 2016 of R$3.559 to U.S.$1.00. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

(2) Installed capacity means the intended full-load sustained output that the Três Lagoas mill is designed to produce (also referred to as name-plate capacity).

(3) Production capacity means the actual pulp production for a particular facility, calculated on the basis of average monthly pulp production figures during the twelve months prior to the end of the applicable period.

(4) Capacity utilization rate means the ratio of actual production for the twelve months prior to end of the applicable period to installed capacity, expressed as a percentage.

(5) Due to several Brazilian federal, state and municipal tax benefits and incentive programs, we benefit from significant tax benefits that affect our net revenue and net profit. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting our Results of Operations—Effects of Tax Benefits."

(6) EBITDA and Adjusted EBITDA are used as measures of performance by our management. We calculate EBITDA as net profit *plus*: net finance costs, income tax and social contribution and depreciation, depletion and amortization. We calculate Adjusted EBITDA as EBITDA *plus* unrealized inventory profits from intercompany sales.

EBITDA and Adjusted EBITDA are useful tools for assessing financial performance but are not reliable indicators of our ability to generate cash to service our debt obligations because certain of the items added to net profit (loss) to determine EBITDA and Adjusted EBITDA involve outlays of cash. As a result, actual cash available to service debt obligations will be different from EBITDA and Adjusted EBITDA. There is no standard definition of EBITDA or Adjusted EBITDA, and our definition of EBITDA and Adjusted EBITDA may not be comparable to EBITDA or Adjusted EBITDA as used by other companies. You should rely primarily on our IFRS results, and use EBITDA and Adjusted EBITDA in a supplemental manner in making your investment decision. For more information about the limitations of EBITDA and Adjusted EBITDA, see "Presentation of Financial and Other Information—Non-GAAP Financial Measures."

EBITDA and Adjusted EBITDA are reconciled to net profit (loss) below:

	For the Three-Month Period Ended March 31,			For the Year Ended December 31,			
	2016	2016	2015	2015	2015	2014	2013
	(in millions of U.S.$)[a]	*(in millions of R$)*		*(in millions of U.S.$)*[a]	*(in millions of R$)*		
Net profit (loss)	**(51.1)**	**(182.0)**	**(60.5)**	**78.9**	**280.6**	**(419.0)**	**(491.0)**
Finance income	(157.7)	(561.2)	(1,022.8)	(608.8)	(2,166.6)	(95.2)	(6.2)
Financial costs	319.0	1,135.4	1,374.6	940.7	3,348.0	1,264.7	1,087.0
Income tax and social contribution	(9.3)	(33.2)	(62.5)	0.2	0.6	(250.3)	(270.9)
Depreciation, depletion and amortization	19.8	70.5	63.7	81.7	290.8	277.0	174.4
EBITDA[b]	**120.6**	**429.5**	**292.5**	**492.7**	**1,753.6**	**777.2**	**493.3**
Unrealized inventory profits from intercompany sales[c]	15.1	53.9	4.8	32.6	116.1	43.8	—
Adjusted EBITDA[d]	**135.7**	**483.4**	**297.3**	**525.3**	**1,869.7**	**821.0**	**493.3**

(a) Solely for the convenience of the reader, amounts in Brazilian *reais* for the three-month period ended March 31, 2016 and the year ended December 31, 2015 have been translated into U.S. dollars at the exchange rate as of March 31, 2016 of R$3.559 to U.S.$1.00. See "Exchange Rates" for further information about recent fluctuations in exchange rates. Please note that the indenture governing the notes will contain certain financial covenants pursuant to which we may be required, from time to time, to calculate EBITDA and/or Adjusted EBITDA. At such times, we will calculate the U.S. dollar value of EBITDA and/or Adjusted EBITDA using the average selling rate for the applicable period as reported by the Central Bank instead of the period-end selling rate.

(b) EBITDA for the three-month periods ended March 31, 2016 and 2015 and years ended December 31, 2015, 2014 and 2013 includes EBITDA of R$1.7 million, R$(0.9) million, R$(3.4) million, R$(0.8) million and R$(1.0) million, respectively, of our unrestricted subsidiary, Rishis Empreendimentos e Participações S.A.

(c) We export pulp to our customers in Europe, Asia and North America through our wholly owned subsidiaries in Austria, China and the United States, respectively. When one of these subsidiaries enters into a sales agreement with a customer, Eldorado Brasil in turn enters into an intercompany pulp sales contract pursuant to which it sells and ships pulp to the subsidiary for final delivery to the customer. Whenever there is a discrepancy between the accounting period in which the intercompany sale to the subsidiary is recorded and the period in which product is delivered to the final customer, the revenue Eldorado Brasil generates from the intercompany sale is reversed in its consolidated financial statements. In these instances, however, when calculating Adjusted EBITDA we add back these "unrealized" profits since the product has a pre-determined final customer.

(d) Adjusted EBITDA for the three-month periods ended March 31, 2016 and 2015 and years ended December 31, 2015, 2014 and 2013 includes Adjusted EBITDA of R$1.7 million, R$(0.9) million, R$(3.4) million, R$(0.8) million and R$(1.0) million, respectively, of our unrestricted subsidiary Rishis Empreendimentos e Participações S.A.

(7) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA for a period by our total net revenue for the same period, expressed as a percentage.

(8) We calculate net debt as total loans and financing (total current loans and financing *plus* total non-current loans and financing *plus* borrowings-related parties) *minus* the sum of cash and cash equivalents, marketable securities and derivatives receivable. There is no standard definition of net debt, and our definition of net debt may not be comparable to net debt as used by other companies. You should rely primarily on our IFRS results, and use net debt in a supplemental manner in making your investment decision. For more information about the limitations of net debt, see "Presentation of Financial and Other Information—Non-GAAP Financial Measures."

The following table sets forth the calculation of net debt:

	As of March 31,			**As of December 31,**			
	2016	**2016**	**2015**	**2015**	**2015**	**2014**	**2013**
	(in millions of U.S.$)[(a)]	*(in millions of R$)*		*(in millions of U.S.$)*[(a)]	*(in millions of R$)*		
Total current loans and financing	737.3	2,624.0	2,070.5	642.5	2,286.5	1,745.0	1,458.5
Total non-current loans and financing	1,741.3	6,197.1	6,089.3	1,989.4	7,080.2	5,422.0	5,190.9
Borrowings – related parties	—	—	—	—	—	365.5	—
Total loans and financing	**2,478.6**	**8,821.1**	**8,159.8**	**2,631.9**	**9,366.7**	**7,532.5**	**6,649.4**
Cash and cash equivalents	(162.4)	(577.9)	(223.4)	(355.2)	(1,264.2)	(54.6)	(74.7)
Marketable securities	(41.9)	(149.3)	(49.9)	(32.2)	(114.5)	(48.6)	—
Derivatives payable (receivable)	21.5	76.4	(135.0)	(25.3)	(89.9)	(28.1)	(56.5)
Net debt[(b)]	**2,295.7**	**8,170.3**	**7,751.5**	**2,219.3**	**7,898.1**	**7,401.2**	**6,518.2**

(a) Solely for the convenience of the reader, amounts in Brazilian *reais* as of March 31, 2016 and December 31, 2015 have been translated into U.S. dollars at the exchange rate as of March 31, 2016 of R$3.559 to U.S.$1.00. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

(b) Our unrestricted subsidiary, Rishis Empreendimentos e Participações S.A., recorded no indebtedness during these periods.

(9) Net debt/LTM Adjusted EBITDA ratio as of March 31, 2016 and 2015 is calculated by dividing (1) our consolidated net debt at the end of the applicable period by (2) our consolidated Adjusted EBITDA for the 12-month period ended on such date. Net debt/LTM Adjusted EBITDA ratio as of December 31, 2015, 2014 and 2013 is calculated by dividing (1) our consolidated net debt at the end of the applicable year by (2) our consolidated Adjusted EBITDA for the corresponding year.

RISK FACTORS

An investment in the notes involves a high degree of risk. You should carefully consider the risks and uncertainties described below, as well as the other information included elsewhere in this offering memorandum before making an investment in the notes. The risks described below are not the only ones we face. In the event any of the following risks actually occur, our business, financial condition and results of operations could be materially adversely affected. The market price of the notes could decline due to any of these risks, and you may lose all or part of your investment in the notes. The risks described below are those that we currently believe may materially affect us. Additional risks not presently known to us, or that we currently consider immaterial may also materially adversely affect us.

For purposes of this section, when we state that a risk, uncertainty or problem may, could or will have an "adverse effect" on us or "adversely affect" us, we mean that the risk, uncertainty or problem could have an adverse effect on our business, financial condition, results of operations, cash flow and/or prospects and/or the price of the notes, except as otherwise indicated. You should view similar expressions in this section as having similar meaning.

Risks Relating to Our Business and Industry

The market prices for our pulp products are cyclical and beyond our control. Significant declines in market pulp prices would have a material adverse effect on us.

The prices we are able to obtain for our products depend on prevailing world and regional prices for market pulp. Historically, these prices have been subject to significant fluctuations over short periods of time. For example, over the last three years, BEKP list prices per ton in North America, Europe and China have fluctuated from U.S.$860, U.S.$780 and U.S.$640, respectively, in December 2013, to U.S.$840, U.S.$745 and U.S.$590, respectively, in December 2014, to U.S.$915, U.S.$790 and U.S.$600, respectively, in December 2015, according to RISI. Price fluctuations occur not only from year to year but also within a given year as a result of a number of factors, such as oscillations in global and regional demand for pulp products, global and regional production capacity and inventory levels (including as a result of mill openings and closures and different pulp price forecasts), the price of raw materials, different business strategies adopted by other pulp producers and the availability of products to replace our products at more competitive prices. These factors are beyond our control, and significant future declines in the market prices for our pulp products would have a material adverse effect on us.

We may be unable to fully implement our strategy to develop our businesses and increase our future revenue and profitability, including completing the Vanguarda 2.0 Project on time, which could have a material adverse effect on us.

Our future growth and financial performance will depend, in part, on the successful implementation of our business strategy. The principal elements of our business strategy include to:

- increase operating efficiencies;
- continue to focus on strong cash flow generation;
- continue to develop state-of-the-art technology in the forestry, industrial and logistics areas; and
- expand our production capacity.

As part of our strategy to expand our production capacity, we are currently constructing a new pulp production line in the Três Lagoas mill. The construction of this new production line or any future expansion involves various risks. These risks include engineering, construction, regulatory and other significant challenges, including the development of additional forest assets and implementation of environmental protection measures that may delay or prevent the successful operation of the project or significantly increase our costs.

We could be materially adversely affected if:

- we are not able to complete this new construction project or any future expansion on time or within budget, or we are required by market conditions or other factors to delay the initiation of construction or the timetable to complete the Vanguarda 2.0 Project or future expansions;

- our new production line does not operate at designed capacity or may cost more to operate than we expect;

- we are not able to sell our additional production at attractive prices; or

- we do not have funds or are not able to obtain financing to implement our expansion strategy.

Furthermore, we may also seek sustainable growth opportunities through investments, mergers and acquisitions. We may be unable to effectively integrate the businesses that we may acquire in Brazil or elsewhere or successfully implement appropriate operating, financial and administrative systems and controls to benefit from the acquisitions. We could fail to select the best partners or fail to effectively plan and manage our strategy, and we could lose key employees of the acquired company. Moreover, the diversion of our management's attention and any other delays or difficulties faced in connection with the integration of these businesses may negatively affect our business and results of operations. Additionally, proposed acquisitions may be subject to the approval of antitrust authorities and other governmental approval, which we may not be able to obtain in a timely manner or at all. Furthermore, the world pulp industry is undergoing consolidation, and many companies compete for acquisition opportunities in our industry. Some of our competitors have greater financial and other resources than we do. This may reduce the likelihood that we will be successful in completing acquisitions necessary for the expansion of our business.

We cannot assure you that any of our strategies will be fully or successfully implemented. Some aspects of our strategy involve an increase in our operating expenses that may not be offset by corresponding increases in revenue, resulting in a decrease in our operating margins. In addition, certain aspects of our business strategy depend on factors that are beyond our control, such as changes in market conditions and actions taken by our competitors or by governments in the jurisdictions in which we operate. Any failure to implement the elements of our strategy may adversely affect the growth of our business and our future financial performance, which could have a material adverse effect on us.

Our outstanding and future consolidated loans and financing could have a material adverse effect on us.

As of March 31, 2016, we had total outstanding consolidated loans and financing of R$8,821.1 million (U.S.$2,478.6 million), of which R$2,624.0 million (U.S.$737.3 million) was current borrowings. If we are unable to repay or refinance our short- or long-term debt as it matures, we could suffer a material adverse effect.

The level of our outstanding and future consolidated loans and financing could have a material adverse effect on us, including the following:

- make it difficult for us to satisfy our respective obligations, including making interest payments on the notes and on other debt obligations;

- limit our ability to obtain additional financing to operate our business;

- require us to dedicate a substantial portion of our cash flow to serve our debt, reducing our ability to use our cash flow to fund working capital, capital expenditures and other general corporate requirements;

- limit our flexibility to plan for and react to changes in our business and the industry in which we operate;

- place us at a competitive disadvantage relative to some of our competitors that have less debt than us;

- make us more vulnerable to increases in interest rates, resulting in higher interest costs in respect of our floating rate debt; and

- increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates, lower pulp prices or a downturn in our business or the economy.

Furthermore, despite our existing level of indebtedness, we may incur additional debt obligations, which would intensify the risks described above. For example, we intend to incur an additional R$7.0 billion of indebtedness to finance the Vanguarda 2.0 Project, all of which will be secured by the assets of the Vanguarda 2.0 Project (and which will not be included in the calculation of our net indebtedness for purposes of the Net Debt to EBITDA ratio included in the covenants of the notes offered hereby). For more information, see "—A significant portion of our indebtedness consists of secured indebtedness and we intend to incur additional secured indebtedness to finance our expansion strategy," below.

A significant portion of our indebtedness consists of secured indebtedness and we intend to incur additional secured indebtedness to finance our expansion strategy.

As of March 31, 2016, we had total consolidated loans and financing of R$8,821.1 million (U.S.$2,478.6 million), of which R$6,641.3 million (U.S.$1,866.1 million) was secured loans and financing. Our obligations to the various creditors under our debt instruments are secured by certain of our and our affiliates' assets, including: first- and second-ranking mortgages granted by Eldorado Brasil over the Três Lagoas mill, including the land on which it is located; a charge (*alienação fiduciária*) granted by Eldorado Brasil over certain equipment, machinery and other assets located in the Três Lagoas mill; a first priority lien granted by J&F, FIP Florestal and FIP Olímpia over shares of Eldorado Brasil; and an assignment of certain of our receivables. For further information on our secured indebtedness, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of Material Indebtedness."

In addition, to finance our expansion strategy related to the Vanguarda 2.0 Project, we intend to incur an additional R$7.0 billion (U.S.$2.0 billion) of indebtedness, all of which will be secured by assets of the Vanguarda 2.0 Project (and which will not be included in the calculation of our net indebtedness for purposes of the Net Debt to EBITDA ratio included in the covenants of the notes offered hereby). We cannot assure you that the currently estimated amount of secured debt to be incurred to finance the Vanguarda 2.0 Project will not be increased due to cost overruns of the project or any other reason. The indenture also provides that we may incur debt from development banks, which is also permitted to be secured debt. Furthermore, the Vanguarda 2.0 Project indebtedness is not subject to the net debt to EBITDA ratio in the covenants of the notes because this indebtedness will not be included in the calculation of our net debt for the purposes of the net debt to EBITDA ratio, as long as Eldorado contributes equity in a ratio of at least 1:3 to the Vanguarda 2.0 Project indebtedness. For more information about the restrictive covenant related to limitation on debt, see "Description of the Notes—Covenants—Limitation on Debt" and "—Risks Relating to the Notes and the Guarantees—We may incur additional indebtedness ranking equal to the notes and the guarantees." Notwithstanding our indebtedness, we will be permitted to make dividend payments and similar distributions to our shareholders and investments in other businesses and minority equity interests as set forth in "Description of the Notes—Covenants—Limitation on Restricted Payments."

Our obligations under the notes and related guarantees will be junior to our secured debt obligations and, while the terms and conditions of the notes described under "Description of the Notes" contain restrictions to our ability to incur additional secured indebtedness, these restrictions are subject to significant exceptions on which we may rely to incur additional secured indebtedness. For further information, see "—Risks Relating to the Notes and the Guarantees—Payments on the guarantees will be junior to the secured debt obligations of the guarantors and effectively junior to debt obligations of Eldorado Brasil's subsidiaries (other than the issuer and Eldorado Austria)."

Covenant restrictions under our debt agreements and the notes limit our ability to operate our business. Our failure to comply with these covenants could have a material adverse effect.

Our debt agreements and the notes contain, among other things, covenants that restrict our ability to finance future operations or capital needs or to engage in other business activities. These debt agreements restrict, among other things, our ability to:

- incur additional indebtedness;
- create liens on or sell our assets;

- pay dividends on or redeem capital stock;
- make restricted payments;
- create or permit restrictions on the ability of subsidiaries to pay dividends or make other distributions;
- enter into transactions with affiliates; and
- engage in mergers, consolidations and certain dispositions of assets.

In addition, certain of our credit facilities require us and certain of our subsidiaries to maintain specified financial ratios and tests which may require that we or they take action to reduce debt or to act in a manner contrary to our business objectives. Events beyond our control, including changes in general business and economic conditions, may affect our ability to meet those financial ratios and tests.

We may not meet those ratios and tests, and our creditors may not waive any failure to meet those ratios and tests. A breach of any of these covenants or failure to maintain these ratios and comply with these tests would result in an event of default under the relevant credit facility, and any such event of default or resulting acceleration under such credit facility could result in an event of default under our other debt agreements. If an event of default under a credit facility were to occur, the lenders could elect to declare all amounts outstanding thereunder, together with accrued interest, to be immediately due and payable, which could result in events of default under the indenture governing the notes offered hereby. Our assets and cash flow may be insufficient to pay the full outstanding balance under our financing agreements upon any acceleration of payments following an event of default. If such events were to occur, we could suffer a material adverse effect. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of Material Indebtedness."

We are controlled by members of the Batista family. The Batista family may have interests that are different from yours.

J&F Investimentos, our controlling shareholder, is indirectly controlled by members of the Batista family. See "Principal Shareholders." In addition, certain members of the Batista family hold key management positions at our company. See "Management." Members of the Batista family may have interests that are different from ours and from those of holders of the notes and, therefore, may take actions or cause us to take actions that may enhance the value of their equity investments in us or in other businesses, even if not to our benefit or that of holders of the notes. Members of the Batista family may also have an interest in pursuing business opportunities that would otherwise be available to us through other companies which they own. In addition, other companies in which members of the Batista family have an interest may engage in transactions with us. We cannot assure you that we will be able to address any conflicts of interests of our controlling shareholders or our affiliates or any other issues that may arise in connection therewith in an impartial manner, which may cause an adverse effect on us or the trading price of the notes.

Furthermore, allegations related to the members of the Batista family, such as those described in "—Risks Relating to Our Business and Industry—There are several reports in the media related to alleged potential illicit conduct carried out by our controlling shareholder and certain of our affiliates" and "—Mr. Joesley Mendonça Batista, one of our indirect individual controlling shareholders and chairman of the board of directors of Eldorado Brasil, is a defendant in a criminal proceeding," and any other disputes or issues related to alleged improper conduct of our controlling shareholders may adversely affect their reputation and, consequently, have a negative impact on us or the trading prices of the notes.

While the notes contain covenants that restrict our ability to make restricted payments and enter into related party transactions, those covenants are subject to significant exceptions. These exceptions allow us to enter into transactions with affiliates, provided that certain conditions are met, as well as to make dividend payments and similar distributions to our controlling shareholder and investments in other businesses and in minority equity interests, all of which may be in the interest of the members of the Batista family, but adverse to our interests and those of holders of the notes. For more information about the restrictive covenant related to limitation on restricted payments, see "Description of the Notes—Covenants—Limitation on Restricted Payments," and for more information about the risks related to making restricted payments, see "—Risks Related to the Notes and the

Guarantees—We may pay certain dividends and make other restricted payments even when highly levered, which may have a negative impact on the value of the notes."

Our compliance programs may not be fully effective.

We are in the process of developing and implementing a compliance program based on what we believe are current best practices. Given that this program is relatively new and the implementation process is ongoing, the efficiency of this program has not yet been fully tested and there can be no assurance that our internal controls, procedures and systems in place will be effective to monitor, identify and address any illicit conduct relating to money laundering, corruption or other similar issues. As a result, it may be difficult for us to prevent or mitigate penalties for violations of anti-money laundering and anti-corruption laws. Any such violations or allegations and investigations of misconduct or enforcement actions against us could have a material adverse effect on us, our reputation and on the trading price of the notes.

There are several reports in the media related to alleged potential illicit conduct carried out by our controlling shareholder and certain of our affiliates.

As described below under "—Risks Relating to Brazil—Political instability in Brazil could have a material adverse effect on us," the Brazilian authorities are currently conducting several investigations relating to allegations of corruption, money laundering and other illicit or unethical behavior.

Certain media reports have mentioned that our controlling shareholder, one of our indirect individual controlling shareholders and a member of our board of directors, one of our affiliates, controlled by our controlling shareholder, our chief executive officer and certain members of our board of directors may have had allegedly illicit business and financing relationships with government representatives and public entities, private entities and individuals under investigation by the Brazilian authorities. None of these media reports relate to allegations of misconduct by our company.

As of the date of this offering memorandum, these media reports have not been corroborated and each of our controlling shareholder, chief executive officer and these affiliates have confirmed to us that, except as described below under "—Mr. Joesley Mendonça Batista, one of our indirect individual controlling shareholders and chairman of the board of directors of Eldorado Brasil, is a defendant in a criminal proceeding," they have not been notified or charged in connection with the allegations in these media reports. We cannot assure you that these or similar media reports or further developments or formal or informal allegations or related investigations will not negatively affect the public perception of our Company, our executives, directors and affiliates or will not have a material adverse effect on us, our reputation and on the trading price of the notes.

Mr. Joesley Mendonça Batista, one of our indirect individual controlling shareholders and chairman of the board of directors of Eldorado Brasil, is a defendant in a criminal proceeding.

On January 19, 2016, the Federal Court (*Justiça Federal*) of the State of São Paulo accepted a criminal complaint filed by the Federal Prosecutor's Office (*Ministério Público Federal*) against certain individuals, including Mr. Joesley Mendonça Batista, chairman of the board of directors of Eldorado Brasil, for alleged violations of the Brazilian financial system laws in relation to certain financial transactions involving Banco Original S.A. (a Brazilian financial institution under common control with Eldorado Brasil), Banco Rural S.A. and other companies of the respective economic groups. We are not a party to this proceeding. This proceeding is in its early stages and Mr. Batista has not received service of process to date. We cannot foresee the impact of developments in this proceeding, and any development not in favor of Mr. Joesley Mendonça Batista may have a material adverse effect on us, our reputation and on the trading price of the notes.

Our exports expose us to political and economic risks in foreign countries, which could have a material adverse effect on us.

Our export sales accounted for 86.4%, 86.8% and 82.6% of our total consolidated net revenue for the three-month period ended March 31, 2016 and the years ended December 31, 2015 and 2014, respectively. Our exports, primarily to Asia, the European Union and North America, expose us to risks not faced by companies operating solely in Brazil or any other single country. For example, our exports may be affected by import restrictions and tariffs, other trade protection measures and import or export licensing requirements.

Our future financial performance will depend significantly on economic, political and social conditions in our principal export markets. Risks associated with our international activities include:

- significant fluctuations in global demand for pulp products, which could impact our sales, operating income and cash flows;

- the entrance of new pulp producers or mergers and acquisitions between existing producers, which could limit our competitiveness in the market;

- our inability to successfully continue to expand our production capacity at the same pace as our competitors, which could negatively affect our market share;

- crisis in financial markets and the threat of a global economic slowdown, which could impair the financial condition of some of our customers, suppliers or counterparties to our derivative instruments, thereby increasing customer bad debts or non-performance by suppliers or counterparties;

- changes in foreign currency exchange rates (against U.S. dollar) and inflation in the foreign countries in which we operate;

- exchange and international trade controls;

- changes in a specific country's or regions economic conditions;

- cultural differences;

- adverse consequences deriving from changes in regulatory requirements, including environmental rules, regulations and certification requirements;

- difficulties and costs associated with complying with, and enforcing remedies under, a wide variety of complex international laws, treaties, and regulations;

- adverse consequences from changes in tax laws; and

- logistics costs, disruptions in shipping or reduced availability of freight transportation.

We attempt to manage certain of these risks through the use of risk management and hedging programs, including futures and options relating to currency fluctuation risk arising from indebtedness that are denominated in currencies other than *reais*. However, these strategies cannot and do not fully eliminate these risks.

Deterioration of economic conditions in markets in which we operate could have a material adverse effect on us.

Demand for our pulp products is linked to the overall economic activity, GDP per capita and urbanization levels within those markets in which we sell our products. Our business may be materially adversely affected by changes in Brazilian or global economic conditions, including inflation, interest rates, availability of capital, consumer spending rates, energy availability and costs (including fuel surcharges) and the effects of governmental initiatives to manage economic conditions. Any such changes could adversely affect the demand for our products both in Brazil and international markets, or the cost and availability of our needed raw materials, thereby adversely affecting us.

The deterioration of Brazilian and/or global economic conditions could, among other things:

- adversely affect global demand for pulp, which could result in a reduction of sales, operating income and cash flows;
- make it more difficult or costly for us to obtain financing for our operations or investments or to refinance our debt in the future;
- cause our lenders to depart from prior credit industry practice and make more difficult or expensive the granting of any waivers under our debt agreements to the extent we may seek them in the future;
- impair the financial condition of some of our customers and suppliers; and
- decrease the value of our investments.

The rate of growth of the Chinese economy has significantly declined in recent months. Any additional negative economic development in China could rapidly impact our exports, which could have a material adverse effect on us.

China's importance in the global pulp markets has increased in recent years. In 2015, Chinese demand represented 29.9% of the global market pulp demand, according to PPPC. However, in recent years, the Chinese economy has been experiencing slow economic growth as compared with the last two decades. In 2014, China's gross domestic product expanded by 8.2%, according to the National Bureau of Statistics of China. Sales to China accounted for 29.5% and 26.3% of our total consolidated net revenue for the three-month periods ended March 31, 2016 and 2015 and accounted for 22.2% of our total consolidated net revenue for the year ended December 31, 2015, respectively. Any additional negative economic development in China could rapidly impact Chinese demand for our products, which could have a material adverse effect on us.

We are dependent on our own planted forests and third-party wood for our supply of wood, which is essential to our production processes. Furthermore, we depend on third-party suppliers for certain raw materials including chemicals required to bleach pulp. Any interruption in our supply or increase in the price of these raw materials could have a material adverse effect on us.

Wood is the principal raw material used for the production of our pulp products. In 2015, we sourced our wood from our own planted forest as well as third-party sources, in many cases through partnerships with landowners who have granted us rights of first refusal to purchase the eucalyptus from their harvests. Currently, the total planted area of our eucalyptus forests of approximately 218.8 thousand hectares is sufficient to supply the wood requirements of the existing production line. In addition, we plan to use our excess supply of approximately 75.0 thousand hectares to supply a portion of the wood requirement of our second pulp production line upon completion of the Vanguarda 2.0 Project. Our and our suppliers' planted forests are subject to natural threats, such as drought, fire, pests and diseases and the effects of climate change, which may reduce our supply of wood or increase the price of wood we acquire. Moreover, our planted forests are also subject to other threats, such as loss of possession due to social unrest or theft. Any interruption in wood supply that represents a material reduction in the wood available to us, including as a result of natural disasters, loss of possession or termination of supply contracts, could have a material adverse effect on us.

In addition to wood and energy, the principal raw materials on which we depend are the chemicals required to bleach pulp, including sodium sulphate, sodium hydroxide (caustic soda), sodium chlorate, chlorine, hydrogen peroxide and oxygen. Increases in the prices of these raw materials and/or our inability to preserve relationships with our current suppliers or to find suitable replacements could cause us to increase the final cost of our goods sold, which we may not be able to pass to our customers, which could have a material adverse effect on us.

We face significant competition, which could have a material adverse effect on us.

The pulp industry is highly competitive. In the international pulp market, certain of our competitors may have greater financial strength and access to cheaper sources of capital, and consequently have the ability to support strategic expenditures directed to increase their market share. In addition, most markets for pulp are served by several suppliers, often from different countries.

Many factors influence our competitive position, including mill efficiency and operating rates and the availability, quality and cost of wood, water, chemicals, logistics and labor, and exchange rate fluctuations. Some of our competitors may have greater financial and marketing resources and a greater number of locations on which they produce BEKP. Although we are one of the lowest-cost producers of BEKP in the world, as reported by Hawkins Wright, if we are unable to remain competitive with our competitors in the future, our market share may be adversely affected. In addition, downward pressure on the prices of pulp by our competition may adversely affect our profitability.

We depend on one mill to produce all of our market pulp. Any adverse developments affecting our mill could have a material adverse effect on us.

Unlike some of our competitors, we depend on one mill to produce all of our pulp. As a result, unless we acquire or develop additional mills, any adverse developments affecting the Três Lagoas mill, including the destruction of the Três Lagoas mill or any stoppage or significant unscheduled interruption in production, could impair our ability to produce pulp and supply our product, which could have a material adverse effect on us.

The stoppage or significant interruption of operations at our transportation, storage and distribution facilities or our port facility could have a material adverse effect on us.

We rely on a network of transportation, storage, distribution and port facilities to supply raw materials to the Três Lagoas mill and distribute our finished product to our customers. Operations at these facilities, which we own or lease or hire from third party service providers, could be partially or completely shut down, temporarily or permanently, as the result of any number of circumstances, such as equipment failure, accidents, catastrophic events, protests, strikes, or other labor difficulties, transportation disruptions or suspension or the termination of concessions granted to us relating to the right to provide a specific service. Any stoppage or significant interruption of operations at these facilities could have a material adverse effect on us.

Our operations can also be adversely affected by protesters and activists closing the roads and railways through which we transport our products, and by strikes of port employees, customs agents, and other civil servants at the Brazilian ports from where we export our products. In addition, we may experience strikes of outsourced construction workers during the construction phase of the Vanguarda 2.0 Project similar to those that occurred during the construction phase of the Três Lagoas mill. An extended strike or protest in the future could have a material adverse effect on us.

Our insurance coverage, which does not cover damage to our planted forests, may be insufficient to cover our losses, which could have a material adverse effect on us.

We have comprehensive insurance with leading insurers to cover damages to our facilities caused by fire, general third-party liability for accidents and operational risks and international and domestic transportation, but in many cases such insurance is expensive and difficult to maintain. No assurance can be given that such insurance can be maintained by us in the future on acceptable terms, or in sufficient amounts to protect us against losses due to any such events, or at all.

Moreover, our operations are subject to various risks affecting our forests, including disease and fire. Although to date certain pests and diseases afflicting eucalyptus plantations in other parts of the world have not significantly affected the forestry industry in Brazil, these pests or diseases do migrate and may significantly affect our forests. Similarly, forest fires are always a risk, particularly during low rainfall conditions. We do not maintain insurance coverage against disease, fire and other risks affecting our planted forests. The occurrence of losses or other damages not covered by insurance or that exceed our insurance limits could result in significant unexpected additional costs and have a material adverse effect on us.

We receive certain tax benefits that if modified, suspended, cancelled or not renewed, could have a material adverse effect on us.

We benefit from certain Brazilian federal, state and municipal tax incentives and benefit programs. Our most significant tax benefits include:

- ICMS Tax Benefits. The State of Mato Grosso do Sul imposes a Tax on Circulation of Goods and Services (*Imposto sobre Operações Relativas à Circulação de Mercadorias e Prestação de Serviços de Transporte Interestadual e Intermunicipal e de Comunicações*), or ICMS tax, on the movement of goods at every stage of the supply chain and the rendering of transportation and communications services. Eldorado Brasil has entered into a long-term agreement (*termo de acordo*) with the State of Mato Grosso do Sul, or the Mato Grosso do Sul Tax Agreement, pursuant to which the State of Mato Grosso do Sul has granted Eldorado Brasil tax credits (in the form of cash refunds or offsets against ICMS tax liabilities) as a result of our forestry and industrial operations in this State. For the three-month period ended March 31, 2016 and the year ended December 31, 2015, we derived R$73.2 million and R$241.1 million, respectively, in ICMS tax benefits. As of March 31, 2016, we had accumulated ICMS tax credits of R$663.3 million;

- *Reintegra* Program. We benefit from the Special Regime for the Reinstatement of Taxes for Exporters (*Regime Especial de Reintegração de Valores Tributários para as Empresas Exportadoras*), or the *Reintegra* Program, a federal government incentive program for exports that was reintroduced in October 2014, after having been suspended on December 31, 2013. Under the *Reintegra* Program, producers that export manufactured goods in Brazil can receive a percentage of their gross receipts from exports as tax credits. For the three-month period ended March 31, 2016 and the year ended December 31, 2015, we derived R$0.7 million and R$27.7 million, respectively, in *Reintegra* Program tax benefits; and

- *RECAP* Program. The federal government provides certain tax benefits to companies whose gross revenue are generated predominantly from exports. Benefits include the Special Regime for the Acquisition of Capital Goods for Exporters (*Regime Especial de Aquisição de Bens de Capital para Empresas Exportadoras – RECAP*), or the *RECAP* Program, which exempts eligible companies from paying certain taxes (including the Social Integration Program tax (*Programa de Integração Social*), or PIS, and the Contribution for the Financing of Social Security tax (*Contribuição para o Financiamento da Seguridade Social*), or COFINS) due in connection with the purchase of machinery and equipment used to manufacture goods for export. As of March 31, 2016, we had accumulated PIS/COFINS tax credits of R$289.2 million, which we may be able to use in the future to offset other taxes payable, including income and social contribution taxes.

We cannot assure you that these tax benefits will be maintained or renewed or that we will be able to obtain new tax benefits. If we lose our existing tax benefits, due to our noncompliance with future requirements or if the current tax programs and agreements from which we benefit are modified, suspended, cancelled or not renewed, we would be materially adversely affected. For more information about these tax benefits, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting our Results of Operations—Effects of Tax Benefits."

The loss of certain of our customers or changes in the credit quality of customers to whom we have made sales through credit lines or loans could have a material adverse effect on us.

In the markets in which we operate, it is typical, and often a competitive requirement, to make sales to customers through credit lines or loans. Although most of our sales are backed by letters-of-credit or credit insurance, when we make these sales, we assume some of our customers' credit risk. As such, macroeconomic changes in the markets in which our customers operate, in addition to problems managing our clients, may significantly affect their ability to make payments to us, directly impacting our assets and working capital. These practices also expose us to the risk of a significant mismatch between the rates at which we obtain financing from third parties and the rates that we grant to our customers. An increase in our customers' credit risk or in the mismatch between their and our capital costs could have a material adverse effect on us.

Competition over land from non-eucalyptus producers or developers of lands for pasture may affect our expansion and could have a material adverse effect on us.

An increase in global demand for certain commodities or land used for pasture may lead to greater competition for the use of land that we may need to increase our forestry operations, which could increase the prices for the land used in our activities. The production of non-eucalyptus plants or crops or the development of land for pasture may be economically superior to forestry activities, and as a result, prospective increases in land values may inhibit the expansion of our forestry operations. For the same reason, we may face difficulties in convincing third parties to lease land or enter into agricultural partnerships, which typically have terms of 14 years (two eucalyptus cultivation cycles), to begin or to expand eucalyptus cultivation. A reduction in the amount of land available to us in the region where we mainly operate through land leasing or our agricultural partners to cultivate eucalyptus could have a material adverse effect on us.

We may not be able to adjust production volume in a timely or cost-efficient manner in response to changes in demand, which could have a material adverse effect on us.

If we have to operate at significant idle capacity during periods of weak demand, we may be exposed to higher mill unit production costs. In addition, efforts to reduce costs during periods of weak demand could be limited by labor regulations or previous labor or government agreements. Conversely, during periods of high demand, our ability to rapidly increase production capacity may be limited to the extent that our equipment is being used for expansion projects or require long lead times to deploy. This could render us unable to satisfy demand for our products, which could cause us to lose market volume and have a material adverse effect on us.

Our electricity generating operations may be adversely affected by any adverse circumstances affecting our pulp production operations.

Our electricity generation activities are connected to the production of pulp, since during the production process certain residual organic compounds are removed from the pulp and form a biomass we use further in our manufacturing process to produce steam and generate electricity. Consequently, a shutdown, interruption or reduction in our rate of pulp production could mean a reduction in our overall level of income and an increasing in our operating costs.

Compliance with existing or changing environmental requirements may result in significant costs, and failure to comply may result in civil liabilities for damages as well as criminal and administrative sanctions, which could have a material adverse effect on us.

We are subject to extensive, complex and increasingly stringent federal, state and local laws and regulations in Brazil pertaining to the protection of the environment, including those relating to the discharge of materials into the environment, the handling, treatment and disposal of wastes and remediation of soil and groundwater contamination. Failure to comply with these requirements could have serious consequences for us, including criminal penalties (for us and our employees) as well as civil and administrative penalties, claims for property damage, personal injury and damage to natural resources and negative publicity. Our activities may also be affected by future international agreements entered into force to protect the environment. As a result of possible new environmental international agreements or other unforeseen events, especially if environmental rules and regulations become stricter in Brazil, we may have to incur additional expenses in order to comply with such environmental rules and regulations, which may adversely affect our available resources for capital expenditures and other purposes. Compliance with existing or new environmental rules and regulations may increase our costs and expenses, and, as a result, reduce our profit.

Additional environmental requirements imposed in the future and/or stricter enforcement of existing requirements could require currently unanticipated investigations, assessments or expenditures and may require us to incur significant additional costs. New environmental requirements, stricter interpretations of existing environmental requirements, or obligations related to the investigation or clean-up of contaminated sites, could have a material adverse effect on us.

Failure to obtain or renew the necessary permits, licenses and certifications could have a material adverse effect on us.

We depend on the issuance of permits and licenses from the government and certifications from third-party organizations in order to undertake certain of our activities. In order to obtain licenses for certain activities that are expected to have a significant environmental impact, certain investments in conservation are required to offset such impact. Furthermore, we have licenses to operate our facilities, which are usually valid for one to four years from the date of issuance and must be renewed for equal periods. During the life of the license, technical assessments are conducted to monitor compliance with the conditions of the license. Each operating license must be renewed periodically to ensure coverage. Renewal of a license must be requested in a timely manner, typically 30 to 120 days prior to its expiration date, to ensure continuous coverage. The operational licenses require, among other things, that we periodically report our compliance with emissions standards set by environmental agencies. Our forestry operations are also certified and audited annually by the FSC to ensure that our forests are managed in accordance with principles of responsible planting. The FSC certification is one of the requirements to export timber and derived products, such as BEKP, to the European Union market.

Failure to obtain, renew or comply with our permits, operating licenses and certifications may cause delays in our deployment of new activities, increased costs, reduced sales revenue, monetary fines or even suspension of the affected activity.

Unfavorable decisions in our legal or administrative proceedings could have a material adverse effect on us.

We are defendants in a number of legal and administrative proceedings arising from the ordinary conduct of our business, especially with respect to civil, tax, labor and environmental claims, which may be decided to our detriment. Adverse rulings that have material economic impacts on our business or impede the execution of our growth plan could materially adversely affect our financial condition and results of operations. Based on the opinion of our legal advisors and, where applicable, based on specific opinions issued by experts, we evaluate the expected outcome of ongoing disputes in order to determine the necessity of making provisions for loss contingencies.

For instance, Eldorado Brasil is a defendant in an intellectual property dispute with Fibria Celulose S.A., or Fibria, one of our competitors, in which Fibria alleges that Eldorado Brasil infringed on Fibria's rights over certain eucalyptus clones used in Eldorado Brasil's plantations, or the alleged infringement. On April 9, 2013, Fibria filed a request (*ação cautelar de produção antecipada de provas*) with a state court in the State of Mato Grosso do Sul to enjoin Eldorado Brasil from using certain eucalyptus clones in order to collect evidence in connection with the alleged infringement. The court granted Fibria's request, and the resulting expert report was unfavorable to Eldorado Brasil. On August 13, 2015, Eldorado Brasil filed an appeal against the court's decision to grant the injunction and requested that the court declare the expert report null. In the appeal, Eldorado Brasil argued that the court expert is biased, given that it has also presented another technical report at the request of the plaintiff, and questioned the technical adequacy of the method used by the expert to determine if the eucalyptus clones used in Eldorado Brasil's forests infringe on Fibria's intellectual property. On May 3, 2016, the court denied Eldorado Brasil's appeal. Eldorado Brasil expects to appeal this decision.

In addition, in April 2016, Eldorado Brasil was summoned to appear before a state court in the State of Mato Grosso do Sul as defendant in a lawsuit filed by Fibria in connection with the alleged infringement mentioned above, for which Fibria is seeking compensation in the amount of R$100.0 million. On May 5, 2015, Eldorado Brasil argued for a change of venue, and, in the alternative, that the case be dismissed. A ruling by the state court is pending. For more information regarding our legal and administrative proceedings, see "Business—Legal Proceedings."

We may be subject to labor disputes from time to time that could have a material adverse effect on us.

Most of our employees are represented by unions or equivalent bodies and are covered by collective bargaining or similar agreements that are subject to periodic renegotiation. During the construction phase of the Três Lagoas mill, our contractors occasionally experienced brief work slowdowns. In addition, we may not successfully conclude our labor negotiations on satisfactory terms, which may result in a significant increase in the cost of labor or may result in work stoppages or labor disturbances that disrupt our operations. Any such cost increases, work stoppages or disturbances could have a material adverse effect on us.

A reduction in our credit ratings may increase our borrowing costs and restrict the availability of new capital or financings, which could have a material adverse effect on us.

The risk rating agencies, Fitch Ratings Inc., or Fitch, and Standard & Poor's Ratings Group, or S&P, have rated our company credit risk on a global scale at B+ and B+, respectively. The notes have been assigned a rating by Fitch and S&P.

Any reduction in our credit ratings may increase our cost of capital, making it more difficult for us to obtain future financing, which could have a material adverse effect on us.

We are subject to interest rate fluctuations, which could have a material adverse effect on us.

As of March 31, 2016, 69.6% of our loans and financing, in the amount of R$6,141.5 million (U.S.$1,725.6 million), was subject to fluctuations in either (1) Brazilian financial market rates or inflation rates, such as the Interbank Deposit Certificate (*Certificado de Depósito Interbancário*), or CDI, rate and the Long-Term Interest Rate *(Taxa de Juros de Longo Prazo),* or the TJLP rate (Brazil's long-term interest rate published quarterly by the Brazilian National Monetary Council), the interest rate applied to our agreements with BNDES, or (2) the London Interbank Offered Rate, or LIBOR. Fluctuations in exchange rates and interest rates are caused by a number of factors that are beyond our control. If exchange rates or interest rates, such as the CDI, TJLP or LIBOR rates, increase significantly, our finance costs will increase and our ability to obtain financings may decrease, which may have a material adverse effect on us.

Drought conditions in Brazil, resulting in water scarcity and related rationing, could have a material adverse effect on us.

In the past, Brazil experienced severe drought conditions, resulting in insufficient flow in certain rivers, acute shortage of water and the implementation of rationing to control water usage. If future droughts affect the area where our Três Lagoas mill is located or where we conduct our logistics activities, including in the State of São Paulo, we cannot be certain that governmental measures to address the drought conditions will not impact our operations, which could have a material adverse effect on us.

Risks Relating to Brazil

The Brazilian government has historically exercised, and continues to exercise, significant influence over the Brazilian economy. Brazilian political and economic conditions could have a material adverse effect on us.

The Brazilian government has frequently intervened in the Brazilian economy and occasionally has made drastic changes in policy and regulations. The Brazilian government's actions to control inflation and affect other policies and regulations have often involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluations, capital controls and limits on imports. Our business, financial condition, results of operations and the trading price of the notes may be adversely affected by changes in policy or regulations at the federal, state or municipal level involving or affecting factors, such as:

- interest rates;
- monetary policies;
- exchange controls and restrictions on remittances abroad (such as those that were imposed in 1989 and early 1990s);
- currency fluctuations;
- inflation;

- liquidity of domestic capital and lending markets;
- tax policies;
- energy and water shortages and rationing; and
- other diplomatic, social and economic developments in or affecting Brazil.

Uncertainty over whether the Brazilian government will implement changes in policy or regulation affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets and securities issued abroad by Brazilian companies. These and other future developments in the Brazilian economy and governmental policies could have a material adverse effect on us.

Political instability in Brazil could have a material adverse effect on us.

Brazil's political environment has historically influenced, and continues to influence, the performance of the country's economy. Political crises have affected and continue to affect investor confidence and that of the general public, which resulted in economic deceleration and heightened volatility in the securities issued by Brazilian companies.

Brazilian markets have been experiencing heightened volatility due to the uncertainties derived from the ongoing *Lava Jato* investigation, which is being conducted by the Office of the Brazilian Federal Prosecutor, and its impact on the Brazilian economy and political environment. Members of the Brazilian federal government and of the legislative branch, as well as senior officers of the state-owned oil company Petrobras, have faced allegations of political corruption. These government officials and senior officers allegedly accepted bribes by means of kickbacks on contracts granted by Petrobras to several infrastructure, oil and gas and construction companies. The profits of these kickbacks allegedly financed the political campaigns of the main political parties in Brazil that were unaccounted for or not publicly disclosed, as well as served to personally enrich the recipients of the bribery scheme. As a result of the ongoing *Lava Jato* investigation, a number of senior politicians, including congressman and officers of the major state-owned companies in Brazil resigned or have been arrested. Senior elected officials and other public officials in Brazil are being investigated for allegations of unethical and illegal conduct identified during the *Lava Jato* investigation. On March 4, 2016, the Federal Police questioned former President Luis Inácio Lula da Silva as part of the *Lava Jato* investigation. On March 9, 2016, prosecutors in the State of São Paulo charged the former president with crimes related to money laundering and misrepresentation of assets, which charges have not yet been accepted by a judge.

The potential outcome of these investigations and proceedings is uncertain, but they have adversely affected and we expect that they will continue to adversely affect the Brazilian markets and trading prices of securities issued by Brazilian issuers. We cannot predict whether the allegations or proceedings will lead to further political and economic instability or whether new allegations against government officials or other companies in Brazil will arise in the future. In addition, we can neither predict the outcome of any such allegations and proceedings nor their effect on the Brazilian economy. The development of those unethical conduct cases could have a material adverse effect on us.

In addition, on December 2, 2015, the Brazilian Congress opened impeachment proceedings against Brazilian President Dilma Rousseff for allegedly breaking federal budget laws during her re-election campaign in 2014. On May 12, 2016, the Brazilian Congress voted to suspend President Rousseff from office for a period of up to 180 days during which time the Brazilian Senate will conduct an impeachment trial. Vice-President Michel Temer will serve as acting President of Brazil during this period. Moreover, there is strong popular pressure and several legal and administrative proceedings for the revocation of the mandate or resignation of the Head of the Brazilian House of Representatives, which have led to further uncertainties.

The impeachment proceedings have adversely affected and we expect that they will continue to adversely affect the Brazilian markets and trading prices of securities issued by Brazilian issuers. We cannot predict either the outcome of the impeachment proceedings or their effects on the Brazilian economy. Any developments in the impeachment proceedings could have a material adverse effect on us.

Brazilian government efforts to combat inflation may hinder the growth of the Brazilian economy, which could have a material adverse effect on us.

Brazil has experienced extremely high rates of inflation in the past and has, therefore, followed monetary policies that have resulted in one of the highest real interest rates in the world. Between 2005 and 2015, the base interest rate in Brazil, the Central Bank's Special Clearance and Escrow System (*Sistema Especial de Liquidação e Custodia*), or the SELIC rate, varied between 7.25% *per annum* and 19.75% *per annum*. Inflation and the Brazilian government's measures to fight it, principally through the Central Bank, have had and may have significant effects on the Brazilian economy and our business. Tight monetary policies such as interest rate increases may restrict Brazil's growth and credit availability. Conversely, more lenient government and Central Bank policies and interest rate decreases may trigger increases in inflation, which could negatively affect us. We may not be able to adjust the prices we charge our customers to offset the effects of inflation on our cost structure. Brazilian government measures to combat inflation may increase in interest rates, causing an adverse effect on us, as certain of our loans and financing is indexed to the TJLP rate. Inflationary pressures may also hinder our ability to access foreign financial markets or lead to government policies to combat inflation, which could have a material adverse effect on us.

The volatility of the* real *against the U.S. dollar and other currencies could have a material adverse effect on the Brazilian economy and us.

The *real* has historically suffered frequent depreciations in relation to the U.S. dollar and other foreign currencies. The Brazilian government has in the past utilized different exchange rate regimes, including sudden devaluations, periodic mini-devaluations (during which the frequency of adjustments has ranged from daily to monthly), exchange controls, dual exchange rate markets and a floating exchange rate system. Since 1999, Brazil has adopted a floating exchange rate system with interventions by the Central Bank in buying or selling foreign currency. From time to time there have been significant fluctuations in the exchange rate between the *real* and the U.S. dollar and other currencies. For example, the *real* appreciated 11.8%, 8.7% and 17.2% against the U.S. dollar in 2005, 2006 and 2007, respectively. In 2008, as a result of the worsening global economic crisis, the *real* depreciated 32% against the U.S. dollar, closing at R$2.337 to U.S.$1.00 on December 31, 2008. For the years ended December 31, 2009 and 2010, the *real* appreciated 25.5% and 4.2%, respectively, against the U.S. dollar, closing at R$1.741 and R$1.666 to U.S.$1.00 on December 31, 2009 and 2010, respectively. For the years ended December 31, 2011, 2012, 2013, 2014 and 2015 the *real* depreciated 12.6%, 8.9%, 14.6%, 13.4% and 47.0%, respectively, against the U.S. dollar, closing at R$1.876, R$2.044, R$2.343, R$2.656 and R$3.905 to U.S.$1.00, respectively. During the three-month period ended March 31, 2016, the *real* appreciated 8.9%, closing at R$3.559. The *real* may substantially depreciate or appreciate against the U.S. dollar in the future. Exchange rate instability may have a material adverse effect on us. Depreciation of the *real* against the U.S. dollar could create inflationary pressures in Brazil and cause increases in interest rates, which could negatively affect the growth of the Brazilian economy as a whole and result in a material adverse effect on us.

In addition, a significant portion of our loans and financing and revenue are, and we expect them to continue to be, denominated or indexed to the U.S. dollar and other foreign currencies. As of March 31, 2016 and December 31, 2015, 66.3% and 68.3%, respectively, of our consolidated loans and financing was denominated in U.S. dollars. We may manage all or part of our dollar-denominated debt exchange rate risk through derivative financial instruments in foreign currencies. However, market conditions may not permit us to enter into derivatives agreements at reasonable costs. Unless we successfully hedge all our foreign currency, any exchange rate fluctuations may have a material adverse effect on us. A further depreciation of the *real* may effectively increase the borrowing cost of our loans and financing denominated in U.S. dollars.

Significant volatility in currency prices may also result in disruption of certain countries' foreign exchange markets and may limit our ability to transfer or to convert such currencies into U.S. dollars for the purpose of making timely payments of interest and principal on our loans and financing. The governments of certain countries to which we export may institute restrictive exchange rate policies in the future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations— Quantitative and Qualitative Disclosures about Market Risk —Foreign Currency Risk."

Downgrades in Brazil's sovereign credit ratings may increase our borrowing costs and restrict the availability of new capital or financings, which could have a material adverse effect on us.

In March 2014, S&P lowered Brazil's long-term foreign currency sovereign credit rating from BBB to BBB- and the outlook was changed to stable, from the previous negative outlook. In March 2015, S&P affirmed its 'BBB-' long-term foreign currency sovereign credit rating and its 'BBB+' long-term local currency rating on Brazil. The outlook on long-term credit ratings remained stable. In July 2015, S&P affirmed its investment grade rating of 'BBB-' for long-term foreign currency sovereign credit and of 'BBB+' for long-term local currency, but changed the outlook on Brazil's long-term foreign currency sovereign credit rating from stable to negative. In September 2015, S&P downgraded Brazil's long-term sovereign debt rating to "BB+" and the long-term local currency rating to "BBB-" with a negative outlook. On February 17, 2016, S&P downgraded Brazil's long-term sovereign debt rating to "BB" and the long-term local currency rating to "BB+" with a negative outlook.

In April 2015, Fitch affirmed its investment grade rating of "BBB" with a negative outlook. On October 15, 2015, Fitch downgraded Brazil´s foreign and local currency ratings to "BBB-" and the outlook was changed from stable to negative. On December 16, 2015, Fitch downgraded Brazil's foreign and local currency ratings to "BB+," and on May 5, 2016, Fitch further downgraded Brazil's foreign and local currency ratings to "BB" with a negative outlook.

As a Brazilian company, Eldorado Brasil's ability to obtain financing is affected by Brazil's sovereign credit ratings. Further downgrades in Brazil's credit ratings may increase our cost of capital, making it more difficult for us to obtain future financing, which could have a material adverse effect on us.

Developments and the perception of risk in other countries, especially in the United States, the European Union and other emerging market countries, may adversely affect the Brazilian economy and, as a result, the trading price of securities of Brazilian issuers and guarantors, including ours.

The Brazilian economy and the trading price of securities of Brazilian issuers and guarantors is affected to varying degrees by economic and market conditions in other countries, including the United States, the European Union and other emerging market countries.

In the past, the development of adverse economic conditions in other countries resulted, in general, in the outflow of funds from Brazil and, consequently, the reduction of external funds invested in Brazil. For example, recent developments in the sovereign debt markets relating to countries in the European Union, especially Greece, have led to increased uncertainty. The recent slowdown in China's economic growth has led to tighter credit markets, increased market volatility, sudden drops in business and consumer confidence and significant changes in business and consumer behaviors. In addition, the financial crisis that originated in the United States in the third quarter of 2008 resulted in a global recession, with various effects that, directly or indirectly, adversely affected financial markets and the Brazilian economy.

Although economic conditions in other countries may differ significantly from economic conditions in Brazil, investors' reactions to developments in other countries may have an adverse effect on the trading price of securities of Brazilian issuers and guarantors, including ours. Future adverse developments in other countries may diminish investor interest in securities of Brazilian issuers and guarantors, including ours, which could negatively affect the trading price of the notes and make it more difficult for us to access the capital markets and finance our operations in the future on acceptable terms or at all, which could have a material adverse effect on us.

Risks Relating to the Notes and the Guarantees

Holders of the notes must depend on us to provide the issuer with sufficient funds to make payments on the notes when due.

The issuer, a wholly-owned indirect Austrian subsidiary of Eldorado Brasil, has no operations of its own, other than the issuing and making payments on the notes, although the issuer may, in the future, issue other senior unsecured loans and financing. Accordingly, the ability of the issuer to pay principal, interest and other amounts due on the notes and other loans and financing will depend upon our financial condition and results of operations. In the event of an adverse change in our financial condition or results of operations, the issuer may not have sufficient funds to repay all amounts due on or with respect to the notes.

We may incur additional indebtedness ranking equal to the notes and the guarantees.

The indenture permits the guarantors and their subsidiaries, including the issuer, to incur additional debt, including debt that ranks on an equal and ratable basis with the notes and the guarantees. If the guarantors or any of their subsidiaries incur additional debt or provide guarantees that rank on an equal and ratable basis with the notes or the guarantees, as the case may be, the holders of that debt (and beneficiaries of those guarantees) would be entitled to share ratably with the holders of the notes in any proceeds that may be distributed upon the guarantors' insolvency, liquidation, reorganization, dissolution or other winding up after the payment of secured debt, to the extent of the value of the assets securing such debt. This would likely reduce the amount of any liquidation proceeds that would be available to be paid to you.

Furthermore, we intend to incur an additional debt to finance the Vanguarda 2.0 Project in an amount initially expected to be of R$7.0 billion, all of which will be secured by the assets of the Vanguarda 2.0 Project. This indebtedness is not subject to the net debt to EBITDA ratio in the covenants of the notes because it will not be included in the calculation of our net debt for the purposes of the net debt to EBITDA ratio, as long as Eldorado contributes equity in a ratio of at least 1:3 to the Vanguarda 2.0 Project indebtedness. We cannot assure you that this financing will be consummated nor that the currently estimated amount of additional debt to be incurred to finance the Vanguarda 2.0 Project will not be increased due to cost overruns of the project or any other reason. For further information on the restrictive covenant related to limitation on debt, see "Description of the Notes—Covenants—Limitation on Debt." In addition, the indenture provides that we may incur debt from development banks, which is also permitted to be secured.

We may pay certain dividends and make other restricted payments even when highly levered, which may have a negative impact on the value of the notes.

The indenture governing the notes contains significant exceptions for the making of restricted payments, including:

- a general basket for restricted payments of up to U.S.$70.0 million (provided that no default or event of default shall have occurred and be continuing or would occur as a consequence of the relevant payment);

- the option of making investments in minority equity interests and development projects in permitted businesses, which investments may not exceed the greater of (x) U.S.$160.0 million and (y) 7.5% of Consolidated Net Tangible Assets (as defined in "Description of the Notes—Certain Definitions" and which, as of March 31, 2016, represented approximately U.S.$147.9 million);

- the ability to make investments (that need not be in a permitted businesses) of up to U.S.$20.0 million; and distributions of equity interests and/or assets that we determine is not essential to our business that represent an amount of up to 5% of our total gross revenues (which for the last 12-month period ended March 31, 2016, represented approximately U.S.$47.5 million); and

- the option of making payments of the minimum legally required dividend in accordance with Brazilian corporate law and our bylaws corresponding to 25% of adjusted net income for the year (which for the year ended December 31, 2015, represented R$0 due to accumulated losses).

Moreover, if we comply with the net debt to EBITDA ratio, we will also have the option of making restricted payments as long as the aggregate amount of the payments does not exceed the sum of 50% of net income for the applicable period, net cash proceeds from new equity issuances, cash received from investments (provided that they complied with the covenant) and dividends received from a subsidiary that is not subject to the covenants. For further information on the restrictive covenant related to limitation on restricted payments, see "Description of the Notes—Covenants—Limitation on Restricted Payments." These payments could occur even if we have incurred significant indebtedness, including in connection with the Vanguarda 2.0 Project. Such a payment would reduce the funds available for our operations, capital expenditures or debt service and could have a material adverse impact on the value of the notes.

Payments on the guarantees will be junior to the secured debt obligations of the guarantors and effectively junior to debt obligations of Eldorado Brasil's subsidiaries (other than the issuer and Eldorado Austria).

The notes will be fully guaranteed by the guarantors on an unsecured basis. The guarantees will constitute a senior unsecured obligation of the guarantors. The guarantees will rank equal in right of payment with all of the guarantors' other respective existing and future senior unsecured loans and financing (except for any obligations that may have statutory preference). Although the guarantees will provide the holders of the notes with a direct but unsecured claim on the guarantors' assets and property, payment on the guarantees will be subordinated to the respective secured debt of the guarantors to the extent of the assets and property securing such debt. Payment on the guarantees will also be structurally subordinated to the payment of secured and unsecured debt and other creditors of Eldorado Brasil's subsidiaries (other than the issuer and Eldorado Austria).

Upon any liquidation or reorganization of the guarantors, any right of the holders of the notes, through enforcement of the guarantees, to participate in the assets of the guarantors will be subject to the prior claims of the guarantors' secured creditors and to statutory preferences. See "—The guarantors' obligations under the guarantees are subordinated to certain statutory preferences." In addition, the right of the holders of the notes to participate in the assets of Eldorado Brasil's subsidiaries (other than the issuer and Eldorado Austria) will be subject to the prior claims of the creditors of such subsidiaries. The indenture relating to the notes will include a covenant limiting the ability of the issuer and guarantors to create or suffer to exist liens, although this limitation is subject to significant exceptions.

None of the Eldorado Brasil's subsidiaries (other than Eldorado Austria) will guarantee the notes as of the date of the issuance of the notes. The notes will be effectively subordinated in right of payment to all debt and other liabilities and commitments (including trade payables and lease obligations) of Eldorado Brasil's subsidiaries (other than the issuer and Eldorado Austria). See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of Material Indebtedness" for additional details. For the three-month period ended March 31, 2016 and for the year ended December 31, 2015, primarily due to the fact that most of our exports pass through our subsidiaries, Eldorado Brasil's export sales represented 86.4% and 86.8%, respectively, of our net revenue. Eldorado Austria's net revenue for these periods represented 71% and 72%, respectively, of our net revenue.

As of March 31, 2016, we had total consolidated loans and financing of R$8,821.1 million (U.S.$2,478.6 million), of which R$6,641.3 million (U.S.$1,866.1 million) was secured loans and financing. As of March 31, 2016, Eldorado Brasil's restricted subsidiaries did not have any outstanding loans and financing. However, on May 4, 2016, Eldorado Austria, as borrower, and Eldorado Brasil, as guarantor, entered into a secured term loan facility with Banco do Brasil AG, Succursale France, as arranger and lender, in an aggregate amount of up to U.S.$400.0 million. As of the date of this offering memorandum, the principal amount of U.S.$100.0 million under this facility has been disbursed. For more information about this facility, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of Material Indebtedness—Recent Developments—Eldorado Austria Term Loan Facility."

Despite our existing level of secured indebtedness, the indenture contains significant exceptions to the limitation on liens and on debt covenants, which would intensify the risks described above. We intend to incur an additional R$7.0 billion of indebtedness to finance the Vanguarda 2.0 Project, all of which will be secured by the assets of the Vanguarda 2.0 Project. We cannot assure you that this financing will be consummated nor that the currently estimated amount of additional debt to be incurred to finance the Vanguarda 2.0 Project will not be increased due to cost overruns of the project or any other reason. In addition, the indenture provides that we may incur debt from development banks, which is also permitted to be secured debt.

Any additional debt related to the Vanguarda 2.0 Project, debt from development banks or any other category of permitted indebtedness that may also be secured pursuant to the terms of the indenture, together with our existing secured debt, would limit the amount of assets available to holders of unsecured debt such as the notes.

The guarantors' obligations under the guarantees are subordinated to certain statutory preferences.

Under Brazilian and Austrian law, the guarantors' obligations under the guarantees are subordinated to certain statutory preferences. In the event of the guarantors' liquidation, bankruptcy or judicial reorganization, such statutory preferences, including post-petition claims, claims for salaries, wages, social security, taxes and court fees and expenses and claims secured by collateral, among others, will have preference over any other claims, including claims by any investor in respect of the guarantees. In such event, enforcement of the guarantees may be unsuccessful, and noteholders may be unable to collect amounts that they are due under the notes.

Changes in the foreign exchange policy of Brazil may affect Eldorado Brasil's ability to make money remittances outside Brazil in respect of its guarantee or to provide funding to the issuer.

Under Brazilian regulations, Brazilian companies are not required to obtain authorization from the Central Bank in order to make payments under guarantees in favor of foreign persons, such as the holders of the notes. We cannot assure you that the same regulations will continue to be in force at the time Eldorado Brasil may be required to perform its payment obligations under its guarantee. If these regulations are modified and an authorization from the Central Bank is required, Eldorado Brasil would need to seek an authorization from the Central Bank to transfer the amounts under its guarantee out of Brazil or to fund the issuer or, alternatively, make such payments with funds held by us outside Brazil. We cannot assure you that in the event such authorization from the Central Bank is required, we will be able to obtain it or that such funds will be available.

In addition, the Brazilian government may impose temporary restrictions on the conversion of Brazilian currency into foreign currencies and on the remittance to foreign investors of proceeds of their investments in Brazil. Brazilian law permits the government to impose these restrictions whenever there is a serious imbalance in Brazil's balance of payments or there are reasons to foresee a serious imbalance. The last time the Brazilian government imposed remittance restrictions, in the 1990s, it lasted for approximately six months. Similar restrictions, if imposed in the future, would impair or prevent the conversion of interest payments on the notes from *reais* into U.S. dollars and the remittance of U.S. dollars abroad from Eldorado Brasil to the issuer. The Brazilian government may take similar measures in the future.

Eldorado Brasil or the issuer may be unable to repurchase the notes pursuant to their obligation to repurchase upon a change of control that results in a ratings decline.

If we experience a change of control that results in a ratings decline (as defined in the indenture governing the notes), Eldorado Brasil or the issuer will be required to offer to purchase some or all of the outstanding notes at a price equal to 101% of their respective principal amounts plus accrued interest and additional amounts, if any, to the date of repurchase. Failure to repay holders tendering notes upon a change of control that results in a ratings decline will result in an event of default under the notes. A change of control that results in a ratings decline, or an event of default under the notes, could lead to an acceleration, requiring us to pay all such outstanding debt immediately. We may not have funds available to repurchase the notes upon such an occurrence. In addition, future debt we incur may limit our ability to repurchase the notes upon a change of control or require us to offer to redeem that debt upon a change of control. See "Description of the Notes—Covenants—Repurchase of Notes upon a Change of Control."

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

Although the issuer will apply to list the notes on the SGX-ST, we cannot guarantee that the listing will be obtained, nor can we provide you with any assurances regarding the future development of a market for the notes, 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 their respective initial offering price depending on many factors, including prevailing interest rates, our results of operations and financial condition, political and economic developments in and affecting Brazil and the market for similar securities. If an active market does not develop or is not maintained, the market price and liquidity of the notes may be adversely affected. We cannot assure you as to the liquidity of the market for the notes or the prices at which you may be able to sell the notes.

Austrian insolvency laws may be less favorable to you than U.S. bankruptcy and insolvency laws.

If the issuer is unable to pay its indebtedness, and Eldorado Austria is unable to pay its obligations under its guarantee, then the issuer and Eldorado Austria may become subject to insolvency proceedings in Austria.

Austrian insolvency law is significantly different from, and may be less favorable to creditors than, the bankruptcy law in effect in the United States. In the event of the issuer's or Eldorado Austria's insolvency, statutory preferences, including post-petition claims, claims for salaries, wages, social security, taxes and court fees and expenses and claims secured by collateral, among others, will have preference over any claims by any investor in respect of the notes or the guarantee, as the case may be. In such event, enforcement of such claims may be unsuccessful, and noteholders may be unable to collect amounts that they are due under the notes.

In addition, creditors of the issuer or Eldorado Austria may hold negotiable instruments or other instruments governed by local law that grant rights to attach the assets of the issuer or the guarantor at the inception of judicial proceedings in the relevant jurisdiction, which attachment is likely to result in priorities benefitting those creditors when compared to the rights of holders of the notes.

Brazilian bankruptcy laws may be less favorable to you than U.S. bankruptcy and insolvency laws.

If Eldorado Brasil is unable to pay its indebtedness, including its obligations under its guarantee, then Eldorado Brasil may become subject to bankruptcy proceedings in Brazil.

Brazilian bankruptcy law is significantly different from, and may be less favorable to creditors than, the bankruptcy law in effect in the United States. In addition, any judgment obtained against Eldorado Brasil in Brazilian courts in respect of any payment obligations under its guarantee may be expressed in the *real* equivalent of the U.S. dollar amount of such sum at the exchange rate in effect (1) on the date of actual payment, or (2) on the date on which collection or enforcement proceedings are started against Eldorado Brasil. Consequently, in the event of Eldorado Brasil's bankruptcy in a liquidation proceeding, all of Eldorado Brasil debt obligations, including its guarantee, that are denominated in foreign currency will be converted into *reais* at the prevailing exchange rate on the date of declaration of Eldorado Brasil's bankruptcy by the court. However, in a reorganization proceeding under Brazilian bankruptcy law, all of Eldorado Brasil's debt obligations, including its guarantee, that are denominated in foreign currency will remain in foreign currency, unless the parties agree otherwise.

In addition, creditors of Eldorado Brasil may hold negotiable instruments or other instruments governed by local law that grant rights to attach the assets of the parent guarantor at the inception of judicial proceedings in the relevant jurisdiction, which attachment is likely to result in priorities benefitting those creditors when compared to the rights of holders of the notes.

***Judgments of Brazilian courts enforcing Eldorado Brasil's obligations under its guarantee would be payable only in* reais.**

If proceedings are brought in the courts of Brazil seeking to enforce Eldorado Brasil's obligations under its guarantee, Eldorado Brasil would not be required to discharge its obligations in a currency other than *reais*. Any judgment obtained against Eldorado Brasil in Brazilian courts in respect of any payment obligations under Eldorado Brasil's guarantee would be expressed in *reais* 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. We cannot assure you that this amount in *reais* will afford you full compensation of the amount sought in any such litigation or that any Central Bank approval will be obtained on a timely basis.

Brazilian tax laws may have an adverse impact on the taxes applicable to a disposition of the notes (including the guarantees).

Under Law No. 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 taxation in Brazil, regardless of whether the disposition occurs outside or within Brazil. In the event that the disposition of assets in Brazil is interpreted to include a disposition of the notes (including the guarantees), this tax law could result in the imposition of withholding taxes on a disposition of the notes by a non-resident of Brazil to another non-resident of Brazil. Given that no judicial guidance as to Law No. 10,833's application yet exists, we are unable to predict whether an interpretation applying this law to dispositions of the notes (including the guarantees) between non-residents could ultimately be made by in the courts of Brazil.

We cannot assure you that a judgment of a United States court for liabilities under U.S. securities laws would be enforceable in Brazil or Austria or that an original action can be brought in Brazil or Austria against the issuer or the guarantors for liabilities under U.S. securities laws.

The issuer is Eldorado Brasil's wholly-owned subsidiary. All or substantially all of the issuer's directors and officers and certain advisors named herein reside in Brazil and Austria. Eldorado Brasil is incorporated under the laws of Brazil and a significant portion of its assets is located in Brazil. In addition, all of Eldorado Brasil's directors and officers and certain advisors named herein reside in Brazil. Eldorado Austria is incorporated under the laws of Austria and all or substantially all of its assets is located in Austria. As a result, it may not be possible for investors to effect service of process within the United States upon the issuer, the guarantors or their respective directors, officers and advisors or to enforce against the issuer, the guarantors or them in U.S. courts any judgments predicated upon the civil liability provisions of the U.S. federal securities laws. See "Service of Process and Enforcement of Judgments—Brazil."

In addition, we have been advised by our Austrian counsel that as of the date of this offering memorandum, a judgment of a court in the United States would not be enforceable in Austria. See "Service of Process and Enforcement of Judgments—Austria."

The notes and the guarantees are subject to transfer restrictions.

The notes and the guarantees have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Such exemptions include offers and sales that occur outside the United States in compliance with Regulation S and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined under Rule 144A. For a discussion of certain restrictions on resale and transfer, see "Transfer Restrictions."

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after the issuance of the notes. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes.

EXCHANGE RATES

The Brazilian foreign exchange system allows the purchase and sale of foreign currency and the international transfer of *reais* by any person or legal entity, regardless of the amount, subject to certain regulatory procedures. The rules governing the foreign exchange system were made more flexible in 2010 with respect to the registration of flows of direct investments, credits, royalties, transfers of technology and cross-border leases, among others.

Since 1999, the Central Bank has allowed the *real*/U.S. dollar exchange rate to float freely, and, since that time, the *real*/U.S. dollar exchange rate has fluctuated considerably.

In the past, the Brazilian government has implemented various economic plans and utilized a number of exchange rate policies, including sudden devaluation, periodic mini-devaluation during which the frequency of adjustments ranged from a daily to a monthly basis, floating exchange rate systems, exchange controls and dual exchange rate markets. We cannot predict whether the Central Bank or the Brazilian government will continue to let the *real* float freely or intervene in the exchange rate market by returning to a currency band system or otherwise. The *real* may depreciate or appreciate substantially against the U.S. dollar. We cannot assure you that such measures will not be taken by the Brazilian government in the future. See "Risk Factors—Risks Relating to Brazil—The volatility of the *real* against the U.S. dollar and other currencies could have a material adverse effect on the Brazilian economy and us."

The following tables set forth the exchange rate, expressed in *reais* per U.S. dollar (R$/U.S.$), for the periods indicated, as reported by the Central Bank.

Year Ended December 31,	**Low**	**High**	**Average (1)**	**Period-end**
2011	1.535	1.902	1.675	1.876
2012	1.702	2.112	1.955	2.044
2013	1.953	2.446	2.161	2.343
2014	2.197	2.740	2.355	2.656
2015	2.575	4.195	3.340	3.905

Month ended	**Low**	**High**	**Average (1)**	**Period-end**
December 2015	3.748	3.983	3.871	3.905
January 2016	3.986	4.156	4.052	4.043
February 2016	3.865	4.049	3.973	3.980
March 2016	3.559	3.991	3.704	3.559
April 2016	3.451	3.692	3.566	3.451
May 2016	3.465	3.617	3.539	3.595
June 2016 (through June 8)	3.390	3.613	3.521	3.390

(1) Represents the daily average of the closing exchange rates during the period.
Source: Central Bank.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the notes (after discounts and commissions and general expenses payable by us in respect of this offering) will be U.S.$342.4 million.

We intend to use the net proceeds from this offering to repay a portion of our existing indebtedness and use the remainder, if any, for general corporate purposes.

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2016 derived from our unaudited interim consolidated statement of financial position as of March 31, 2016:

- on an actual historical basis;

- on a "Pro Forma" basis for the U.S.$100.0 million disbursement (net proceeds received of U.S.$98.8 million) on May 13, 2016 under a secured term loan facility with Banco do Brasil AG, Succursale France (see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of Material Indebtedness—Recent Developments"); and

- on a "Pro Forma, As Adjusted" basis for the issuance of the notes, and application of the net proceeds of U.S.$342.4 million from the sale of the notes as described in "Use of Proceeds," as if the issuance and sale had occurred on March 31, 2016.

You should read this table in conjunction with "Use of Proceeds," "Selected Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and accompanying notes thereto included elsewhere in this offering memorandum.

	As of March 31, 2016					
	Actual		**Pro Forma(2)**		**Pro Forma, As Adjusted(3)**	
	(in millions of U.S.$)(1)	*(in millions of R$)*	*(in millions of U.S.$)(1)*	*(in millions of R$)*	*(in millions of U.S.$)(1)*	*(in millions of R$)*
Total non-current loans and financing, excluding current portion	1,741.2	6,197.1	1,839.5	6,546.6	2,181.9	7,765.4
Total equity	257.6	916.9	257.6	916.9	257.6	916.9
Total capitalization(4)	**1,998.8**	**7,114.0**	**2,097.1**	**7,463.5**	**2,439.5**	**8,682.3**

(1) Solely for the convenience of the reader, Brazilian *real* amounts have been translated into U.S. dollars at an exchange rate of R$3.559 per U.S$.1.00, which was the commercial selling rate for U.S. dollars in effect on March 31, 2016, as reported by the Central Bank and should not be construed as implying that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate. See "Exchange Rates" for further information about recent fluctuations in exchange rates. These U.S. dollar amounts have not been audited.

(2) This column has been adjusted for the U.S.$100.0 million disbursement on May 13, 2016. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of Material Indebtedness—Recent Developments"). The net proceeds received (after bank commissions) was U.S.$98.8 million.

(3) This column has been adjusted for (a) the issuance of U.S.$350.0 million (R$1,245.7 million) aggregate principal amount of the notes and (b) application of the net proceeds from the sale of the notes (after discounts and commissions and general expenses payable by us in respect of this offering). See "Use of Proceeds."

(4) Represents total non-current loans and financing, excluding current portion, and total equity.

Other than as described in the table above, there has been no material change in our capitalization since March 31, 2016, except that on May 10, 2016, Eldorado Brasil entered into a secured credit facility with BNDES in the aggregate principal amount of R$358.0 million (of which no amounts had been disbursed). For more information about this credit facility, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of Material Indebtedness—Recent Developments."

SELECTED FINANCIAL AND OTHER DATA

The tables below present our selected consolidated financial and operating data as of and for the periods indicated. You should read this data in conjunction with our unaudited interim and audited annual consolidated financial statements and related notes included elsewhere in this offering memorandum and with the sections entitled "Presentation of Financial and Other Information," and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The selected financial data as of March 31, 2016 and for the three-month periods ended March 31, 2016 and 2015 has been derived from our unaudited interim consolidated financial statements as of March 31, 2016 and for the three-month periods ended March 31, 2016 and 2015, and the corresponding notes thereto, which are included elsewhere in this offering memorandum. The selected financial data as of and for the years ended December 31, 2015, 2014 and 2013 has been derived from our audited annual consolidated financial statements as of and for the years ended December 31, 2015, 2014 and 2013, and the corresponding notes thereto, which are included elsewhere in this offering memorandum.

We maintain our books and records in *reais* and present our consolidated financial statements in accordance with: (1) IFRS, as issued by the IASB; and (2) Brazilian GAAP. Brazilian GAAP includes accounting practices provided for in the Brazilian Corporate Law and the accounting standards issued by the CPC.

Solely for the convenience of the reader, we have translated some of the *real* amounts included in this offering memorandum into U.S. dollars. The exchange rate used to translate such amounts was R$3.559 to U.S.$1.00, which was the commercial selling rate at closing for the purchase of U.S. dollars in effect as of March 31, 2016 as reported by the Central Bank. The U.S. dollar equivalent information included in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

Selected Statement of Profit or Loss Data

	For the Three-Month Period Ended March 31,			For the Year Ended December 31,			
	2016[(1)]	2016	2015	2015[(1)]	2015	2014	2013
	(in millions of U.S.$)	*(in millions of R$)*		*(in millions of U.S.$)*	*(in millions of R$)*		
Net revenue	208.2	740.9	652.0	909.4	3,236.6	2,199.2	1,570.4
Cost of sales	(88.3)	(314.2)	(365.7)	(427.3)	(1,520.8)	(1,443.1)	(1,045.2)
Gross profit	**119.9**	**426.8**	**286.4**	**482.1**	**1,715.8**	**756.1**	**525.2**
Operating income (expenses):							
General and administrative expenses	(9.7)	(34.6)	(17.8)	(25.9)	(92.0)	(96.7)	(88.8)
Selling and logistics expenses	(25.5)	(90.6)	(87.9)	(106.9)	(380.4)	(371.0)	(298.6)
Fair value of biological assets	—	—	14.5	4.6	16.5	12.3	149.7
Other income, net	16.1	57.4	33.7	57.0	202.9	199.5	31.4
Profit before net finance costs and provision for income tax and social contribution (expense) benefit	**100.9**	**358.9**	**228.9**	**411.0**	**1,462.8**	**500.2**	**318.9**
Finance income	157.7	561.2	1,022.8	608.8	2,166.6	95.2	6.2
Finance costs	(319.0)	(1,135.4)	(1,374.6)	(940.7)	(3,348.0)	(1,264.7)	(1,087.0)
Net finance costs	(161.3)	(574.2)	(351.8)	(332.0)	(1,181.4)	(1,169.5)	(1,080.8)
Profit (loss) before provision for income tax and social contribution (expense) benefit	**(60.5)**	**(215.2)**	**(122.9)**	**79.1**	**281.2**	**(669.3)**	**(761.9)**
Current income tax and social contribution (expense)	(1.2)	(4.3)	—	—	—	(1.7)	—
Deferred income tax and social contribution (expense) benefit	10.6	37.6	62.5	(0.2)	(0.6)	252.0	270.9
Net profit (loss)	**(51.1)**	**(182.0)**	**(60.5)**	**78.9**	**280.6**	**(419.0)**	**(491.0)**
Attributable to:							
Controlling interest	(51.1)	(182.0)	(60.5)	78.9	280.6	(418.6)	(490.3)
Non-controlling interest	—	—	—	—	—	(0.4)	(0.7)

(1) Solely for the convenience of the reader, *real* amounts for the three-month period ended March 31, 2016 and for the year ended December 31, 2015 have been translated into U.S. dollars at the exchange rate as of March 31, 2016 of R$3.559 to U.S.$1.00. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

Selected Statement of Financial Position Data

	As of March 31,		As of December 31,			
	2016[(1)]	2016	2015[(1)]	2015	2014	2013
	(in millions of U.S.$)	*(in millions of R$)*	*(in millions of U.S.$)*	*(in millions of R$)*		
Assets						
Current assets						
Cash and cash equivalents	162.4	577.9	355.2	1,264.2	54.6	74.7
Trade receivables	165.0	587.3	198.0	704.5	465.3	510.9
Inventories	128.0	455.6	127.3	453.2	360.6	332.2
Taxes recoverable	71.8	255.5	104.4	371.6	296.5	114.3
Advances to suppliers	10.1	35.8	13.0	46.3	14.9	97.5
Derivatives receivable	—	—	25.3	89.9	28.1	56.5
Other current assets	5.3	18.9	5.8	20.7	11.6	46.1
Total current assets	**542.6**	**1,931.0**	**829.0**	**2,950.4**	**1,231.6**	**1,232.2**
Non-current assets						
Marketable securities	41.9	149.3	32.2	114.5	48.6	—
Taxes recoverable	215.8	767.9	163.2	580.8	360.6	265.4
Advances to suppliers	18.3	65.0	16.7	59.5	47.1	35.2
Deferred income tax and social contribution	157.3	559.8	146.8	522.3	522.8	270.9
Deposits, guarantees and other	—	—	0.8	2.9	2.4	4.1
Amounts due from related parties	—	—	—	—	26.2	41.0
Other non-current assets	5.1	18.1	4.2	14.9	14.9	—
Biological assets	509.3	1,812.5	487.9	1,736.3	1,508.2	1,179.9
Investments	—	—		—	—	6.5
Property, plant and equipment	1,354.5	4,820.4	1,358.6	4,835.0	4,886.4	5,193.5
Intangible assets	11.1	39.4	11.0	39.3	39.2	46.1
Total non-current assets	**2,313.2**	**8,232.4**	**2,221.3**	**7,905.5**	**7,456.4**	**7,042.6**
Total assets	**2,855.8**	**10,163.3**	**3,050.4**	**10,855.9**	**8,688.0**	**8,274.8**
Liabilities						
Current liabilities						
Trade payables	64.5	229.5	59.8	213.0	185.5	253.4
Loans and financing	737.3	2,624.0	642.5	2,286.5	1,745.0	1,458.5
Labor obligations	—	—	—	—	—	—
Taxes payable, payroll and related taxes	20.0	71.2	23.3	83.1	89.7	54.3
Amounts due to related parties	6.0	21.3	12.7	45.2	31.4	29.0
Derivatives payable	21.5	76.4	—	—	—	—
Other current liabilities	6.3	22.6	13.6	48.4	30.5	46.7
Total current liabilities	**855.6**	**3,044.9**	**752.0**	**2,676.2**	**2,082.1**	**1,841.9**
Non-current						
Loans and financing	1,741.3	6,197.1	1,989.4	7,080.2	5,422.0	5,190.9
Borrowings - related parties	—	—	—	—	365.5	—
Provision for contingent liabilities	1.2	4.4	1.4	5.0	2.4	3.2
Provision for losses in subsidiaries	—	—	—	—	—	1.7
Total non-current liabilities	**1,742.5**	**6,201.5**	**1,990.8**	**7,085.2**	**5,789.9**	**5,195.8**
Total liabilities	**2,598.1**	**9,246.4**	**2,742.8**	**9,761.4**	**7,872.0**	**7,037.7**
Shareholders' equity						
Issued capital	502.6	1,788.8	502.6	1,788.8	1,788.8	1,567.6
Contributions to future capital increase	—	—	—	—	—	221.2
Cumulative translation adjustments	(2.2)	(7.9)	(3.5)	(12.4)	(10.2)	(12.5)
Accumulated losses	(242.8)	(864.0)	(191.6)	(681.9)	(962.6)	(543.9)
Non-controlling interest	—	—	—	—	—	4.7
Total shareholders' equity	**257.6**	**916.9**	**307.5**	**1,094.5**	**816.0**	**1,237.1**
Total liabilities and shareholders' equity	**2,855.8**	**10,163.3**	**3,050.4**	**10,855.9**	**8,688.0**	**8,274.8**

(1) Solely for the convenience of the reader, *real* amounts as of March 31, 2016 and December 31, 2015 have been translated into U.S. dollars at the exchange rate as of March 31, 2016 of R$3.559 to U.S.$1.00. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

Selected Other Data

	As of and for the Three-Month Period Ended March 31,			As of and for the Year Ended December 31,			
	2016[(1)]	2016	2015	2015[(1)]	2015	2014	2013
	(in millions of U.S.$, unless otherwise indicated)	*(in millions of R$, unless otherwise indicated)*		*(in millions of U.S.$, unless otherwise indicated)*	*(in millions of R$, unless otherwise indicated)*		
Planted area (in thousand hectares)		218.8	200.0		215.0	200.0	161.9
Installed capacity (in thousand tons)[(2)]		1,500	1,500		1,500	1,500	1,500
Production capacity (in thousand tons)[(3)]		1,700	1,700		1,700	1,700	1,500
BEKP production (in thousand tons)		429	370		1,597	1,568	1,276
BEKP production for the last 12 months (in thousand tons)		1,656	1,609		1,597	1,568	1,276
Capacity utilization rate[(4)]		110.4%	107.2%		106.5%	104.5%	85.1%
BEKP sales volume (in thousand tons):							
Domestic sales		37	44		161	193	160
Export sales		317	322		1,401	1,368	994
Total BEKP sales volume		354	366		1,562	1,561	1,154
Energy generation (in thousands of MWh):							
Own consumption		196	176		751	759	635
Sales to our third-party chemical suppliers		115	95		428	415	244
Sales to Brazilian national grid		50	33		186	143	—
Total energy generation		361	305		1,364	1,317	879
Net revenue[(5)]							
BEKP sales revenue:							
Domestic sales	26.3	93.7	72.0	95.1	338.4	282.2	194.3
Export sales	179.9	639.9	549.1	789.6	2,810.2	1,817.0	1,364.8
Total BEKP sales revenue	206.2	733.6	621.1	884.7	3,148.6	2,099.2	1,559.1
Energy sales revenue	1.8	6.6	16.6	16.5	58.6	90.1	10.5
Other sales revenue	0.2	0.7	14.3	8.3	29.4	9.9	0.8
Total net revenue	208.2	740.9	652.0	909.4	3,236.6	2,199.2	1,570.4
Net profit (loss)[(5)]	(51.1)	(182.0)	(60.5)	78.9	280.6	(419.0)	(491.0)
EBITDA[(6)]	120.6	429.5	292.5	492.7	1,753.6	777.2	493.3
Unrealized inventory profits from intercompany sales[(6)]	15.1	53.9	4.8	32.6	116.1	43.8	—
Adjusted EBITDA[(6)]	135.7	483.4	297.3	525.3	1,869.7	821.0	493.3
Adjusted EBITDA margin[(7)]		65.2%	45.5%		57.8%	37.3%	28.6%
Net debt[(8)]	2,295.7	8,170.3	7,751.5	2,219.3	7,898.1	7,401.2	6,518.2
Net debt/LTM Adjusted EBITDA ratio[(9)]		4.0x	6.0x		4.2x	9.0x	14.5x

(1) Solely for the convenience of the reader, amounts in Brazilian *reais* as of and for the three-month period ended March 31, 2016 and as of and for the year ended December 31, 2015 have been translated into U.S. dollars at the exchange rate as of March 31, 2016 of R$3.559 to U.S.$1.00. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

(2) Installed capacity means the intended full-load sustained output that the Três Lagoas mill is designed to produce (also referred to as name-plate capacity).

(3) Production capacity means the actual pulp production for a particular facility, calculated on the basis of average monthly pulp production figures during the twelve months prior to the end of the applicable period.

(4) Capacity utilization rate means the ratio of actual production for the twelve months prior to end of the applicable period to installed capacity, expressed as a percentage.

(5) Due to several Brazilian federal, state and municipal tax benefits and incentive programs, we benefit from significant tax benefits that affect our net revenue and net profit. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting our Results of Operations—Effects of Tax Benefits."

(6) EBITDA and Adjusted EBITDA are used as measures of performance by our management. We calculate EBITDA as net profit *plus*: net finance costs, income tax and social contribution and depreciation, depletion and amortization. We calculate Adjusted EBITDA as EBITDA *plus* unrealized inventory profits from intercompany sales.

EBITDA and Adjusted EBITDA are useful tools for assessing financial performance but are not reliable indicators of our ability to generate cash to service our debt obligations because certain of the items added to net profit (loss) to determine EBITDA and Adjusted EBITDA involve outlays of cash. As a result, actual cash available to service debt obligations will be different from EBITDA and Adjusted EBITDA. There is no standard definition of EBITDA or Adjusted EBITDA, and our definition of EBITDA and Adjusted EBITDA may not be comparable to EBITDA or Adjusted EBITDA as used by other companies. You should rely primarily on our IFRS results, and use EBITDA and Adjusted EBITDA in a supplemental manner in making your investment decision. For more information about the limitations of EBITDA and Adjusted EBITDA, see "Presentation of Financial and Other Information—Non-GAAP Financial Measures."

EBITDA and Adjusted EBITDA are reconciled to net profit (loss) below:

	For the Three-Month Period Ended March 31,			For the Year Ended December 31,			
	2016	2016	2015	2015	2015	2014	2013
	(in millions of U.S.$)[(a)]	*(in millions of R$)*		*(in millions of U.S.$)*[(a)]	*(in millions of R$)*		
Net profit (loss)	**(51.1)**	**(182.0)**	**(60.5)**	**78.9**	**280.6**	**(419.0)**	**(491.0)**
Finance income	(157.7)	(561.2)	(1,022.8)	(608.8)	(2,166.6)	(95.2)	(6.2)
Financial costs	319.0	1,135.4	1,374.6	940.7	3,348.0	1,264.7	1,087.0
Income tax and social contribution	(9.3)	(33.2)	(62.5)	0.2	0.6	(250.3)	(270.9)
Depreciation, depletion and amortization	19.8	70.5	63.7	81.7	290.8	277.0	174.4
EBITDA[(b)]	**120.6**	**429.5**	**292.5**	**492.7**	**1,753.6**	**777.2**	**493.3**
Unrealized inventory profits from intercompany sales[(c)]	15.1	53.9	4.8	32.6	116.1	43.8	—
Adjusted EBITDA[(d)]	**135.7**	**483.4**	**297.3**	**525.3**	**1,869.7**	**821.0**	**493.3**

(a) Solely for the convenience of the reader, amounts in Brazilian *reais* for the three-month period ended March 31, 2016 and the year ended December 31, 2015 have been translated into U.S. dollars at the exchange rate as of March 31, 2016 of R$3.559 to U.S.$1.00. See "Exchange Rates" for further information about recent fluctuations in exchange rates. Please note that the indenture governing the notes will contain certain financial covenants pursuant to which we may be required, from time to time, to calculate EBITDA and/or Adjusted EBITDA. At such times, we will calculate the U.S. dollar value of EBITDA and/or Adjusted EBITDA using the average selling rate for the applicable period as reported by the Central Bank instead of the period-end selling rate.

(b) EBITDA for the three-month periods ended March 31, 2016 and 2015 and years ended December 31, 2015, 2014 and 2013 includes EBITDA of R$1.7 million, R$(0.9) million, R$(3.4) million, R$(0.8) million and R$(1.0) million, respectively, of our unrestricted subsidiary, Rishis Empreendimentos e Participações S.A.

(c) We export pulp to our customers in Europe, Asia and North America through our wholly owned subsidiaries in Austria, China and the United States, respectively. When one of these subsidiaries enters into a sales agreement with a customer, Eldorado Brasil in turn enters into an intercompany pulp sales contract pursuant to which it sells and ships pulp to the subsidiary for final delivery to the customer. Whenever there is a discrepancy between the accounting period in which the intercompany sale to the subsidiary is recorded and the period in which product is delivered to the final customer, the revenue Eldorado Brasil generates from the intercompany sale is reversed in its consolidated financial statements. In these instances, however, when calculating Adjusted EBITDA we add back these "unrealized" profits since the product has a pre-determined final customer.

(d) Adjusted EBITDA for the three-month periods ended March 31, 2016 and 2015 and years ended December 31, 2015, 2014 and 2013 includes Adjusted EBITDA of R$1.7 million, R$(0.9) million, R$(3.4) million, R$(0.8) million and R$(1.0) million, respectively, of our unrestricted subsidiary Rishis Empreendimentos e Participações S.A.

(7) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA for a period by our total net revenue for the same period, expressed as a percentage.

(8) We calculate net debt as total loans and financing (total current loans and financing *plus* total non-current loans and financing *plus* borrowings-related parties) *minus* the sum of cash and cash equivalents, marketable securities and derivatives receivable. There is no standard definition of net debt, and our definition of net debt may not be comparable to net debt as used by other companies. You should rely primarily on our IFRS results, and use net debt in a supplemental manner in making your investment decision. For more information about the limitations of net debt, see "Presentation of Financial and Other Information—Non-GAAP Financial Measures."

The following table sets forth the calculation of net debt:

	As of March 31,			As of December 31,			
	2016	2016	2015	2015	2015	2014	2013
	(in millions of U.S.$)[(a)]	*(in millions of R$)*		*(in millions of U.S.$)*[(a)]	*(in millions of R$)*		
Total current loans and financing	737.3	2,624.0	2,070.5	642.5	2,286.5	1,745.0	1,458.5
Total non-current loans and financing	1,741.3	6,197.1	6,089.3	1,989.4	7,080.2	5,422.0	5,190.9
Borrowings – related parties	—	—	—	—	—	365.5	—
Total loans and financing	**2,478.6**	**8,821.1**	**8,159.8**	**2,631.9**	**9,366.7**	**7,532.5**	**6,649.4**
Cash and cash equivalents	(162.4)	(577.9)	(223.4)	(355.2)	(1,264.2)	(54.6)	(74.7)
Marketable securities	(41.9)	(149.3)	(49.9)	(32.2)	(114.5)	(48.6)	—
Derivatives payable (receivable)	21.5	76.4	(135.0)	(25.3)	(89.9)	(28.1)	(56.5)
Net debt[(b)]	**2,295.7**	**8,170.3**	**7,751.5**	**2,219.3**	**7,898.1**	**7,401.2**	**6,518.2**

(a) Solely for the convenience of the reader, amounts in Brazilian *reais* as of March 31, 2016 and December 31, 2015 have been translated into U.S. dollars at the exchange rate as of March 31, 2016 of R$3.559 to U.S.$1.00. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

(b) Our unrestricted subsidiary, Rishis Empreendimentos e Participações S.A., recorded no indebtedness during these periods.

(9) Net debt/LTM Adjusted EBITDA ratio as of March 31, 2016 and 2015 is calculated by dividing (1) our consolidated net debt at the end of the applicable period by (2) our consolidated Adjusted EBITDA for the 12-month period ended on such date. Net debt/LTM Adjusted EBITDA ratio as of December 31, 2015, 2014 and 2013 is calculated by dividing (1) our consolidated net debt at the end of the applicable year by (2) our consolidated Adjusted EBITDA for the corresponding year.

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

This section contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those discussed in the forward-looking statements for several reasons, including those described under "Cautionary Statement Regarding Forward-Looking Statements," "Risk Factors" and other issues discussed in this offering memorandum. The following analysis and discussion of our financial condition and results of operations should be read in conjunction with, and is qualified in its entirety by reference to our unaudited interim consolidated financial statements as of March 31, 2016 and December 31, 2015 and for the three-month periods ended March 31, 2016 and 2015, and related notes included elsewhere in this offering memorandum, and our audited annual consolidated financial statements as of and for the years ended December 31, 2015, 2014 and 2013, and related notes included elsewhere in this offering memorandum, and the information presented under the sections entitled "Presentation of Financial and Other Information," "Summary Financial and Other Information" and "Selected Financial and Other Data."

Overview

We are the third largest producer of market pulp in Brazil and the fifth largest producer of market bleached hardwood kraft pulp, or BHKP, in the world in terms of production capacity, according to Hawkins Wright. As of December 31, 2015, our annual production capacity was 1.7 million tons of bleached eucalyptus kraft pulp, or BEKP, or 13.3% above our annual installed capacity of 1.5 million tons. We own and operate the largest single-line pulp processing plant in the world, which we refer to as the Três Lagoas mill. The Três Lagoas mill is located in the City of Três Lagoas, in the State of Mato Grosso do Sul, Brazil. We also source all of the wood we use to produce BEKP, a type of BHKP, from the State of Mato Grosso do Sul, an area climatically and topographically well suited to growing eucalyptus trees. We began operations in December 2012, and as a result of our accelerated production ramp up, by 2015 we supplied approximately 7.3% of the world's total demand for market BEKP as reported by PPPC. In 2015, we produced 1,597 thousand tons of BEKP, of which we sold 1.562 million tons, or 97.8% of our production, to a diversified customer base of tissue, printing and writing, specialty paper and cardboard producers in Asia (primarily China), Europe, North America, Brazil and other Latin American countries. Exports accounted for 89.7% of our total sales volume in 2015. During the last 12-month period ended March 31, 2016, we produced 1,656 thousand tons of BEKP, of which we sold 1,549 thousand tons, or 93.5% of our production. Exports accounted for 90.1% of our total sales volume during the last 12-month period ended March 31, 2016.

We are one of the lowest-cost producers of BHKP in the world, as reported by Hawkins Wright, with an average cash cost of U.S.$163 per ton during the three-month period ended March 31, 2016 (calculated based on an average exchange rate of U.S.$1.00 per R$3.90). We believe that we are able to keep our production costs low when compared to our competitors mainly as a result of the efficiency of our vertically-integrated forestry, industrial and logistics operations, which we attribute to, among other factors, our: (1) low raw materials consumption rates; (2) ability to procure raw materials at competitive costs, including our capacity to source wood from our own forests and cogenerate the energy required for our pulp production operations from renewable resources, as biomass, that are byproducts of the pulp production process; (3) well-trained, insourced labor force; and (4) high levels of mechanization and technological advancement. We are able to sell the excess energy that we cogenerate from the pulp production process to our third-party chemical suppliers and the Brazilian national grid.

Financial Presentation and Accounting Policies

Presentation of Financial Statements and Reporting Segments

Our consolidated financial statements are included elsewhere in this offering memorandum are presented in accordance with: (1) IFRS, as issued by IASB; and (2) Brazilian GAAP. Brazilian GAAP is based on the Brazilian Corporate Law and the accounting standards issued by the CPC, IBRACON and the CFC.

As of March 31, 2016, we had three reporting segments:

- *Pulp*. This segment includes (1) the harvest of trees and management of our forestry resources, (2) the purchase of wood from third parties, (3) the production of pulp in the Três Lagoas mill and (4) the sale of pulp to Brazilian and export markets.

- *Energy*. This segment includes the sale of excess energy generated in the Três Lagoas mill to our third-party chemical suppliers and the Brazilian national grid.

- *Others*. This segment includes the sale of chips, scrap and waste from our pulp production operations in the Três Lagoas mill.

Critical Accounting Policies

The presentation of our financial condition and results of operations in accordance with Brazilian GAAP and IFRS, as issued by the IASB, requires that we make certain judgments and estimates regarding the effects of matters that are inherently uncertain and that impact the portrayal of our consolidated financial position and results of operations. The settlement of a transaction involving these estimates may result in values that are different from those estimated, due to the possible lack of precision inherent to the process. Certain of our accounting policies require higher degrees of judgment than others in their application. Actual results may differ from those estimated depending upon the variables, assumptions or conditions used by our management. In order to provide an understanding regarding how our management forms its judgment about future events, including the variables and assumptions underlying the estimates and the sensitivity of those judgments to different variables and conditions, we set forth below a discussion of our critical accounting policies relating to: (1) biological assets; (2) provisions for loss contingencies; (3) revenue recognition; and (4) financial instruments. For more information, see notes 3 and 4 to our unaudited interim consolidated financial statements as of and for the three-month periods ended March 31, 2016 and 2015 and our audited annual consolidated financial statements as of and for the years ended December 31, 2015, 2014 and 2013, each included elsewhere in this offering memorandum.

Biological Assets

Our biological assets consist of standing timber from eucalyptus forests, located in the State of Mato Grosso do Sul, intended for use in the production of market pulp. For the avoidance of doubt, the seedlings from our nursery in the City of Andradina, in the State of São Paulo, do not constitute biological assets for accounting purposes. In compliance with IAS 41/CPC 29, we use the income approach valuation method (discounted projected cash flows) to determine the fair value of our biological assets, net of costs. In general, this method determines the fair value as the present value of expected net cash flows from the asset discounted at a current market rate. Future harvested wood volumes are estimated based on projections of forest growth and depletion, with felling ages between six and eight years, considering operating restrictions and annual demand. Growth is represented by the MAI of eucalyptus growing in our own forests, which is expressed in cubic meters per hectare/year. The wood flow used to calculate our biological assets as of December 31, 2015 was based on an MAI of 37.57 m^3/hectare/year. Future sales prices are estimated based on current market prices of standing timber. Costs, expenses, and taxes are deducted after we apply a discount rate of 4.5% based on our investment return and funding forecasts. Costs include expenditures with the fertilization, weed control, control of ants and other pests, maintenance of roads and firebreaks, and other services required for the maintenance of planted forests. We do not maintain insurance for our forests; however, we have implemented certain prevention programs to avoid losses of our biological assets, including watchtowers, constant boundary monitoring, teams with specialized firefighting training and wood transportation monitoring.

We assess our biological assets on a quarterly basis and revalue them on an annual basis. We understand this procedure to be sufficient to show the evolution of the fair value of our forests. We do not have biological assets that involve financial risks.

Provisions for Loss Contingencies

We are involved from time to time in judicial and administrative tax, civil and labor claims arising in the normal course of business assessed by the legal counsel and specialists to determine the expected outcome and whether the need for a provision is necessary. Provisions are recognized as liabilities when they are present obligations, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

Revenue Recognition

Revenue is recognized when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible returns of goods can be reliably measured, there is no continuing involvement with the goods, and the amount of revenue can measured reliably. Revenue is measured net of sales taxes, returns, trade discounts and rebates.

Financial Instruments

We initially recognize loans and receivables issued on the date when they are originated. All other financial instruments are initially recognized on the trade date when we become a party to the contractual provisions of the instrument.

A financial asset is classified as at fair value through profit or loss if it is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest, are recognized in profit or loss.

We derecognize a financial asset when (1) the contractual rights to the cash flows from that asset expire or (2) the contractual rights to the cash flows from the asset are transferred in a transaction in which substantially all of the risks and rewards of ownership of that financial asset are either (i) transferred or (ii) neither transferred nor retained but in which we do not retain control over the transferred asset.

We also hold derivative financial instruments to hedge our debt foreign currency risk exposure. Derivatives are initially measured at fair value, and any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

We derecognize a financial liability when its contractual obligation is discharged or cancelled or when it expires.

Description of Main Statement of Profit or Loss Line Items

Net Revenue. Our net revenue (gross sales revenue after the deductions corresponding to sales taxes, returns, trade discounts and rebates) consists primarily of revenue from:

- *Sales of pulp*. Revenue from the sale of BEKP to Brazilian and export markets.

- *Sales of energy.* Revenue from the sale of energy to our third-party chemical suppliers and the Brazilian national grid.

- *Other.* Revenue from the sale of chips, scrap and waste from our pulp production operations.

As of March 31, 2016, 86.4% of our net revenue was denominated in U.S. dollars.

Cost of Sales. A significant portion of our cost of sales consists of cash production costs (including the cost of purchasing or producing raw materials, such as wood and chemicals), depreciation, depletion and amortization and freight. We use a portion of our tax incentives and benefit programs to reduce our cost of sales. See "—Principal Factors Affecting our Results of Operations—Effects of Tax Benefits."

Operating Income (Expenses). Our operating income (expenses) consists primarily of:

- *General and Administrative Expenses.* This line item includes primarily expenses relating to payroll and payments made to members of our management.

- *Selling and Logistics Expenses.* This line item includes expenses relating to advertising, payment of commissions and other amounts to members of our sales team and allowances for doubtful accounts.

- *Fair Value of Biological Assets.* Our biological assets consist of standing timber from our eucalyptus forests intended for the production of market pulp. We measure our biological assets at fair value. Changes in the fair value of these assets are recorded as gains or losses in our statement of profit or loss. We only measure the fair value of forests that are older than three years, due to the increased likelihood that these forests will reach maturity, the improved reliability of the assumptions used to measure the fair value of mature forests and the lack of an active market for younger forests.

- *Other Income, Net.* This line item includes the ICMS tax credits we receive from the sale of export goods as a result of the Mato Grosso do Sul Tax Agreement. See " —Principal Factors Affecting our Results of Operations—Effects of Tax Benefits."

Net Finance Costs. This line item includes: (1) earnings from financial investments; (2) net financial gains or losses from derivatives financial instruments; (3) interest expense on loans; (4) foreign exchange gains and losses; and (5) unwinding of discount on legal provisions.

Income Tax and Social Contribution. We record income tax and social contribution using prevailing tax rates, including (1) deferred income tax and social contribution, at a maximum rate of 34% of our taxable income, consisting of (i) income tax at a rate of 25%, (ii) supplementary income tax on the amount of our taxable income in excess of R$240 thousand *per annum* at a rate of 10% and (iii) social contribution at a rate of 9% and (2) deferred income tax and social contribution, recorded at the above-mentioned rates levied on the timing differences, in addition to tax losses and the negative social contribution calculation base. We have accumulated certain tax credits that we may be able to use in the future to offset other taxes payable, including income and social contribution taxes. See "—Principal Factors Affecting our Results of Operations—Effects of Tax Benefits."

Principal Factors Affecting Our Results of Operations

Our results of operations have been influenced and will continue to be influenced by a variety of factors. In addition to the factors discussed below, factors that impact the results of our operations include our ability to implement our business plan (including our ability to arrange financing when required and on reasonable terms) and the implementation of our financing strategy and capital expenditure plan.

Effects of Changes in the Price of Market Pulp

The international market prices of pulp have fluctuated significantly in the past few years, and we believe that they will continue to do so in light of global economic developments, such as the increase in demand for pulp in China. Significant increases in the international market prices of our products, and consequently, the prices that we are able to charge, would likely increase our net revenue and our results of operations to the extent that we are able to maintain our operating margins and increased prices do not reduce sales volumes of our products. Conversely, significant decreases in the international market prices of our products, and consequently, the prices that we charge, would likely reduce our net revenue and our results of operations if we are unable to increase our operating margins or these reduced prices do not result in increased sales volumes of our products.

World pulp prices are cyclical because demand for paper depends heavily on general economic conditions and because production capacity adjusts slowly to changes in demand. For example, over the last three years, BEKP list prices per ton in North America, Europe and China have fluctuated from U.S.$860, U.S.$780 and U.S.$640, respectively, in December 2013, to U.S.$840, U.S.$745 and U.S.$590, respectively, in December 2014, to U.S.$915, U.S.$790 and U.S.$600, respectively, in December 2015, according to RISI.

We have long-term sales relationships with substantially all of our pulp customers in the Brazilian and our export markets. Our supply contracts typically have up to one-year terms and may be automatically renewable for subsequent periods. These contracts provide for the sale of our market pulp at prices we announce each month. These prices may vary among the different geographic areas where our customers are located and are generally consistent with prices for our other sales within the same region, which typically include a discount over established BEKP/BHKP list prices.

Cyclicality of Global Market Pulp Consumption

Global consumption of pulp has increased significantly over the past 30 years. Due to this growth in consumption, pulp producers have experienced periods of insufficient capacity available for their products. Periods of insufficient capacity have usually resulted in increased capacity utilization rates and international market prices for our products, leading to increased operating margins. These periods have often been followed by periods of capacity expansion, which have resulted in declining capacity utilization rates and international selling prices, leading to declining operating margins.

Capacity Utilization

Although our operations have low fixed costs relative to our variable costs, in order to obtain low unit production costs and maintain adequate operating margins, we seek to maintain a high capacity utilization rate at the Três Lagoas mill. The capacity utilization rates of the Três Lagoas mill for the twelve-month period ended March 31, 2016 and December 31, 2015, 2014 and 2013 were 110.4%,106.5%, 104.5% and 85.1%, respectively. Moreover, in early 2015, following the 10-day scheduled maintenance shutdown, the Brazilian Ministry of Labor and Employment (*Ministério do Trabalho e Emprego*) extended the inspection period of the Três Lagoas mill from every 12 months to every 15 months, which should enable the Três Lagoas mill to remain operational for more days every year than previously expected.

Effects of Increases in the Prices of our Raw Materials

Our principal raw materials are wood and chemicals required to bleach pulp. Variable costs (raw materials and consumables) accounted for 72.1%, 65.9%, 58.6%, 60.4% and 61.7% of the total cost of sales during the three-month periods ended March 31, 2016 and 2015 and the years ended December 31, 2015, 2014 and 2013, respectively. Increases in the price of our raw materials, which may result from higher wood freight costs and devaluation of the *real* in relation to our U.S. dollar-indexed chemical supplies, may decrease our profitability.

We aim to decrease our wood freight costs by reducing the distance between our wood suppliers and the Três Lagoas mill. In addition, changes in tax laws, including increases in tax rates or the creation of new taxes that affect our raw materials may cause us to increase the final cost of our products sold, which we may not be able to pass to our customers, thereby reducing our profits. See "—Effects of Tax Benefits."

Brazilian Economic Environment

Our results of operations and financial condition, as reported in our consolidated financial statements, have been affected by the rate of inflation and the rate of appreciation or depreciation of the U.S. dollar against the *real*.

The following table sets forth the main Brazilian economic indicators as of and for the periods indicated:

	As of and for the three-month period ended March 31,	As of and for the year ended December 31,		
	2016	2015	2014	2013
GDP growth (reduction)[(1)]	(0.3)%	(3.8)%	0.1%	2.7%
Inflation (IGP-M)[(2)]	3.0%	10.5%	3.7%	5.5%
Inflation (IPCA) [(3)]	2.6%	10.7%	6.4%	5.9%
CDI[(4)]	3.3%	13.2%	10.8%	8.0%
TJLP[(5)]	7.5%	7.0%	5.0%	5.0%
Appreciation (depreciation) of the real vs. U.S. dollar in the period	8.9%	(47.0)%	(13.4)%	(14.6)%
Exchange rate at period end—U.S.$1.00	R$3.559	R$3.905	R$2.656	R$2.343
Average exchange rate—U.S.$1.00[(6)]	R$3.902	R$3.340	R$2.355	R$2.161

Sources: Central Bank, FGV, IBGE, Liquidation and Custody Chamber (*Câmara de Custódia e Liquidação*), and Clearing House for the Custody and Financial Settlement of Securities (*Central de Custódia e de Liquidação Financeira de Títulos*), or CETIP.

(1) Brazilian GDP according to IBGE.
(2) The General Market Price Index (*Índice Geral de Preços—Mercado*), or IGP-M, is the general market price index measured by FGV.
(3) Inflation (IPCA) is the broad consumer price index as measured by IBGE.
(4) The CDI rate is the average of the fixed rates of interbank deposits for one business day as registered with and settled by the CETIP system.
(5) The TJLP rate is the long-term interest rate published every quarter by the Central Bank. The figures correspond to the average of the period indicated.

(6) Average exchange rate for the period indicated.

Effects of Tax Benefits

We benefit from certain Brazilian federal, state and municipal tax incentives and benefit programs. Our most significant tax benefits include:

- ICMS Tax Benefits. The State of Mato Grosso do Sul imposes the ICMS tax on the movement of goods at every stage of the supply chain and the rendering of transportation and communications services. The current ICMS tax rates in the State of Mato Grosso do Sul are 17% in connection with intrastate movements and 7% to 12% in connection with interstate movements originating from the State of Mato Grosso do Sul. The applicable ICMS tax rate is calculated over the value of the transaction. In 2010, Eldorado Brasil entered the Mato Grosso do Sul Tax Agreement, pursuant to which the State of Mato Grosso do Sul has granted Eldorado Brasil tax credits (in the form of cash refunds or offsets against ICMS tax liabilities) as a result of our forestry and industrial operations in this State. For the three-month period ended March 31, 2016 and the year ended December 31, 2015, we had R$73.2 million and R$241.1 million, respectively, in ICMS tax benefits. As of March 31, 2016 and December 31, 2015, we had accumulated ICMS tax credits of R$663.3 million and R$590.7 million, respectively. Benefits under the Mato Grosso do Sul Tax agreement include credits of;
    - 67% of the ICMS tax payable on the intrastate movement of goods produced by us in the State of Mato Grosso do Sul, through February 28, 2025, used to reduce sales taxes;
    - 90% of the ICMS tax payable on the interstate movement of goods produced by us in the State of Mato Grosso do Sul, through February 28, 2025, used to reduce sales taxes; and
    - 7% of the ICMS tax payable on the interstate movement of export goods produced by us in the State of Mato Grosso do Sul, through December 31, 2018, recorded as other income.

We may use these tax credits to offset future ICMS tax liabilities derived from sales within Brazil or in connection with the purchase of equipment and machinery related to the Vanguarda 2.0 Project.

- *Reintegra* Program. The *Reintegra* Program is a federal government incentive program for exports that was reintroduced in October 2014, after having been suspended on December 31, 2013. The aim of the *Reintegra* Program is to provide incentives for Brazilian manufacturers to export their products by providing tax credits at a rate of 0.1% to 3% of revenue from the export of certain products, which we use to reduce our cost of sales. For the three-month period ended March 31, 2016 and the year ended December 31, 2015, we had R$0.7 million and R$27.7 million, respectively, in *Reintegra* Program tax benefits.

Other tax benefits include:

- *RECAP* Program. The federal government provides certain tax benefits to companies that generate gross revenue predominantly from exports. The *RECAP* Program exempts eligible companies from paying certain taxes (including PIS and COFINS) due in connection with the purchase of machinery and equipment used to manufacture goods for export. As of March 31, 2016 and December 31, 2015, we had accumulated PIS/COFINS tax credits of R$289.2 million and R$301.6 million, respectively, which we may be able to use in the future to offset other taxes payable, including income and social contribution taxes, or obtain cash refunds. As of March 31, 2016, we had applied to receive R$125.2 million in cash refunds from our accumulated PIS/COFINS tax credits; however, we cannot estimate when the federal government will pay the refunds to us.

Effects of Fluctuations in Exchange Rates between the **Real** *and Foreign Currencies*

Our results of operations and financial condition have been, and will continue to be, affected by the rate of depreciation or appreciation of the Brazilian *real* against the U.S. dollar because a majority of our net revenue and loans and financing and certain of our raw materials are linked to the U.S. dollar.

Our export sales accounted for 86.4%, 86.8%, 82.6%, and 86.9% of our total consolidated net revenue for the three-month period ended March 31, 2016 and the years ended December 31, 2015, 2014 and 2013, respectively. Our export sales are made at prices that are based on international market prices expressed in U.S. dollars. In addition, a substantial portion of our loans and financing is linked to the U.S. dollar. As of March 31, 2016 and December 31, 2015, 2014 and 2013, our loans and financing denominated in U.S. dollars accounted for 66.3%, 68.3%, 72.5% and 72.8%, respectively, of our total loans and financing. Finally, certain of our raw materials, including the chemicals we need to produce pulp and the fuel we use to transport wood from our forests to the Três Lagoas mill, are indexed to the U.S. dollar.

For these reasons, any depreciation of the *real* against the U.S. dollar may significantly increase our revenue, decrease our finance costs and decrease our cost of sales. Conversely, any appreciation of the *real* against the U.S. dollar may significantly decrease our revenue, increase our finance costs and increase our cost of sales.

Since 2014, we have entered into derivative transactions to mitigate exchange rate fluctuations in our U.S. dollar-denominated net exposure. A portion of our loans and financing is linked to and repaid principally with the proceeds of our exports. This indebtedness is denominated in U.S. dollars and is generally available at a lower cost than other types of available funding.

Effect of Level of Loans and Financing and Interest Rates

As of March 31, 2016, our total outstanding loans and financing were R$8,821.1 million. Our loans and financing resulted in net finance costs of R$574.2 million for the three-month period ended March 31, 2016, of which R$745.6 million corresponded to losses relating to derivatives transactions, R$25.7 million corresponded to income from short-term investments and other finance income, R$222.3 million corresponded to net interest expenses, R$403.1 million corresponded to net gains from exchange rate variation and R$35.0 million corresponded to guarantee expenses, sundry banking costs and other finance costs.

As of December 31, 2015, our total outstanding loans and financing were R$9,366.7 million. Our loans and financing resulted in net finance costs of R$1,181.5 million in 2015, of which R$1,715.1 million corresponded to income relating to derivatives transactions, R$42.3 million corresponded to income from short-term investments and other finance income, R$718.1 million corresponded to interest expenses, R$2,071.2 million corresponded to net expenses from exchange rate variation and R$149.5 million corresponded to guarantee expenses, sundry banking costs and other finance costs.

As of December 31, 2014, our total outstanding loans and financing were R$7,166.9 million. Our loans and financing resulted in net finance costs of R$1,169.5 million in 2014, of which R$82.5 million corresponded to income relating to derivatives transactions, R$12.5 million corresponded to income from short-term investments, R$624.2 million corresponded to interest expenses, R$526.6 million corresponded to net expenses from exchange rate variation and R$113.7 million corresponded to guarantee expenses, sundry banking costs and other finance costs.

As of December 31, 2013, our total outstanding loans and financing were R$6,649.4 million, excluding related party borrowings. Our loans and financing resulted in net finance costs of R$1,080.8 million in 2013, of which R$80.3 million corresponded to losses relating to derivatives transactions, R$6.2 million corresponded to income from short-term investments, R$435.8 million corresponded to interest expenses, R$454.9 million corresponded to net expenses from exchange rate variation, and R$116.0 million corresponded to taxes, contributions, tariffs and other expenses.

The interest rates that we pay on our indebtedness depend on a variety of factors, including prevailing Brazilian and international interest rates and risk assessments of our company, our industry and the Brazilian and global economies. For these reasons, increases in our level of indebtedness and interest rates may significantly increase our finance costs and reduce our net profit. Conversely, decreases in our level of indebtedness and interest rates may significantly decrease our finance costs and increase our net profit.

Seasonality

Seasonality of the market pulp industry has historically correlated with that of paper production. Global production of certain types of paper, such as printing and writing paper, cardboard and specialty papers, normally increases by the end of summer vacation in the northern hemisphere, as well as during the Christmas and New Year holidays. However, due to specific factors, including pulp and paper machine closures, start-up of new capacities, changes in the cost structure of the industry and the increase of global pulp demand, the seasonality trends observed in the past for the pulp industry may be subject to changes in the future. We also mitigate the seasonal effects of the global paper market by selling a significant portion of our pulp to the tissue market, a less cyclical and more resilient end market with higher growth potential compared to printing and writing paper, cardboard and specialty papers.

Results of Operations

The following discussion of our results of operations is based on our consolidated financial statements prepared in accordance with: (1) IFRS, as issued by the IASB; and (2) Brazilian GAAP. Brazilian GAAP includes accounting practices provided for in the Brazilian Corporate Law and the accounting standards issued by the CPC.

The discussion of the results of our business segments is based upon financial information reported for each of the segments of our business, as presented in the following tables, which set forth the net revenue, cost of sales and gross profit for each of our segments. This segment information was prepared on the same basis as the information that our senior management uses to allocate resources among segments and evaluate their performance.

	For the Three-Month Period Ended March 31, 2016			
	Pulp	Energy	Others	Total
	(in millions of R$)			
Net revenue	733.6	6.5	0.8	740.9
Cost of sales[1]	(309.9)	(2.8)	(1.5)	(314.2)
Gross profit (loss)[1]	**423.7**	**3.7**	**(0.7)**	**426.7**

	For the Three-Month Period Ended March 31, 2015			
	Pulp	Energy	Others	Total
	(in millions of R$)			
Net revenue	621.1	16.6	14.3	652.0
Cost of sales[1]	(353.7)	(0.2)	(11.8)	(365.7)
Gross profit[1]	**267.4**	**16.4**	**2.5**	**286.3**

	For the Year Ended December 31, 2015			
	Pulp	Energy	Others	Total
	(in millions of R$)			
Net revenue	3,148.6	58.6	29.4	3,236.6
Cost of sales[1]	(1,485.5)	(1.0)	(34.3)	(1,520.8)
Gross profit (loss) [1]	**1,663.7**	**57.6**	**(4.9)**	**1,715.8**

	For the Year Ended December 31, 2014			
	Pulp	Energy	Others	Total
	(in millions of R$)			
Net revenue	2,099.2	90.1	9.9	2,199.2
Cost of sales[1]	(1,404.0)	(30.1)	(9.0)	(1,443.1)
Gross profit[1]	**695.2**	**60.0**	**0.9**	**756.1**

	For the Year Ended December 31, 2013			
	Pulp	Energy	Others	Total
	(in millions of R$)			
Net revenue	1,559.1	10.5	0.8	1,570.4
Cost of sales[1]	(1,033.5)	(11.4)	(0.3)	(1,045.2)
Gross profit (loss) [1]	**525.6**	**(0.9)**	**0.5**	**525.2**

(1) Cost of sales and gross profit (loss) information includes amortization, depreciation and depletion.

In the following discussion, references to increases or decreases in any period are made by comparison with the corresponding prior period, except as the context otherwise indicates.

Three-Month Period Ended March 31, 2016 compared to Three-Month Period Ended March 31, 2015

The following table sets forth certain historical consolidated financial information for the three-month periods ended March 31, 2016 and 2015, respectively.

	For the Three-Month Period Ended March 31,		
	2016	**2015**	**% Change**
	(in millions of R$)		
Net revenue	740.9	652.0	13.6%
Cost of sales	(314.2)	(365.7)	(14.1)%
Gross profit	**426.7**	**286.3**	49.0%
Operating income (expenses):			
Selling, logistics, general and administrative expenses	(125.2)	(105.7)	18.4%
Fair value of biological assets	—	14.5	n.m.
Other income, net	57.4	33.7	70.4%
Profit before net finance costs and provision for income tax and social contribution benefit	**358.9**	**228.9**	56.8%
Net finance costs	(574.2)	(351.8)	63.2%
Loss before provision for income tax and social contribution benefit	**(215.4)**	**(122.9)**	75.8%
Current income tax and social contribution expense	(4.3)	—	n.m.
Deferred income tax and social contribution benefit	37.6	62.5	(39.9)%
Provision for income tax and social contribution benefit	**33.2**	**62.5**	(46.8)%
Net loss	**(182.0)**	**(60.5)**	200.8%

n.m. = not meaningful

Net Revenue

Our consolidated net revenue increased by 13.6%, from R$652.0 million for the three-month period ended March 31, 2015 to R$740.9 million for the corresponding period in 2016, primarily as a result of an increase of 18.1% in net revenue of our Pulp segment.

Net Revenue of our Pulp Segment

Net revenue of our Pulp segment increased by 18.1%, from R$621.1 million for the three-month period ended March 31, 2015 to R$733.6 million for the corresponding period in 2016, primarily as a result of:

(1) a 7% increase in sales in the Asian market, from 153.2 thousand tons for the three-month period ended March 31, 2015 to 163.8 thousand tons for the corresponding period in 2016, primarily due to our sales strategy to focus on the tissue segment and fast growing clients; and

(2) the 38% depreciation of the *real* against the U.S. dollar during the period from March 31, 2015 to March 31, 2016,

which were partially offset by decreases in BEKP list prices per ton in our major sales markets, including a 17.2% decrease in China, from U.S.$610 in March 2015 to U.S.$505 in March 2016.

Net Revenue of our Energy Segment

Net revenue of our Energy segment decreased by 60.8%, from R$16.6 million for the three-month period ended March 31, 2015 to R$6.5 million for the corresponding period in 2016, primarily as a result of a 69.1% decrease in the average price of energy sold to the national grid, from R$ 128.6/MWh for the three-month period ended March 31, 2015 to R$39.7/MWh for the corresponding period in 2016, which was partially offset by a 47.2% increase in sales volume to the Brazilian national grid, from 33.9 thousand MWh for the three-month period ended March 31, 2015 to 49.9 thousand MWh for the corresponding period in 2016, primarily resulting from a 18.3% increase in our energy generation, from 305.4 thousand MWh for the three-month period ended March 31, 2015 to 361.4 thousand MWh for the corresponding period in 2016, due to the increase in our market pulp production, from 370 thousand tons for the three-month period ended March 31, 2015 to 429 thousand tons for the corresponding period in 2016.

Net Revenue of our Others Segment

Net revenue of our Others segment decreased from R$14.3 million for the three-month period ended March 31, 2015 to R$0.8 million for the corresponding period in 2016, primarily as a result of the decrease in sales of wood chips for the three-month period ended March 31, 2016 compared to the corresponding period in 2015.

Cost of Sales and Gross Profit

Our cost of sales decreased by 14.1%, from R$365.7 million for the three-month period ended March 31, 2015 to R$314.2 million for the corresponding period in 2016, primarily as a result of the decrease of 12.4% in the cost of sales of our Pulp segment. As a percentage of net revenue, our cost of sales decreased by 13.7 percentage points, from 56.1% for the three-month period ended March 31, 2015 to 42.4% for the corresponding period in 2016.

Our gross profit increased by 49.0% from R$286.3 million for the three-month period ended March 31, 2015 to R$426.7 million for the corresponding period in 2016, and our gross margin (gross profit as a percentage of net revenue) increased from 43.9% for the three-month period ended March 31, 2015 to 57.6% for the corresponding period in 2016.

Cost of Sales and Gross Profit of our Pulp Segment

Cost of sales of our Pulp segment decreased by 12.4%, from R$353.7 million for the three-month period ended March 31, 2015 to R$309.9 million for the corresponding period in 2016, primarily as a result of operational efficiency initiatives and the reduction of the distance between our eucalyptus forests and the Três Lagoas mill. As a percentage of net revenue of our Pulp Segment, the cost of sales of our Pulp segment decreased by 14.7 percentage points, from 56.9% for the three-month period ended March 31, 2015 to 42.2% for the corresponding period in 2016.

Gross profit of our Pulp segment increased from R$267.4 million for the three-month period ended March 31, 2015 to R$423.7 million for the corresponding period in 2016, and gross margin of our Pulp segment (gross profit of the segment as a percentage of total net revenue) increased from 41.0% for the three-month period ended March 31, 2015 to 57.2% for the corresponding period in 2016.

Cost of Sales and Gross Profit of our Energy Segment

Cost of sales of our Energy segment increased from R$0.2 million for the three-month period ended March 31, 2015 to R$2.8 million for the corresponding period in 2016, primarily as a result of management's decision to reallocate certain costs from the Pulp segment to the Energy segment. As a percentage of net revenue of our Energy Segment, the cost of sales of our Energy segment increased by 41.9 percentage points, from 1.2% for the three-month period ended March 31, 2015 to 43.1% for the corresponding period in 2016.

Gross profit of our Energy segment decreased by 77.4%, from R$16.4 million for the three-month period ended March 31, 2015 to R$3.7 million for the corresponding period in 2016, and gross margin of our Energy segment (gross profit of the segment as a percentage of total net revenue) decreased from 2.5% for the three-month period ended March 31, 2015 to 0.5% for the corresponding period in 2016.

Cost of Sales and Gross Profit (Loss) of our Others Segment

Cost of sales of our Others segment decreased from R$11.8 million for the three-month period ended March 31, 2015 to R$1.5 million for the corresponding period in 2016, primarily as a result of the decrease in net revenue of our Others segment due to the decrease in sales volume for the three-month period ended March 31, 2016 as compared to the corresponding period in 2015.

Gross profit (loss) of our Others segment changed from a gross profit of R$2.5 million for the three-month period ended March 31, 2015 to a gross loss of R$0.7 million for the corresponding period in 2016. For the three-month period ended March 31, 2015, we recorded a gross margin (gross profit as a percentage of net revenue) of 0.4% compared to a negative gross margin (gross loss of the segment as a percentage of total net revenue) of (0.1)% for the corresponding period in 2016.

Selling, Logistics, General and Administrative Expenses

Our selling, logistics, general and administrative expenses increased by 18.4%, from R$105.7 million for the three-month period ended March 31, 2015 to R$125.2 million for the corresponding period in 2016, primarily due to the effects of inflation in Brazil, which increased by approximately 10.0% (IPCA) from March 31, 2015 to March 31, 2016. As a percentage of our net revenue, our selling, logistics, general and administrative expenses increased from 16.2% for the three-month period ended March 31, 2015 to 16.9% for the corresponding period in 2016.

Fair Value of Biological Assets

For the three-month period March 31, 2015, we recorded an increase in the fair value of biological assets of R$14.5 million, whereas during the corresponding period in 2016, we did not record an increase in the fair value of biological assets. This variation is due to increases in the total planted area of our eucalyptus forests and in market prices during the three-month period ended March 31, 2015.

Other Income, Net

Other income, net, increased by 70.4%, from R$33.7 million for the three-month period ended March 31, 2015 to R$57.4 million for the corresponding period in 2016, primarily as a result of an increase of 63.2% in tax credits resulting from the Mato Grosso do Sul Tax Agreement, from R$35.0 million for the three-month period ended March 31, 2015 to R$57.1 million for the corresponding period in 2016.

Net Finance Costs

Our net finance costs increased by 63.2%, from R$351.8 million for the three-month period ended March 31, 2015 to R$574.2 million for the corresponding period in 2016, as a result of a 45.1% decrease in finance income, which was partially offset by a 17.4% decrease in finance costs.

Finance Costs

Our finance costs decreased by 17.4%, from R$1,374.6 million for the three-month period ended March 31, 2015 to R$1,135.4 million for the corresponding period in 2016, primarily as a result of a significant decrease in foreign exchange losses, from R$1,164.5 million for the three-month period ended March 31, 2015 to R$132.0 million for the corresponding period in 2016, which was partially offset by a R$745.6 million loss on derivatives for the three-month period ended March 31, 2016, in each case primarily due to the 20.8% depreciation of the *real* against the U.S. dollar for the three-month period ended March 31, 2015, as compared to the 8.9% appreciation of the *real* against the U.S. dollar for the corresponding period of 2016.

Finance Income

Our finance income decreased by 45.1%, from R$1,022.8 million for the three-month period ended March 31, 2015 to R$561.2 million for the corresponding period in 2016, primarily as a result of our recording gains on derivatives of R$819.7 million for the three-month period ended March 31, 2015 compared to recording no gains on derivatives for the corresponding period in 2016, in each case primarily due to the 20.8% depreciation of the *real* against the U.S. dollar for the three-month period ended March 31, 2015, as compared to the 8.9% appreciation of the *real* against the U.S. dollar for the corresponding period in 2016.

Provision for Income Tax and Social Contribution

The corporate statutory income tax and social contribution rate was 34% in each of the three-month periods ended March 31, 2016 and 2015. Our provision for income tax and social contribution benefit decreased 46.8%, from a positive amount of R$62.5 million for the three-month period ended March 31, 2015, to a positive amount of R$33.2 million for the corresponding period in 2016.

The effective tax rate applicable to our loss before income tax and social contribution was (15.4)% for the three-month period ended March 31, 2016 compared to an effective tax rate of (50.8)% for the corresponding period in 2015, primarily as a result of the incurrence of non-deductible tax losses from foreign subsidiaries of R$65.3 million during the three-month period ended March 31, 2016 compared to a non-taxable gain of R$1.4 million in the corresponding period of 2015.

Net Loss

As a result of the foregoing, our net loss increased by 200.8%, from R$60.5 million for the three-month period ended March 31, 2015 to R$182.0 million for the corresponding period in 2016. Net loss as a percentage of net revenue increased from 9.3% from the three-month period ended March 31, 2015 to 24.6% for the corresponding period in 2016.

Year ended December 31, 2015 compared to year ended December 31, 2014

The following table sets forth certain historical consolidated financial information for the years ended December 31, 2015 and 2014, respectively.

	For the Year Ended December 31,		
	2015	**2014**	**% Change**
	(in millions of R$)		
Net revenue	3,236.6	2,199.2	47.2%
Cost of sales	(1,520.8)	(1,443.1)	5.4%
Gross profit	**1,715.8**	**756.1**	n.m.
Operating income (expenses):			
Selling, logistics, general and administrative expenses	(472.4)	(467.7)	1.0%
Fair value of biological assets	16.5	12.3	34.1%
Other income, net	202.9	199.5	1.7%
Profit before net finance costs and provision for income tax and social contribution (expense) benefit	**1,462.8**	**500.2**	n.m.
Net finance costs	(1,181.4)	(1,169.5)	1.0%
Profit (loss) before provision for income tax and social contribution (expense) benefit	**281.2**	**(669.3)**	n.m.
Current income tax and social contribution expense	—	(1.7)	n.m.
Deferred income tax and social contribution (expense) benefit	(0.6)	252.0	n.m.
Provision for income tax and social contribution (expense) benefit	**(0.6)**	**250.3**	n.m.
Net profit (loss)	**280.6**	**(419.0)**	n.m.

n.m. = not meaningful

Net Revenue

Our consolidated net revenue increased by 47.2%, from R$2,199.2 million in 2014 to R$3,236.6 million in 2015, primarily as a result of an increase of 50.0% in net revenue of our Pulp segment.

Net Revenue of our Pulp Segment

Net revenue of our Pulp segment increased by 50.0%, from R$2,099.2 million in 2014 to R$3,148.6 million in 2015, primarily as a result of: (1) an increase of 54.7% in net revenue generated by export sales; and (2) an increase of 19.9% in net revenue generated by domestic sales.

Net revenue generated from export sales increased by 54.7%, from R$1,817.0 million in 2014 to R$2,810.2 million in 2015, primarily as a result of:

(1) a 10.3% increase in sales to Asia, from 609 thousand tons in 2014 to 671 thousand tons in 2015, primarily due to our sales strategy to focus on the tissue segment and Asian market;

(2) the 47.0% depreciation of the *real* against the U.S. dollar in 2015; and

(3) increases in BEKP list prices per ton in our export markets, including (i) a 1.7% increase in China, from U.S.$590 in December 2014 to U.S.$600 in December 2015, (ii) a 6.0% increase in Europe, from U.S.$745 in December 2014 to U.S.$790 in December 2015 and (iii) a 8.9% increase in North America, from U.S.$840 in December 2014 to U.S.$915 in December 2015.

Net revenue generated from domestic sales increased by 19.9%, from R$282.2 million in 2014 to R$338.4 million in 2015, primarily as a result of an increase in BEKP prices.

Net Revenue of our Energy Segment

Net revenue of our Energy segment decreased by 35.0%, from R$90.1 million in 2014 to R$58.6 million in 2015, primarily as a result of a 51.2% decrease in the average price of energy sold, from R$566/MWh in 2014 to R$276/MWh in 2015, which was partially offset by a 30.1% increase in sales volume to the Brazilian national grid, from 143 thousand MWh in 2014 to 186 thousand MWh in 2015, primarily resulting from a 3.6% increase in our energy generation, from 1,317 thousand MWh in 2014 to 1,364 thousand MWh in 2015, due to the increase in our market pulp production, from 1,568 thousand tons in 2014 to 1,597 thousand tons in 2015.

Net Revenue of our Others Segment

Net revenue of our Others segment increased from R$9.9 million in 2014 to R$29.4 million in 2015, primarily as a result of the increase in sales of wood chips in 2015 compared to 2014.

Cost of Sales and Gross Profit

Our cost of sales increased by 5.4%, from R$1,443.1 million in 2014 to R$1,520.8 million in 2015, primarily as a result of an increase of 5.8% in the cost of sales of our Pulp segment. As a percentage of net revenue, our cost of sales decreased by 18.6% percentage points, from 65.6% in 2014 to 47.0% in 2015.

Our gross profit increased from R$756.1 million in 2014 to R$1,715.8 million in 2015, and our gross margin (gross profit as a percentage of net revenue) increased from 34.4% in 2014 to 53.0% in 2015.

Cost of Sales and Gross Profit of our Pulp Segment

Cost of sales of our Pulp segment increased by 5.8%, from R$1,404.0 million in 2014 to R$1,485.5 million in 2015, primarily as a result of higher sales volumes and an increase in the price of our U.S. dollar-indexed raw materials, such as chemicals and certain wood transportation costs, such as fuel. This increase was partially offset by increases in our tax refunds from the Mato Grosso do Sul Tax Agreement and the *Reintegra* Program. See "—Principal Factors Affecting our Results of Operations—Effects of Tax Benefits." As a percentage of net revenue of our Pulp Segment, the cost of sales of our Pulp segment decreased by 19.7 percentage points, from 66.9% in 2014 to 47.2% in 2015.

Gross profit of our Pulp segment increased from R$695.2 million in 2014 to 1,663.7 million in 2015, and gross margin of our Pulp segment (gross profit of the segment as a percentage of total net revenue) increased from 31.6% in 2014 to 51.4% in 2015.

Cost of Sales and Gross Profit of our Energy Segment

Cost of sales of our Energy segment decreased by 96.7%, from R$30.1 million in 2014 to R$1.0 million in 2015, primarily as a result of management's decision to reallocate certain costs from the Energy segment to the Pulp segment in 2015, which was partially offset by a 30.1% increase in sales volume to the Brazilian national grid, from 143,000 MWh in 2014 to 186,000 MWh in 2015. As a percentage of net revenue of our Energy Segment, the cost of sales of our Energy segment decreased by 31.7 percentage points, from 33.4% in 2014 to 1.7% in 2015.

Gross profit of our Energy segment decreased by 4.0%, from R$60.0 million in 2014 to R$57.6 million in 2015, and gross margin of our Energy segment (gross profit of the segment as a percentage of total net revenue) decreased from 2.7% in 2014 to 1.8% in 2015.

Cost of Sales and Gross Profit (Loss) of our Others Segment

Cost of sales of our Others segment increased from R$9.0 million in 2014 to R$34.3 million in 2015, primarily as a result of the increase in sales volume in 2015 compared to 2014.

Gross profit (loss) of our Others segment changed from a gross profit of R$0.9 million in 2014 to a gross loss of R$4.9 million in 2015, and we recorded a gross margin (gross profit as a percentage of net revenue) of 0% in 2014 compared to a negative gross margin (gross loss of the segment as a percentage of total net revenue) of (0.2)% in 2015.

Selling, Logistics, General and Administrative Expenses

Our selling, logistics, general and administrative expenses increased by 1.0%, from R$467.7 million in 2014 to R$472.4 million in 2015, primarily as a result of a15.9% increase in our personnel expenses, from R$65.9 million in 2014 to R$76.4 million in 2015, primarily due to the effects of inflation in Brazil, which increased by approximately 10.7% (IPCA) in 2015, which was partially offset by a 5.6% decrease in our service, material and transportation expenses, from R$380.2 million in 2014 to R$359.0 million in 2015, primarily due to our focus on operational efficiencies. Our selling and logistics expenses per ton sold increased from R$239 in 2014 to R$244 in 2015. As a percentage of our net revenue, our selling, logistics, general and administrative expenses decreased from 21.3% in 2014 to 14.6% in 2015.

Fair Value of Biological Assets

The fair value of our biological assets increased by R$16.5 million in 2015, compared to an increase of R$12.3 million in 2014. These increases are principally due to increases in the total planted area of our eucalyptus forests, which was 215.0 thousand hectares and 200.0 thousand hectares as of December 31, 2015 and 2014, respectively.

Other Income, Net

Other income, net, increased by 1.7%, from R$199.5 million in 2014 to R$202.9 million in 2015, primarily as a result of an increase of 12.3% in tax credits resulting from the Mato Grosso do Sul Tax Agreement, from R$165.1 million in 2014 to R$185.4 million in 2015, which was partially offset by a decrease of R$12.0 million from a non-recurring insurance indemnity claim recorded in 2014 only.

Net Finance Costs

Our net finance costs increased by 1.0%, from R$1,169.5 million in 2014 to R$1,181.4 million in 2015, as a result of an increase of 164.7% in finance costs, which was partially offset by an increase of 2,175.8% in finance income.

Finance Costs

Our finance costs increased from R$1,264.7 million in 2014 to R$3,348.0 million in 2015, primarily as a result of increases of: (1) a significant increase in foreign exchange losses, from R$526.6 million in 2014 to R$2,471.5 million in 2015; (2) 42.9% in interest expense to third parties, from R$495.8 million in 2014 to R$708.7 million in 2015, in each case primarily due to the 47.0% depreciation of the *real* against the U.S. dollar in 2015. These increases were partially offset by significant decrease in interest expense to J&F from loans, from R$128.5 million in 2014 to R$18.4 million in 2015, primarily due to the maturity of these loans in 2015.

Finance Income

Our finance income increased from R$95.2 million in 2014 to R$2,166.6 million in 2015, primarily as a result of an increase in gains on derivatives, from R$82.5 million in 2014 to R$1,715.1 million in 2015, as a result of the 47.0% depreciation of the *real* against the U.S. dollar in 2015.

Provision for Income Tax and Social Contribution

The corporate statutory income tax and social contribution rate was 34% in each of 2015 and 2014. Our provision for income tax and social contribution charged to profit or loss recorded a positive amount of R$250.3 million in 2014 compared to an expense of R$0.6 million in 2015.

The effective tax rate applicable to our income before income tax and social contribution was 0.2% in 2015 primarily as a result of tax incentives granted of R$91.4 million. The non-taxable gain from foreign subsidiaries in the year generated a tax impact of R$ 4.8 million.

In 2014, the effective rate was 37.4% primarily as a result of tax incentives granted of R$58.6 million partially offset by the tax effect of R$33.4 million from losses in foreign subsidiaries.

Net Profit (Loss)

As a result of the foregoing, we reported a net profit of R$280.6 million in 2015 compared to net loss of R$419.0 million in 2014. Net income as a percentage of net revenue was 8.7% in 2015 compared to net loss as a percentage of net revenue of 19.1% in 2014.

Year ended December 31, 2014 compared to year ended December 31, 2013

The following table sets forth certain historical consolidated financial information for the years ended December 31, 2014 and 2013, respectively.

	For the Year Ended December 31,		
	2014	**2013**	**% Change**
	(in millions of R$)		
Net revenue	2,199.2	1,570.4	40.0%
Cost of sales	(1,443.1)	(1,045.2)	38.1%
Gross profit	**756.1**	**525.2**	44.0%
Operating income (expenses):			
Selling, logistics, general and administrative expenses	(467.7)	(387.4)	20.7%
Fair value of biological assets	12.3	149.7	n.m.
Other income, net	199.5	31.4	n.m.
Profit before net finance costs and provision for income tax and social contribution benefit	**500.2**	**318.9**	56.9%
Net finance costs	(1,169.5)	(1,080.8)	8.2%
Loss before provision for income tax and social contribution benefit	**(669.3)**	**(761.9)**	(12.2)%
Current income tax and social contribution expense	(1.7)	—	n.m.
Deferred income tax and social contribution benefit	252.0	270.9	(7.0)%
Provision for income tax and social contribution benefit	**250.3**	**270.9**	(7.6)%
Net loss	**(419.0)**	**(491.0)**	(14.7)%

n.m. = not meaningful

Net Revenue

Our consolidated net revenue increased by 40.0%, from R$1,570.4 million in 2013 to R$2,199.2 million in 2014, primarily as a result of an increase of 34.6% in net revenue of our Pulp segment.

Net Revenue of our Pulp Segment

Net revenue of our Pulp segment increased by 34.6%, from R$1,559.1 million in 2013 to R$2,099.2 million in 2014, primarily as a result of: (1) an increase of 33.1% in net revenue generated by export sales; and (2) an increase of 45.2% in net revenue generated by domestic sales.

Net revenue generated from export sales increased by 33.1%, from R$1,364.8 million in 2013 to R$1,817.0 million in 2014, primarily as a result of:

(1) an increase of 37.6% in sales volume, from 994 thousand tons in 2013 to 1,389 thousand tons in 2014, including (i) a 35.3% increase in sales to Europe, from 392 thousand tons in 2013 to 531 thousand tons in 2014, (ii) an increase in sales to North America, from 58 thousand tons in 2013 to 172 thousand tons in 2014 and (iii) a 12.2% increase in sales to Asia, from 542 thousand tons in 2013 to 609 thousand tons in 2014, primarily due to our production ramp up; and

(2) the 13.4% depreciation of the *real* against the U.S. dollar in 2014;

which was partially offset by decreases in BEKP list prices per ton in our export markets, including (i) a 7.8% decrease in China, from U.S.$640 in December 2013 to U.S.$590 in December 2014, (ii) a 4.5% decrease in Europe, from U.S.$780 in December 2013 to U.S.$745 in December 2014 and (iii) a 2.3% decrease in North America, from U.S.$860 in December 2013 to U.S.$840 in December 2014.

Net revenue generated from domestic sales increased by 45.2%, from R$194.3 million in 2013 to R$282.2 million in 2014, primarily as a result of an increase of 20.6% in sales volume, from 160 thousand tons in 2013 to 193 thousand tons in 2014, primarily due to our production ramp up.

Net Revenue of our Energy Segment

Net revenue of our Energy segment increased from R$10.5 million in 2013 to R$90.1 million in 2014, primarily as a result of the start of sales of energy to the Brazilian national grid, in the amount of 143 thousand MWh in 2014, primarily resulting from a 49.9% increase in our energy generation, from 879 thousand MWh in 2013 to 1,317 thousand MWh in 2014, due to the increase in our market pulp production, from 1,276 thousand tons in 2013 to 1,568 thousand tons in 2014.

Net Revenue of our Others Segment

Net revenue of our Others segment increased from R$0.8 million in 2013 to R$9.9 million in 2014, primarily as a result of the increase in sales of wood chips in 2015 compared to 2014.

Cost of Sales and Gross Profit

Our cost of sales increased by 38.1%, from R$1,045.2 million in 2013 to R$1,443.1 million in 2014, primarily as a result of an increase of 35.8% in the cost of sales of our Pulp segment. As a percentage of net revenue, our cost of sales decreased by 1 percentage point, from 66.6% in 2013 to 65.6% in 2014.

Our gross profit increased from R$525.2 million in 2013 to R$756.1 million in 2014, and our gross margin (gross profit as a percentage of net revenue) increased from 33.4% in 2013 to 34.4% in 2014.

Cost of Sales and Gross Profit of our Pulp Segment

Cost of sales of our Pulp segment increased by 35.8%, from R$1,033.5 million in 2013 to R$1,404.0 million in 2014, primarily as a result of primarily as a result of higher sales volumes and an increase in the price of our U.S. dollar-indexed raw materials, such as chemicals and certain wood transportation costs, such as fuel. This increase was partially offset by an increase in our tax refunds from the *Reintegra* Program, from R$0 in 2013 to R$13.8 million in 2014. As a percentage of net revenue of our Pulp Segment, the cost of sales of our Pulp increased by 0.6 percentage points, from 66.3% in 2013 to 66.9% in 2014.

Gross profit of our Pulp segment increased by 32.3% from R$525.6 million in 2013 to R$695.2 million in 2014, and gross margin of our Pulp segment (gross profit of the segment as a percentage of total net revenue) decreased from 33.5% in 2013 to 31.6% in 2014.

Cost of Sales and Gross Profit (Loss) of our Energy Segment

Cost of sales of our Energy segment increased from R$11.4 million in 2013 to R$30.1 million in 2014, primarily as a result of the overall increase in sales volume. As a percentage of net revenue of our Energy segment, the cost of sales of our Energy segment decreased by 75.2 percentage points, from 108.6% in 2013 to 33.4% in 2014.

Gross profit (loss) of our Energy segment changed from a gross loss of R$0.9 million in 2013 to a gross profit of R$60.0 million in 2014, and we recorded a negative gross margin (gross loss of the segment as a percentage of total net revenue) of (0.1)% in 2013 compared to a gross margin (gross profit of the segment as a percentage of total net revenue) of 2.7% in 2014.

Cost of Sales and Gross Profit of our Others Segment

Cost of sales of our Others segment increased from R$0.3 million in 2013 to R$9.0 million in 2014, primarily as a result of the increase in sales volume in 2014 compared to 2013.

Gross profit of our Others segment increased by 80.0% from R$0.5 million in 2013 to R$0.9 million in 2014, and gross margin of our Others segment (gross profit of the segment as a percentage of total net revenue) remained 0% in both years.

Selling, Logistics, General and Administrative Expenses

Our selling, logistics, general and administrative expenses increased by 20.7%, from R$387.4 million in 2013 to R$467.7 million in 2014, primarily as a result of: (1) a 14.7% increase in our service, material and transportation expenses, from R$331.4 million in 2013 to R$380.2 million in 2014, primarily due to higher sales volume in 2014; and (2) a 36.2% increase in our personnel expenses, from R$48.4 million in 2013 to R$65.9 million in 2014, primarily due to the effects of inflation in Brazil, which increased by approximately 6.4% (IPCA) in 2014. Our selling and logistics expenses per ton sold decreased from R$259 in 2013 to R$239 in 2014. As a percentage of our net revenue, our selling, logistics, general and administrative expenses decreased from 24.7% in 2013 to 21.3% in 2014.

Fair Value of Biological Assets

The fair value of our biological assets increased by R$12.3 million in 2014, compared to an increase of R$149.7 million in 2013. These increases are principally due to increases in the total planted area of our eucalyptus forests, which was 200.0 thousand hectares and 161.9 thousand hectares as of December 31, 2014 and 2013, respectively.

Other Income, Net

Other income, net increased from R$31.4 million in 2013 to R$199.5 million in 2014, primarily as a result of R$165.1 million we received in 2014 from in tax credits resulting from the Mato Grosso do Sul Tax Agreement.

Net Finance Costs

Our net finance costs increased by 8.2%, from R$1,080.8 million in 2013 to R$1,169.5 million in 2014, as a result of an increase of 16.3% in finance costs, which was partially offset by an increase in finance income.

Finance Costs

Our finance costs increased by 16.3%, from R$1,087.0 million in 2013 to R$1,264.7 million in 2014, primarily as a result of: (1) an increase of 15.8% in foreign exchange losses, from R$454.9 million in 2013 to R$526.6 million in 2014, primarily due to the 13.4% depreciation of the *real* against the U.S. dollar in 2014; (2) an increase of 13.8%

in interest payable to third parties, from R$435.8 million in 2013 to R$495.8 million in 2014, primarily due to an increase in our loans and financing and the 13.4% depreciation of the *real* against the U.S. dollar in 2014.

Finance Income

Our finance income increased from R$6.2 million in 2013 to R$95.2 million in 2014, primarily as a result of an increase in gains on derivatives of R$82.5 million in 2014 as a result of the 13.4% depreciation of the *real* against the U.S. dollar in 2014.

Provision for Income Tax and Social Contribution

The composite corporate statutory income tax and social contribution rate was 34% in each of 2014 and 2013. Our provision for income tax and social contribution changed from a positive amount of R$270.9 million in 2013 to a positive amount of R$250.3 million in 2014.

The effective tax rate applicable to our loss before income tax and social contribution was 37.4% in 2014, primarily as a result of tax incentives granted of R$58.6 million partially offset by the tax effect of R$33.4 million from losses in foreign subsidiaries.

The effective tax rate applicable to our loss before income tax and social contribution was 35.6% in 2013, primarily as a result of the incurrence of exchange rate gains of R$8.4 million.

Net Loss

As a result of the foregoing, our net loss decreased by 14.7%, from R$491.0 million in 2013 to R$419.0 million in 2014. Net loss as a percentage of net revenue decreased from 31.3% in 2013 to 19.1% in 2014.

Liquidity and Capital Resources

Our financial condition and liquidity is and will continue to be influenced by a variety of factors, including:

- our ability to generate cash flows from operations;
- the level of our outstanding indebtedness and the interest we are obligated to pay on our indebtedness, which affects our net financial results;
- prevailing domestic and international interest rates, which affect our debt service requirements;
- our ability to continue to borrow funds from Brazilian and international financial institutions or to access the domestic and international capital markets;
- our working capital needs, based on our growth plans;
- our capital expenditure requirements that consist primarily of expansion and maintenance of our forestry base and industrial site; and
- our expansion plans, including the Vanguarda 2.0 Project. See “Business—Our History and Development—Vanguarda 2.0 Project.”

Our principal cash requirements consist of the following:

- our working capital requirements;
- the servicing of our indebtedness;

- capital expenditures related mainly to our purchases of equipment and services, strategic investments and acquisitions;
- dividends and other distributions in respect of our share capital; and
- labor and social obligations and indirect taxes in connection with our operations.

We are required by our bylaws and the Brazilian Corporate Law to distribute an amount equal to at least 25% of our adjusted net annual profits as dividends or payment of interest attributable to shareholders' equity in any particular fiscal year, unless our board of directors recommends not to distribute dividends due to our financial condition. The adjustments to net income for the purposes of calculating the basis for the dividends include contributions to various reserves. Net income may also be capitalized, utilized to offset losses, or retained pursuant to the terms of Brazilian Corporate Law.

Our main sources of liquidity consist of the following:

- our cash flows from operating activities; and
- our short-term and long-term loans and financing.

We believe that our cash on hand, cash flow from operations, remaining availability under credit lines and additional funding from Brazilian and international financial institutions and funds we receive in distributions and/or loans from our subsidiaries will be sufficient to meet our ongoing operating requirements, make scheduled principal and interest payments on our outstanding loans and financing, make dividend distributions required under the Brazilian Corporate Law and fund our capital expenditures for the foreseeable future. For more information, see "—Capital Expenditures." Our ability to continue to generate sufficient cash, however, is subject to certain general economic, financial, industry, legislative, regulatory and other factors beyond our control.

Cash Flows

The table below sets for a summary of our cash flows from operating, investing and financing activities for the years indicated:

	For the Three-Month Period Ended March 31,		**For the Year Ended December 31,**		
	2016	**2015**	**2015**	**2014**	**2013**
			(in millions of R$)		
Net cash provided by (used in) operating activities	(276.0)	917.4	3,049.4	984.7	(646.7)
Net cash used in investing activities	(169.0)	(93.2)	(549.5)	(652.3)	(867.0)
Net cash provided by (used in) financing activities	(241.3)	(655.4)	(1,290.3)	(352.5)	992.6
Increase (decrease) in cash and cash equivalents, net for the year	**(686.3)**	**168.8**	**1,209.6**	**(20.1)**	**(521.1)**
At the beginning of the year	1,264.2	54.6	54.6	74.7	595.8
At the end of the year	577.9	223.4	1,264.2	54.6	74.7

Operating Activities

Cash flow provided by (used in) operating activities may vary from time to time according to the fluctuation of sales revenue, cost of sales, operating expenses and finance income.

During the three-month period ended March 31, 2016, we used R$276.0 million cash in operating activities primarily due to payments to services, material, transportation, raw material and consumables in the amount of R$352.4 million, personal expenses in the amount of R$92.5 million, and financial instruments loss related to currency hedging in the amount of R$745.6 million that were partially offset by R$858.1 million received by sales to customers.

During 2015, we generated R$3,049.4 million cash in operating activities primarily due to R$2,997.4 million received by sales to customers, and financial instruments gain related to currency hedging in the amount of

R$1,715.1 million that were partially offset by payments to services, material, transportation, raw material and consumables in the amount of R$1,249.6 million, and personal expenses in the amount of R$250.0 million.

During 2014, we generated R$984.7 million cash in operating activities primarily due to R$2,244.8 million received by sales to customers, and financial instruments gain related to currency hedging in the amount of R$82.0 million that were partially offset by payments to services, material, transportation, raw material and consumables in the amount of R$1,340.3 million, and personal expenses in the amount of R$166.4 million.

During 2013, we used R$646.7 million in operating activities primarily due to payments to payments to services, material, transportation, raw material and consumables in the amount of R$1,075.9 million, personal expenses in the amount of R$108.9 million, other expenses paid in the amount of R$173.6 million, and financial instruments loss related to currency hedging in the amount of R$80.3 million that were partially offset by R$1,064.23 million received by sales to customers.

Investing Activities

Cash flow provided by (used in) investing activities is primarily related to the development of our biological assets and additions to fixed and intangible assets.

For the three-month period ended March 31, 2016, net cash used in investing activities was R$169.0 million and primarily consisted of the development of our biological assets of R$85.5 million and additions to fixed and intangible assets of R$48.7 million. For the three-month period ended March 31, 2015, net cash used in investing activities was R$93.2 million and primarily consisted of the development of our biological assets of R$29.6 million and additions to fixed and intangible assets of R$62.3 million.

For the year ended December 31, 2015, net cash used in investing activities was R$549.5 million and primarily consisted of the development of our biological assets of R$268.9 million and additions to fixed and intangible assets of R$214.7 million.

For the year ended December 31, 2014, net cash used in investing activities was R$652.3 million and primarily consisted of the development of our biological assets of R$380.6 million and additions to fixed and intangible assets of R$229.6 million.

For the year ended December 31, 2013, net cash used in investing activities was R$867.0 million and primarily consisted of the development of our biological assets of R$477.8 million and additions to fixed and intangible assets of R$374.7 million.

Financing Activities

Cash flow provided by (used in) financing activities is comprised of the funding and payment of loans and financing.

For the three-month period ended March 31, 2016, net cash used in financing activities was R$241.3 million and primarily consisted of payment of principal, interest on existing loans and financings, partially offset by new loans and financings. For the three-month period ended March 31, 2015, net cash used in financing activities was R$655.4 million and primarily consisted of payment of principal, interest on existing loans and financings partially offset by new loans and financings.

For the year ended December 31, 2015, net cash used in financing activities was R$1,290.3 million and primarily consisted of the payment of principal, interest on existing loans and financings, partially offset by new loans and financings.

For the year ended December 31, 2014, net cash used in financing activities was R$352.5 million and primarily consisted of the payment of principal, interest on existing loans and financings, partially offset by new loans and financings.

For the year ended December 31, 2013, net cash provided by financing activities was R$992.6 million and primarily consisted of new loans and financings, partially offset by the payment of principal, interest on existing loans and financings.

Indebtedness and Financing Strategy

As of March 31, 2016, our total outstanding loans and financing was R$8,821.1 million, consisting of R$2,624.0 million of current loans and financing (or 29.7% of total loans and financing) and R$6,197.1 million of non-current loans and financing (or 70.3% of total loans and financing). As of March 31, 2016, R$6,641.3 million of our outstanding loans and financing was secured. As of March 31, 2016, we did not have any outstanding loans and financing with related parties. We intend to use the net proceeds of this offering to repay a portion of our current and secured loans and financing. For more information, see "Use of Proceeds."

As of December 31, 2015, our total outstanding loans and financing was R$9,366.7 million, consisting of R$2,286.5 million of current loans and financing (or 24.4% of total loans and financing) and R$7,080.2 million of non-current loans and financing (or 75.6% of total loans and financing). As of December 31, 2015, R$5,674.8 million of our outstanding loans and financing was secured. As of December 31, 2015, we did not have any outstanding loans and financing with related parties. As of December 31, 2014, our total outstanding loans and financing was R$7,532.5 million, consisting of R$1,745.0 million of current loans and financing (or 23.2% of total loans and financing) and R$5,787.5 million of non-current loans and financing, including outstanding borrowings with related parties (or 76.8% of total loans and financing). As of December 31, 2013, our total outstanding loans and financing was R$6,649.4 million, consisting of R$1,458.5 million of current loans and financing (or 21.9% of total loans and financing) and R$5,190.9 million of non-current loans and financing (or 78.1% of total loans and financing).

Our financing strategy has been, and we expect will be over the next several years, to (1) extend the average maturity of our outstanding indebtedness, including by refinancing short-term debt through longer-term loans and financing and issuing longer-term debt securities, in order to increase our liquidity levels and improve our strategic, financial and operational flexibility and (2) reduce our financing costs by accessing lower-cost sources of finance, including through the international capital markets and export finance.

We maintain lines of credit with several Brazilian and international banks to finance working capital requirements, and we believe we will continue to be able to obtain additional credit to finance our working capital needs based on our past track record and current market conditions.

Indebtedness Summary and Maturities

The table below sets forth our total outstanding consolidated loans and financing as of March 31, 2016:

Type	Average Applicable Annual Interest Rate	As of March 31, 2016
		(in millions of R$)
BNDES sub-credit A	TJLP + 3.32%	435.7
BNDES sub-credit B	UMBNDES + 3.32% (1)	1,077.3
BNDES sub-credit C, H and L	UMBNDES + 4.52% (1)	1,229.1
BNDES sub-credit G	TJLP + 2.92%	114.8
BNDES sub-credit K	TJLP	16.6
BNDES sub-credit D	TJLP + 1.80%	121.0
BNDES sub-credit E	UMBNDES + 1.80% (1)	499.3
BNDES sub-credit F and J	UMBNDES + 3.00% (1)	278.5
BNDES sub-credit I	TJLP + 1.40%	31.1
Export credit agreements	2.80% to 5.69%	1,304.0
Advance on foreign exchange contracts (ACCs)	3-month LIBOR + 6.90% to 7.187% or 3.9% to 5.75%	1,228.6
Debentures (second issuance)	IPCA + 7.41%	1,183.9
Export credit notes (NCEs) and export credit certificates (CCEs)	123% to 130% of CDI or CDI plus 6.17% (or CDI plus 0.30% per month)	1,114.8
FINAME equipment financing	2.5% to 16.0%	76.7
Equipment financing	5.74% in U.S.$; 10.27% to 12.41% in R$	43.1
Export prepayment facility	LIBOR + spread	39.4
Center-West Financing Fund (FCO)	8.5%	24.0
Commercial leasing	12.9854%	3.1

Total loans and financing	**8,821.1**

(1) The BNDES Monetary Unit (*Unidade Monetária BNDES*), or UMBNDES, is composed of a basket of foreign currencies (*cesta de moedas*) held by BNDES. Variations in the UMBNDES rate reflect changes in the exchange rates of those foreign currencies.

The table below sets forth additional information regarding our total outstanding consolidated loans and financing as of March 31, 2016:

Type	**Type (secured/unsecured)**	**Maturity**	**Currency**
BNDES sub-credit A	Secured	2022	*Reais*
BNDES sub-credit B	Secured	2022	U.S.$
BNDES sub-credit C, H and L	Secured	2022	U.S.$
BNDES sub-credit G	Secured	2022	*Reais*
BNDES sub-credit K	Secured	2022	*Reais*
BNDES sub-credit D	Secured	2022	*Reais*
BNDES sub-credit E	Secured	2022	U.S.$
BNDES sub-credit F and J	Secured	2022	U.S.$
BNDES sub-credit I	Secured	2022	*Reais*
Export credit agreements	Secured	2022	U.S.$
Advance on foreign exchange contracts (ACCs)	Unsecured(1)	2016	U.S.$
Debentures (second issuance)	Secured	2027	*Reais*
Export credit notes (NCEs) and export credit certificates (CCEs)	Unsecured(2)	2017-2019	*Reais*
FINAME equipment financing	Unsecured	2023	*Reais*
Equipment financing	Unsecured	2016	U.S.$
Center-West Financing Fund (FCO)	Secured	2017	*Reais*
Working capital	Unsecured	2016	U.S.$
Commercial leasing	Unsecured	2020	*Reais*

(1) Certain of the ACCs are secured by liens over certain agricultural assets. See "—Description of Material Indebtedness—Advance on Foreign Exchange Contracts (ACCs)."

(2) The CCEs are secured by liens over an aggregate amount of R$87 million in cash on deposit in Eldorado Brasil's accounts at Caixa Econômica Federal. See "—Description of Material Indebtedness—Export Credit Notes (NCEs) and Export Credit Certificates (CCEs)."

The table below sets forth the payment schedule of our outstanding consolidated loans and financing as of March 31, 2016:

	As of March 31, 2016	
	(*in millions of R$*)	
Total current (1)	**2,624.0**	**29.7%**
2017	833.2	9.4%
2018	1,171.4	13.3%
2019	998.6	11.3%
2020	828.9	9.4%
2021	817.6	9.3%
After 2021	1,547.3	17.5%
Total non-current	**6,197.1**	**70.3%**
Total	**8,821.1**	**100.0%**

(1) Includes accrued but unpaid interest as of March 31, 2016. Amounts for payments due after March 31, 2016 do not include estimated interest payments. As of March 31, 2016, we did not have any outstanding borrowings with related parties.

Description of Material Indebtedness

Project Financing – Credit Facilities

We have entered into several credit facilities with BNDES and international export credit agencies to finance the construction of the Três Lagoas mill and ancillary infrastructure projects and operations, including our forestry operations, or the Três Lagoas Project. Our obligations to the various creditors under these credit facilities are secured by certain of our and our affiliates' assets, including:

- first priority liens granted by J&F, FIP Florestal and FIP Olímpia over an aggregate of 50.15% of the shares of Eldorado Brasil;
- a first priority lien by FB Participações S.A. over 268,000,000 shares of JBS S.A., one of our affiliates;
- a first ranking mortgage granted by Eldorado Brasil over "Fazenda Santa Vera," the land on which the Três Lagoas mill is located; and
- a charge (*alienação fiduciária*) granted by Eldorado Brasil over certain machinery, equipment and other assets located in the Três Lagoas mill.

As of March 31, 2016, the total aggregate amount outstanding under the credit facilities secured by these assets was R$5,107.3 million. The following is a summary of these credit facilities:

BNDES Facility

On July 22, 2011, Eldorado Brasil entered into a financing agreement with BNDES, as amended, or the BNDES Facility, in the aggregate principal amount of R$2,713.5 million, divided into twelve sub-credits (A to L), the proceeds of which were used to finance the Três Lagoas Project, for working capital and to implement a social investment program in the adjacent local community. The principal amount and interest are payable in 90 monthly installments, commencing on January 15, 2015 (sub-credits B, C, D, E, F, H, I, J and L) or February 15, 2015 (sub-credits A, G and K). Sub-credits B, C, D, E, F, H, I J and L are denominated in U.S. dollars and, as of March 31, 2016, the aggregate amount outstanding under these sub-credits was U.S.$909.3 million (R$3,236.3 million). The remaining sub-credits are denominated in *reais* and, as of March 31, 2016, the aggregate amount outstanding under these sub-credits was R$567.1 million. As of March 31, 2016, the total aggregate amount outstanding under the BNDES Facility was R$3,803.4 million.

Security and Guaranties. Part of Eldorado Brasil's obligations under the BNDES Facility are guaranteed by bank guaranties issued by Banco do Brasil S.A. and Banco Santander (Brasil) S.A. Eldorado Brasil's obligations under the BNDES Facility are secured by security interests granted by Eldorado Brasil and other parties over certain real property and other assets described under "—Project Financing—Credit Facilities."

Covenants. The BNDES Facility and guaranties are subject to customary obligations and restrictions applicable to BNDES financing agreements, such as limitations on Eldorado Brasil's ability to dispose of certain assets, grant liens, issue debt securities or take on new debt except new debt incurred in the ordinary course of business.

Events of Default. The BNDES Facility also contains certain customary events of default, including filing for bankruptcy or judicial reorganization, change of control without the prior authorization of BNDES and cross-default with other BNDES debt held by the Eldorado group.

As of March 31, 2016, Eldorado Brasil was in compliance with all covenants under the BNDES Facility.

Export Credit Facilities

Eldorado Brasil, as borrower, has entered into four export credit facilities, dated as of December 14, 2012, each as amended from time to time, or the Export Credit Facilities, with Banco Santander, S.A., as agent and main lender, and other parties thereto, to fund the Três Lagoas Project. As of March 31, 2016, the aggregate outstanding amount due under the Export Credit Facilities was R$1,304.0 million.

Under an Export Credit Facility guaranteed by the Swedish Export Credits Guarantee Board (*Exportkreditnämnden*), the export credit agency of Sweden, or the EKN Facility, Eldorado Brasil borrowed U.S.$103.0 million in five installments between December 2012 and April 2014. Loans disbursed under EKN Facility bear interest at the rate of 2.8% *per annum*, payable semi-annually in arrears through maturity. Each loan matures ten years from the relevant disbursement date. The outstanding principal amount of the loans is payable in 19 semi-annual installments, beginning one year from the relevant disbursement date.

Under an Export Credit Facility guaranteed by FINNVERA plc, the export credit agency of Finland, or the FINNVERA 1 Facility, Eldorado Brasil borrowed U.S.$212.5 million in five installments between December 2012 and January 2014. Loans disbursed under the FINNVERA 1 Facility bear interest at the rate of 3.10% *per annum*, payable semi-annually in arrears through maturity. Each loan matures ten years from the relevant disbursement date. The outstanding principal amount of the loans is payable in 19 semi-annual installments, beginning one year from the relevant disbursement date.

Under an additional Export Credit Facility guaranteed by FINNVERA plc, or the FINNVERA 2 Facility, Eldorado Brasil borrowed U.S.$59.1 million in five installments between December 2012 and January 2014. Loans disbursed under the FINNVERA 2 Facility bear interest at the rate of 5.69% *per annum*, payable semi-annually in arrears through maturity. Each loan matures ten years from the relevant disbursement date. The outstanding principal amount of the loans is payable in 19 semi-annual installments, beginning one year from the relevant disbursement date.

Under the Export Credit Facility guaranteed by the Republic of Austria, represented by Oesterreichische Kontrollbank AG, or the OEKB Facility, Eldorado Brasil borrowed U.S.$93.2 million in five installments between December 2012 and January 2014. Loans disbursed under the OEKB Facility bear interest at the rate of 5.69% *per annum*, payable semi-annually in arrears through maturity. Each loan matures ten years from the relevant disbursement date. The outstanding principal amount of the loans is payable in 19 semi-annual installments, beginning one year from the relevant disbursement date.

Security and Guaranties. Eldorado Brasil's obligations under the Export Credit Facilities is also guaranteed by J&F and certain members of the Batista family. Furthermore, the loan parties' obligations under the Export Credit Facilities are secured by security interests granted by Eldorado Brasil and other parties over certain real property and other assets described under "—Project Financing—Credit Facilities."

Covenants. The Export Credit Facilities contain customary representations, warranties and financial covenants that require a debt service coverage ratio no less than 1.15:1.00, a leverage ratio no greater than 4.00:1.00 (3.50:1.00 beginning on January 1, 2018) and a gearing ratio no greater than 4.00:1.00 (2.75:1.00 beginning on January 1, 2017). The Export Credit Facilities also contain negative covenants that may limit the ability of Eldorado Brasil and its subsidiaries to, among other things, incur or guarantee certain additional indebtedness, create certain liens on property, revenue or assets, make certain loans or investments, sell or dispose of certain assets, pay certain dividends and other restricted payments, prepay or cancel certain indebtedness, dissolve, consolidate, merge or acquire the business or assets of other entities, enter into joint ventures other than certain permitted joint ventures or create certain other subsidiaries, enter into new lines of business, agree to restrictions on the ability of the subsidiaries to make dividends or agree to enter into negative pledges in favor of any other creditor.

Events of Default. The Export Credit Facilities also contain customary events of default, including failure to perform or observe terms, covenants or agreements included in the Export Credit Facilities, payment defaults on other indebtedness, defaults on other indebtedness if the effect is to permit acceleration, entry of unsatisfied judgments or orders against a loan party or its subsidiaries, failure of any collateral document to create or maintain a priority lien and certain events related to bankruptcy and insolvency matters. If an event of default occurs the lenders may, among other things, terminate their commitments, declare all outstanding loans and financing to be immediately due and payable, together with accrued interest and fees, and exercise remedies under the collateral documents relating to the Export Credit Facilities.

As of March 31, 2016, we were in compliance with all covenants under the Export Credit Facilities.

Project Financing - Debentures

On December 1, 2012, Eldorado Brasil issued 940,000 simple, non-convertible debentures, in one series, with a par value of R$1,000 per debenture, in an aggregate principal amount of R$940.0 million. The proceeds of this second issuance of debentures were used to fund construction of the water treatment and sewer facilities and logistics infrastructure in connection with the Três Lagoas mill. The debentures bear interest at 7.41% *per annum*, payable quarterly on March 1, June 1, September 1 and December 1 of each year through maturity on December 1, 2027. The principal amount of the debentures will be adjusted monthly by the variation in the IPCA. The outstanding principal amount of the loans is payable in 15 consecutive yearly installments, beginning one year from the issuance date. The debentures were fully subscribed by FI-FGTS. As of March 31, 2016, the outstanding amount due under the second issuance of debentures was R$1,183.9 million.

Security and Guaranty. Eldorado Brasil's obligations under the second debenture deed are guaranteed by J&F and secured by security interests granted by Eldorado Brasil over (1) the funds deposited in the debentures' debt service reserve account at Caixa Econômica Federal and (2) certain planted forests owned by Eldorado Brasil, with an estimated aggregate fair market value of no less than R$50.0 million. As of September 30, 2015 (the date of the last valuation report), the estimated aggregate fair market value of these assets was R$74.9 million.

Covenants. The second debenture deed contains customary representations, warranties and financial covenants that require a leverage ratio no greater than 4.00 to 1:00 from December 31, 2015 to December 31, 2017 (3.50:1.00 beginning on January 1, 2018) and a net debt/net worth ratio no greater than 4.00:1.00 from December 31, 2015 to December 31, 2016 (2.75:1:00 beginning on January 1, 2017). The second debenture deed also contains negative covenants that may limit the ability of: (1) J&F to, among other things, dissolve, merge, spin off or reduce its share capital, in each case, the result of which would impair its ability to comply with its obligations under the second debenture deed, reduce the credit ratings of Eldorado Brasil and/or reduce the credit ratings of the debentures; and (2) Eldorado Brasil to, among other things, incur or guarantee certain additional indebtedness with the exception of any new loans used for working capital up to the limit of U.S.$1.0 billion, create certain liens on property, revenue or assets, make certain loans or investments, sell or dispose of certain assets, make certain restricted payments, prepay or cancel certain indebtedness, dissolve, merge, spin off or agree to enter into negative pledges in favor of any other creditor.

Events of Default. The second debenture deed contains customary events of default, including failure to pay the amounts due under the second debenture deed, default or acceleration of any other indebtedness owed by Eldorado Brasil or J&F in excess of $50 million and certain events related to bankruptcy and insolvency matters, any of which would cause the amounts outstanding under the second debenture deed to be immediately due and payable. It also contains other events of default, such as failure to perform or observe terms, covenants or agreements included in the second debenture deed that, if uncured, would require the debenture trustee to call a meeting of debenture holders in which holders of 75% of debentures outstanding could vote not to accelerate the amounts outstanding under the second debenture deed.

As of March 31, 2016, we were in compliance with all covenants under the second debenture deed.

Advance on Foreign Exchange Contracts (ACCs)

Between July 2014 and July 2015, Eldorado Brasil entered into several advance on foreign exchange contracts (*ACC – adiantamento sobre contrato de câmbio* and *ACE – adiantamento sobre cambiais entregues*) with Banco de Investimentos Credit Suisse (Brasil) S.A. in the aggregate principal amount of U.S.$95.0 million, to manage the currency risk associated with its U.S. dollar-denominated exports. Subject to fulfillment of certain conditions, these ACCs and ACEs shall be rolled-over annually with final maturity in July 2019. Interest on the secured ACCs is payable quarterly. The ACCs and ACEs are guaranteed by J&F and secured by liens over certain planted forests owned by Eldorado Brasil with an estimated aggregate fair market value of R$488.5 million.

In 2015, Eldorado Brasil entered into short-term unsecured ACCs with Brazilian banks in the aggregate principal amount of U.S.$205.0 million, to manage the currency risk associated with its U.S. dollar-denominated exports. Under the terms and conditions of the unsecured ACCs, the principal amounts will be payable at maturities throughout 2016. Interest on the unsecured ACCs accrues at rates of 3.9% to 5.75% *per annum* and is payable at the applicable maturities. Certain of the unsecured ACCs are guaranteed by J&F.

As of March 31, 2016, the aggregate outstanding amount due under the ACCs was R$1,228.6 million.

Export Credit Notes (NCEs) and Export Credit Certificates (CCEs)

Export credit notes (*notas de crédito à exportação*), or NCEs, are export credit notes with certain tax benefits that are available to Brazilian exporting companies. To qualify for an NCE, a company must provide proof of exports. NCEs can be in Brazilian *reais* or dollars. Between January and December 2015 Eldorado Brasil issued NCEs in favor of Brazilian banks in the aggregate principal amount of R$490.0 million. Under the terms and conditions of the NCEs, the principal amounts will mature between January and May 2017. Interest on the NCEs accrues and is payable monthly or quarterly at rates of 125% to 128% of CDI or CDI plus 6.17% *per annum*. Certain of the NCEs are guaranteed by J&F.

Between May and December 2015, Eldorado Brasil issued export credit certificates (*cédulas de crédito à exportação*), or CCEs, in favor of Caixa Econômica Federal in the aggregate principal amount of R$630.0 million, the proceeds of which will be used to increase our production of pulp for export. Under the terms and conditions of the CCEs, the principal amounts will amortize in equal installments quarterly following grace periods between 18 months and two years and mature between May 2018 and December 2019. Interest on the CCEs accrues and is payable quarterly during the grace and amortization periods at rates of 123% to 130% of CDI *per annum* or CDI plus 0.30% per month. The CCEs are guaranteed by J&F and secured by liens over an aggregate amount of R$87 million in cash on deposit in Eldorado Brasil's accounts at Caixa Econômica Federal.

As of March 31, 2016, the aggregate amount outstanding under the NCEs and CCEs was R$1,114.8 million.

FINAME Equipment Financing

From time to time, we enter into credit facilities with various Brazilian financial institutions to finance the purchase of equipment and machinery manufactured in Brazil using funds from BNDES' Special Agency for Industrial Financing (*Agência Especial de Financiamento Industrial—FINAME*), or the FINAME Credit Facilities. As of December 31, 2015, we had contracted an aggregate principal amount of R$122.9 million under the FINAME Credit Facilities. Under the terms and conditions of the FINAME Credit Facilities, the principal amounts will amortize in monthly installments following grace periods and mature in July 2023. Interest on the FINAME Credit Facilities accrues and is payable monthly during the grace and amortization periods at rates of 2.5% to 16.0% *per annum*. Certain of the FINAME Credit Facilities are guaranteed by J&F. As of December 31, 2015, the aggregate outstanding amount due under the FINAME Credit Facilities was R$83.6 million.

For more information about our loans and financing, see note 16 to our unaudited consolidated interim financial statements as of and for the three-month periods ended March 31, 2016 and 2015 and our audited annual consolidated financial statements as of and for the years ended December 31, 2015, 2014 and 2013, included elsewhere in this offering memorandum.

Recent Developments

Eldorado Austria Term Loan Facility

Eldorado Austria, as borrower, and Eldorado Brasil, as guarantor, have entered into a term loan facility, dated May 4, 2016, or the Eldorado Austria Facility, with Banco do Brasil AG, Succursale France, as arranger and lender, or Banco do Brasil, pursuant to which Banco do Brasil has agreed to provide Eldorado Austria with a loan of up to U.S.$400.0 million for general corporate purposes of Eldorado Austria. Interest on the loan disbursed under the Eldorado Austria Facility will be payable quarterly through maturity. The outstanding principal amount of the loan will be payable in nine equal semi-annual installments, beginning one year from the disbursement date. Under the Eldorado Austria Facility, Eldorado Brasil must maintain a consolidated leverage ratio of no greater than 4.75:1.00. The Eldorado Austria Facility also contains customary representations, warranties and negative covenants that may limit the ability of Eldorado Brasil and Eldorado Austria to, among other things, create certain additional liens and sell, lease or dispose of certain assets, as well as customary events of default, including payment defaults, failure to perform or observe terms, covenants or agreements included in the Eldorado Austria Facility, payment defaults on or acceleration of other indebtedness greater than U.S.$10 million and certain events related to bankruptcy and insolvency matters. Amounts due under the Eldorado Austria Facility will be secured by a pledge over a U.S. dollar-denominated collection account and the amounts on deposit therein and an assignment of certain receivables governed by French law. As of the date of this offering memorandum, a principal amount of U.S.$100.0 million had been disbursed under the Eldorado Austria Facility.

BNDES Credit Facility

On May 10, 2016, Eldorado Brasil entered into a secured credit facility with BNDES in the aggregate principal amount of R$358.0 million, divided into four sub-credits, primarily to finance the planting and maintenance of

80,000 to 100,000 hectares of eucalyptus forests in the State of Mato Grosso do Sul. Interest on sub-credits A, B and C accrues at the TJLP rate plus 3.48% *per annum* (sub-credit A) or SELIC plus 3.58% *per annum* (sub-credits B and C) and is payable quarterly during the grace period ending on May 15, 2023 and monthly thereafter through maturity on May 15, 2025. Interest on sub-credit D accrues at the TJLP rate *per annum* and is payable quarterly during the grace period ending on November 15, 2018 and monthly thereafter through maturity on November 15, 2023. Amounts drawn under each sub-credit will amortize in 24 (sub-credits A, B and C) or 60 (sub-credit D) monthly installments following their respective grace periods. This credit facility is guaranteed by J&F and secured by a second ranking mortgage over the Três Lagoas mill, including the land on which it is located, named "Fazenda Eldorado." This credit facility is subject to customary obligations and restrictions applicable to BNDES financing agreements, such as limitations on Eldorado Brasil's ability to dispose of certain assets, grant liens, issue debt securities or take on new debt except new debt incurred in the ordinary course of business, and contains certain customary events of default, including filing for bankruptcy or judicial reorganization, change of control without the prior authorization of BNDES and cross-default with other BNDES debt held by the Eldorado group. As of the date of this offering memorandum, no amounts have been disbursed under this credit facility.

Capital Expenditures

We have made and expect to continue to make capital investments in order to, among other things, expand and modernize our forestry, industrial and logistics operations. We may fund these investments through internally generated funds, the issuance of debt or equity or a combination of these methods. For example, the estimated total investment necessary to expand the capacity of the Três Lagoas mill is approximately R$10.0 billion, approximately 30% of which we intend to pay for through equity funding and the remaining 70% of which we intend to borrow as long-term secured debt financing. As of March 31, 2016, we had invested R$87.9 million in the Vanguarda 2.0 Project, mainly related to environmental licensing and earthworks engineering. For more information about the Vanguarda 2.0 Project, see "Business—Our History and Development—Vanguarda 2.0 Project."

For the three-month period ended March 31, 2016, our total capital expenditures on property, plant and equipment and biological assets amounted to R$48.7 million and R$85.5 million, respectively, primarily in connection with the equipment acquisition and maintenance, insourcing of logistics activities and the Vanguarda 2.0 Project.

For the year ended December 31, 2015, our total capital expenditures on property, plant and equipment and biological assets amounted to R$214.7 million and R$268.9 million, respectively, primarily in connection with the purchase of forestry equipment, insourcing of logistics activities and constructing of our Santos Port Terminal.

For the year ended December 31, 2014, our total capital expenditures in respect of property, plant and equipment amounted to R$229.7 million and in respect of biological assets amounted to R$380.6 million. These capital expenditures are primarily in connection with the expansion of our forestry base and the purchase of forestry equipment, insourcing our logistics activities and constructing our Santos Port Terminal.

For the year ended December 31, 2013, our total capital expenditures on property, plant and equipment and biological assets amounted to R$374.7 million and R$477.8 million, respectively, primarily in connection with the expansion of our forestry base and the purchase of forestry equipment and insourcing our logistics activities.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements consist of (1) land operating leases and (2) take-or-pay contracts for the purchase of chemicals.

Land Operating Leases

Almost all of our eucalyptus forests are planted on lands that we lease from third parties under operating lease agreements. These agreements typically have terms of 14 years (two eucalyptus cultivation cycles) and contain renewal provisions. Some agreements provide for additional lease payments that are based on changes in a local price index. We record these leases as operating leases because we have determined that substantially all of the risks and rewards of the lands and buildings are with the lessors, who retain title to the lands. Moreover, we do not participate in the residual value of the lands.

The table below sets forth the payment schedule of our land operating leases as of March 31, 2016:

	As of March 31, 2016
	(*in millions of R$*)
2016	60.8
2017	74.0
2018	74.9
2019	75.6
2020 and thereafter	537.2
Total	**822.5**

Take-or-Pay Contracts

We have entered into long-term take-or-pay contracts with our chemical suppliers, including Akzonobel Pulp and Performance Química Ltda. (formerly EKA Chemicals do Brasil S.A.) and White Martins Gases Industriais Ltda., who maintain production units within the Três Lagoas mill complex. These agreements typically have terms of ten to 20 years and contain rescission and cancellation provisions for breaches of material obligations thereunder.

The table below sets forth the payment schedule of our take-or-pay contracts with our chemical product suppliers as of March 31, 2016:

	As of March 31, 2016
	(*in millions of R$*)
2016	26.4
2017	37.8
2018	37.8
2019	37.8
2020 and thereafter	302.5
Total	**442.3**

Contractual Commitments

The following table summarizes our consolidated outstanding loans and financing and other contractual commitments, excluding the off-balance sheet arrangements described above under "—Off-Balance Sheet Arrangements," as of March 31, 2016.

	Less than one year	One to two years	Two to three years	After three years	Total
			(*in millions of* reais)		
Trade payables [1]	229.5	—	—	—	229.5
Loans and financing [2]	2,624.0	833.2	1,171.4	4,192.5	8,821.1
Derivatives payable	76.4	—	—	—	76.4
Total	**2,929.9**	**833.2**	**1,171.4**	**4,192.5**	**9,127.0**

(1) Includes amounts payable in connection with the provision of supplies and services, inputs and others.
(2) Excludes expected interest cash outflows on short- and long-term loans and financings. As of March 31, 2016, we did not have any outstanding loans and financing with related parties.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks arising from our normal business activities. These market risks, which are beyond our control, involve primarily the possibility that changes in interest rates, exchange rates and commodity prices will adversely affect the value of our financial assets and liabilities or future cash flows and earnings. These risks are concentrated in our debt to financial institutions and suppliers, related to the construction of the Três Lagoas mill and the formation of our eucalyptus forests.

Interest Rate Risk

Interest rate risk refers to the potential financial losses that we may incur due to adverse changes in interest rates, triggered by different reasons, such as economic crises, changes in sovereign monetary policies, and market fluctuations. As of March 31, 2016, 69.6% of our loans and financing, in the amount of R$6,141.5 million, was subject to interest rate fluctuations. We seek to mitigate our exposure to interest rate risk by diversifying the range of interest rates to which our indebtedness is subject.

For the purpose of providing information on how the interest rate risk to which we are exposed as of March 31, 2016 could affect us, we compare below the effects of 25% (possible) and 50% (remote) increases in interest rates on Eldorado Brasil's interest payable (i.e., interest accrued) as of March 31, 2016, as compared to the probable, as shown below. Our management considers the closing interest rates used to measure its financial assets and financial liabilities, at the reporting date, to represent a probable scenario, whose effects are already recognized in profit or loss.

The net results of exposures are as follows:

			Change in Interest Payable	
	Risk	**Position**	**Possible Scenario - 25% Interest Rate Increase**	**Remote Scenario - 50% Interest Rate Increase**
			(in thousands of R$)	
BNDES	TJLP + fixed rate; UMBNDES + fixed rate [(1)]	81,835	20,459	40,917
Debentures (interest)	7.41%	20,258	5,065	10,129
Debentures (adjustment for inflation)	IPCA	37,693	9,423	18,847
Export prepayment facility	LIBOR + spread	11	3	5
Export credit notes (NCEs)	125% to 128% of CDI or CDI + 6.17%	46,052	11,513	23,026
Net exposure to interest rates		**185,849**	**46,463**	**92,924**

(1) The interest rates for loans drawn under the BNDES facility are set at the time the loans are made and are based on either (i) the TJLP rate (7.5% *per annum* at the reporting date) or (ii) the UMBNDES rate.

Foreign Currency Risk

The foreign currency risk refers to risk that foreign exchange rate fluctuations trigger unexpected losses, leading to a decrease in assets or an increase in liabilities. As of March 31, 2016 and December 31, 2015, 66.3% and 68.3%, respectively, of our loans and financing were denominated in U.S. dollars. We seek to mitigate our exposure to foreign exchange risk by maintaining a balance of assets and liabilities in foreign currencies and entering into derivatives contracts.

The following table sets forth Eldorado Brasil's assets and liabilities exposed to foreign exchange risk, excluding loans and financing, as of the following dates:

	March 31, 2016	**December 31, 2015**
	(in millions of R$)	
Operating exposure:		
Trade receivables (U.S. dollar)	1,174.6	1,011.1
Advances (Euro)	1.5	1.8
Advances (U.S. dollar)	0.1	0.1
Trade payables (Euro)	(0.1)	(0.1)
Trade payable (U.S. dollar)	(0.1)	(0.1)
Trade payable (Swedish kroner)	(0.2)	(0.3)
Loans and financing (U.S. dollar)	(5,851.0)	(6,399.0)
Total operating	**(4,657.2)**	**(5,386.5)**
Derivatives exposure:		
Fair value of total derivatives contracted (long position)	4,846.0	7,504.0
Total derivatives	**4,846.0**	**7,504.0**
Net exposure to currency risk	**170.8**	**2,117.5**

For the purpose of providing information on how the exchange rate risk to which we are exposed could affect us, we compare below the effects of 25% and 50% decreases in exchange rates on Eldorado Brasil's net income as of March 31, 2016, as compared to its actual position as of March 31, 2016:

		Effect on net income	
Exchange rate risk	**Actual Position**	**Possible Scenario - 25% R$ Appreciation**	**Remote Scenario - 50% R$ Appreciation**
		(*in millions of R$*)	
Operating exposure	(4,675.7)	1,168.9	2,337.9
Derivatives exposure	4,846.0	(1,211.5)	(2,423.0)
Net exposure to currency risk	**170.3**	**(42.6)**	**(85.2)**

Wood Price Risk

We are exposed to wood price volatility with respect to new agreements that remain unsettled, arising from factors beyond the control of our management, such as climate, volume offered, transportation costs, forestry policies and others. To ensure the supply of the raw materials required to operate the Três Lagoas mill, we enter into partially prepaid wood supply agreements for future delivery and are not exposed to price volatility from agreements already entered into. The table below sets forth the estimated amount under agreements that Eldorado Brasil has entered into and the advances it has made as of March 31, 2016.

	As of March 31, 2016
	(*in millions of R$*)
Estimated amount of firm contracts	515.0
Advances made	(241.9)
Net total	**273.1**

The risk of price changes is mitigated by the actual delivery of wood, which is when the trade account payable and the related inventory are recognized, both at the price set when the agreement was entered into. As a result, according to the delivery schedule, when wood inventories are yet to be fully delivered, there is no payment obligation and, particularly, there is no risk of wood price fluctuation.

INDUSTRY

Pulp Industry Overview

The world pulp industry can be divided into different categories depending on whether it is manufactured for own use by a vertically integrated paper company or destined for sale on the market, the manufacturing process (mechanical or chemical), the type of wood or fiber from which it is made (hardwood or softwood), and whether it is bleached or not. In these categories, the BEKP we produce is chemical pulp from hardwood (eucalyptus) that is bleached and sold on the market.

The pulp manufacturing process determines the suitability of pulp for particular end uses. Mechanical pulp is produced only through the use of mechanical processes that exert great physical impact on the cellulose fibers, resulting in high fiber yield and short fiber length. Chemical or kraft pulp is produced by cooking wood chips in chemical solutions, with the goal of separating the cellulose fibers and removing lignin, a chemical compound that fills the space between the cellulose fibers and provides strength to the wood. The lignin and other residual organic compounds removed from the pulp form the biomass that we use further in our manufacturing process to produce steam and generate electricity. Lignin is not removed in the mechanical pulp process.

Pulp produced by paper companies for own use or for use by companies of the same economic group is referred to as integrated pulp, and pulp sold to third parties is market pulp. In 2015 market pulp consumption totaled 169 million tons, of which 139 million tons, or 82%, were chemical pulp and 30 million tons, or 18% were mechanical pulp. Of the 139 million tons of chemical pulp, 56 million tons, or 59%, were integrated pulp and 57 million tons, or 41%, were market pulp.

The two main types of wood pulp generally produced are hardwood, which is composed of species with short cellulose fibers such as eucalyptus, aspen, birch or acacia, and softwood, which includes species with long cellulose fibers, such as pine, spruce or fir. Short fiber pulp is more prone to be produced in tropical areas, while long fiber pulp is produced primarily in temperate areas. Hardwood represented 54% of total market pulp demand with 31 million tons in 2015, while softwood represented 46% with 24 million tons.

Our pulp production is exclusively from eucalyptus trees grown in sustainable forests. Eucalyptus trees are among the fastest growing trees in the world, and the climate and soil conditions in Brazil, which enable extraction rotations of six to seven years, compared to the extraction rotations of about ten to 12 years in other North and South American countries, and of about 25 to 35 years in some Nordic countries and in the Northern Hemisphere in general, according to Ibá.

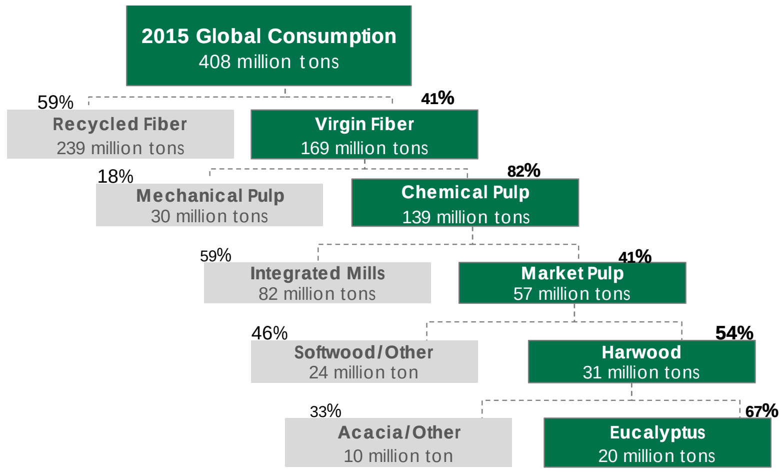
Wood pulp can be bleached for whiteness, particularly when manufacturing printing, writing, specialty and tissue papers. Unbleached pulp is brown and is used in the production of corrugated board, paperboard, packaging papers and bags. We believe that hardwood pulp derived from eucalyptus is superior to that produced from other hardwood trees, as the greater consistency and uniformity of its fibers improves the opacity, softness and printability of the produced paper. Eucalyptus trees also have a shorter growth cycle than other types of hardwood trees, yield higher productivity per hectare planted and require a smaller amount of space between individual facilities to grow. According to RISI, BEKP is widely used by producers of printing, writing and tissue paper worldwide because of its specific properties, and accounts for an increasing percentage of globally produced hardwood pulp.

We compete in the BHKP segment of the pulp industry, and more specifically in the BEKP segment. According to Hawkins Wright, BEKP accounted for 65% of BHKP production capacity in 2015 and has recently been gaining additional market share. We believe it will continue to do so in the future, as new projects in Latin America are based on wood originating from eucalyptus plantations. The remaining BHKP produced is mainly sourced from acacia fiber, usually cultivated in Asia, and a mix of hardwood sourced from North America and Europe.

Pulp Industry Demand

According to Hawkins Wright, the annual global demand growth rate for BHKP between 2004 and 2014 was 3.5%, compared to the 7.6% for BEKP and 1.3% for bleached softwood kraft pulp, or BSKP. Between 2014 and 2019, global demand for BHKP is expected to grow by an average annual rate of 3.3%, or an average of 1.1 million tons per year, reaching 34.1 million tons in 2019. Over the same period, global demand for BEKP is forecasted to expand by an average annual growth rate of 4.3%, reaching 22.9 million tons in 2019.

The chart below shows the global consumption of BEKP in 2015:



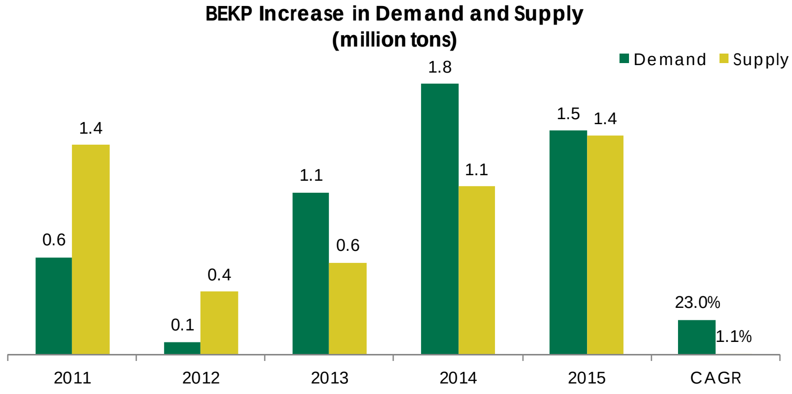
Source: RISI / PPPC Global 1000 Report/ Eldorado

Hardwood market pulp is mainly used to produce certain types of paper: printing and writing, tissue and specialty paper. Printing and writing papers are used for newspapers, magazines, catalogs, books, commercial printing, business forms, stationeries, copying and digital printing. Tissue paper is a lightweight paper primarily used for personal hygiene. Types of tissue paper are hygienic tissue, facial tissues, paper towels, wrapping tissue, toilet tissue and table napkins. Specialty papers are papers made with specific qualification for a specific purpose. Types of specialty papers include carbonless paper, decorative paper, security paper, self-adhesive papers, and cigarette papers.

In 2015, the main markets for pulp, North America, Europe and China, registered growth in pulp demand as a result of the continuation of the wave of investments in new paper machines that started in 2013, especially in China. The favorable hardwood prices also contributed to pulp demand growth, due to substitution of other fiber sources such as recovered paper and non-wood pulp.

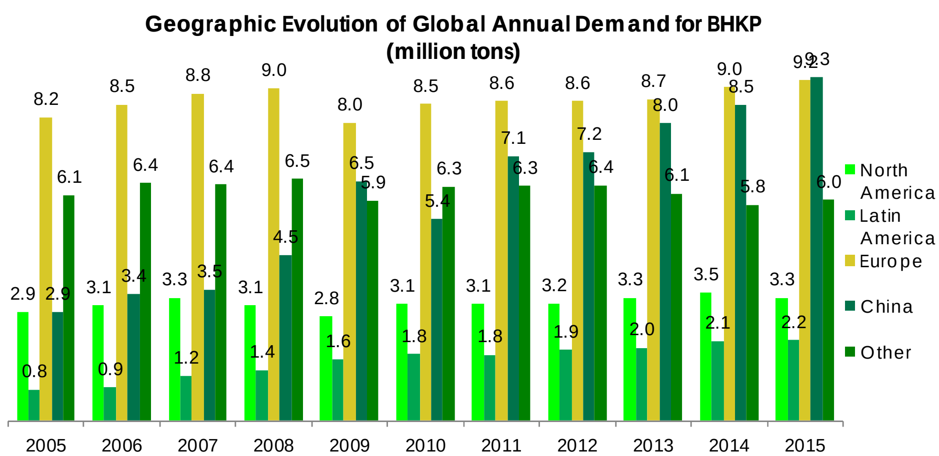
In terms of geographic areas, emerging markets, and China in particular, are expected to account for an increasing share of the demand for pulp, and are projected to drive market growth going forward. Demand from China especially in the tissue segment has structural underpinnings, which are expected to exert a stabilizing influence on BEKP prices as Chinese consumers continue to use more hygiene products. This is connected to long-standing trends of urbanization and general growth in consumer spending in China. Due to the lack of domestic wood supply, China is heavily dependent on hardwood imports to satisfy the demand for tissue paper. With the expected increase in demand for tissue paper in China, a growing share of international hardwood pulp is consumed by China, which helps to balance the global hardwood market and stabilize prices. China is the world's fastest growing pulp and paper market. According to Hawkins Wright, China is expected to contribute the most to growing global demand for paper-grade market pulp between 2014 and 2019, increasing demand by an average of 1.0 million tons, or 10.9%, per year.

The chart below illustrates the increase in demand and supply for BEKP between 2011 and 2015:



Source: Hawkins Wright (2015)

The chart below illustrates the geographic evolution of the global annual demand for BHKP since 2005:

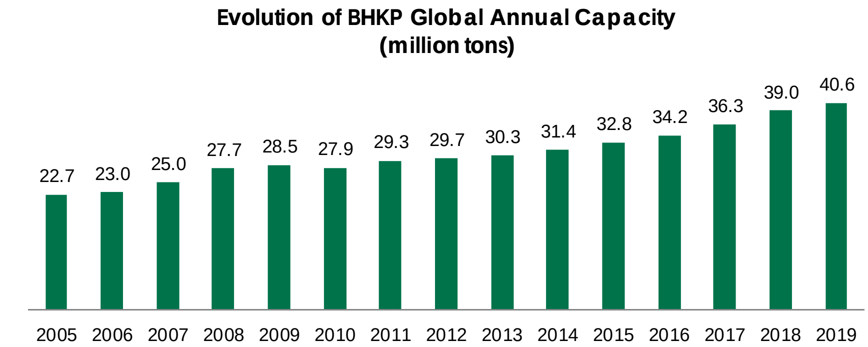


Source: Hawkins Wright (2015)

Pulp Industry Capacity

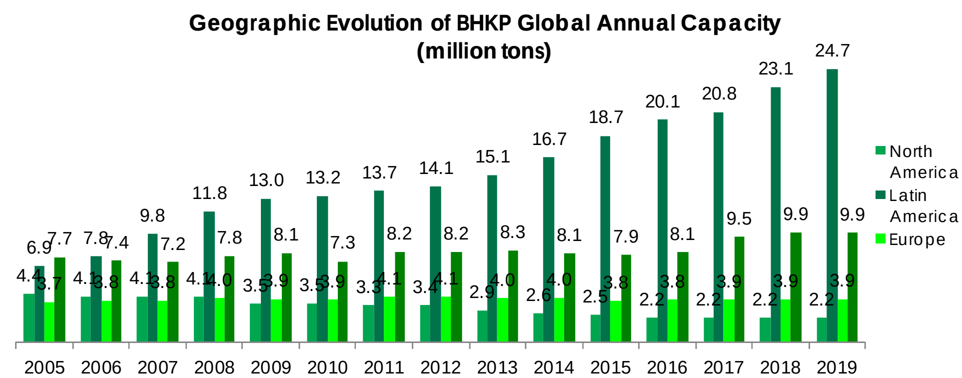
In 2015, global BHKP production capacity was 29.9 million tons, a net increase of 8.9 million tons since 2005, of which Brazil alone accounted for 14.5 million tons. Between 2005 and 2015, additional capacity in Latin America more than offset BHKP capacity closure and conversion in the rest of the world, largely as a result of the favorable conditions for expansion in South America.

The chart below shows the evolution of annual BHKP production capacity from 2005 through 2015 and a projection of annual BHKP production capacity growth between 2016 and 2019:



Source: Hawkins Wright (2015)

In 2015, Latin America was the largest regional producer of market BHKP worldwide with a capacity of 16.7 million tons, with Brazil accounting for 14.5 million tons, according to Hawkins Wright and Ibá. The chart below illustrates the geographic evolution of global annual BHKP production capacity, including an estimate between 2016 and 2019:



Source: Hawkins Wright (2015)

According to Hawkins Wright, the five largest global BHKP producers in 2015, were Fibria (5.6 million tons of installed capacity), APRIL (3.6 million tons of installed capacity), Suzano (3.5 million tons of installed capacity), CMPC (2.3 million tons of installed capacity) and Eldorado (1.7 million tons of installed capacity), with these five producers, in aggregate, representing 16.7 million tons, or 51%, of worldwide BHKP installed capacity.

Eucalyptus pulp capacity has outgrown all other market pulp grades, having grown 96.0% between 2006 and 2015, to a total of more than 10 million tons, with most of this growth taking place in Latin America.

Pulp Price Dynamics

As a global commodity, market pulp prices are impacted by macroeconomic dynamics. The main variable in the formation of market pulp prices is the balance between supply and demand. The pulp industry is highly competitive and sensitive to changes in industry supply, shifts in producer and consumer inventories, economic cycles and fluctuations in demand for paper.

Global pulp prices are cyclical because demand for certain paper grades depends on general economic conditions and because production supply tends to adjust slowly to any changes in demand. The price of BHKP generally increases as the global economy expands. Pulp price fluctuations occur not only from year to year, but also within a given year as a result of global and regional economic conditions, capacity constraints due to mill openings and closures and supply and demand for both raw materials and finished products, amongst other factors. This relationship between the availability of the pulp in the market for sale and the real demand for pulp in the market may be analyzed in the short term, medium term, and long term.

Short term for the pulp industry is normally defined as the next 12 months. Through this period the variables that will impact the balance are: the operating rates of the pulp mills installed, the performance of the installed paper machines that will result in pulp consumption and the pulp inventory level in the whole supply chain. Some of the most recent events that restricted pulp mills supply was the earthquake in Chile in 2010 and global capacity closures, constraining supply and directly impacting prices. The paper machines can also affect pulp demand, as they adjust their productivity output to variations in the economic scenario and market seasonality. Printing and writing paper demand is more affected by economic changes and seasonality than the demand for tissue paper, because tissue papers is an integral part of human hygiene. As demand weakens and supply continues, constant inventories can increase and result in a negative impact in prices.

Global consumer inventories have also driven short-term wood pulp demand and pricing. These levels are near historical lows, having been driven down by shrinking paper demand and more efficient supply chain management. Statistics for Chinese consumer stocks are not available, but anecdotal evidence suggests that stock levels are relatively volatile. This is primarily the result of China opportunistically buying pulp during times of depressed pulp prices and selling pulp when prices recover, as traders account for a significant portion of Chinese imports. This is not the case in Europe, where the majority of pulp sales comes directly from paper companies.

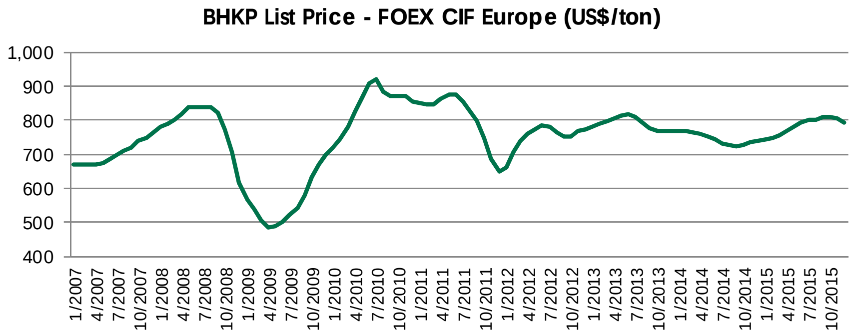
The divergence in pulp demand between China and the rest of the world continues to grow, and is now the key feature of the demand side of the pulp market. We believe that the volatility in China’s demand has become the key driver of short term cycles in the world pulp market and price evolution.

In the pulp industry, we generally consider medium term a period from the next 1 to 5 years. The result between the supply and demand in the medium term will be a reflection of the paper mills and pulp mills project announcements. The short term scenario and the expected relative growth rate between the supply and demand impact the pulp price projected for that period. This medium term price expectation is of significant importance, since companies use this metric to make decisions on new mill projects. For instance, high cost producers, such as those locate in Northern Europe, shut down capacity temporarily or definitively when pulp prices approach their cash cost, providing a floor for prices around that level.

The long term for the pulp industry is defined as five years or above. Although production cost structure is something that must be watched in the short and medium term, its major impact will be in the formation of pulp prices in the long term. Cost structure of the pulp industry will define pulp equilibrium price, suggesting the minimum value at which is still financially beneficial for the highest cost producer to continue its activities.

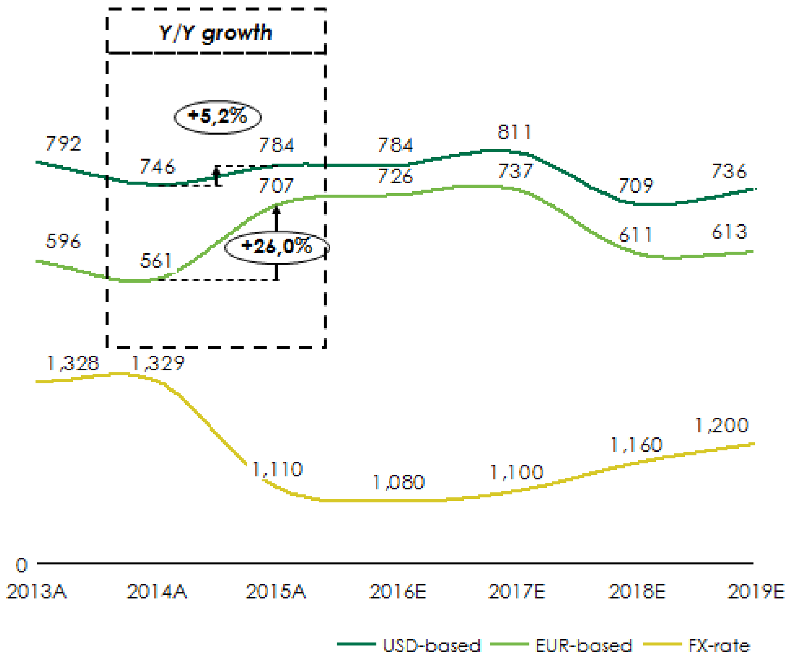
Pulp prices are quoted by region and depending on International Commercial Terms, or Incoterms. Prices for BHKP are generally set by producers on a monthly basis, based on pulp delivered to North American, European and Asian ports. Regions have their own dynamics, but the price that is used as a reference in the pulp industry continues to be the European prices, as it continues to be the major consumer region of market pulp.

The graph below shows hardwood prices in the European market from January 2007 to December 2015, and their historical volatility, driven by the factors described above:

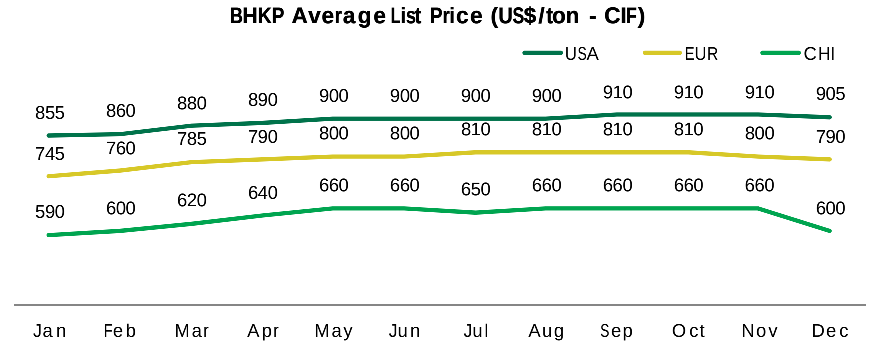


Source: FOEX Index

The chart below sets out BEKP prices in both U.S. dollars and euros for 2013 and 2015, as well as a projection of BEKP prices in both U.S. dollars and euros between 2016 and 2019, according to data from RISI:



In 2015, the market growth trend sustained prices throughout the year, as shown in the table below:



Source: RISI

Brazilian Pulp Industry

Brazil is predominantly a tropical country with approximately 90% of its territory located north of the Tropic of Capricorn. As a result, in most regions of Brazil the soil and climate are very favorable for forest growth. In Brazil, eucalyptus trees have short growing cycles of approximately six years compared to 10 to 12 years for eucalyptus trees in Chile and up to 25 years in the United States. In addition, eucalyptus trees generally grow straighter and have fewer branches than most other hardwood trees, which allows for dense growth, easy harvesting and decreased need for pruning. The production of wood in Brazil, therefore, requires less time and a smaller growing area than in North America and Europe, which results in lower costs, higher yields and margins.

Brazil's technological and natural advantages in forestry make it one of the world's lowest-cost producers of BHKP, and in the last 20 years Brazil has become an important BEKP exporter. As some of the world's lowest-cost producers of pulp, Brazilian producers are able to withstand periods of low pulp demand more easily than other producers. The shorter maturation cycle of Brazilian eucalyptus trees also enables Brazilian producers to expedite the process of genetically improving the eucalyptus species utilized. Therefore, the Brazilian eucalyptus is one of the species of pulping trees that has evolved the most rapidly and consistently over recent years, resulting in significant improvements in productivity.

According to Ibá, the Brazilian forestry industry is responsible for 91% of all the wood produced for industrial purposes in the country; the remaining 9% comes from legally-managed native forests. Additionally, of a total of 7.74 million hectares of planted trees in Brazil in 2014, 4.88 million hectares (63%) are certified by independent organizations such as the FSC and Cerflor, a forest certification program created by the Brazilian National Institute of Metrology, Standardization and Industrial Quality (*Instituto Nacional de Metrologia, Qualidade e Tecnologia - Inmetro*), which is recognized internationally by the Programme for the Endorsement of Forest Certification Schemes – PEFC. Of the area of planted trees with certification in Brazil, 1.70 million hectares (35%) are certified jointly by the FSC and Cerflor/PEFC programs, 2.60 million hectares (53%) are certified exclusively by the FSC, and another 0.58 million hectares (12%) are certified exclusively by Cerflor/PEFC.

Brazilian pulp production increased by 4.5% in 2015 compared to 2014, from 16.5 million tons 17.2 million tons. In the same period, exports volume grew 8.6%, from 10.6 million tons in 2014 to 11.5 million tons in 2015. Export revenue also increased in 2015 and totaled U.S.$5.6 billion, up 5.8% compared to U.S.$5.3 billion in 2014. China, the second largest pulp consumer market in the world, was responsible for 33.2% of the Brazilian pulp exports revenue, with exports totaling U.S.$1.9 billion in 2015, an increase of 8.8% compared to U.S.$1.7 billion in 2014, according to Ibá.

Additionally, in 2015 the pulp and paper industry consolidated its leading position in the Brazilian trade balance, accounting for 4.1% of total national exports revenue, a percentage well above the 3.3% recorded in the 2014. In the balance between exports and imports, the sector's net result was U.S.$6.5 billion, equivalent to 33.1% of the Brazilian trade balance surplus, according to Ibá.

Economic headwinds are likely to negatively impact domestic consumption of pulp and paper products in the near future. However, the outlook for Brazilian BEKP remains positive, according to Hawkins Wright, since about 60% of Brazil's pulp production is exported, therefore mitigating Brazil's pulp industry from the impact of a deterioration in domestic demand. Another key factor determining the health of Brazilian BEKP markets is the ability of a weaker exchange rate to boost the competitive position of Brazil's pulp sector in global markets.

BUSINESS

Overview

Our Company

We are the third largest producer of market pulp in Brazil and the fifth largest producer of market BHKP in the world in terms of production capacity, according to Hawkins Wright. As of December 31, 2015, our annual production capacity was 1.7 million tons of BEKP, or 13.3% above our annual installed capacity of 1.5 million tons. We own and operate the Três Lagoas mill, which is the largest single-line pulp processing plant in the world. The Três Lagoas mill is located in the City of Três Lagoas, in the State of Mato Grosso do Sul, Brazil. We also source all of the wood we use to produce BEKP, a type of BHKP, from the State of Mato Grosso do Sul, an area climatically and topographically well suited to growing eucalyptus trees. We began operations in December 2012, and as a result of our accelerated production ramp up, by 2015 we supplied approximately 7.3% of the world's total demand for market BEKP as reported by PPPC. In 2015, we produced 1,597 thousand tons of BEKP, of which we sold 1.562 million tons, or 97.8% of our production, to a diversified customer base of tissue, printing and writing, specialty paper and cardboard producers in Asia (primarily China), Europe, North America, Brazil and other Latin American countries. Exports accounted for 89.7% of our total sales volume in 2015. During the last 12-month period ended March 31, 2016, we produced 1,656 thousand tons of BEKP, of which we sold 1,549 thousand tons, or 93.5% of our production. Exports accounted for 90.1% of our total sales volume during the last 12-month period ended March 31, 2016.

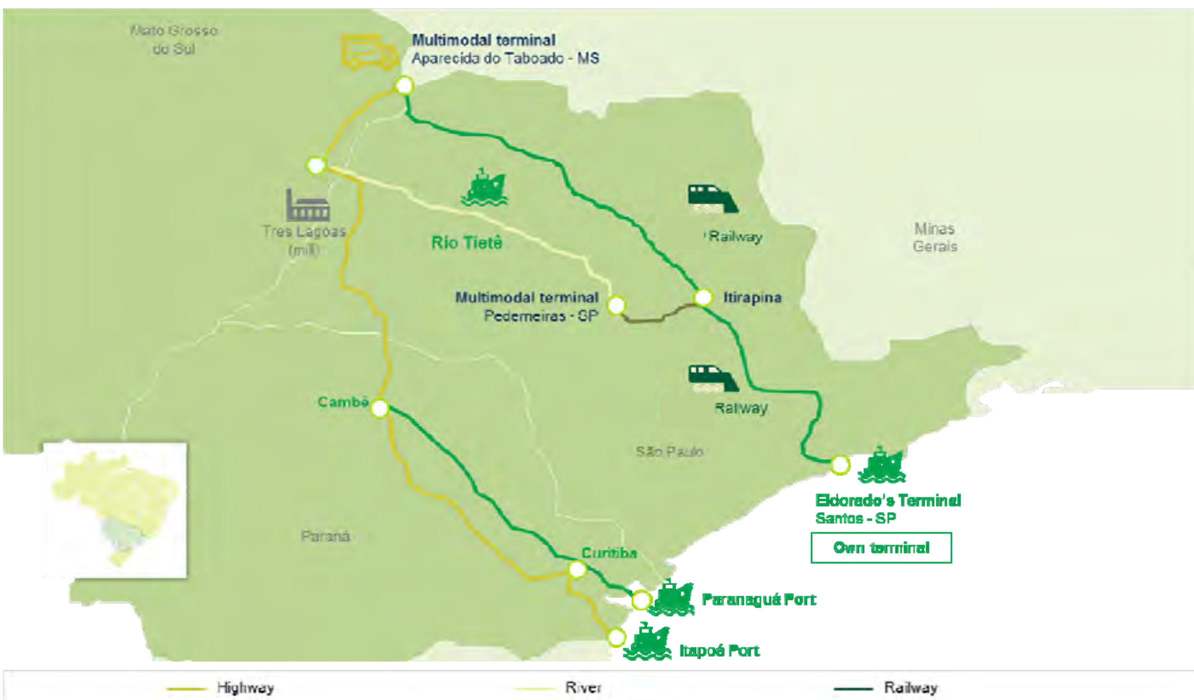
We are one of the lowest-cost producers of BHKP in the world, as reported by Hawkins Wright, with an average cash cost of U.S.$163 per ton during the three-month period ended March 31, 2016 (calculated based on an average exchange rate of U.S.$1.00 per R$3.90). We believe that we are able to keep our production costs low when compared to our competitors mainly as a result of the efficiency of our vertically-integrated forestry, industrial and logistics operations, which we attribute to, among other factors, our: (1) low raw materials consumption rates; (2) ability to procure raw materials at competitive costs, including our capacity to source wood from our own forests and cogenerate the energy required for our pulp production operations from renewable resources, as biomass, that are byproducts of the pulp production process; (3) well-trained, insourced labor force; and (4) high levels of mechanization and technological advancement. We are able to sell the excess energy that we cogenerate from the pulp production process to our third-party chemical suppliers and the Brazilian national grid.

During the three-month period ended March 31, 2016, we recorded total consolidated net revenue of R$740.9 million, including R$733.6 million from BEKP sales and R$6.6 million from energy sales. In 2015, we recorded total consolidated net revenue of R$3,236.6 million, including R$3,148.6 million from BEKP sales and R$58.6 million from energy sales. In 2014, we recorded total consolidated net revenue of R$2,199.2 million, including R$2,099.2 million from BEKP sales and R$90.1 million from energy sales. In 2015, we recorded an Adjusted EBITDA margin of 57.8%, which we believe was the highest for the year compared to other Brazilian publicly-traded companies in the sector as reported by Bloomberg.

In 2015, our state-of-the-art, sustainable forestry operations were among the most productive in the world. The MAI of eucalyptus growing in our own forests was 42.0 m^3/hectare/year in 2015, as compared to a Brazilian industry average of 39.0 m^3/hectare/year and a global (ex-Brazil) industry average of less than 23.0 m^3/hectare/year, respectively, according to Ibá. We attribute our high rate of productivity to, among other factors: (1) the short harvest cycle of our eucalyptus forests of six to seven years due to favorable natural conditions in the central region of Brazil, as compared to 25 to 70 years for other species in the southern United States, Canada and Scandinavia and eight to ten years for other species in Spain, Portugal and Chile; (2) our technological advancement, including the use of 11 high performance eucalyptus hybrids, which we refer to as clones, in our forests, engineered for the climatic conditions of the Três Lagoas region; and (3) our strict operations control and technological forestry package, expressed by our mechanization rate of 85%, as compared to an industry average in Brazil of 59%, according to IPEF. In 2015, we sourced some of our total wood requirements from our own forests, which are certified by the FSC, an independent, international, non-governmental, not-for-profit organization. As of March 31, 2016, our own forestry base consisted of approximately 342.7 thousand hectares of forest in the State of Mato Grosso do Sul, of which 218.8 thousand hectares, or 63.9%, were planted areas. We plant almost all of our forests on lands that we lease from third parties under long-term leasing arrangements. We obtained the remainder of our total wood requirements during the three-month period ended March 31, 2016 and the year ended December 31, 2015 from our own forests and from third parties. Nevertheless, in order to strengthen our low cost competitiveness, we have purchased additional forestry for our existing operation and intend to further expand our forestry base. We expect that, within five years, we will source a majority of our wood supply for our existing and future operations (including the Vanguarda 2.0 mill) from our own forestry base.

We also dedicate resources to our logistics operations, in order to increase efficiency and reduce costs. For example, in June 2015, we inaugurated our state-of-the-art terminal in the Port of Santos, in the State of São Paulo, or the Santos Port Terminal. We invested R$104.2 million to construct the Santos Port Terminal, which has a capacity to handle up to approximately 750.0 thousand tons of BEKP per year and complements our shipping capacity from third-party terminals in the Port of Santos as well as third-party terminals in the Itapoá Port, in the State of Santa Catarina, and the Port of Paranaguá, in the State of Paraná. The Santos Port Terminal is located only 300 meters from the ship berth and provides us with loading priority, thereby increasing efficiency and reducing our demurrage costs. We also expect to decrease our transportation costs by expanding and consolidating our own forestry base within the State of Mato Grosso do Sul, where the Três Lagoas mill is located. Expanding and consolidating our own forestry base will also have the effect of reducing the average distance between our planted forests and the Três Lagoas mill by more than 50% within the next three years (reaching approximately 150 km of average distance in 2018). Finally, we plan to use waterways, such as rivers, in addition to trucks to transport wood into, and truck and rail to transport final product out of, the Três Lagoas mill, in order to diversify and reduce our transportation costs.

The following map sets forth the location of each of the Santos Port Terminal, the Itapoá Port and the Port of Paranaguá in relation to the Três Lagoas mill:



Vanguarda 2.0 Project

In 2015, we started construction of the Vanguarda 2.0 Project, a second pulp production line in the Três Lagoas mill, with an expected installed capacity of approximately 2.3 million tons per year at the beginning of operations, later debottlenecking to up to 2.5 million tons per year.

We expect to complete construction of this new line by the end of 2018, with production reaching the market in 2019. Upon the completion of the Vanguarda 2.0 Project, we expect to own the largest pulp industrial complex and be the second largest market pulp producer in the world, with an estimated total annual aggregate installed capacity of 4.0 million tons, reaching 4.2 million tons after debottlenecking. We believe that our existing total planted area, combined with our forestry expansion plans, will allow us to meet the wood requirement of our second pulp production line. In addition, we expect our second production line will benefit from the ongoing and forecast closures of older, low-capacity pulp factories worldwide.

The estimated total investment necessary to complete the Vanguarda 2.0 Project is approximately R$10.0 billion, approximately 30% of which we intend to pay for through equity funding and the remaining 70% of which we intend to borrow as long-term secured debt financing. As of March 31, 2016, we had invested R$87.9 million in the Vanguarda 2.0 Project, mainly related to environmental licensing and earthworks engineering.

Our Strengths

Cash generation underpinned by a strong balance sheet

For the three-month period ended March 31, 2016, we used cash in operating activities of R$276.0 million and had Adjusted EBITDA of R$483.4 million. We recorded a net debt/LTM Adjusted EBITDA ratio of 4.0:1.0 as of March 31, 2016 (calculated by dividing (1) our consolidated net debt as of March 31, 2016 by (2) our consolidated Adjusted EBITDA for the 12-month period ended March 31, 2016). For the year ended December 31, 2015, we generated cash from operating activities of R$3,049.4 million and had Adjusted EBITDA of R$1,869.7 million. We recorded a net debt/LTM Adjusted EBITDA ratio of 3.7:1.0 as of December 31, 2015 (calculated in U.S. dollars by dividing (1) our consolidated net debt as of December 31, 2015 (translated into U.S. dollars at the exchange rate as of December 31, 2015) by (2) our consolidated Adjusted EBITDA for the year ended December 31, 2015 (translated into U.S. dollars at the average exchange rate for the year ended December 31, 2015)). Due to our competitive pulp production cost structure and the fact that we export almost all of our BEKP sales volume (89.6% in the three-month period ended March 31, 2016; 89.7% in the year ended December 31, 2015), we have access to attractive export financing lines that offer competitive short- and long-term interest rates.

Vertically integrated operations and low production costs

Our operations are vertically integrated, from the production of eucalyptus seedlings for our forests, to forestry management (including plantation, harvesting, logging and wood transportation) for our production facility in Três Lagoas, from which our products are transported to port terminals, including our Santos Port Terminal, for distribution to our customers. During the last 12-month period ended March 31, 2016, we produced approximately 1.7 million tons of BEKP. In 2015, we produced 1.597 million tons of BEKP and, during the second half of the year, maintained an average cash cost of U.S.$169 per ton, one of the most competitive in the world according to Hawkins Wright.

Our low production costs relative to many of our competitors are due to a number of factors, including:

- *High productivity of our forests*. Our state-of-the-art, sustainable forestry operations are among the most productive and efficient worldwide, as evidenced by the expected MAI of eucalyptus growing in our own forests of 42.0 m^3/hectare/year in 2015, compared to a Brazilian industry average of 39.0 m^3/hectare/year and a global (ex-Brazil) industry average of less than 23.0 m^3/hectare/year, according to Ibá. We own a nursery in the City of Andradina, in the State of São Paulo, with an annual capacity to produce up to 28 million seedlings, which are then sent to our forests to be planted. We use advanced forestry techniques and silvicultural practices in our renewable planted forests, including nearly 85% mechanization in our operations, which decrease our planting costs, while our competitors rely mostly on manual techniques. In addition, the climate and soil in the State of Mato Grosso do Sul are very suitable for eucalyptus forests and result in a growth cycle of six to seven years. This compares to harvesting cycles of other hardwood species in southern United States, Canada and Scandinavia of 25 to 70 years and in Spain, Portugal and Chile of eight to ten years. We also focus on technological advancement as a pathway to higher efficiency, including the use of 11 high performance eucalyptus clones in our forests adapted to the conditions of the Três Lagoas region.

- *State-of-the-art Três Lagoas mill.* Our state-of-the-art Três Lagoas mill began operating in 2012, and, as a result of our accelerated production ramp up, by 2015 we supplied approximately 7.3% of the world’s total demand for market BEKP as reported by PPPC. Key performance indicators of the Três Lagoas mill include: (1) an average cash cost of U.S.$169 per ton in the second half of 2015, one of the most competitive in the world according to Hawkins Wright and (2) a capacity utilization rate of 106.5% in 2015.

- *Strong logistics operations*. In June 2015, we inaugurated our own state-of-the-art terminal in the Port of Santos, in the State of São Paulo. We invested R$104.2 million to build the Santos Port Terminal, which has a capacity to handle up to approximately 750.0 thousand tons of BEKP per year and complements our shipping capabilities from third-party terminals in the Port of Santos as well as third-party terminals in the Itapoá Port, in the State of Santa Catarina, and the Port of Paranaguá, in the State of Paraná. The Santos Port Terminal is located only 300 meters from the ship berth and provides us with loading priority, thereby increasing efficiency and reducing our demurrage costs. We also use our fleet as well as the fleets from third-party providers to transport wood into, and truck and rail to transport final product out of, the Três Lagoas mill. We also have the option to use waterways, such as rivers, in order to diversify and thereby reduce our transportation costs. These options allow us to assess the best pricing for transportation into and out of our mill.

- *Insourcing of operations.* We rely mostly on our well-trained labor force to operate our vertically-integrated business. We believe that by insourcing and training our employees, we are able to provide them with incentives to be more efficient, producing cost savings in the long-term. Furthermore, our labor force benefits from our high level of mechanization and modern machinery and equipment, which allows them to operate more efficiently and keeps our head-count low as compared to our competitors.

- *Consolidation of our forestry operations within the State of Mato Grosso do Sul.* Since the beginning of operations, we have aimed to consolidate our forestry operations within the State of Mato Grosso do Sul and benefit from the synergies we gain from maintaining our production facility in relatively close proximity. As of the date of this offering memorandum, all of our forests and the Três Lagoas mill are located in the State of Mato Grosso do Sul, and we also benefit from certain tax credits provided by this State.

- *Energy production*. The electricity generated by our pulp production process ensures the energy self-sufficiency of the Três Lagoas mill and allows us to sell our energy surplus to our third-party chemical suppliers and the Brazilian national grid. The Três Lagoas mill has an installed capacity of 220 MW of electricity. During the three-month period ended March 31, 2016, we generated 361,400 MWh of energy, of which we consumed 196,420 MWh and sold 115,090 MWh and 49,890 MWh to third-party chemical suppliers and the Brazilian national grid, respectively. In 2015, we generated 1,365,000 MWh of energy, of which we consumed 751,000 MWh and sold 428,000 MWh and 186,000 MWh to third-party chemical suppliers and the Brazilian national grid, respectively. Upon completion of the Vanguarda 2.0 Project, we expect the Três Lagoas mill will have a total installed capacity of 508 MW of electricity. As a self-sufficient energy producer, we also benefit from exemptions from certain energy generation taxes with respect to our first pulp production line, such as the Tariff over the Use of the Transmission System (*Tarifa de Uso do Sistema de Transmissão*).

Diversified markets with strong export position

Our key product, BEKP, is used as a raw material to produce several types of paper, such as tissue paper, printing and writing paper, cardboard and specialty papers. Our BEKP is sold worldwide to more than 50 countries and more than 200 customers. For the last 12-month period ended March 31, 2016 and the year ended December 31, 2015, none of our customers represented more than 10% and 8%, respectively, of our sales volume, and 35% and 43%, respectively, of our BEKP was used for tissue production, a less cyclical and more resilient end market compared to cardboard and printing and writing paper. For the last 12-month period ended March 31, 2016, our BEKP exports of 1,398 thousand tons represented 90.1% of our total sales volume and 11.8% of BEKP exported from Brazil. For the year ended December 31, 2015, our BEKP exports of 1,401 thousand tons represented 89.7% of our total sales volume and 12.4% of BEKP exported from Brazil. Producing pulp for both the Brazilian and export market allows us to benefit from geographic diversification, keeping us well positioned to capture potential growth in the international markets to which we export, including Asia (primarily China), Europe, North America and other Latin American countries, while reducing our risk of exposure to a single market or customer. According to Hawkins Wright, between 2016 and 2019, global demand for BEKP is forecast to expand by an average annual growth rate of 3.4%, or an average of 0.7 million tons per annum, from 20.7 million tons in 2016 to 22.9 million tons in 2019. This growth is expected to be driven primarily by an increase in demand from China, which lacks domestic wood supply and is heavily dependent on pulp imports to satisfy its demand for tissue paper.

High social and environmental standards

We have set high social and environmental standards for our operations. Since our first year of operation, we have adhered to the Global Reporting Initiative G4 guidelines. Through this process we annually review how we are addressing challenges and achieving results with our sustainability strategy and a vision for the future, as well as our role in society.

We are certified by the FSC and Cerflor, a forest certification program created by the Brazilian National Institute of Metrology, Standardization and Industrial Quality (*Instituto Nacional de Metrologia, Qualidade e Tecnologia - Inmetro*), which is recognized internationally by the Programme for the Endorsement of Forest Certification Schemes – PEFC. We also developed a Forestry Planning Policy that aims to ensure that we protect the native ecosystem and availability of natural resources in the areas in which we operate.

Experienced and proven management team complemented by a supportive corporate governance structure

We have an experienced, proven and fully committed management team with a history of successfully managing other pulp and commodity businesses. Our management team has an average operating experience of more than 39 years in the forestry, pulp, chemicals and renewable energy sectors. Our senior management team also includes individuals with strong backgrounds in applying cost reduction and operational efficiency initiatives in an industrial setting, as well as significant experience in treasury management and financial reporting.

Our management is supported by a seven-member board of directors, including two independent directors, as defined by the independence standards of the *Novo Mercado* listing segment of the BM&FBOVESPA. Our controlling shareholder, J&F, nominates three members of our board of directors, including the chairman of our board, Mr. Joesley Mendonça Batista. In addition to our board of directors, we maintain a three-member fiscal council as well as advisory committees including an audit committee and a related parties and conflicts of interests committee, among others.

Our Strategies

Increase operating efficiencies

We intend to maintain the focus on our low-cost operations through greater operating efficiencies and economies of scale. To this end, we intend to continue to:

- focus on reducing our wood costs through increased eucalyptus yields by continuing to invest in the genetic improvement of our trees;
- reduce our dependence on third party wood providers by expanding our own forestry base;
- take advantage of the competitive advantage of climate and soil conditions in Brazil and the short harvest cycle of eucalyptus trees;
- improve the efficiency of our operations through further investment in planting and harvesting equipment, production facilities and advanced information technology; and
- reduce the average distance between our own forests and the Três Lagoas mill.

Continue to focus on strong cash flow generation

Our strategy across our business underpins our focus on continued strong free cash flow generation from our pulp production activities while maintaining our current financial strategy, which includes financial cost optimization, including obtaining export credit lines at competitive short- and long-term interest rates. We seek to further optimize capital expenditures and working capital in order to maintain our leading cash conversion capabilities. Our strong focus on cash generation has led us to record net debt/LTM Adjusted EBITDA ratios of 4.0:1.0 and 3.7:1.0 as of March 31, 2016 and December 31, 2015, respectively (in each case, calculated in U.S. dollars by dividing (1) our consolidated net debt as of such date (translated into U.S. dollars at the exchange rate as of such date) by (2) our consolidated Adjusted EBITDA for the 12-month period ended on such date (translated into U.S. dollars at the average exchange rate for the 12-month period ended on such date). Furthermore, we are working to extend the average maturity of our outstanding indebtedness, including through the issuance of the notes offered hereby.

Continue to develop state-of-the-art technology in the forestry, industrial and logistics areas

Technological research and development has made it possible to improve our productivity while reducing the impact of our operations on the environment. In the forestry area, a comprehensive research program and the adoption of modern forestry practices have significantly increased our competitiveness. As an illustration, the expected MAI of eucalyptus growing in our own forests increased from 40 m^3/hectare/year in 2012 to 42 m^3/hectare/year in 2015. We believe that we use state-of-the-art technology for planting and harvesting trees, and storing and transporting wood with a fully mechanized system.

In the industrial area, the Três Lagoas mill, with its compact single-line layout, high level of automation and ability to generate 100% of the energy it requires to operate, has complied with "Best Available Technology" standards. The Três Lagoas mill is divided into four main integrated sectors: production, recovery of agents, environmental control and energy generation, each of which is automated and computerized, promoting efficient performance at each step of our pulp production process. In addition, the Três Lagoas mill produces excess energy that we sell to our third-party chemical suppliers and the Brazilian national grid.

In the logistics area, since June 2015 we have operated our own terminal in the Port of Santos using state-of-the-art equipment with our own professional team with the capacity to handle up to approximately 750.0 thousand tons of BEKP per year. Our logistics operations also experienced a significant reduction in costs due to our decision to increase the use of containers as a low-cost alternative to ship our finished products from Brazil to different regions of the world.

By continuing to focus on cutting-edge technological research and development, we aim to strengthen our position as one of the leading developers of technology in the forestry, industrial and logistics areas, maintain our record as a low-cost producer while meeting our standards of high quality production and maintain our reputation as an environmentally friendly and socially responsible manufacturer, in particular by using biomass, biofuels and other alternative energy sources, including the use of waste material from our wood mills for the operation of our processing plant.

Expand production capacity

We have started the construction of a new pulp production line in the Três Lagoas mill with an expected annual aggregate pulp production capacity of approximately 2.3 million tons, later debottlenecking to up to 2.5 million tons per year. Upon the completion of the Vanguarda 2.0 Project, we expect that we will own the largest pulp industrial complex and be the second largest market pulp producer in the world, with an estimated total annual aggregate pulp production capacity of 4.0 million tons, reaching 4.2 million tons after debottlenecking. We believe that our existing total planted area combined with our forestry expansion plans will allow us to meet the wood requirement of our second pulp production line. We expect to complete construction of this new line by the end of 2018, with production reaching the market in 2019. In addition, we continue to analyze opportunities to expand our core pulp business through additional investments, including acquisitions, in Brazil.

Our History and Development

Our operations began in October 2009, when our controlling shareholders' holding company J&F acquired a controlling interest in Florágua Agroflorestal Ltda., our predecessor entity. Subsequently, we took a series of steps in order to prepare our company to enter the pulp business. We adopted the corporate name Eldorado Papel e Celulose Ltda., became a corporation (*sociedade anônima*), and expanded our corporate purpose to include a series of additional activities, such as biomass processing, forest production support activities, sustainable forest management, extraction of wood from afforestation and reforestation, import of equipment, import and export of agroforestry products, electricity production, distribution and sale.

In August 2011, we entered into an investment agreement with Rodrimar group in order to acquire a 46.3% of the shares of Rishis Empreendimentos e Participações S.A., a company engaged in the port terminal business in the Port of Santos, in the State of São Paulo. During that same month, we also acquired from Klabin S.A. 100% of the shares of Timber, a company that owned land and eucalyptus forestry.

In 2011, we also commenced the construction and industry assembly of the Três Lagoas mill, with an investment of R$6.2 billion paid for mainly through equity investment and financings from BNDES and international export credit agencies. In November 2011, we merged with Florestal Brasil S.A., a company in our economic group engaged in the same business, which enabled us to unify the forestry base and profit on efficiency gains.

In 2012, we registered with the CVM as a public company and changed our name to Eldorado Brasil Celulose S.A. We also completed the construction and testing and started production on the Três Lagoas mill, the largest single-line pulp processing plant in the world, strategically located in the city of Três Lagoas, in the State of Mato Grosso do Sul, Brazil. Within two months of the inauguration of the Três Lagoas mill, we achieved 100% of export quality in our production, and by June 2013, our annual installed capacity reached 1.5 million tons of pulp. As of December 31, 2015, our production capacity had reached 1.7 million tons of pulp, or 13.3% above our installed capacity.

Rishis Empreendimentos e Participações S.A. became our wholly-owned subsidiary as a result of the acquisition of an additional 13.7% of equity interest in October 2013, and the acquisition of the remaining 40% in August 2014. In 2014, we also merged with Timber and began the construction of our own terminal in the Port of Santos, which began operations in June 2015. Also as of June 2015, we no longer source wood coming from the State of São Paulo, which is part of a process of reducing our carbon footprint and lowering costs associated with truck transportation. We source all of the wood we use to produce BEKP from our own eucalyptus trees planted in sustainable forests or from agricultural partners in the State of Mato Grosso do Sul.

Vanguarda 2.0 Project

We have commenced construction of a new pulp production line in the Três Lagoas mill with an expected annual aggregate pulp production capacity of approximately 2.3 million tons per year. Upon completion of the Vanguarda 2.0 Project, we expect that to own pulp the largest industrial pulp complex in the world and will become the second largest market pulp producer in Brazil.

We expect to complete construction of this new line by the end of 2018, with production reaching the market in 2019. The estimated total cost of this new pulp production line is approximately R$10.0 billion, 30% of which we intend to pay for through equity funding and the remaining 70% we intend to borrow as long-term debt financing. As of March 31, 2016, we had invested R$87.9 million in the Vanguarda 2.0 Project, mainly related to environmental licensing and earthworks engineering.

Our Products

We produce bleached eucalyptus kraft pulp. In addition, we derive revenue from the sale of energy, chips, scraps and waste that are by-products of our production process.

The following table sets forth the net revenue and results of our operating segments for the years indicated:

	For the Three-Month Period Ended March 31,				For the Year Ended December 31,					
	2016		2015		2015		2014		2013	
	(in millions of R$, except percentages)									
Net revenue:										
Pulp	733.6	99.0%	621.1	95.3%	3,148.6	97.3%	2,099.2	95.5%	1,559.1	99.2%
Energy	6.6	0.9%	16.6	2.5%	58.6	1.8%	90.1	4.1%	10.5	0.7%
Other(1)	0.7	0.1%	14.3	2.2%	29.4	0.9%	9.9	0.4%	0.8	0.1%
Total net revenue	**740.9**	**100.0%**	**652.0**	**100.0%**	**3,236.6**	**100.0%**	**2,199.2**	**100.0%**	**1,570.4**	**100.0%**
Net income (loss):										
Pulp	(185.0)	101.6%	(79.3)	131.3%	228.1	81.2%	(480.0)	114.6%	(490.6)	99.9%
Energy	3.8	(2.1)%	16.4	(27.1)%	57.6	20.5%	60.0	(14.4)%	(1.0)	0.2%
Other(1)	(0.8)	0.4%	2.5	(4.2)%	(4.9)	(1.7)%	1.0	(0.2)%	0.6	(0.1)%
Total net income (loss)	**(182.0)**	**100.0%**	**(60.5)**	**100.0%**	**280.6**	**100.0%**	**(419.0)**	**100.0%**	**(491.0)**	**100.0%**

(1) Sale of chips, scraps and waste from our pulp production operations, reported as a separate segment since 2014.

Pulp

We only produce BEKP from sustainably planted eucalyptus trees. BEKP is a high-quality variety of hardwood pulp. Eucalyptus is a hardwood tree whose pulp has short fibers and is generally better suited to manufacturing tissue, coated and uncoated printing and writing paper and coated packaging boards. Short fibers are optimal for manufacturing wood-free paper with good printability, smoothness, brightness and uniformity. Market pulp is the pulp sold to producers of paper products, as opposed to pulp produced by an integrated paper producer, for use in their own paper production facilities. Kraft pulp is pulp produced in a chemical process using sulphate.

In 2015, we supplied approximately 7.3% of the world's total demand for market BEKP as reported by PPPC and exported approximately 89.7% of our total sales volume to principal markets in Asia (primarily China), Europe, North America and other Latin American countries.

The following table sets forth our production volume of eucalyptus pulp and a breakdown of our BEKP sales volume by market for the periods indicated:

	For the Three-Month Period Ended March 31,				For the Year Ended December 31,					
	2016		2015		2015		2014		2013	
	(in thousands of tons, except percentages)									
Production volume	429		370		1,597		1,568		1,276	
Sales volume:										
Brazil	37	10%	44	12%	172	11%	171	11%	160	14%
Europe	106	30%	121	33%	500	32%	531	34%	392	34%
North America	35	10%	44	12%	172	11%	171	11%	58	5%
Asia	163	46%	150	41%	672	43%	609	39%	542	47%
Latin America (excluding Brazil)	13	4%	7	2%	47	3%	78	5%	2	0.2%
Total sales volume	**354**	**100%**	**366**	**100%**	**1,562**	**100%**	**1,561**	**100%**	**1,154**	**100%**

Energy

The Três Lagoas mill has an installed capacity of 220 MW of electricity. For the three-month period ended March 31, 2016, we generated 361,400 MWh of energy, of which we consumed 196,400 MWh and sold 115,090 MWh and 49,890 MWh to third-party chemical suppliers and the Brazilian national grid, respectively. In 2015, we generated 1,365,000 MWh of energy, of which we consumed 751,000 MWh and sold 428,000 MWh and 186,000 MWh to our third-party chemical suppliers and the Brazilian national grid, respectively.

Our Pulp Production Process

Três Lagoas Mill

The Três Lagoas mill is the largest single-line pulp mill in the world, utilizing state-of-the-art technology in order to minimize environmental impact. After starting production in 2012, we were able to improve efficiencies at the Três Lagoas mill, reaching a production capacity as of March 31, 2016 of 1,700 thousand tons of pulp, or 13.3% above our installed capacity of 1.5 thousand tons of pulp. In 2015 and 2014, we produced 1,597 thousand tons of pulp (or 6.5% above our installed capacity) and 1,568 thousand tons of pulp (or 4.5% above our installed capacity), respectively.

Pulp Production Process

Our operations are vertically integrated, from the production of eucalyptus seedlings for our forests to forestry management cycle (including plantation, harvesting, caring, logging and wood transportation) for the Três Lagoas mill, from which our products are transported to port terminals, including our terminal in the Port of Santos, for distribution to our customers.

Forestry

We only produce bleached eucalyptus kraft pulp from sustainably planted eucalyptus trees. Eucalyptus trees are among the fastest-growing trees in the world, given that climate and soil conditions in Brazil allow for eucalyptus to be harvested in a rotation of approximately six to seven years, as compared to harvest rotations of approximately ten to 12 years in Chile.

Our forestry operations are composed of five major activities: production of seedlings, planting, forest maintenance and care, harvest, and the transportation of wood from the forest to our mill. The process begins in the nursery, where the seedlings are cultivated.

The cloned eucalyptus seedlings that we use in our planted forests are produced by vegetative propagation, a process that faithfully reproduces the genetic characteristics of the parent trees. These parents are selected in order to optimize growth in the region where our forests are located. This type of seedling (which we refer to as clones) ensures, in addition to a high volume of fiber, the intrinsic qualities necessary to produce cellulose. Our forestry research and development program works with more than 300 clones adapted to the geographic conditions in Três Lagoas. On average, the process of producing transplants (clones), from the initial phase of rooting until planting, lasts 90 days.

We operate a nursery located in the City of Andradina, in the State of São Paulo, with an annual production capacity of approximately 28 million seedlings, which is sufficient for us to carry out 50% of our planting program per year. The remaining seedlings used in our planting program are provided by third parties hired by us. Our nursery has approximately 159,000 m^2 of constructed area and a state-of-the-art infrastructure for the production of seedlings, consisting of a complex of miniature gardens for clones, greenhouses, shade houses, areas of full sun for acclimatization and hardening of seedlings and storage sheds for supplies and staking seedlings, in addition to systems that filter and supply water for the irrigation of our seedlings.

Eucalyptus trees are ready for harvest after approximately six to seven years and during this time require regular care, which is primarily carried out by our own forestry team. Forests grow more rapidly with the help of agricultural fertilizers and pesticides, but we are progressively reducing our use of such products by utilizing industrial by-products as fertilizers and biological control agents for pest control. Irrigation follows operational procedures and technical recommendations designed to optimize the process, depending on the time of the year.

We use drones to assess the development of the eucalyptus. Equipped with cameras, the drones provide images of the forests with a higher level of detail than satellite photographs. Moreover, we are the first company in Brazil to use artificial intelligence to conduct forestry inventory. The technology, known as artificial neural networks was developed in partnership with the Federal University of Viçosa and enables more accurate and efficient analysis of the state of the eucalyptus forests. Moreover, all information gathered by the forestry team is stored in a single database, accessible by computers, tablets, and smartphones. This gives those responsible for the forestry operations access to an array of information, enabling faster and better decision making, which in turn increases competitiveness and reduces production costs.

The harvest is completely mechanized, ensuring a high performance forestry operation run by professionals who are qualified in operating a new generation of equipment. We use advanced and automated harvesting equipment in our forests. After harvesting, the wood logs are transported to our mill. During harvesting all bark, treetops and other biomass sources remain on the ground to ensure soil fertility.

As of March 31, 2016, we leased almost all of the land on which we plant our eucalyptus forests. During the three-month period ended March 31, 2016 and the year ended December 31, 2015, we planted approximately 7.2 thousand hectares and 22.0 thousand hectares, respectively, of eucalyptus forest, which increased our planted area to approximately 217.0 thousand hectares as of March 31, 2016. In 2015, we harvested 5.3 million tons of timber, which ensured the supply of materials to our mill during the year.

We continuously improve our forest management plan, which contains the main guidelines and information concerning our silvicultural operations, harvesting, timber transportation, areas of native vegetation conservation and social and environmental responsibility initiatives. In addition, we manage approximately 100 thousand hectares of preserved areas, including permanent preservation areas, legal reservation areas and other conservation areas. Sustainable and innovative initiatives allied with responsible management ensure the balanced use of the natural resources, essential for the continuity of our businesses.

In 2015, we ended our harvesting operations in the State of São Paulo, concentrating these activities in the State of Mato Grosso do Sul. As a result, we significantly reduced the average transport distance of wood to our industrial complex and optimized the harvesting structure, reducing the cost of transporting wood logs to our Três Lagoas mill.

Industrial

After they are delivered to the mill, the wood logs are shredded into small pieces called chips, which are then stockpiled. Pulp production principally consists of cooking and bleaching.

During industrial operations, pulp is extracted from the wood chips by a procedure known as kraft process. Among the numerous advantages from an environmental standpoint, it is self-sufficient in thermal and electrical energy, since biomass is the main input used in production.

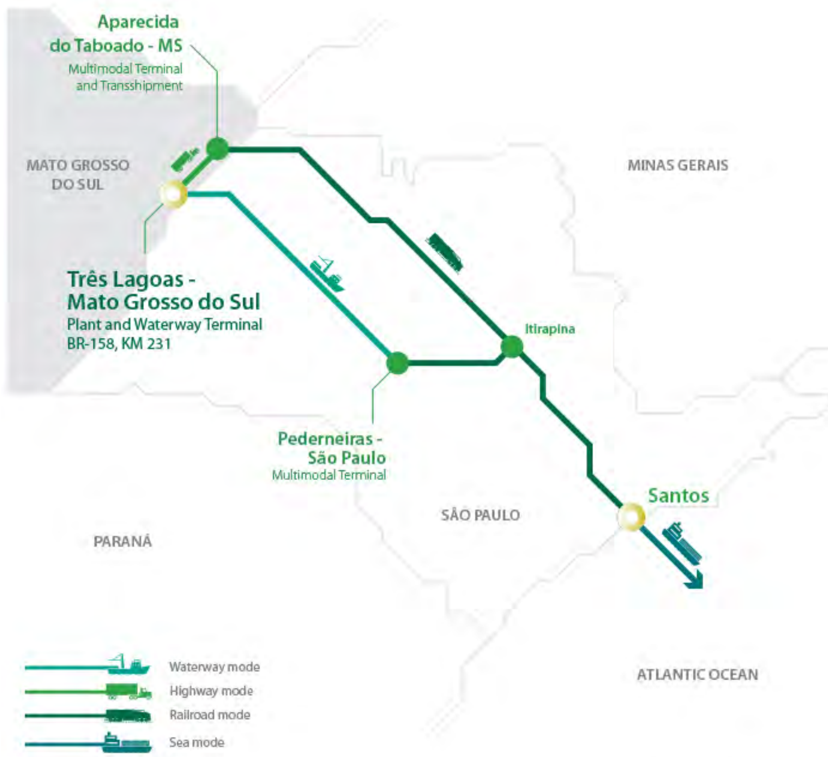
The main flow consists of a wood cooking process, a bleaching stage, and a final dryer stage. Once the logs are transported to our production facilities, they are unloaded and taken by conveyor belt to be debarked and chipped. After that, wood chips are sent to digesters, where they are mixed with chemicals and cooked under pressure. During this process, lignin and resins are removed from the wood. Once removed, this biomass is processed in a special boiler to produce steam that drives turbines to produce electricity. We use two turbines to produce electricity from steam. The turbines distribute the power generated to our mill and to the grid.

The kraft pulp production process traditionally involved the use of elementary chlorine for bleaching. In recent years, demand for pulp that is bleached using little or no chlorine has grown significantly because of concerns over possible carcinogenic effects of chlorinated organic compounds released in water. We produce only elemental chlorine free pulp, or ECF pulp, that is produced without using elementary chlorine.

The used chemicals are removed at various stages of the production process and recycled within our pulp mills. Eldorado itself monitors the quality of wastewater generated on a daily basis, and an external laboratory conducts an analysis every month. Industrial effluent is subject to an activated sludge treatment process that is compliant with the quality standards required by IMASUL. After treatment, wastewater is discharged into the Paraná River.

Logistics

We use roads and railways to transport our products. Trucks transport pulp from our mill in Três Lagoas to a railroad terminal in Aparecida do Taboado (both cities are located in the State of Mato Grosso do Sul). From this terminal, our products are transported by rail to the Port of Santos. We rely on our own fleet of trucks and locomotives specially developed to handle our transportation demands, in addition to service agreements with rail and port operators. As of March 31, 2016, we owned 449 railcars, 21 locomotives and 220 trucks.



Depending on the hydrological conditions, the amount of silt in the water body and the permits issued by the competent authorities, we may also use the waterway from the City of Três Lagoas, in the State of Mato Grosso do Sul to the City of Pederneiras, in the State of São Paulo, to reduce the carbon footprint in our transportation process and to mitigate possible risks of concentrating our operations in one logistics chain.

In June 2015, we inaugurated our Santos Port Terminal, consolidating our market position. This terminal allows for rapid and priority loading of our pulp. We estimate that this terminal will increase our productivity and reduce our annual logistics costs. We also maintain long-term breakbulk charter agreements with shipping companies for bulk cargo transport along regular routes to northern Europe, the Mediterranean, the East Coast of the United States and China. In addition to these key markets, our pulp is shipped in containers to other markets directly from the Port of Santos and other ports in Brazil.

Raw Materials

Wood

Our pulp, an essential raw material for paper production, is produced solely from eucalyptus hardwood grown in sustainable forest plantations.

Brazil is one of the main global producers of eucalyptus, with the competitive advantage of the exclusive use of highly productive eucalyptus plantations. According to Ibá, each 140.0 thousand hectares of forest in Brazil produces 1.5 million tons of pulp a year, while the Scandinavian countries, for example, need 720.0 thousand hectares of planted area to produce the same volume. Planting trees for pulp also constitutes a major contribution to the reduction of greenhouse gases in the atmosphere, considering that forests absorb and stock large quantities of carbon. According to Ibá, planted forests in Brazil absorb around 1.7 billion metric tons of CO^2 from the atmosphere per year.

Our forestry base is broad and diversified, comprised of a total planted area of approximately 217.0 thousand hectares as of March 31, 2016, all located in the State of Mato Grosso do Sul. In general, we enter into 14-year lease agreements for the land used in our operation.

During the three-month period ended March 31, 2016 and the year ended December 31, 2015, we sourced a significant part of our total wood fiber requirements with wood from our own eucalyptus forests and purchased the remaining from third parties located throughout the State of Mato Grosso do Sul. We purchase wood from a variety of suppliers, reducing our dependence on any individual supplier.

Water

We use water from the Paraná River in the industrial process and ground water in the nursery.

We follow pre-established environmental standards when disposing of wastewater back to the Paraná River. Every two months, we monitor the quality of the river's surface water and aquatic communities at six points of the water body in the area surrounding our mill.

Energy

We generate 100% of the energy required for our pulp production operations from biomass, a byproduct of the BEKP production process, and sell any excess energy we generate to third parties.

Chemicals

The BEKP production process requires various chemical products, including: sodium sulphate, sodium hydroxide (caustic soda), sodium chlorate, chlorine, hydrogen peroxide and oxygen.

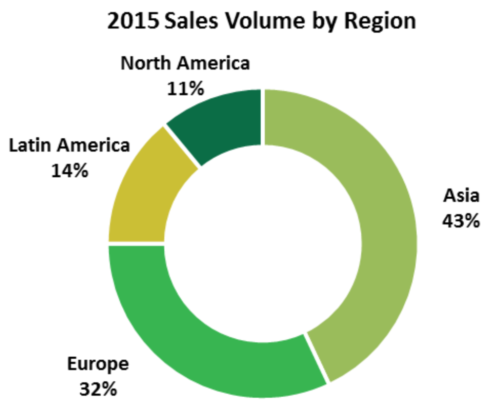
All residues are treated in a manner compliant with the most rigid practices and standards in the global pulp industry. Chemical products utilized in the pulp industry are commonly used in various other industrial activities and do not present any specific dangers. We comply strictly with all safety regulations with respect to transportation, storage and production. In addition, we maintain an insurance policy that covers liability arising from accidents in transportation, storage and production of chemical products.

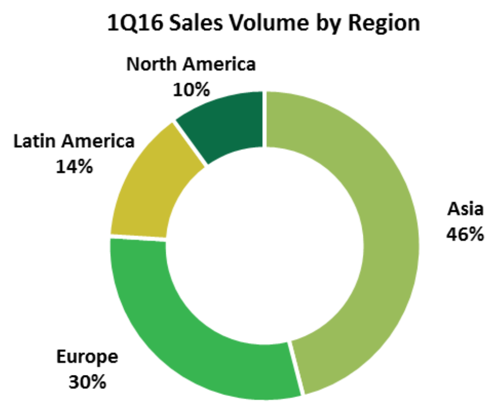
The process of bleaching cellulose depends on a variety of chemical products in order to be carried out effectively. For this reason, we have entered into long-term purchase and sales agreements with the largest providers of chemical products on the market. We follow strict criteria in the hiring of suppliers. Our suppliers of oxygen and chlorine dioxide have production facilities in the same industrial complex as our mill, which ensures our supply of these materials. We monitor and control the price volatility of other chemical products related to the pulp production process through commercial mechanisms.

Marketing and Sales

Our business strategy is focused on a broad customer base. For the three-month period ended March 31, 2016 and the year ended December 31, 2015, we sold 354 thousand tons (representing 82.5% of our total production during the period) and 1,562 thousand tons of pulp (representing 97.8% of our total production during the period), respectively. We sell the majority of our pulp on the export market (representing 86.4% and 86.8% of our total sales for the three-month period ended March 31, 2016 and year ended December 31, 2015, respectively) through our subsidiaries and administrative offices operating in Austria, China and the U.S., and through trading companies, to customers in over 50 countries. Our average sales prices in U.S. dollars decreased 11.5% during the three-month period ended March 31, 2016 as compared to the corresponding period in 2015, which was in line with market trends during the first quarter of 2016. Our average sales prices in *reais* increased 22.3% during the three-month period ended March 31, 2016 as compared to the corresponding period in 2015, which was principally due to the devaluation of the *real* compared to U.S. dollar. Our domestic sales decreased to 1.9% during the three-month period ended March 31, 2016 compared to the corresponding period in 2015, principally due to a general slowdown of the Brazilian economy. Our average sales prices in U.S. dollars increased 5% during 2015 as compared to the previous year, which was in line with market trends. Our average sales prices in *reais* increased 50% during 2015 as compared to the previous year, which was principally due to the devaluation of the *real* compared to U.S. dollar. Despite the current economic contraction in Brazil, our domestic sales remained stable at 11% during 2015.

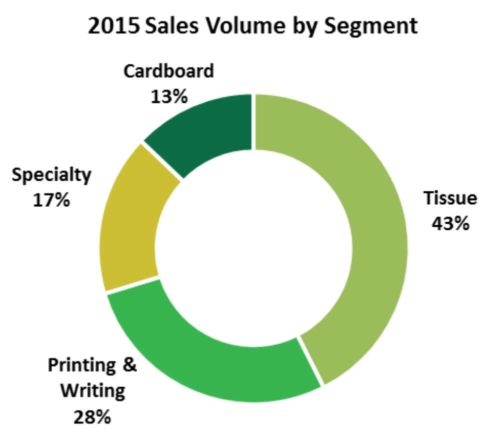
The graph below sets forth our sales volume by region during the three-month period ended March 31, 2016 and the year ended December 31, 2015:

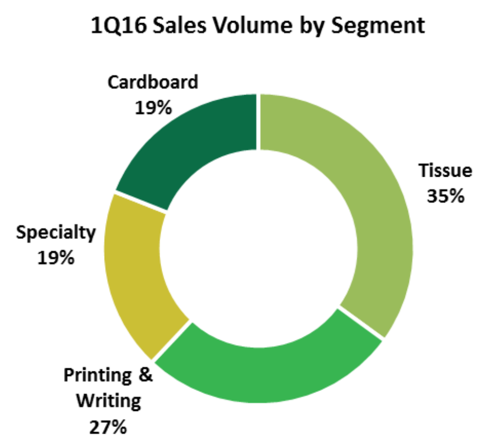




The tissue business (for comfort and personal hygiene) continued to be the main end use of our pulp sales. Over the last five years, the tissue business has experienced an average growth of 3.5%, in comparison with the pulp sector as a whole. This is due to global increases in urbanization and *per capita* income.

The graph below sets forth our sales volume by end use during the three-month period ended March 31, 2016 and the year ended December 31, 2015:





Competition

In the pulp market, competition is based primarily on quality (particularly consistency of product quality), service, price and reliability. Brazilian BEKP producers have significant cost advantages over producers in other regions of the world. In 2015, we supplied approximately 7.3% of the world's total demand for market BEKP as reported by PPPC.

The table below shows the world's ten largest producers of market BHKP by production capacity in 2015:

	Producer	Thousands of tons
1	Fibria	5,575
2	APRIL	3,600
3	Suzano	3,465
4	CMPC	2,225
5	Eldorado	1,700
6	UPM-Kymmene	1,495
7	APP	1,455
8	Arauco	1,440
9	Stora Enso	1,350
10	Cenibra	1,275

Source: Hawkins Wright

Although BEKP is the most competitive type of hardwood pulp in the world, producers of BEKP also compete with producers of pulp from other hardwoods. This competition is based more on cost and less on quality or suitability of the pulp for use in higher quality paper products. In addition, as a market BHKP producer, we compete not only with other integrated pulp and paper producers but also with companies that produce only pulp or only paper. Many of these producers have greater financial resources than we do. Our production levels have been, and will continue to be, small by comparison to overall world pulp and paper production, and the prices for our products will depend on prevailing world prices and other factors. For more information about the pulp industry, see "Industry."

Material Agreements

Natural Gas Supply Contract

On April 25, 2016, Eldorado Brasil and MSGÁS entered into a long-term natural gas supply contract, or the Natural Gas Supply Contract, pursuant to which MSGÁS has agreed to sell to Eldorado Brasil and Eldorado Brasil has agreed to purchase from MSGÁS a minimum monthly amount of 3,360,000 cubic meters of natural gas from May 13, 2016 to June 30, 2028. Natural gas will be delivered through MSGÁS's pipeline to a delivery point located in the Três Lagoas mill. The price per cubic meter of natural gas to be sold under the Natural Gas Supply Contract is composed of a fixed U.S. dollar-denominated based price, a fixed U.S. dollar-denominated transportation tariff and a *real*-denominated, inflation-adjusted distribution margin. The fixed base price and fixed transportation tariff are recalculated on a quarterly basis based on fuel oil prices published in Platt's Oilgram Price Report. Eldorado Brasil will be required to pay penalties for withdrawing more or less than the daily contracted amount of 140,000 cubic meters of natural gas. Eldorado Brasil must provide a bank or corporate guaranty or payment insurance in order to guarantee payment of the amounts due under the Natural Gas Supply Contract. The parties are contractually obligated to renegotiate the commercial terms of the Natural Gas Supply Contract in June 2020, at which time it may be terminated by Eldorado Brasil if it can show that the consumption of natural gas become too economically onerous for the company or if the price of oil drops below 30% of the price of natural gas. The estimated value of the Natural Gas Supply Contract is R$563.3 million, assuming a daily contracted amount of 140,000 cubic meters of natural gas from May 13, 2016 to June 30, 2028 at the price per cubic meter calculated in April 2016.

For information about our other material agreements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of Material Indebtedness", "—Off-Balance Sheet Arrangements", "—Contractual Commitments" and "Related Party Transactions."

Environmental Regulation

The Brazilian Constitution grants the federal government, state governments and municipalities the power to enact environmental protection laws and issue regulations under such laws. While the federal government has the power to promulgate environmental regulations, setting minimum standards of environmental protection, state governments have the power to enact more stringent environmental regulations. Municipalities may only issue regulations with respect to matters of local interest or to supplement federal or state laws. Most environmental regulations in Brazil are thus at the state and local level rather than at the federal level, with environmental standards established in the operating permits issued to each plant rather than through regulations of general applicability. Applications for the renewal of operating permits are reviewed periodically.

Specifically regarding environmental permits, it is worth noting that a state government has jurisdiction over the licensing of facilities to be built within its territory, unless the environmental impact extends beyond its borders, where the federal government has jurisdiction. In addition, municipalities have jurisdiction to license enterprises whose impact is merely local. Each environmental permit is valid for a specific term, on the expiration of which the license must be renewed, thus, applications for the renewal of permits are reviewed periodically.

Occasionally, jurisdictional conflicts among environmental licensing authorities occur when the proposed exploratory activity is under the jurisdiction of both the state and federal governments. In addition, depending on the level of environmental impact caused by exploratory activity, the environmental licensing procedure may require assessments of environmental impact and the holding of public hearings, which may considerably increase the complexity and the duration of the licensing procedure, and expose the exploratory activity to potential legal claims.

We are subject to the National Policy of Environment (*Política Nacional de Meio Ambiente*), established by Federal Law No. 6,938 of 1981, as amended, and Resolution No. 237/7 of the National Council of Environment (*Conselho Nacional do Meio Ambiente*), or CONAMA. We are also subject to the regulations of IMASUL.

The procedure to obtain an environmental license is subject to fulfillment of certain requirements, and occurs in three steps:

- the preliminary license (*licença prévia*) – issued during the preliminary phase of the project or the activity, approving its location and design, certifying the environmental sustainability and establishing the basic requirements and conditions to be met during the subsequent stages of implementation;

- the installation license (*licença de instalação*) – authorizes the construction of the project or activity in accordance with the specifications set forth in the plans, programs and projects approved by the relevant authority, including environmental control measures and other conditions; and

- the operating license (*licença de operação*) – authorizes the operation of the activity or project upon verification of current compliance with the previous licenses, with environmental control measures and conditions specified for the operation.

Environmental licenses are valid for a specified period, but may be canceled if any of the conditions or requirements imposed by the licensing authority for the maintenance of that license are not met. The environmental licensing process may also require environmental impact studies and public hearings if the anticipated environmental impacts are substantial. Typically, the renewal of environmental licenses must be requested to the relevant licensing authority 120 days prior to the expiration date. When timely, renewal requests enable a license to remain valid until the final decision of the environmental agency even if such decision is reached following the expiration date of the license. Our operating license with respect to our initial pulp production of 1.7 million tons expires in November 2016.

Generally, an environmental license covers the main activity undertaken at a specific facility and all equipment and production lines. However, potential improvements to the facilities may be licensed separately and integrated into the main license when it is renewed. By this process, in June 2014 we obtained the installation license from IMASUL authorizing the construction of the new pulp production line in the Três Lagoas Mill and the expansion our annual aggregate pulp production capacity from 1.7 million tons to 4.0 million tons. This license expires in June 2017 and may be renewed for an additional three months thereafter.

Environmental legislation may also require separate permits for specific activities related to the main activity that may have different consequences. Examples of separate permits include deforestation authorizations, use of water authorization, waste transportation licenses and electric substation. Regarding this matter, we note our licenses related to our river terminal and railway, both responsible for our production flow.

We are also subject to Brazilian laws that require payment of compensation in the event that our activities have polluting effects. According to Federal Law No. 9,985 of 2000, up to 0.5% of the total amount invested in the implementation of a project that causes significant environmental impact must be applied towards compensation measures, in an amount to be determined on a case-by-case basis by environmental authorities according to the extent of the environmental impact of the project. As of the date of this offering memorandum, we have paid approximately R$28.8 million as environmental compensation in connection with the Três Lagoas mill and approximately R$28 million remaining to be paid, which is updated every two months by the UFERMS (*Unidade Fiscal de Referência de Mato Grosso do Sul*).

In addition, our operations are subject to various environmental laws and regulations issued by governmental authorities relating to air emissions, effluent and waste discharge, solid waste, odor, reforestation and use of controlled substances.

In accordance with Brazilian law, individuals or legal entities that violate environmental laws may be punished by civil, criminal and administrative sanctions. Criminal sanctions range from fines to imprisonment, in case of individuals, including directors, officers and managers of legal entities, or dissolution, in the case of legal entities. Administrative sanctions include fines, partial or total suspension or restriction of activities, forfeiture or restriction of tax incentives or benefits, and cancellation or suspension of financings from governmental agencies. In addition to criminal and administrative sanctions, pursuant to Brazilian environmental laws, the violator must also recover or indemnify the damage caused to the environment even in cases where such damage was caused by third parties contracted to carry out certain services. Because Brazilian environmental law uses a standard of strict liability in determining the obligation to remediate damages caused to the environment and to indemnify affected third parties, the imposition of any such obligation may be made regardless of whether the polluter is found to have been negligent. In addition, the corporate structure of a polluting company may be disregarded if the structure is deemed to be an obstacle to the complete recovery of the environmental damage.

Environmental protection authorities are entitled to inspect the facilities of any company and, in the case that an irregularity is detected, they may impose penalties. Furthermore, under Brazilian law, the Public Attorney's Office (*Ministério Publico*), the Federal Union, States, municipalities and public agencies, among others, may subject to a statute of limitations, file civil class actions against any person in order to require environmental recovery actions and/or indemnification for environmental damages caused by such person.

We do not anticipate our compliance with existing or proposed environmental laws or regulations as likely to require material capital expenditures. We cannot assure you, however, that the implementation of more stringent environmental regulations in the future will not require significant capital or other expenditures.

Protected Areas

Pursuant to the Federal Law No. 2,651/2012, known as the Brazilian Forest Code, a legal forest reserve is an area within a rural property or holding that is necessary for the sustainable use of natural resources, conservation or rehabilitation of ecological processes, conservation of biodiversity and for shelter or protection of native fauna and flora. In general, owners of rural properties must preserve 20% of their properties as legal forest reserve. We are subject to legal forest reserve requirements, since certain of our eucalyptus forests are located in rural areas.

The Brazilian Forest Code also prescribes the mandatory establishment of permanent preservation areas that covered by native vegetation or not that must be preserved due to their environmental importance to the conservation of water resources, landscapes, geologic stability, biodiversity, soil, among others. Permanent preservation areas are subject to special protection and include, among others, boarder areas to water flows and the surroundings of water springs and reservoirs, the top of mountains and land with inclination in excess of 45 degrees. We are also subject to permanent preservation areas requirements, since the Três Lagoas mill may interfere with permanent preservation areas, and we have some areas that must be recovered.

Forestry Certification

Our forestry operations are certified by the FSC, an independent international non-governmental, not-for-profit organization based in Germany. FSC sets forth ten principles and several criteria to describe the essential elements or rules of environmentally appropriate, socially beneficial and economically viable forest management, all of which must be applied in a forest management unit before it can receive the FSC certification. FSC certificates are valid for five years, but FSC accredited certification bodies conduct annual audits to verify continued compliance with FSC certification requirements. The FSC certification is one of the requirements to export timber and derived products, such as BEKP, to the European Union market.

Our forestry operations are also certified by Cerflor, a forest certification program created by the Brazilian National Institute of Metrology, Standardization and Industrial Quality (*Instituto Nacional de Metrologia, Qualidade e Tecnologia - Inmetro*), which is recognized internationally by the Programme for the Endorsement of Forest Certification Schemes – PEFC.

Insurance

We maintain fully comprehensive insurance with leading insurers to cover directors and officers liability, property damage and, business interruption risk, as well as with respect to international and domestic transportation, and accidents in transportation, storage and/or production of chemical products. As of March 31, 2016, our insurance policy for operating risks covered R$5.1 billion in material damages, R$849.9 million in lost profits and R$89.0 million in civil liability.

Our forests are not insured, but we take the following measures to avoid loss of biological assets: watchtowers, constant boundary monitoring, teams with specialized firefighting training and wood transportation monitoring.

Intellectual Property

The following is a discussion of the primary types of intellectual property we use in connection with our operations, the most significant of which are trademarks. And although we believe that our trademarks are important to us, we currently do not depend on any specific type of intellectual property to run our business.

Trademarks

In Brazil, a person acquires legal title to a trademark only when the trademark is validly registered with the Brazilian Patents and Trademarks Office (*Instituto Nacional de Propriedade Industrial*), or INPI. Once INPI approves a registration application, the holder of the trademark has the right to its exclusive use in Brazil for an initial term of ten years, renewable for additional ten-year terms. Our main trademark, which we use to identify our products and our services, is "Eldorado Brasil." Although we have filed applications to register this trademark with INPI in several classes of use, on occasion third parties have opposed them. When applicable and properly notified, we have produced timely responses to these oppositions. Although we believe we have provided information demonstrating that our trademark applications meet the legal requirements with respect to all classes for which we have sought trademark protection, it may take years for us to obtain the necessary approvals since INPI faces a considerable backlog. Where we sought trademark protection for use in the class including paper, newspaper, magazines, books and other similar products, our application was denied by INPI, and we did not appeal their decision.

We have also obtained trademark registrations of the name "Eldorado Brasil" in several other jurisdictions, including the European Union, South Korea and Turkey.

Licenses

On April 3, 2014, we entered into a Plant Use Licensing Agreement with International Paper do Brasil Ltda., as licensor, pursuant to which we obtained the right to cultivate, reproduce and commercialize certain plants owned by the licensor for a period of five years.

Domain Name

We have registered our domain name “eldoradobrasil.com.br,” which we believe is material to our business, with the Brazilian website name registration service, *Registro.br*.

Other Intellectual Property

In addition to trademark protection, we attempt to protect our unregistered trademarks and other proprietary information under trade secret laws, employee and third-party non-disclosure agreements and other laws and methods of protection.

Employees

As of March 31, 2016, we had 4,932 employees, as set forth in the table below:

	Number of Employees
Brazil – Mato Grosso do Sul	4,523
Brazil – São Paulo	381
Brazil –Mato Grosso	13
Austria	6
China	5
U.S.	4
Total	**4,932**

Most of our employees are represented by labor unions. In Brazil, labor unions are regional and organized by type of activity. Our employees are affiliated with the following unions:

- Mato Grosso do Sul: Union of Rural Workers of Três Lagoas (*Sindicato dos Trabalhadores Rurais de Três Lagoas*), Union of Paper and Pulp Industrial Workers (*Sindicato dos Trabalhadores Industriais de Papel e Celulose*), Union of Rural Workers of Santa Rita do Pardo (*Sindicato dos Trabalhadores Rurais de Santa Rita do Pardo*), Union of Rural Workers of Barra do Garças (*Sindicado dos Trabalhadores Rurais de Barra do Garças*), Union of Rural Workers of Selvíria (*Sindicato dos Trabalhadores Rurais de Selvíria*), Union of Rural Workers of Agua Clara (*Sindicato dos Trabalhadores Rurais de Agua Clara*); and

- São Paulo: Union of Paper and Pulp Industrial Workers (*Sindicato dos Trabalhadores Industriais de Papel e Celulose*), Santos Port Workers’ Union (*Sindaport – Santos*) and Union of Rural Workers of Andradina (*Sindicato dos Trabalhadores Rurais de Andradina*).

We negotiate annual collective bargaining agreements with the relevant unions with which our employees are affiliated. Annual collective bargaining agreements with respect to our non-executive employees were renewed in 2015, resulting in a base salary increase of between 7.67% and 9.81% for our forestry and industry personnel. We consider our relationship with our employees and their respective unions to be good.

During the construction phase of the Três Lagoas mill, our contractors occasionally experienced brief work slowdowns, which is ordinary in Brazil under these circumstances.

Post-Retirement Benefit Plan

In July 2015, we entered into an agreement with PETROS, a private pension plan, in order to provide post-retirement benefits to our employees. Under the terms of this pension plan, we match the contributions of our employees, ranging from 3% to 6% of nominal salaries. During the three-month period ended March 31, 2016 and the year ended December 31, 2015, our contributions totaled R$520,000 and R$391,000, respectively.

Legal Proceedings

We are party to a number of judicial, administrative and arbitration proceedings arising from our normal business activities. Most of our civil proceedings relate to claims for compensation, indemnification for material and moral damages, collection suits and restraining orders (*interdito proibitório*). Most of our labor proceedings relate to claims for payment of overtime or *in itinere* working hours, severance pay, hazard pay and/or risk premium, compensation non-granting of intra-day intervals and for moral and material damages due to illness, accident and others. Most of our tax proceedings relate to payments related to our PIS/COFINS and local service tax obligations and to social security contributions relating to employee compensation.

Based on the opinion of our legal advisors and, where applicable, based on specific opinions issued by experts, we evaluate the expected outcome of ongoing disputes in order to determine the necessity of making provisions for loss contingencies. It is our policy to make provisions for loss contingencies where, based upon the judgment of our legal advisors, the risk of loss is probable. As of March 31, 2016, we were party to proceedings involving an amount of R$270.8 million, of which we estimated probable losses of R$4.4 million (for which we accrued provisions) and possible losses of R$165.9 million (for which we have not accrued provisions).

Although we cannot predict with certainty the amount of any liability that could arise with respect to these proceedings, we do not believe any of these proceedings is reasonably likely to individually or in the aggregate have a material adverse effect on our financial position or results of operations. However, we cannot be certain that the current proceedings will be resolved in our favor or that additional proceedings will not arise in the future.

The following table summarizes the proceedings to which we are party as of March 31, 2016, the amounts in dispute in these proceedings and the aggregate amount of the provision established for losses that may arise from these proceedings:

	Provisions	**Amount in dispute**
	(*in millions of* reais)	
Civil proceedings	1.1	179.7
Labor proceedings	3.0	81.7
Tax proceedings	0.3	9.3
Total	**4.4**	**270.8[(1)]**

(1) Does not include the amount in dispute of R$184.6 million related to the EGTM proceeding described below.

Intellectual Property and Civil Dispute

Eldorado Brasil is a defendant in an intellectual property dispute with Fibria, one of our competitors, in which Fibria alleges that Eldorado Brasil infringed on Fibria's rights over certain eucalyptus clones used in Eldorado Brasil's plantations, or the alleged infringement. On April 9, 2013, Fibria filed a request (*ação cautelar de produção antecipada de provas*) with a state court in the State of Mato Grosso do Sul to enjoin Eldorado Brasil from using certain eucalyptus clones in order to collect evidence in connection with the alleged infringement. The court granted Fibria's request, and the resulting expert report was unfavorable to Eldorado Brasil. On August 13, 2015, Eldorado Brasil filed an appeal against the court's decision to grant the injunction and requested that the expert report be declared null in which Eldorado Brasil argued that the court expert is biased, given that it has also presented another technical report at the request of the plaintiff, and questioned the technical adequacy of the method used by the expert to determine if the eucalyptus clones used in Eldorado Brasil's forests infringe on Fibria's intellectual property. On May 3, 2016, the court denied Eldorado Brasil's appeal. Eldorado Brasil expects to appeal this decision.

In addition, in April 2016, Eldorado Brasil was summoned to appear before a state court in the State of Mato Grosso do Sul as defendant in a lawsuit filed by Fibria in connection with the alleged infringement mentioned above, for which Fibria is seeking compensation in the amount of R$100.0 million. On May 5, 2015, Eldorado Brasil argued that the case be dismissed an, in the alternative, for a change of venue. A ruling by the state court is pending. The state court's decision will depend on the accuracy of Fibria's arguments and our counterarguments. Therefore, it is not possible to estimate the likelihood of loss for this new lawsuit. As of the date of this offering memorandum, we had not recorded any provisions in respect of this new lawsuit.

Eldorado Brasil is a defendant in a dispute brought by EGTM, a waterway transportation company, in which EGTM seeks to collect amounts due in connection with the termination of a waterway transportation agreement and an investment agreement entered into with Eldorado Brasil. The lower court judge has not granted a decision regarding the merits of the lawsuit, but ruled on April 28, 2016 that the amount in dispute is R$184.6 million. We believe that these allegations are groundless and intend to defend vigorously against these claims. As of the date of this offering memorandum, in light of the matter in dispute and the stage of the proceeding, we have determined the likelihood of loss in this matter to be possible, and therefore, we have not recorded any provisions in respect of this lawsuit.

THE ISSUER

The issuer is Eldorado Brasil’s wholly-owned indirect subsidiary and was incorporated in Austria as a limited liability company on February 18, 2016 with an unlimited duration. The registered office of the issuer is located at Schwertgasse 2/18, A-1010 Vienna, Austria. The issuer was registered with the Austrian commercial register under Company No. 448161 k on February 20, 2016.

The issuer is not required to and has not published financial statements for any period. However, should it publish any financial statements in the future, such financial statements will be made available free of charge at the office of the Singapore listing agent and sent to you upon request of the issuer or the trustee. The managing directors of the issuer are Mr. Reginaldo Nunes Gomes and Mr. Luis Sartini Felli. As directors of the issuer and subject to general provisions of Austrian law, they are bound by the instructions of Cellulose Eldorado Austria GmbH, as its sole direct shareholder.

Pursuant to the issuer’s articles of association, its corporate purpose, among others, is the provision of services of all kind, trading activities and the acquisition, disposal and management of companies and enterprises located in Austria and abroad. Under Austrian law, the issuer can also engage in any act or activity related to its corporate purpose that is not prohibited under any law as may be in force from time to time in Austria.

The authorized share capital of the issuer is €35,000 divided into one common share of a nominal or par value of €35,000. As of the date of this offering memorandum, one share has been issued, is fully paid and is outstanding.

MANAGEMENT

Pursuant to our bylaws, we are managed by a board of directors and a board of executive officers. We have also established a fiscal council. In this section, references to "we," "us," "our" or "the company" refer to Eldorado Brasil Celulose S.A. only and does not include its subsidiaries.

Board of Directors

The following table sets forth the name, age and position of individuals who currently serve on our board of directors.

Name	Member Since	Age	Position
Joesley Mendonça Batista [(1)]	October 21, 2010	44	Chairman
Ricardo Menin Gaertner [(1)]	April 27, 2016	40	Alternate Member
Wesley Mendonça Batista [(1)]	April 27, 2012	45	Vice-Chairman
Francisco de Assis e Silva [(1)]	April 27, 2012	50	Alternate Member
José Batista Sobrinho [(1)]	October 21, 2010	82	Member
Emerson Fernandes Loureiro [(1)]	April 27, 2012	42	Alternate Member
Paulo Eduardo Nigro [(2)]	January 24, 2014	54	Member
Antônio da Silva Barreto Júnior [(1)]	April 23, 2015	32	Alternate Member
Miguel João Jorge Filho [(2)]	December 21, 2012	70	Member
Humberto Junqueira de Farias [(1)]	December 21, 2012	46	Alternate Member
Henrique Jäger [(3)]	January 22, 2016	50	Member
Danilo Ferreira da Silva [(3)]	April 27, 2016	33	Alternate Member
Max Mauran Pantoja da Costa [(3)]	April 23, 2015	55	Member
Mariana Santa Bárbara Vissirini [(3)]	April 23, 2015	32	Alternate Member

(1) Nominated by J&F pursuant to its shareholders' agreement with FIP Florestal. See "Principal Shareholders—Shareholders' Agreement."
(2) Independent director (as defined under the rules of the *Novo Mercado* listing segment of the BM&FBOVESPA) appointed by J&F.
(3) Nominated by FIP Florestal pursuant to its shareholders' agreement with J&F. See "Principal Shareholders—Shareholders' Agreement."

The following is a summary of the business experience of our directors:

Joesley Mendonça Batista is the chairman of our board of directors nominated by J&F, of which he is also the chairman of the board of directors and chief executive officer. In those capacities, he participates in the management of the various companies held by J&F, including our sister companies JBS S.A., Flora Produtos de Higiene e Limpeza S.A., or Flora, a hygiene and sanitation company, Canal Rural, a Brazilian television station focused on agricultural sector programming, Vigor Alimentos S.A., or Vigor, a dairy processor, Banco Original S.A. and Alpargatas. Mr. Joesley Mendonça Batista has held various roles with the JBS Group for decades. From 2006 to 2011, he was the chief executive officer of JBS S.A. and currently serves on its board of directors. At JBS S.A., he was one of the leaders of the company's global expansion, having successfully negotiated, among others, the acquisitions of Bertin S.A., Swift, Pilgrim's Pride Corporation, Marfrig Global Foods S.A.'s Seara business and Alpargatas, the footwear company that owns iconic brands such as Havaianas, Osklen, Timberland and Mizuno. In 2015, Mr. Joesley Mendonça Batista was named "Entrepreneur of the Year" by the Brazilian magazine *Isto É Dinheiro*. He is also chairman of the board of directors of JBS S.A. and a member of the board of directors of Pilgrim's Pride Corporation, Flora, Alpargatas and Vigor. Mr. Joesley Mendonça Batista is one of the sons of José Batista Sobrinho, the founder of JBS S.A., and brother of Wesley Mendonça Batista.

Wesley Mendonça Batista is the vice-chairman of our board of directors nominated by J&F. Mr. Wesley Mendonça Batista has more than 20 years of experience in the protein industry. He is also the chairman of the board of directors of Vigor. He participates in other businesses in real estate, food, agribusiness, hygiene, sanitation, and finance areas through the shareholdings of J&F. In addition, he is the chief executive officer of JBS S.A. and vice-chairman of the board of directors of JBS S.A. He is one of the sons of José Batista Sobrinho, the founder of JBS S.A., and brother of Joesley Mendonça Batista.

José Batista Sobrinho is a member of our board of directors nominated by J&F. He is the founder of the JBS Group and has been a member of the board of directors of JBS S.A. since January 2007. He has over 50 years of experience in beef production with JBS S.A. He is the father of Joesley Mendonça Batista and Wesley Mendonça Batista.

Paulo Eduardo Nigro is an independent member of our board of directors nominated by J&F. Currently, he is the chief executive officer of Laboratórios Aché. Mr. Nigro joined Tetra Pak in 1991 as Sales Manager and has experience in companies such as Philips, Goodyear and Aga. He holds a degree in Mechanical Engineering from FAAP and an MBA from Mackenzie University, with a post-graduate degree in Management and Business Administration from IMD Institute, in Lausanne, Switzerland.

Miguel João Jorge Filho is an independent member of our board of directors nominated by J&F. In 1977, he became managing editor of the newspaper *O Estado de São Paulo*, staying on until 1987, at which time he assumed the position of Social Communication Officer of Autolatina, a joint venture of Volkswagen and Ford in Brazil. In 1989, he was appointed Vice-President of Human Affairs and Corporate Affairs of Volkswagen Brazil, a position that he held until the end of 2000, when he became Executive Vice-President of Human Resources and Legal and Corporate Affairs of Banco Santander Banespa. He was a member of the boards of directors of the newspaper *O Estado de São Paulo*, the Council for Economic and Social Development of the Presidency, the Curator Council of Padre Anchieta Foundation (TV Cultura) and the Solidarity Social Fund of the State of São Paulo. He is currently a professor at the Communications School of Paulista University and is a member of the boards of MAN-Volkswagen companies in Brazil, TIVIT Technology and Fresenius-Kalbi Brazil and Libra Marine Terminals/Logistics. He holds a degree in Journalism and, in 1965, was part of the team that founded the newspaper *Jornal da Tarde*, at which he held various positions, from General Reporter to Sub-Secretary of the Editors.

Henrique Jäger is a member of our board of directors nominated by FIP Florestal. He is also a member of the board of directors of Invepar and DASA and has served as member of the board of directors and fiscal councils of Telemig Celular and Paranapanema. Previously, he was appointed director at Banco do Brasil board appointed by minority of the Audit and Bank Remuneration Committees and Chairman of PETROS. He is a certified counsel by the Brazilian Institute of Corporate Governance.

Max Mauran Pantoja da Costa is a member of our board of directors nominated by FIP Florestal. He is currently the Planning and Controlling Officer of FUNCEF. At Caixa, he served as Manager Consultant at the Office of the President (GAPRE), Technical Consultant, National Manager, Institutional Relationship Manager, Auditor, Pledge Assessor and Supervisor. At the Ministry of Finance, he developed information analysis activities and advised on the Council for Financial Activities Control (COAF), at the National Treasury Secretariat (STN), at the Internal Control Advisory (ACI) and at the Department of Planning, Budget and Management (SPOA). He was part of the 2009 class of the Strategic Policy Studies course in the Superior War College of the Ministry of Defense (ESG/MD). He holds a degree in Electrical Engineering and a postgraduate degree in Safety Engineering from the University of Brasilia. He also holds a Finance Executive degree from IBMEC, in Auditing from FGV, in Strategic Policies from COPPEAD/UFRJ and CPA20 certification from the ANBID.

Ricardo Menin Gaertner is an alternate a member of our board of directors nominated by J&F. He has served as Executive Manager of J&F for two years. Previously, he was Superintendent of Banco Original S.A. and worked at several large São Paulo-based law firms, such as Machado, Meyer, Sendacz e Opice Advogados, Levy & Salomão Advogados and Braga & Marafon Consultores e Advogados. Mr. Gaertner holds a bachelor's degree in Law from Universidade de São Paulo (USP) and a post-graduate degree in Tax Law from Centro de Extensão Universitária de São Paulo.

Francisco de Assis e Silva is an alternate member of our board of directors nominated by J&F. He has served as In-House Counsel at the Trombini Group for five years. He was an Administrative and Legal Officer at Itapemirim, a transport company. He has been working at the JBS Group since December 2001. He holds a Law degree from PUC-PR, post-graduate degrees in Environmental Law from PUC-PR and in Business Law from Mackenzie University, and master's degrees in State Law from Mackenzie University and the UFPR, with a dissertation on Constitutional Tax System, with all credits for a doctorate. Mr. Assis e Silva also studied Labor Economics at Universidade de São Paulo (USP).

Emerson Fernandes Loureiro is an alternate member of our board of directors nominated by J&F. He also holds the position of Executive Officer at Banco Original S.A. He holds a degree in Business Administration from FGV.

Antônio da Silva Barreto Júnior is an alternate member of our board of directors nominated by J&F. He currently holds the position of financial manager at J&F, which he joined in 2011. Mr. Barreto began his career in the financial sector in 2006, having worked in a boutique M&A and private equity firm. In 2009, he became New Business Manager at a U.S. private equity firm in the renewable energy (ethanol and biodiesel) sector. In 2010, he joined Eldorado Brasil as a financial manager. Mr. Barreto holds a degree in Business Administration from FGV.

Humberto Junqueira de Farias is an alternate a member of our board of directors nominated by J&F. Currently, he is the Chief Executive Officer of Zetta Energia and is a member of the boards of directors of JBS S.A. and J&F. He has more than 20 years of experience in executive business and was Chief Executive Officer of Renuka do Brasil, Camargo Correa Cimentos, CAVO and Loma Negro CIASA. He was a member of the board of directors of Loma Negra CIASA, Essencis Soluções Ambientais and LOGA Logística Ambiental. He is also New Business Officer of J&F. He holds degrees in Civil Engineering and Business Administration.

Danilo Ferreira da Silva is an alternate member of our board of directors nominated by FIP Florestal. Since March 2015, he has served as Administrative Financial Officer of PETROS, where he is responsible for the Compliance and Internal Controls, Information Technology, Accounting, Financial Execution, Contract Management and Human Resources departments.

Mariana Santa Bárbara Vissirini is an alternate member of our board of directors nominated by FIP Florestal. She also is an alternate member of the board of directors of Sete Brazil and Odebrecht Utilities. She has also worked for four years at PETROS as Investment Analyst, focusing on trading area and evaluation of new investments, and for three years as Strategic Planning Analyst. Since July 2012, she has been an Investment Analyst in the area of equity investments of FUNCEF. She has experience in business and academic education. She holds a degree from the UERJ, and a master's degree in Economics and Business from Cândido Mendes University.

Board of Executive Officers

The following table sets forth the name, age and position of current members of our board of executive officers.

Name	Member Since	Age	Position
José Carlos Grubisich Filho	February 10, 2012	58	Chief Executive Officer and Investor Relations Officer
Carlos Roberto Paiva Monteiro	October 21, 2010	65	Industrial Technical Officer
Germano Aguiar Vieira	December 16, 2011	60	Forestry Officer
Luis Fernando Sartini Felli	August 15, 2013	49	Commercial Officer

The following is a summary of the business experience of the current members of our board of executive officers:

José Carlos Grubisich Filho is our Chief Executive Officer and Investor Relations Officer. He also owns 100% of the equity interests of FIP Olímpia, which owns 1.96% of our capital stock. Mr. Grubisich developed much of his career in Rhodia and Rhône-Poulenc group and took different positions: CEO of Rhône-Poulenc Group / Rhodia in Brazil; Chairman of Rhodia for Brazil and Latin America; World Rhodia Fine Organics President, in Paris; Vice Presidency and Executive Committee member of the Rhodia Group, in Paris. In January 2002, he was appointed CEO of Braskem, which was incorporated in August of that year. He led the process of consolidation of the company as world class Brazilian petrochemical with a turnover of over 12 billion dollars. In July 2008, Mr. Grubisich was elected CEO of ETH Bioenergia, an affiliate of Odebrecht focused on integrated production of ethanol and power from sugar cane. Mr. Grubisich holds a bachelor's degree in Chemical Engineering from the Oswaldo Cruz and has completed Advanced Management programs at Dom Cabral Foundation and at INSEAD in France.

Carlos Roberto Paiva Monteiro is our Industrial Technical Officer. He has served in various companies as Engineering Manager at Indústrias Papel Simão, as head of the Engineering Implementation Division at Aracruz Celulose and finally as Engineering Officer at Votorantim Celulose e Papel. He holds a degree in Mechanical Engineering from the UFRGS, and an MBA degree in Business Management from BSP.

Germano Aguiar Vieira is our Forestry Director. He has over 30 years of experience as a great project manager in the forestry sector in companies such as CAF Santa Bárbara, CENIBRA and MASISA do Brasil, where he developed several projects in forest planning, land acquisition for reforestation, analysis of purchase and sale of forest assets, process and product quality of planted forest, panels and pulp factory supply logistics, environmental control and certification in the ISO 14000, ISO 9001, OHSAS 18000, FSC and Cerflor. He also managed forest research for institutional entities and associations representing forestry companies the States of Minas Gerais, São Paulo, Paraná and Rio Grande do Sul. Mr. Vieira holds a degree in Forestry Engineering from the UFRRJ, a postgraduate degree in Occupational Safety Engineering from PUC/ICMG and an Executive MBA degree from FGV.

Luis Fernando Sartini Felli is our Commercial Operations Director and previously was Executive Vice President of ETH Bioenergia, having served as Executive Vice President of Braskem and in various positions at FMC Corporation. He has over 29 years of experience in the commercial, manufacturing in chemical and biomass industries. He was the founder and the first Chairman of the Instituto Trata Brasil, was Chairman of the PVC Institute and was a member of the State Council for Economic and Social Development of the State of Alagoas. Mr. Felli holds a degree in Agronomic Engineering from University of São Paulo and a MBA from Columbia University in New York.

Fiscal Council

The following table sets forth the name, age and position of current members of our fiscal council.

Name	Member Since	Age	Position
Florisvaldo Caetano de Oliveira(1)	April 27, 2012	63	Chairman
Sandro Domingues Raffai(1)	April 27, 2012	50	Alternate Member
Demetrius Nichele Macei(1)	April 27, 2012	44	Member
Adrion Lino Pires(1)	April 29, 2013	44	Alternate Member
Alcinei Cardoso Rodrigues(2)	April 27, 2016	51	Member
Leonardo Galluzzi Sansivieri(2)	April 27, 2016	30	Alternate Member

(1) Nominated by J&F pursuant to its shareholders' agreement with FIP Florestal. See "Principal Shareholders—Shareholders' Agreement."
(2) Nominated by FIP Florestal pursuant to its shareholders' agreement with J&F. See "Principal Shareholders—Shareholders' Agreement."

The following is a summary of the business experience of the current members of our fiscal council:

Florisvaldo Caetano de Oliveira is the chairman of our fiscal council nominated by J&F. He has been a member of the fiscal council of JBS S.A. since September 2007. He currently manages Escritório de Contabilidade F.F. Previously, he managed Rigor 65 Comércio e Distribuição de Produtos de Higiene e Limpeza from 1998 to 2006 and Empresa Transportadora Santos Dumont from 1999 to 2002. Mr. Oliveira holds a degree in Accounting from Colégio La Salle in Brasília.

Demetrius Nichele Macei is a member of our fiscal council nominated by J&F. He currently participates in the Thematic Board of Tax Affairs of the FIEP, is partner in a law firm and has been a member of the Brazilian Institute of Corporate Governance since 2011. He has served as General Counsel to JBS Argentina, Legal Tax Manager at JBS S.A. and at Deloitte, and also as Legal Counsel at OCEPAR and at the Supervisory Board of UNIMED in Curitiba. Mr. Macei has completed studies in American Law at Fordham University and is currently enrolled in the post-doctorate degree program in Tax Law at University of São Paulo. He holds a doctorate degree in Public Law from PUC-SP, a master's degree in Economic and Social Law with a post-graduate degree in Business Law from PUC-PR and a bachelor's degree in Law from the UFPR. He is Professor of Tax Law at UNICURITIBA, Visiting Professor in Tax Law at Universidad Austral de Buenos Aires and licensed Professor of FADISP.

Alcinei Cardoso Rodrigues is a member of our fiscal council nominated by FIP Florestal. Since November 2011, he has served as Coordinator at FUNCEF's Equity Management (GEPAR). From June 2003 to November 2011, he was a Board Advisor, Equity Manager and Strategic Planning Manager at PETROS. Mr. Rodrigues holds bachelor's and master's degrees in economics from Pontifícia Universidade Católica de São Paulo (PUC-SP) and completed post-graduate studies with a specialization in Pension Funds from Pontifícia Universidade Católica do Rio de Janeiro (PUC-RJ).

Sandro Domingues Raffai is an alternate member of our fiscal council nominated by J&F. He currently manages Escritório de Contabilidade F.F. He holds a degree in Accounting from Oswaldo Cruz and a post-graduate degree in Tax Management from the FECAP.

Adrion Lino Pires is an alternate member of our fiscal council nominated by J&F. Since 2013, he has been the Administrative Director at JBJ Agropecuária Ltda., a company in the agrobusiness sector, located in Goiânia. Mr. Pires served as Accounting Coordinator at JBS S.A. from 2003 to 2010 and as Administrative Manager at J&F from 2011 to 2013. He holds a degree in Accounting from UNIFAJ.

Leonardo Galluzzi Sansivieri is an alternate member of our fiscal council nominated by FIP Florestal and a member of our audit committee. Mr. Sansivieri has been an investment analyst at FUNCEF's Equity Management (GEPAR) since 2010. He holds a degree in Business Administration from UNIMONTE and a post-graduate degree in financial market and banking from the Catholic University of Santos.

Audit Committee

Our board of directors appoints the members of our audit committee. The members of our board of directors may also be members of our audit committee. Our audit committee assists our board of directors by periodically reviewing our accounting, reporting and financial practices, including the disclosure and transparency of our financial statements, our compliance with legal and regulatory requirements, our independent auditing firm's qualifications and independence, and overseeing and monitoring the performance of our independent auditing firm. Our audit committee summarizes its findings in a report issued to our board of directors.

The following table sets forth the name age and position of current members of our audit committee.

Name	Member Since	Age	Position
Vacant	—	—	Member
Mônica Aparecida da Fonseca Furlan	April 28, 2015	48	Alternate Member
Vacant	—	—	Member
André Alcântara Ocampos	April 28, 2015	35	Alternate Member
Antônio da Silva Barreto Júnior	April 28, 2015	32	Member
Paulo Renelli Neto	April 28, 2015	35	Alternate Member
Daniel Seabra Pinheiro	March 17, 2016	31	Member
Paola Rocha Ferreira	March 17, 2016	36	Alternate Member
Leonardo Galuzzi Sansivieri	April 28, 2015	30	Member
Marcos Rocha de Araújo	April 28, 2015	48	Alternate Member

The following is a summary of the business experience of the current members of our audit committee:

Antônio da Silva Barreto Júnior is a member of our audit committee. See "—Board of Directors."

Daniel Seabra Pinheiro is a member of our audit committee. Mr. Pinheiro has experience in corporate finance, M&A and valuation, and has been working at KPMG Corporate Finance for the past two years and as Investment Analyst at PETROS since October 2012. He holds a bachelor's degree in Economics from IBMEC-RJ.

Leonardo Galuzzi Sansivieri is a member of our audit committee. See "—Fiscal Council."

Mônica Aparecida da Fonseca Furlan is an alternate member of our audit committee. Mrs. Furlan has over 15 years of experience in the areas of corporate planning, internal controls and finance and has led important projects of implementation and investments in Brazil and abroad. She has worked in companies such as Cyrela and Camargo Correa. Mrs. Furlan holds post-graduate degrees in Finance from IBMEC and from FGV.

André Alcântara Ocampos is an alternate member of our audit committee. Mr. Ocampo is currently the Administration and Control Manager at J&F and has worked at Flora, Syngenta, Anhembi Factoring and Data Micro Processamentos e Serviços. He holds a bachelor's degree in Accounting from Faculdade Campos Salles, a post-graduate degree in Tax Law from FAAP and is currently enrolled in an MBA program in International Accounting Standards at FIPECAPI.

Paulo Renelli Neto is an alternate member of our audit committee. Mr. Renelli Neto has wide experience in the finance field, and has worked in areas such as treasury, asset finance and equity research at Bank Boston, ABN Amro, Santander e J. Safra. Since 2012, Mr. Renelli Neto has worked in the New Business division at J&F. He holds a degree in Business Administration from FGV and since 2006 has been a Chartered Financial Analyst accredited by the CFA Institute.

Paola Rocha Ferreira is an alternate member of our audit committee. She previously served as an alternate member of our board of directors nominated by FIP Florestal. Ms. Ferreira currently works as an Asset Management Manager at PETROS. She served as a Financial Planning Analyst at Companhia Vale do Rio Doce from 2004 to 2005, Asset Management Analyst at Grupo Santander Banespa from 2002 to 2004 and Production Planning and Control Analyst at Roche from 2000 to 2002. Ms. Ferreira has also served as a member of the board of directors of Investimentos e Participações em Infra-Estrutura S.A. – INVEPAR and Log-In Logística Intermodal S.A. and a member of the fiscal council of Lupatech S.A. She holds degrees in Chemical Engineering from Pontifícia Universidade Católica (PUC-RJ), an MBA in Finance from Fundação Dom Cabral and a master's degree in Finance from IBMEC-RJ.

Marcos Rocha de Araújo is an alternate member of our audit committee. Mr. Araújo has worked as Asset Management Specialist at FUNCEF since February 2010, primarily with analysis and supervision of M&A and investment funds transactions (private equity and venture capital). He has also been an alternate member of the fiscal council of Telemar Participações since April 2012. In the past, he has served as member of the fiscal council of ALL and Tele Norte Celular Participações, and as director at TG Participações, Brasil Ferrovias, Bahema and Brasil Telecom. He has worked as Analyst at the division of Investment Analysis at FUNCEF, in the areas of capital market, credit risk, structured transactions, company valuation and finance. Mr. Araujo also worked for fifteen years in the Investments division at the Central Bank Foundation. He holds a bachelor's degree in Economics.

Advisory Committees

Under the shareholders' agreement (described further below in "Principal Shareholders—Shareholders' Agreement"), any advisory committees established by the board of directors must be composed of up to four members designated by the board members appointed by J&F and two members designated by the board members appointed by FIP Florestal.

As of the date of this offering memorandum, in addition to the audit committee described above, we had a related party and conflicts of interest committee (described further below in "Principal Shareholders—Shareholders' Agreement" and "Related Party Transactions—Policies and Procedures for Related Party Transactions"), a people and development committee and a sustainability and social responsibility committee.

Legal Proceeding

On January 19, 2016, the State of São Paulo Federal Court accepted a criminal complaint filed by the Federal Prosecution Office against certain individuals, including Mr. Joesley Mendonça Batista, the chairman of our board of directors, and Emerson Fernandes Loureiro, an alternate member of our board of directors, for alleged violations of the Brazilian financial system laws in relation to certain financial transactions involving our affiliate Banco Original S.A., among others. For more information about this legal proceeding, see "Risk Factors—Risks Relating to Our Business and Industry—Mr. Joesley Mendonça Batista, one of our indirect individual controlling shareholders and chairman of the board of directors of Eldorado Brasil, is a defendant in a criminal proceeding."

Compensation

The members of our board of directors and our executive officers earned a total aggregate compensation of R$16.4 million and R$16.5 million for the years ended December 31, 2015 and 2014, respectively.

Our management compensation policy is an important aspect of our human capital investment strategy and is designed to attract and retain the most qualified personnel in the industry. We establish the management compensation based on market research intended to align the interests of our directors and officers with the interests of our shareholders.

We compensate our executive officers with a combination of fixed salary, bonuses tied to our financial performance health benefits. We pay a monthly fixed compensation to the members of our board of directors, board committees and fiscal council, and they are not entitled to any direct or indirect benefits or profit sharing. We compensate alternate members of the board of directors for each meeting they attend. We only pay a fixed salary as compensation to members of the board committees.

PRINCIPAL SHAREHOLDERS

Our capital stock is represented solely by common shares. As of the date of this offering memorandum, the aggregate amount of our issued and outstanding capital stock is R$1,788,792 million, represented by 1,525,558,419 common shares. In this section, references to "we," "us," "our" or "the company" refer to Eldorado Brasil Celulose S.A. only and does not include its subsidiaries.

We are controlled by J&F, a Brazilian holding company with investments in various industries, including animal protein production and distribution, cattle breeding, financial services and media. J&F directly and indirectly owns 80.9% of our company.

The following table sets forth the direct shareholders of our issued and outstanding common shares and their respective shareholding as of the date of this offering memorandum:

Shareholder	Shares outstanding	%
J&F Investimentos S.A.[(1)]	970,094,501	63.59
Florestal Fundo de Investimento em Participações[(2)]	525,558,419	34.45
Fundo de Investimentos em Participações Olímpia[(3)]	29,905,499	1.96
Total	**1,525,558,419**	**100.00**

(1) J&F is owned indirectly through several Brazilian holding companies by the members of the Batista family (José Batista Sobrinho and his wife Flora Mendonça Batista and their following children: Valere Batista Mendonça Ramos, Vanessa Mendonça Batista, Wesley Mendonça Batista, Joesley Mendonça Batista and Vivianne Mendonça Batista), and also by Pinheiros Fundo de Investimento em Participações, or FIP Pinheiros, and ZMF Fundo de Investimento em Participações, or ZMF. Valere Batista Mendonça Ramos, Vanessa Mendonça Batista, Wesley Mendonça Batista, Joesley Mendonça Batista and Vivianne Mendonça Batista own 100% of the equity interests in ZMF. FIP Pinheiros is indirectly owned by Colin Murdoch-Muirred, James Walker, Nicolas Ferris and Paul Backhouse (through Blessed Holdings) and directly owned by J&F and certain members of the Batista family. Collectively, the members of the Batista family directly and indirectly own a majority of the equity interests in J&F. Wesley Mendonça Batista, Joesley Mendonça Batista and José Batista Sobrinho currently serve as members of the board of directors of J&F and Joesley Mendonça Batista currently serves as its chief executive officer. In addition, our chief executive officer, José Carlos Grubisich Filho, currently serves on the board of directors of J&F.

(2) FIP Florestal is a private equity fund controlled by the private equity fund FIC-FIP JMF, which holds 50.25% of the equity interests in FIP Florestal. J&F owns 99.5% of the equity interests in FIC-FIP JMF. The remaining 0.5% of the equity interests in FIC-FIP JMF are owned by ZMF. The remaining owners of FIP Florestal are: (i) FUNCEF, the pension fund for employees of Caixa Econômica Federal, a financial institution owned by the Brazilian federal government, with 24.75% (ii) PETROS, the pension fund for employees of Petrobras, with 24.75% and (iii) VRC Capital Asset Management S.A., with 0.25%.

(3) Our Chief Executive Officer and Investor Relations Officer, José Carlos Grubisich Filho, owns 100% of the capital stock of FIP Olímpia.

Shareholders' Agreement

On November 30, 2011, J&F and FIP Florestal entered into a shareholders' agreement with us as intervening and consenting party, or the shareholders' agreement. The shareholders' agreement will expire on October 19, 2030 and may be renewed with the express written consent of all shareholder parties thereto.

The shareholders' agreement provides that J&F may nominate up to five members and five alternates to our board of directors, and FIP Florestal may nominate two members and two alternates. Currently, two of the members nominated by J&F are considered independent in accordance with the rules of the *Novo Mercado* listing segment of the BM&FBOVESPA. If at any time any party to the shareholders' agreement holds less than 6% of our total share capital, such shareholder shall lose its right to elect members to our board of directors. The shareholders' agreement also provides that J&F may appoint two members and two alternates to our fiscal council, and FIP Florestal may appoint one member and one alternate.

Pursuant to the shareholders' agreement, the majority of our board of directors members and one member of our board of directors elected by FIP Florestal must vote in favor to approve the following matters with respect to us or any of our controlled companies:

- new business plan;
- any change to an existing business plan in an amount greater than 15%;
- any merger, acquisition, spin-off, dissolution or liquidation;

- any transaction outside the ordinary course of business;

- any amendment to the company's bylaws which would: (1) change the company's name or business; (2) reduce the company's mandatory dividend payable or otherwise change its dividend policy; (3)increase or reduce the company's share capital; or (4) change the number of shares authorized or the corresponding rights of any class of shares;

- the acquisition, transfer or pledge of any non-current asset, other than in the ordinary course of business;

- entering into, amending or terminating any agreements with related parties;

- any single transaction or group of transactions that would amount to more than R$200 million;

- any material change to accounting systems, tax policies or environmental policies, except pursuant to a business plan or required by law;

- hiring any family members who is 27 years old or above or, regardless of age, to fill (or be promoted to) any position above manager; and

- any matter listed above when decided by any of our subsidiaries.

In addition, one member of our board of directors elected by FIP Florestal has veto rights with respect to the following matters:

- any change to our board of directors or the duties and responsibilities of our managers;

- any sale of our assets to FIP Florestal's manager, any affiliate of FIP Florestal or its manager or any funds managed by such persons;

- any investment or divestment of assets in a single transaction or group of transactions that would amount to more than R$100 million; and

- listing of our shares or the shares of our controlled companies on any stock exchange or trading system in Brazil or abroad.

Furthermore, two members of our board of directors elected by FIP Florestal have joint veto rights with respect to the election of our chief financial officer.

Under the shareholders' agreement, any advisory committees established by the board of directors must be composed of up to four members designated by the board members appointed by J&F and two members designated by the board members appointed by FIP Florestal. In addition, the shareholders' agreement mandated the creation of a related parties and conflicts of interests committee, which, as of the date of this offering memorandum, consisted of the following: Antônio da Silva Barreto Júnior, Ricardo Menin Gaertner, Daniel Seabra Pinheiro and Lucimara Morais Lima, as members, and Mônica Aparecida da Fonseca Furlan, Paulo Renelli Neto, Laura Regina da Riva, Paola Rocha Ferreira and Bruno José de Miranda, as alternate members.

The shareholders' agreement also provides that the following matters under consideration in a general shareholders' meeting must be approved by a majority of the shareholders as well as FIP Florestal:

- any merger, acquisition, spin-off, dissolution or liquidation of our company; and

- any amendment to our bylaws that would: (1) change our name or our business; (2) reduce our mandatory dividend payable or otherwise change our dividend policy; (3)increase or reduce our share capital; or (4) change the number of shares authorized or the corresponding rights of any class of shares.

FIP Florestal has veto rights in a general shareholders' meeting with respect to any change to our board of directors or the duties and responsibilities of our managers.

Sales of our shares to a third party by any shareholder party to the shareholders' agreement are subject to the other shareholder party's priority rights (*direitos de preferência*) as well as tag-along rights. Moreover, the non-selling shareholder has the right to veto any share sale to any person involved in legal proceedings with the non-selling shareholder, our company or any of our affiliates at any time during the five years prior to the proposed sale. Notwithstanding the aforementioned conditions, J&F may not sell our shares or exercise any tag-along rights without the approval of FIP Florestal. Nevertheless, transfers of shares to affiliates are permitted so long as the transferee becomes a party to the shareholders' agreement at the time of the transfer. In this case, the transferor remains severally responsible with the transferee for the transferee's compliance with the terms of the shareholders' agreement.

The parties to the shareholders' agreement may conduct a strategic sale or initial public offering of our shares if macroeconomic conditions are favorable to such transactions. In addition, FIP Florestal may conduct a secondary offering of our shares in conjunction with an initial public offering of our company so long as J&F's priority rights discussed above are observed.

The shareholders' agreement is governed by the laws of Brazil. Any claim or controversy arising under the shareholders' agreement will be determined in accordance with the rules of the BM&FBOVESPA Arbitration Chamber (*Câmara de Arbitragem do Mercado da BM&FBOVESPA*). Changes to the shareholders' agreement may not be made without the prior written approval of the shareholders party thereto.

Share Pledges

J&F, FIP Florestal and FIP Olímpia have granted first priority liens over an aggregate of 50.15% of our shares to BNDES and various international export credit agencies under the credit agreements we entered into to finance the construction of the Três Lagoas mill. For more information, see "Risk Factors—Risks Relating to Our Business and Industry—Our outstanding and future consolidated loans and financing could have a material adverse effect on us" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of Material Indebtedness—Project Financing—Credit Facilities."

RELATED PARTY TRANSACTIONS

During the regular course of our business, we engage in transactions with related parties on an arm's length basis, some of which are of a recurring nature. The following summarizes the material transactions we engage in with our principal shareholders and their affiliates.

For more information about related party transactions between us and our affiliates, see note 7 to our unaudited interim consolidated financial statements as of and for the three-month periods ended March 31, 2016 and 2015 and our audited financial statements as of and for the years ended December 31, 2015, 2014 and 2013, included elsewhere in this offering memorandum.

Transportation Services

During the regular course of our business, we hire JBS S.A. to transport wood from our planted forests to the Três Lagoas mill. For the three-month period ended March 31, 2016 and the year ended December 31, 2015, the cost of service provided by JBS S.A. was R$1.5 million and R$41.3 million, respectively, in connection with the provision of this service, and as of March 31, 2016, the outstanding balance due on this trade payable was R$12.2 million.

Working Capital Facility

On June 14, 2011, we entered into a working capital facility with J&F, pursuant to which J&F agreed to provide us with working capital loans. Interest on amounts disbursed accrue at the CDI rate plus 3% per annum. As of March 31, 2016, there was no outstanding balance of due from us to J&F under this credit facility.

Guarantees of our Indebtedness

J&F guarantees, on an unsecured basis, our obligations pursuant to our second series of simple debentures, issued on December 29, 2012. J&F and certain members of the Batista family also guarantee our borrowing and financing agreements with BNDES and our export credit agreements, among others. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of Material Indebtedness."

Sales of Wood Chips to JBS S.A.

On January 22, 2016, we entered into a sale and purchase agreement for the sale of wood chips to JBS S.A. This agreement was retroactively effective as of November 1, 2015 and will expire on February 28, 2017, subject to renewal by written consent of both parties at least 60 days prior to expiration. For the three-month period ended March 31, 2016 and the year ended December 31, 2015, we earned R$1.5 million and R$35.8 million, respectively, in gross sales revenue from sales of wood chips to JBS S.A.

Policies and Procedures for Related Party Transactions

The board of directors of Eldorado Brasil review in advance any proposed related party transaction. All of our directors, officers and employees are required to report to the board of directors of Eldorado Brasil any related party transaction prior to entering into the transaction.

Our policies and procedures for related parties are designed so that all transactions between us and our officers, directors and principal shareholders and their affiliates are approved by the board of directors of Eldorado Brasil and are on terms no less favorable to us than those that we could obtain from unaffiliated third parties. In addition, pursuant to the shareholders' agreement between J&F and FIP Florestal, the board of directors of Eldorado Brasil has established a conflicts of interest committee, which may be composed of up to six members. J&F may nominate up to four of the members of this committee, while FIP Florestal must nominate two members.

The conflicts of interest committee advises the board of directors of Eldorado Brasil with respect to any proposed related parties transactions. In addition, the shareholders' agreement provides that the majority of our board of directors members and one member of our board of directors elected by FIP Florestal must vote in favor to approve our entering into, amending or terminating any agreements with related parties. For more information about the shareholders' agreement and the related parties and conflicts of interest committee, see "Principal Shareholders—Shareholders' Agreement."

DESCRIPTION OF THE NOTES

Definitions of capitalized terms used in this section can be found under "—Certain Definitions." For purposes of this section of this offering memorandum, references to the "**Issuer**" refer only to Eldorado Intl. Finance GmbH, and references to "**Eldorado**" and the "**Guarantor**" refer only to Eldorado Brasil Celulose S.A., and any successor obligor on the notes, and in each case, not to its subsidiaries. References to "**Eldorado Austria**" and the "**Subsidiary Guarantor**" refer only to Cellulose Eldorado Austria GmbH, and any successor obligor on the notes, and in each case, not to its subsidiaries.

The Issuer will issue the notes pursuant to an indenture, to be dated as of June 16, 2016, among the Issuer, as issuer, and Eldorado and Eldorado Austria, as guarantors, The Bank of New York Mellon, as trustee (which term includes any successor as trustee under the indenture), and The Bank of New York Mellon Trust (Japan), Ltd., as principal paying agent. Under the indenture, the Issuer has appointed 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 and related guarantee, is available for inspection during normal business hours at the offices of the trustee and any of the other paying agents set forth on the inside back cover page of this offering memorandum. The trustee or any paying agent will also act as transfer agent and registrar in the event that the Issuer issues certificates for the notes in definitive registered form as set forth in "**Form of Notes—Issuance of Certificated Notes.**"

This Description of the Notes is a summary of the material provisions of the notes and the indenture. Potential investors should refer to the indenture for a complete description of the terms and conditions of the notes and the indenture, including the obligations of the Issuer and Eldorado and your rights.

General

The notes:

- will be unsecured, unsubordinated obligations of the Issuer, ranking equally in right of payment with all existing and future unsecured, unsubordinated obligations of the Issuer;
- will be effectively subordinated to secured debt of the Issuer to the extent of the value of the assets securing such secured debt;
- will be issued in an initial aggregate principal amount of U.S.$350.0 million;
- will mature on June 16, 2021;
- will be unconditionally guaranteed on an unsecured, unsubordinated basis by Eldorado and Eldorado Austria;
- will be issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof; and
- will be represented by one or more registered notes in global form and may be exchanged for notes in definitive form only in limited circumstances.

The guarantees related to the notes will be:

- unsecured, unsubordinated obligations of the Guarantor and the Subsidiary Guarantor, ranking equally in right of payment with all existing and future unsecured, unsubordinated obligations of the Guarantor and the Subsidiary Guarantor;
- effectively subordinated in right of payment to existing and future secured debt of the Guarantor and the Subsidiary Guarantor, to the extent of the value of the assets securing such obligations; and
- structurally subordinated in right of payment to all existing and future debt and other liabilities, including trade payables, of Eldorado's Subsidiaries that are not Subsidiary Guarantors or the Issuer.

Interest on the notes:

- will accrue at the rate of 8.625% *per annum*;
- will accrue from June 16, 2016;
- will be payable in cash semi-annually in arrears on June 16 and December 16 of each year, commencing on December 16, 2016;
- will be payable to the holders of record on the 15th 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. For so long as the notes are listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the rules of that stock exchange will so require, the Issuer will maintain a paying agent and transfer agent in Singapore.

Certain of Eldorado's existing and future Subsidiaries may guarantee the notes pursuant to the requirements set forth in "—Guarantees" below and subject to applicable legal limitations. On the issue date of the notes, Cellulose Eldorado Austria will be a Subsidiary Guarantor. The notes will be effectively subordinated in right of payment to all Debt and other liabilities and commitments (including trade payables and lease obligations) of Eldorado's Subsidiaries that are not Subsidiary Guarantors or the Issuer.

In addition, under the circumstances described below under "—Covenants—Limitation on Designation of Unrestricted Subsidiaries," Eldorado will be permitted to designate one or more of its Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to the restrictive covenants in the indenture.

On the issue date of the notes, Rishis Empreendimentos e Participações S.A. shall be the only Unrestricted Subsidiary of Eldorado. For each of the three-month period ended March 31, 2016 and the year ended December 31, 2015, Rishis Empreendimentos e Participações S.A. did not record any net revenue. As of March 31, 2016, Rishis Empreendimentos e Participações S.A. accounted for R$0.1 million, or 0.9%, of our total assets and had no liabilities.

As of March 31, 2016, Eldorado had total consolidated Debt of R$8,821.1 million (U.S.$2,478.5 million), of which R$6,641.3 million (U.S.$1,866.1 million) was secured Debt of Eldorado, and Eldorado's Subsidiaries had no Debt. As of December 31, 2015, Eldorado had total consolidated Debt of R$9,366.6 million (U.S.$2,631.8 million), of which R$5,674.8 million (U.S.$1,594.5 million) was secured Debt of Eldorado, and Eldorado's Subsidiaries had no Debt. In addition, on May 4, 2016, Eldorado Austria, as borrower, and Eldorado, as guarantor, entered into a secured term loan facility with Banco do Brasil AG, Succursale France, as arranger and lender, in an aggregate amount of up to U.S.$400.0 million. As of the date of this offering memorandum, the principal amount of U.S.$100.0 million under this facility has been disbursed. For more information about this facility, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of Material Indebtedness—Recent Developments—Eldorado Austria Term Loan Facility."

Additional Notes

Subject to the covenants described below, the Issuer may, from time to time and without your consent as a holder of the notes, issue notes under the indenture having the same terms in all respects as the notes except that the issue date, the issue price and the date of the first payment of interest thereon may differ. The notes offered hereby and any additional notes will be treated as a single class for all purposes under the indenture and will vote together as one class on all matters with respect to the notes; *provided* that unless such additional notes are issued under a separate CUSIP, such additional notes will be fungible with the notes offered hereby for U.S. federal income tax purposes.

Guarantees

(a) Each of Eldorado and Eldorado Austria will unconditionally guarantee to each holder and the trustee all of the obligations of the Issuer pursuant to the notes, including the full and prompt payment of and interest on the notes, when and as the same become due and payable, whether at maturity, upon redemption or repurchase, by declaration of acceleration or otherwise, including any additional amounts required to be paid in connection with certain taxes. Any obligation of the Issuer to make a payment may be satisfied by causing each of the Guarantor and the Subsidiary Guarantor to make such payment.

(b) After the issue date of the notes, Eldorado will cause any Restricted Subsidiary to:

(1) execute and deliver to the trustee a supplemental indenture in the form attached as an exhibit to the indenture pursuant to which such Restricted Subsidiary will unconditionally guarantee all of the Issuer's obligations under the notes and the indenture; and

(2) deliver to the trustee one or more opinions of counsel that such supplemental indenture (A) has been duly authorized, executed and delivered by such Restricted Subsidiary and (B) constitutes a valid and legally binding obligation of such Restricted Subsidiary in accordance with its terms;

within 30 days of the date on which such Restricted Subsidiary Incurs, assumes or becomes liable for more than U.S.$20.0 million of Debt (other than intercompany Debt) outstanding.

(c) Notwithstanding anything contained in this covenant "Guarantees," each guarantee of the Issuer's obligations under the notes and the indenture will be limited to the maximum amount that would not render the applicable Restricted Subsidiary's obligations subject to avoidance under applicable law, including applicable fraudulent conveyance laws.

(d) A guarantee will terminate upon:

(1) a sale or other disposition (including by way of consolidation or merger) of all or a portion of the Capital Stock of the Subsidiary Guarantor following which such Subsidiary Guarantor is no longer a Subsidiary of Eldorado;

(2) a sale or other disposition (including by way of consolidation or merger) of all or substantially all of the assets of the Subsidiary Guarantor to a Person that is not Eldorado or a Restricted Subsidiary;

(3) satisfaction and discharge or defeasance of the notes, as described under "—Satisfaction and Discharge" or "—Defeasance," respectively;

(4) the Designation of such Subsidiary Guarantor as an Unrestricted Subsidiary; and

(5) the liquidation or dissolution of such Subsidiary Guarantor; *provided* that no Event of Default occurs as a result thereof or has occurred or is continuing;

provided that the transaction is carried out pursuant to, and in accordance with, all other applicable provisions of the indenture. If the rules of the SGX-ST so require, the SGX-ST will be notified by Eldorado in the event a Restricted Subsidiary becomes a Subsidiary Guarantor.

Ranking

The notes will constitute direct, unconditional unsubordinated and unsecured obligations of the Issuer without any preference among themselves. The notes will rank equally with all of the Issuer's other present and future unsecured and unsubordinated obligations.

Form and Transfer

The notes will be in registered form without coupons attached in minimum amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Notes sold in offshore transactions in reliance on Regulation S will be represented by one or more permanent global notes in fully registered form without coupons deposited with a custodian for and registered in the name of a nominee of DTC for the accounts of Euroclear and Clearstream. Notes sold in reliance on Rule 144A will be represented by one or more permanent global notes in fully registered form without coupons deposited with a custodian for and registered in the name of a nominee of DTC. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream. Except in certain limited circumstances, definitive registered notes will not be issued in exchange for beneficial interests in the global notes. See "Form of Notes—Issuance of Certificated Notes."

Title to the notes will pass by registration in the register. The holder of any note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, writing on, or theft or loss of, the definitive note issued in respect of it) and no Person will be liable for so treating the holder or for a period of 15 days before a selection of notes to be redeemed.

Payments of Principal and Interest

The Issuer will make payments of principal and interest on the notes to the principal paying agent (as identified on the inside back cover page of this offering memorandum), which will pass such funds to the trustee and the other paying agents or to the holders. Upon any issuance of individual definitive notes, the Issuer will appoint and maintain a paying agent in Singapore, for so long as the notes are listed on the SGX-ST and the rules of such exchange so require. In such event, an announcement shall be made through the SGX-ST and will include all material information with respect to the delivery of the definitive notes, including details of the paying agent in Singapore. Upon any change in the paying agent or registrar, the Issuer will publish a notice in a leading daily newspaper of general circulation in Singapore (which is expected to be *The Business Times* (Singapore Edition)), for so long as the notes are listed on the SGX-ST and the rules of such exchange so require. See "Form of Notes—Issuance of Certificated Notes."

The Issuer will pay to the Persons in whose name the notes are registered principal in an amount in U.S. dollars equal to the outstanding principal amount of the notes of such Persons upon surrender of the relevant notes at the specified office of the trustee or any of the paying agents. Interest on the notes will be payable to the Persons in whose name the notes are registered at the close of business on the 15th day before the due date for payment. Payments of principal and interest in respect of each note will be made by the paying agents by U.S. dollar check drawn on a bank in New York City and mailed to the holder of such note at its registered address. Upon application by the holder to the specified office of any paying agent not less than 15 days before the due date for any payment in respect of a note, such payment may be made by transfer to a U.S. dollar account maintained by the payee with a bank in New York City.

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 the Issuer or Eldorado upon request any monies held by them for the payment of principal or interest that remains unclaimed for two years after the applicable payment date, and, thereafter, holders entitled to such monies must look to the Issuer or Eldorado for payment. After the return of such monies by the trustee or the paying agents to the Issuer, neither the trustee nor the paying agents will be liable to the holders in respect of such monies.

Redemption

The notes will not be redeemable at the option of the Issuer prior to the maturity date except as set forth below.

Optional Redemption

Optional Redemption without a Make-Whole Premium

On and after June 16, 2019 the Issuer or Eldorado may on any one or more occasions redeem the notes, at its option, in whole or in part, upon not less than 30 nor more than 60 days' notice to the holders, at the following redemption prices (expressed as a percentage of principal amount), *plus* accrued and unpaid interest and additional amounts, if any, to, but excluding, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on June 16 of the years set forth below:

Period	**Redemption Price**
2019	104.313%
2020	102.156%

Optional Redemption with a Make-Whole Premium

Prior to June 16, 2019 the Issuer or Eldorado may on any one or more occasions redeem the notes, at its option, in whole or in part, upon not less than 30 nor more than 60 days' notice to the holders, at a "make-whole" redemption price equal to 100% of the principal amount of such notes *plus* the greater of (1) 1% of the principal amount of the notes being redeemed and (2) the excess of (a) the present value at such redemption date of (i) the redemption price of the notes on June 16, 2019 (such redemption price being set forth in the table above under "—Optional Redemption without a Make-Whole Premium") *plus* (ii) all required interest payments thereon through June 16, 2019 (excluding accrued but unpaid interest to the redemption date), in each case, 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* 50 basis points, over (b) the principal amount of the notes being redeemed; *plus* in each case, any accrued and unpaid interest and additional amounts, if any, on such notes to, but excluding, the applicable redemption date, as calculated by the Independent Investment Banker.

Optional Redemption Upon Eligible Equity Offerings

At any time, or from time to time, on or prior to June 16, 2019, the Issuer or Eldorado may, at its option, use an amount not to exceed the net cash proceeds of one or more Eligible Equity Offerings to redeem up to 35% of the aggregate principal amount of the outstanding notes (including any additional notes) at a redemption price equal to 108.625% of the principal amount on the redemption date, *plus* any accrued and unpaid interest to, but excluding, the redemption date; *provided* that:

- after giving effect to any such redemption at least 65% of the aggregate principal amount of the notes (including any additional notes) issued under the indenture remains outstanding; and

- the Issuer makes such redemption not more than 60 days after the consummation of such Eligible Equity Offering.

The following terms are relevant to the determination of the redemption price for the notes:

"**comparable treasury issue**" means the United States Treasury security selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to June 16, 2019 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 comparable maturity to June 16, 2019.

"**comparable treasury price**" means (A) the arithmetic average of the reference treasury dealer quotations for such redemption date after excluding the highest and lowest reference treasury dealer quotations, or (B) if we obtain fewer than four reference treasury dealer quotations, the arithmetic average of all reference treasury dealer quotations for such redemption date.

"**Eligible Equity Offering**" means the issuance and sale of Equity Interests of Eldorado for cash to any Person (other than a Restricted Subsidiary of Eldorado) pursuant to (i) a public offering in accordance with U.S. or Brazilian laws, rules and regulations, or (ii) a private offering in accordance with Rule 144A, Regulation S and/or another exemption under the Securities Act.

"**Independent Investment Banker**" means one of the reference treasury dealers appointed by us.

"**reference treasury dealer**" means Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC or their affiliates which are a primary U.S. government securities dealers in New York City *plus* three other leading primary United States government securities dealers in New York City reasonably designated by the Issuer not later than the fifth Business Day preceding such redemption date; *provided* that, if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a "**Primary Treasury Dealer**"), the Issuer will substitute therefor another Primary Treasury Dealer.

"**reference treasury dealer quotations**" means, with respect to each reference treasury dealer and any redemption date, the arithmetic average, as determined by us, 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 us by such reference treasury dealer by 3:30 p.m. (New York City time) on the third Business Day preceding such redemption date.

"**Treasury Rate**" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated yield to maturity of the comparable treasury issue. In determining the treasury rate, the price for the comparable treasury issue (expressed as a percentage of its principal amount) will be assumed to be equal to the comparable treasury price for such redemption date.

Tax Redemption

If as a result of any change in or amendment to the laws (or any rules or regulations thereunder) of any Taxing Jurisdiction affecting taxation, or any amendment to or change in an official interpretation, administration or application of such laws, rules, or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the later of the issue date of the notes or the date a successor assumes the obligations under the notes (a "**Change in Tax Law**"), (i) the Issuer or any successor has or will become obligated to pay any additional amounts as described below under "—Additional Amounts" in excess of the additional amounts the Issuer or any successor would be obligated to pay if payments under the notes were subject to withholding or deduction for any taxes, duties, assessments, or other governmental charges of whatever nature imposed or levied by or on behalf of any Taxing Jurisdiction in which the Issuer or any successor is organized or resident for tax purposes or is doing business in or, in each case, any political subdivision or authority therein or thereof, having power to tax or in or through which it makes any payment under the notes at a rate of 0% or (ii) Eldorado or any successor has or will become obligated to any additional amounts as described below under "—Additional Amounts" in excess of the additional amounts Eldorado or any successor would be obligated to pay if payments were subject to withholding or deduction for any taxes, duties, assessments, or other governmental charges of whatever nature imposed or levied by or on behalf of any Taxing Jurisdiction in which Eldorado or any successor is organized or resident for tax purposes or is doing business in or, in each case, any political subdivision or authority therein or thereof, having power to tax or in or through which it makes any payment under the notes at a rate of 15% or at a rate of 25% in case the holder of the notes is resident in a tax haven jurisdiction (i.e., countries 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), the Issuer, Eldorado 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 any interest accrued 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 the Issuer, Eldorado or any successor would, but for such redemption, be obligated to pay such excess additional amounts. Notwithstanding the foregoing, the Issuer, Eldorado or any successor will 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. For the avoidance of doubt, reasonable measures will not include the Issuer, Eldorado or any successor changing or moving jurisdictions, unless before a successor assumed its obligations under the notes, the Issuer, Eldorado or any successor was aware or should have been aware that a Change in Tax Law in the jurisdiction of incorporation or tax residence of such successor or a jurisdiction in which such successor maintains a permanent establishment to which the notes are attributable that would permit a redemption was imminent, or the incurrence of material out-of-pocket costs by the Issuer, Eldorado or any successor.

In the event that the Issuer, Eldorado or any successor elects to so redeem the notes, it will deliver to the trustee: (1) a certificate, signed in the name of the Issuer, Eldorado or any successor by any two of its executive officers or by its attorney in fact in accordance with its bylaws, stating that the Issuer, Eldorado or any successor, as the case may be, 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 the Issuer, Eldorado or any successor to so redeem have occurred or been satisfied; and (2) an Opinion of Counsel, to the effect that the Issuer, Eldorado or any successor has or will become obligated to pay excess additional amounts as a result of a Change in Tax Law.

General Provisions for Optional or Tax Redemption

If the redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the note is registered at the close of business, on such record date, and no additional interest will be payable to holders whose notes will be subject to redemption by the Issuer or Eldorado.

In the case of any partial redemption, selection of the notes for redemption will be made by the trustee in compliance with the requirements of the principal national securities exchange, if any, on which the notes are listed or, if the notes are not listed, then by lot (or, in the case of notes issued in global form, then in accordance with the procedures of DTC). If any note is to be redeemed in part only, the notice of redemption relating to such note will state the portion of the principal amount thereof to be redeemed. If notes are redeemed in part, the remaining outstanding amount must be at least equal to U.S.$200,000 and be an integral multiple of U.S.$1,000.

No Mandatory Redemption or Sinking Funds

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the notes.

Repurchase

The Issuer, Eldorado or any of their 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 the relevant securities laws. Any notes redeemed or repurchased by the Issuer, Eldorado or any Affiliate may, at the option of the Issuer, continue to be outstanding or be cancelled.

Transfer of Notes

Notes may be transferred in whole or in part in an authorized denomination upon the surrender of the note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the registrar or the specified office of any transfer agent. Each new note to be issued upon exchange of notes or transfer of notes will, within three Business Days of the receipt of a request for exchange or form of transfer, be mailed at the risk of the holder entitled to the note to such address as may be specified in such request or form of transfer.

Notes will be subject to certain restrictions on transfer as more fully set out in the indenture. See “Transfer Restrictions.” Transfer of beneficial interests in the global notes will be effected only through records maintained by DTC and its participants. See “Form of Notes.”

Transfer will be effected without charge by or on behalf of the Issuer, the registrar or the transfer agents, but upon payment, or the giving of such indemnity as the registrar or the relevant transfer agent may require, in respect of any tax or other governmental charges, which may be imposed in relation to it. The Issuer is not required to transfer or exchange any note selected for redemption.

No holder may require the transfer of a note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that note.

Additional Amounts

All payments by or on behalf of the Issuer (including by or on behalf of a Substituted Issuer (as defined below) organized in Austria), Eldorado or Eldorado Austria in respect of the notes or the related guarantee 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 (and any fines, penalties or interest relating thereto) imposed or levied (A) by or on behalf of (i) Brazil, (ii) Austria, or (iii) any jurisdiction in which a Successor Company or a Successor Subsidiary Guarantor (as such term is defined in “—Consolidation, Merger or Sale of Substantial All Assets”) is organized or resident for tax purposes or is doing business or, in each case, any political subdivision or authority therein or thereof, having power to tax, or (B) by or on behalf of any jurisdiction through which any payment in respect of the notes or the related guarantee is made (a "**Taxing Jurisdiction**"), unless the Issuer (including a Substituted Issuer organized in Austria), Eldorado or Eldorado Austria or the paying agent as the case may be, is required by law to deduct or withhold such taxes, duties, assessments, or governmental charges. In such event, the Issuer or Eldorado or the paying agent, as the case may be, 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 notes after such withholding or deduction will equal the respective amounts of principal, premium, if any, and interest which would have been receivable in respect of the notes or the related guarantee in the absence of such withholding or deduction (including any withholding or deduction applicable to any additional amounts). No such additional amounts will be payable:

- 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, partner or shareholder of such holder, if such holder is an estate, a trust, a partnership, or a corporation) and the Taxing Jurisdiction, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, partner 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 or the related guarantee;

- 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 or the related guarantee would have been subject to withholdings 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;

- to, or to a third party on behalf of, a holder or beneficial owner who is liable for such taxes, duties, assessments or other governmental charges by reason of such holder's or beneficial owner's failure to comply (to the extent such holder or beneficial owner is legally entitled to comply) with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with the Taxing Jurisdiction, or a successor jurisdiction or applicable political subdivision or authority thereof or therein having power to tax, of such holder or beneficial owner, 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) the Issuer or Eldorado has given the holders at least 30 days' notice that holders will be required to comply with such certification, identification or other requirement;

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

- in respect of any tax, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal of, premium, if any, or interest on the note or by direct payment by the Issuer or Eldorado in respect of claims that may be made against the Issuer or Eldorado; or

- in respect of any combination of the above.

Notwithstanding anything to the contrary in the preceding paragraph, none of the Issuer, Eldorado, any paying agent or any other person shall be required to pay any additional amounts with respect to any withholding or deduction imposed on or in respect of any note pursuant to Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), any treaty, law, intergovernmental agreement, regulation or other official guidance enacted or entered into by the Taxing Jurisdiction implementing FATCA, or any agreement between the Issuer, and/or Eldorado and the United States or any authority thereof implementing FATCA.

In addition, no additional amounts will be paid with respect to any payment on a note or the related guarantee 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 the Taxing Jurisdiction, 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 partner of that partnership or a beneficial owner who would not have been entitled to the additional amounts had that beneficiary, settlor, partner 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 Issuer, Eldorado or Eldorado Austria or the paying agent, as the case may be, will also pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies which arise in any jurisdiction from the execution, delivery, registration or the making of payments in respect of the notes and the related guarantee, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of the Taxing Jurisdiction other than those resulting from, or required to be paid in connection with, the enforcement of the notes and the related guarantee following the occurrence of any Default or Event of Default.

The Issuer, Eldorado or Eldorado Austria will provide the trustee with the official acknowledgment of the relevant taxing authority (or, if such acknowledgment is not available, other reasonable documentation) evidencing any payment of any taxes, duties, assessments, or other governmental charges of whatever nature (and any fines, penalties or interest relating thereto) imposed or levied by or on behalf of a Taxing Jurisdiction, in respect of which the Issuer, Eldorado or Eldorado Austria has paid any additional amounts. Copies of such documentation will be made available to the holders of the notes and the paying agents, as applicable, upon request therefor.

In the event that additional amounts actually paid with respect to the notes or the related guarantee 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 will, 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 the Issuer.

Any reference in this offering memorandum, the indenture, the notes or the related guarantee to principal, interest or any other amount payable in respect of the notes or the related guarantee by the Issuer, Eldorado or Eldorado Austria will be deemed also to refer to any additional amounts, 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.

Covenants

The indenture contains the following covenants, which apply so long as the notes are outstanding:

Limitation on Debt

(a) Eldorado will not, and will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Debt (including Acquired Debt); *provided* that Eldorado or any Restricted Subsidiary may Incur Debt if, on the date of the Incurrence, after giving pro forma effect to the Incurrence and the receipt and the application of the proceeds therefrom, the Net Debt to EBITDA Ratio shall not exceed 4.75:1.0.

(b) Notwithstanding the foregoing, Eldorado or any Restricted Subsidiary may Incur the following Debt ("**Permitted Debt**"):

(1) the notes (other than additional notes) and the related guarantee (other than guarantees related to additional notes);

(2) Debt of Eldorado or any Restricted Subsidiary outstanding on the issue date of the notes;

(3) Debt of Eldorado or any Restricted Subsidiary ("**Permitted Refinancing Debt**") constituting an extension or renewal of, replacement of, or substitution for, or issued in exchange for, or the net proceeds of which are used to repay, redeem, repurchase, refinance or refund, including by way of defeasance (all of the

above, for purposes of this clause "**refinance**") any Debt permitted by the first paragraph of this covenant, clauses (1) or (2) above, by this clause (3) or clause (13) below; *provided, however*, that

(A) the principal amount of the Debt so Incurred does not exceed the principal amount of the Debt so refinanced *(plus*, without duplication, any additional Debt Incurred to pay interest or premium (if any) required by the instruments governing such Debt and fees and expenses Incurred in connection therewith),

(B) the Debt so Incurred does not have a Stated Maturity prior to (i) the Stated Maturity of the Debt to be refinanced, and the Average Life of the new Debt is at least equal to the remaining Average Life of the Debt to be refinanced, or (ii) the 91st day after the Stated Maturity of the notes and does not have any scheduled principal payments prior to such date, and

(C) the Debt is subordinated on a *pari passu* basis to the extent that the Debt being refinanced is so subordinated;

(4) Debt of Eldorado or a Restricted Subsidiary so long as such Debt is owed to Eldorado or a Restricted Subsidiary and which, if the obligor is Eldorado or any Subsidiary Guarantor, is subordinated in right of payment to the notes or the guarantee related to the notes;

(5) Debt Incurred by Eldorado or a Restricted Subsidiary under Hedging Agreements entered into in the ordinary course of business or directly related to Debt permitted to be Incurred by Eldorado or any Restricted Subsidiary pursuant to the indenture, and in each case not for speculative purposes;

(6) Debt of Eldorado or any Restricted Subsidiary, including but not limited to obligations under Capital Leases, mortgage financings or purchase money obligations, Incurred for the purpose of financing (whether prior to or within 365 days after) all or any part of the purchase price or cost of construction or improvement of property or assets, whether through direct purchase of assets or the Capital Stock of any Person owning those assets, or Incurred to refinance any such purchase price or cost of construction or improvement, and refinancings thereof, in an aggregate amount not to exceed at any one time outstanding the greater of (i) U.S.$50.0 million and (ii) 2.5% of Eldorado's Consolidated Net Tangible Assets;

(7) Debt of Eldorado or any Restricted Subsidiary consisting of guarantees of Debt of Eldorado or any Restricted Subsidiary, Incurred under any other clause of this covenant; *provided* that if such Debt is subordinated in right of payment to the notes or the related guarantee, any such guarantee with respect to such Debt shall be subordinated in right of payment to such guarantee;

(8) Debt of Eldorado or any Restricted Subsidiary to the extent the net proceeds thereof are promptly deposited to defease or to satisfy and discharge the notes, in each case, in accordance with the indenture;

(9) Debt of Eldorado or any Restricted Subsidiary in respect of performance bonds, reimbursement obligations with respect to letters of credit, bankers' acceptances, completion guarantees and surety or appeal bonds or similar obligations provided by Eldorado or any Restricted Subsidiary in the ordinary course of their business or Debt with respect to reimbursement type obligations regarding workers' compensation claims;

(10) Debt of Eldorado or any Restricted Subsidiary arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or Equity Interest in any Subsidiary; *provided* that the maximum aggregate liability in respect of all such Debt shall at no time exceed the gross proceeds actually received by Eldorado or any Restricted Subsidiary thereof in connection with such disposition plus any fees or expenses incurred therein; *provided further* that such Debt is not reflected on the balance sheet of Eldorado or any Restricted Subsidiary, other than as Guarantees referred to in a footnote to the financial statements;

(11) Debt of Eldorado or any Restricted Subsidiary arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Debt is extinguished within five Business Days of its Incurrence;

(12) Debt of Eldorado or any Restricted Subsidiary consisting of (a) the financing of insurance premiums or (b) take-or- pay obligations contained in supply agreements in the ordinary course of business;

(13) Acquired Debt, and refinancings thereof; *provided* that after giving effect to the Incurrence thereof, (i) Eldorado could Incur at least $1.00 of Debt under the Net Debt to EBITDA Ratio test set forth in paragraph (a) of this covenant, or (ii) the Net Debt to EBITDA Ratio would be equal to or less than immediately prior to the relevant acquisition or merger;

(14) Debt of Eldorado or any Restricted Subsidiary related to, and which proceeds will be used to finance, the Vanguarda 2.0 Project (as described in this offering memorandum), and refinancings thereof, not otherwise permitted hereunder in an aggregate principal amount at any time outstanding up to the Vanguarda Debt to Equity Proceeds Ratio of 3.0:1.0;

(15) Debt of Eldorado or any Restricted Subsidiary under one or more lines of credit or working capital facilities, in both cases maturing in less than one year (with letters of credit being deemed to have a principal amount equal to the maximum potential liability to Eldorado and its Restricted Subsidiaries) not to exceed at any one time outstanding the greater of (i) U.S.$100.0 million and (ii) 7.5% of Eldorado's Consolidated Total Revenue; and

(16) Debt of Eldorado and its Restricted Subsidiaries Incurred on or after the issue date of the notes not otherwise permitted in an aggregate principal amount at any one time outstanding not to exceed the greater of (i) U.S.$80.0 million and (ii) 4.0% of Eldorado's Consolidated Net Tangible Assets.

(c) For purposes of determining compliance with this covenant: (i) in the event that an item of Debt meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (16) above, including paragraph (a) above, the Issuer or Eldorado, in its sole discretion, may classify, and from time to time may reclassify, such item of Debt, in any manner that complies with this covenant or to later reclassify all or a portion of such item of Debt; and (ii) Debt permitted by this covenant (including paragraph (a) above), need not be permitted solely by reference to one provision permitting such Debt but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Debt.

(d) Notwithstanding anything to the contrary in this covenant, the maximum amount of Debt that Eldorado and its Restricted Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded, with respect to any outstanding Debt, solely as a result of fluctuations in the exchange rate of currencies.

(e) Eldorado may not Incur any Debt that is subordinate in right of payment to other Debt of Eldorado unless such Debt is also subordinate in right of payment to the notes or the relevant note guarantee on substantially identical terms.

(f) The accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Debt of the same instrument or the payment of regularly scheduled dividends on Disqualified Stock in the form of additional Disqualified Stock with the same terms will not be deemed to be an Incurrence of Debt for purposes of this covenant; *provided* that any such outstanding additional Debt or Disqualified Stock paid in respect of Debt Incurred pursuant to any provision of clause (b) above will be counted as Debt outstanding for purposes of any future Incurrence of Debt pursuant to clause (a) above.

(g) For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Debt, the U.S. dollar-equivalent principal amount of Debt denominated in a non-U.S. currency will be calculated based on the relevant currency exchange rate in effect on the date such Debt was Incurred or, in the case of revolving credit Debt, first committed; *provided* that if such Debt is Incurred to refinance other Debt denominated in a non-U.S. currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such Permitted Refinancing Debt does not exceed the principal amount of such Debt being refinanced. The principal amount of any Debt Incurred to refinance other Debt, if Incurred in a different currency from the Debt being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Debt is denominated that is in effect on the date of such refinancing.

(h) In connection with an acquisition or disposition of a company, division or line of business (an "**Acquired Entity**") for which audited or reviewed financial statements are not available, EBITDA for such Acquired Entity will be calculated in good faith by the Issuer and Eldorado based upon management reports or other similar information ("**Initial EBITDA**"). Notwithstanding any other provision of this covenant, neither Eldorado nor any Restricted Subsidiary will, with respect to any Debt Incurred pursuant to this Initial EBITDA calculation (the "**New Debt**"), be deemed to be in violation of this covenant; *provided, however*, that the Issuer and Eldorado will be required by the date that is 90 days following the consummation of the acquisition of the Acquired Entity to recalculate EBITDA, for the period of four consecutive fiscal quarters for which financial statements of Eldorado have been delivered to the trustee pursuant to the indenture (or a period most closely coinciding with such period to the extent that the fiscal year of the Acquired Entity does not correspond to the fiscal year of Eldorado, using financial statements of the Acquired Entity that have been audited or subjected to a limited review ("**Recalculated EBITDA**"). If (1) the Recalculated EBITDA is less than the Initial EBITDA and (2) as a result, Eldorado or any Subsidiary Incurred New Debt that exceeded (by an amount in excess of U.S.$30.0 million) what it would have been permitted to Incur using Recalculated EBITDA, then Eldorado or any Restricted Subsidiary within 90 days thereafter will be required to repay such amount of New Debt that would ensure that it would have been in compliance with this covenant had it used Recalculated EBITDA to determine the amount of Debt it was permitted to Incur thereunder.

Limitation on Liens

Eldorado will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur or permit to exist any Lien securing the payment of Debt upon any of its properties or assets now owned or hereafter acquired by it (including any Capital Stock or Debt of its Restricted Subsidiaries), without effectively providing that the notes or the related guarantee, as applicable, are secured equally and ratably with (or, if the obligation to be secured by the Lien is subordinated in right of payment to the notes or the related guarantee, prior to) the obligations so secured for so long as such obligations are so secured, other than Permitted Liens.

Limitation on Designation of Unrestricted Subsidiaries

Eldorado may designate after the issue date of the notes any Subsidiary of Eldorado as an "Unrestricted Subsidiary" under the indenture (a "**Designation**") only if:

(1) no Default or Event of Default has occurred and is continuing at the time of or after giving effect to such Designation;

(2) any transactions between Eldorado or any of its Restricted Subsidiaries and such Unrestricted Subsidiary are in compliance with "— Limitation on Transactions with Affiliates;" and

(3) Eldorado would be permitted to make an Investment in an Unrestricted Subsidiary at the time of Designation (assuming the effectiveness of such Designation and treating such Designation as an Investment in an Unrestricted Subsidiary at the time of Designation) as a Restricted Payment pursuant to paragraph (a) of "— Limitation on Restricted Payments" in an amount (the "**Designation Amount**") equal to the amount of Eldorado's Investment in such Subsidiary on such date.

Eldorado may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a "**Revocation**") only if:

(1) no Default or Event of Default has occurred and is continuing at the time of and after giving effect to such Revocation; and

(2) all Debt and Liens of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if Incurred at such time, have been permitted to be Incurred for all purposes of the indenture.

The Designation of a Subsidiary of Eldorado as an Unrestricted Subsidiary will be deemed to include the Designation of all of the Subsidiaries of such Subsidiary. All Designations and Revocations must be evidenced by a resolution of the Board of Directors of Eldorado and an Officer's Certificate delivered to the Trustee certifying compliance with the preceding provisions.

On the issue date of the notes, Rishis Empreendimentos e Participações S.A. shall be the only Unrestricted Subsidiary of Eldorado.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) Except as provided in paragraph (b), Eldorado will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction of any kind on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on any Equity Interests of the Restricted Subsidiary owned by Eldorado or any other Restricted Subsidiary;

(2) pay any Debt or other obligation owed to Eldorado or any other Restricted Subsidiary;

(3) make loans or advances to Eldorado or any other Restricted Subsidiary; or

(4) transfer any of its property or assets to Eldorado or any other Restricted Subsidiary.

(b) The provisions of paragraph (a) do not apply to any encumbrances or restrictions:

(1) existing on the issue date of the notes as provided for in the indenture or any other agreements in effect on the issue date of the notes, and any extensions, renewals, replacements or refinancings of any of the foregoing; *provided* that the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the noteholders than the encumbrances or restrictions being extended, renewed, replaced or refinanced;

(2) existing under or by reason of applicable law;

(3) existing with respect to any Person, or to the Property of any Person, at the time the Person is acquired by Eldorado or any Restricted Subsidiary, which encumbrances or restrictions: (A) are not applicable to any other Person or the Property of any other Person; and (B) were not put in place in anticipation of such event, and any extensions, renewals, replacements or refinancings of any of the foregoing; *provided* that the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the noteholders than the encumbrances or restrictions being extended, renewed, replaced or refinanced;

(4) of the type described in clause (a)(4) arising or agreed to in the ordinary course of business: (A) that restrict in a customary manner the subletting, assignment or transfer of any Property that is subject to a lease or license or (B) by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any Property of, Eldorado or any Restricted Subsidiary;

(5) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or Property of, the Subsidiary that is permitted by the covenant described under the heading "**Limitation on Asset Sales;**"

(6) with respect to a Restricted Subsidiary and imposed pursuant to a customary provision in a joint venture or other similar agreement with respect to such Restricted Subsidiary that was entered into in the ordinary course of business;

(7) imposed by the standard loan documentation in connection with loans from (A) *Banco Nacional de Desenvolvimento Econômico e Social—BNDES* (including loans from *Financiadora de Estudos e Projetos—FINEP)*, 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;

(8) required pursuant to the indenture; or

(9) with respect to any agreement governing Debt of any Restricted Subsidiary that is permitted to be Incurred by the covenant described under the heading "—Limitation on Debt"; *provided* that (A) the encumbrance or restriction is customary in comparable financings, and (B) Eldorado determines that on the date

of the Incurrence of such Debt, that such encumbrance or restriction would not be expected to materially affect Eldorado's and any Subsidiary Guarantors' (taken as a whole) ability to make principal or interest payments on the notes.

Limitation on Restricted Payments

(a) Eldorado will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments and other actions described in the following clauses being collectively "**Restricted Payments**"):

- declare or pay any dividend or make any distribution on its Equity Interests held by Persons other than Eldorado or any Restricted Subsidiaries (other than (A) dividends or distributions paid in Eldorado's Qualified Equity Interests and (B) dividends or distributions by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favorable to Eldorado, to all holders of any class of Capital Stock of such Restricted Subsidiary a majority of which is held, directly or indirectly, by Eldorado);

- purchase, redeem or otherwise acquire or retire for value any Equity Interests of Eldorado held by Persons other than Eldorado or any Restricted Subsidiary;

- repay, redeem, purchase, repurchase, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment of principal or scheduled sinking fund payment, any Subordinated Debt (other than the repayment, redemption, purchase, repurchase, defeasance or other acquisition or retirement for value of Subordinated Debt made in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of such repayment, redemption, purchase, repurchase, defeasance or other acquisition or retirement for value); or

- make any Investment (other than Permitted Investments);

unless, at the time of, and after giving effect to, the proposed Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing,

(2) (x) Eldorado could Incur at least U.S.$1.00 of Debt under the Net Debt to EBITDA Ratio test set forth in the first paragraph of the covenant described above under the caption "—Limitation on Debt" and (y) the Debt Service Coverage Ratio shall not be less than 1.05:1.00, and

(3) the aggregate amount expended for such Restricted Payment and all other Restricted Payments made on or after the issue date of the notes would not, subject to paragraph (d), exceed the sum of:

(A) 50% of the aggregate amount of the Consolidated Net Income (or, if the Consolidated Net Income is a loss, *minus* 100% of the amount of the loss) accrued on a cumulative basis during the period, taken as one accounting period, beginning on the first day of the fiscal quarter in which the issue date of the notes occurs and ending on the last day of Eldorado's most recently completed fiscal quarter for which financial statements are publically available, *plus*

(B) subject to paragraph (c), the aggregate net cash proceeds and the fair market value of property other than cash received by Eldorado (other than from a Restricted Subsidiary) after the issue date of the notes from

(i) the issuance and sale of its Qualified Equity Interests, including by way of issuance of its Disqualified Equity Interests or Debt to the extent since converted into or exchanged for Qualified Equity Interests of Eldorado, or

(ii) as a contribution to its common equity; *provided, however,* that (i) and (ii) shall not include the net cash proceeds and the fair market value of property other than cash received by Eldorado (other than from a Restricted Subsidiary) after the issue date of the notes, related to, or used to finance the Vanguarda 2.0 Project, *plus*

(C) without duplication of any amount included in the calculation of Consolidated Net Income, an amount equal to the sum of (x) the aggregate amount of cash and the fair market value of any asset received by Eldorado or any Restricted Subsidiary subsequent to the issue date of the notes with respect to Investments (other than Permitted Investments) made after the issue date of the notes by Eldorado or any Restricted Subsidiary in any Person, proceeds realized on the sale of such Investments and proceeds representing the return of capital and (y) in the event that Eldorado redesignates an Unrestricted Subsidiary to be a Restricted Subsidiary of Eldorado, the portion (proportionate to Eldorado's equity interest in such Subsidiary) of the fair market value of the net assets of such Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary of Eldorado; *provided*, *however*, that the foregoing sum shall not exceed, in the case of any such Person or Unrestricted Subsidiary, the amount of Investments (excluding Permitted Investments) previously made (and treated as a Restricted Payment) by Eldorado or any Restricted Subsidiary in such Person or Unrestricted Subsidiary, *plus*

(D) without duplication of any amount included above under this clause, 100% of any dividends received by Eldorado or any of its Restricted Subsidiaries from an Unrestricted Subsidiary.

The amount expended in any Restricted Payment, if other than in cash, will be deemed to be the fair market value of the relevant non-cash assets, as determined, with respect to amounts at or below U.S.$20.0 million, by an officer of Eldorado, whose determination will be conclusive and evidenced by an Officer's Certificate, and with respect to amounts above U.S.$20.0 million, as determined by the Board of Directors of Eldorado, whose determination will be conclusive and evidenced by a resolution of the Board of Directors.

(b) The foregoing clauses (1), (2) and (3) will not prohibit the declaration and payment of minimum legally required dividends, in an amount equivalent to not more than 25% of Eldorado's adjusted net income (as the term "adjusted net income" is defined under Brazilian corporate law) and Eldorado's bylaws; *provided* that the payment of such amounts is in compliance with the Brazilian corporate law and Eldorado's bylaws and that Eldorado's Board of Directors, with the approval of the fiscal council, if in existence at such time, has not reported to the general shareholders' meeting that the distribution would not be advisable given the financial condition of Eldorado or its Subsidiaries.

(c) The foregoing will not prohibit:

(1) the payment of any dividend or distribution within 60 days after the date of declaration thereof if, at the date of declaration, such payment would comply with paragraph (a);

(2) payments of Subordinated Debt owed to Eldorado or any Restricted Subsidiary, the Incurrence of which was permitted under clause (4) of the definition of "Permitted Debt";

(3) the repayment, redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Debt with the proceeds of, or in exchange for, Permitted Refinancing Debt;

(4) any Restricted Payment made in exchange for, or out of the proceeds of a substantially concurrent offering of, Qualified Equity Interests of Eldorado or of a cash contribution to the common equity of Eldorado not representing an interest in Disqualified Stock; *provided* that no Restricted Payment may be made in exchange for, or out of the proceeds of a substantially concurrent offering of, Qualified Equity Interests of Eldorado or of a cash contribution to the common equity of Eldorado not representing an interest in Disqualified Stock, which are related to, or which proceeds will be used to finance the Vanguarda 2.0 Project;

(5) repurchases of Equity Interests of Eldorado deemed to occur upon exercise of warrants, options or rights to acquire Equity Interests in each case in connection with employee stock option or stock purchase agreements or other agreements to compensate management employees, if such Equity Interests represent a portion of the exercise price of such warrants, options or rights or nominal cash payments in lieu of issuances of fractional shares;

(6) the payment of dividends, distributions or other amounts to fund the repurchase, redemption or other acquisition or retirement for value of any of Eldorado's Equity Interests or any Equity Interests of any Restricted Subsidiary held by any then-existing or former director, officer, employee, independent contractor or

consultant of Eldorado, its direct or indirect parent or any Restricted Subsidiary or their respective assigns, estates or heirs; *provided*, *however*, that the price paid for all repurchased, redeemed, acquired or retired Equity Interests in all cases, other than as a result of death or disability, does not exceed U.S.$10.0 million in the aggregate in any fiscal year (with unused amounts in any fiscal year being carried over to succeeding fiscal years subject to a maximum payment (without giving effect to the following proviso) of U.S.$15.0 million in any calendar year); *provided*, *further*, that the amounts in any fiscal year may be increased by an amount not to exceed: (A) the net cash proceeds received by Eldorado from the sale of Qualified Equity Interests of Eldorado to any present or former employees, directors, officers or consultants (or their respective permitted transferees) of Eldorado or any Restricted Subsidiary following the issue date of the notes, to the extent that such net cash proceeds have not otherwise been applied (x) to the payment of Restricted Payments by virtue of clause (3) of paragraph (a) or clause (4) of paragraph (c) of this covenant, or (y) to finance the Vanguarda 2.0 Project; *plus* (B) the cash proceeds of "key man" life insurance policies received by Eldorado or any Restricted Subsidiary since the issue date of the notes;

(7) repurchases of Subordinated Debt at a purchase price not greater than (a) 101% of the principal amount or accreted value, as applicable, of such Subordinated Debt and accrued and unpaid interest thereon in the event of a Change of Control or (b)100% of the principal amount or accreted value, as applicable, of such Subordinated Debt and accrued and unpaid interest thereon in the event of an Asset Sale, in connection with any change of control offer or asset sale offer required by the terms of such Subordinated Debt, but only if: (i) in the case of a Change of Control, the Issuer or Eldorado has first complied with and fully satisfied its obligations under the covenant described above under the caption "—Repurchase of Notes Upon a Change of Control"; or (ii) in the case of an Asset Sale, Eldorado has first complied with and fully satisfied its obligations under the covenant described above under the caption "—Limitation on Asset Sales";

(8) Restricted Payments made with the Equity Interests and/or assets (including proceeds from any sale of all or a portion of such Equity Interests and/or assets) of any Restricted Subsidiary that Eldorado determines on the date of such Restricted Payment is not essential to the operations of Eldorado's business of producing market pulp and BEKP; *provided* that, the aggregate amount of Restricted Payments made pursuant to this clause (as measured on the date of declaration of such Restricted Payment) will not exceed 5% of Eldorado's Total Consolidated Revenue for the then most recently concluded period of four consecutive fiscal quarters for which financial statements of Eldorado have been delivered to the trustee pursuant to the indenture at the time such Restricted Payment is declared;

(9) the payment of dividends, distributions or other amounts on Disqualified Stock of Eldorado, not to exceed U.S.$20.0 million in aggregate amount, issued or Incurred in compliance with the covenant described under the caption "— Limitation on Debt"; or

(10) Restricted Payments in aggregate amount not to exceed U.S.$70.0 million;

provided that, in the case of clauses (2), (5), (6), (7), (8), (9) and (10) no Default or Event of Default has occurred and is continuing or would occur as a result thereof.

(d) In determining the aggregate amount of Restricted Payments made subsequent to the issue date of the notes, only amounts expended pursuant to clauses (1), (6) and (7) of paragraph (c) will be included in such calculation under paragraph (a).

Limitation on Transactions with Affiliates

(a) Eldorado will not, and will not permit its Restricted Subsidiaries to, directly or indirectly, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any Affiliates that are not its Restricted Subsidiaries (each, a "**Related Party Transaction**"), except transactions at prices and on terms and conditions no less favorable to Eldorado, or any of its Restricted Subsidiaries, as the case may be, than could be obtained on an arm's-length basis from unrelated third parties.

(b) In any Related Party Transaction or series of Related Party Transactions with an aggregate value in excess of U.S.$5.0 million (or the equivalent thereof at the time of determination), the Issuer and Eldorado must first deliver to the trustee an Officer's Certificate to the effect that such transaction or series of related transactions are on fair and reasonable terms no less favorable to Eldorado or such Restricted Subsidiaries than could be obtained in a comparable arm's-length transaction and is otherwise compliant with the terms of the indenture. In any Related Party Transaction or series of Related Party Transactions with an aggregate value in excess of U.S.$15.0 million (or the equivalent thereof at the time of determination), the Issuer and Eldorado must first deliver to the trustee a certificate from Eldorado's Board of Directors (or equivalent body) to the effect that such transaction or series of related transactions are on fair and reasonable terms no less favorable to Eldorado or such Restricted Subsidiaries than could be obtained in a comparable arm's-length transaction and is otherwise compliant with the terms of the indenture. Prior to entering into any Related Party Transaction or series of Related Party Transactions with an aggregate value in excess of U.S.$45.0 million (or the equivalent thereof at the time of determination), the Issuer and Eldorado must obtain and deliver to the trustee a favorable written opinion from an independent nationally recognized Brazilian or internationally recognized investment banking, auditing or consulting firm as to the fairness of the transaction to Eldorado or its Restricted Subsidiaries, as the case may be, from a financial point of view.

(c) The foregoing paragraphs do not apply to:

(a) any transaction between Eldorado and a Restricted Subsidiary or between or among Restricted Subsidiaries;

(b) the payment of reasonable and customary regular fees to directors of Eldorado;

(c) any Permitted Investments and Restricted Payments permitted to be made pursuant to the covenant described under "—Limitation on Restricted Payments";

(d) any issuance or sale of Equity Interests to Affiliates of Eldorado;

(e) transactions or payments (including loans and advances) pursuant to any employee, officer or director compensation or benefit plans, customary indemnifications or arrangements entered into in the ordinary course of business;

(f) transactions pursuant to agreements in effect on the issue date of the notes and described in the offering memorandum, as amended, modified or replaced from time to time so long as the amended, modified or new agreements, taken as a whole, are no less favorable in any material respect to Eldorado and its Restricted Subsidiaries than those in effect on the issue date of the notes;

(g) any Sale and Leaseback Transaction otherwise permitted pursuant to the covenant described under "—Limitation on Sale and Leaseback Transactions" if such transaction is on market terms;

(h) transactions with customers, clients, distributors, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and on market terms and in compliance with the indenture;

(i) transactions with joint ventures or other similar arrangements made in the ordinary course of business and on market terms and consistent with past practice or industry norms (A) in effect on the issue date of the notes, as amended, modified or replaced from time to time and (B) as may be entered into after the issue date of the notes; *provided*, that the amendment, modification, replacement or new arrangement, taken as a whole, is no less favorable in any material respect to Eldorado and its Restricted Subsidiaries than those in effect on the issue date of the notes; and

(j) the provision of administrative services to any Unrestricted Subsidiary on substantially the same terms provided to or by Restricted Subsidiaries.

Limitation on Sale and Leaseback Transactions

Eldorado will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any Property unless Eldorado or such Restricted Subsidiary would be entitled to:

(A) Incur Debt in an amount equal to the Attributable Debt with respect to such Sale and Leaseback Transaction pursuant to the covenant described under "—Limitation on Debt" above; and

(B) create a Lien on such Property securing such Attributable Debt without equally and ratably securing the notes pursuant to the covenant described under "—Limitation on Liens" above;

in which case, the corresponding Debt and Lien will be deemed Incurred pursuant to those provisions.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control that results in a Ratings Decline, Eldorado or the Issuer will make an Offer to Purchase all outstanding notes at a purchase price equal to 101% of the principal amount *plus* accrued and unpaid interest to, but excluding, the date of purchase, on the terms set out in the indenture.

An "Offer to Purchase" must be made by written offer, which will specify the principal amount of notes subject to the offer and the purchase price. The offer must specify an expiration date (the "**expiration date**") not less than 30 days or more than 60 days after the date of the offer and a settlement date for purchase (the "**purchase date**") not more than five Business Days after the expiration date. The offer must include information concerning the business of Eldorado and its Subsidiaries which the Issuer in good faith believes will enable the holders to make an informed decision with respect to the Offer to Purchase. The offer will also contain instructions and materials necessary to enable holders to tender notes pursuant to the offer.

A holder may tender all or any portion of its notes pursuant to an Offer to Purchase, subject to the minimum denomination requirement and the requirement that any portion of a note tendered must be in a multiple of U.S.$1,000 principal amount. Holders are entitled to withdraw notes tendered up to the close of business on the expiration date. On the purchase date, the purchase price will become due and payable on each note accepted for purchase pursuant to the Offer to Purchase, and interest on notes purchased will cease to accrue on and after the purchase date provided that payment is made available on that date.

The Issuer will comply with Rule 14e-1 under the Exchange Act (to the extent applicable) and all other applicable laws and regulations in making any Offer to Purchase, and the above procedures will be deemed modified as necessary to permit such compliance.

The Issuer is only required to offer to repurchase the notes in the event that a Change of Control results in a Ratings Decline. Consequently, if a Change of Control were to occur which does not result in a Ratings Decline, the Issuer would not be required to offer to repurchase the notes. In addition, neither the Issuer nor Eldorado will be required to make an Offer to Purchase upon a Change of Control if (1) a third party makes the Offer to Purchase in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to an Offer to Purchase made by the Issuer or Eldorado and purchases all notes properly tendered and not withdrawn under the Offer to Purchase, or (2) notice of redemption for all outstanding notes has been given pursuant to the indenture as described above under the caption "Redemption—Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

Notwithstanding anything to the contrary contained herein, an Offer to Purchase may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Offer to Purchase is made.

Future debt of the Issuer may provide that a Change of Control is a default or require repurchase upon a Change of Control. Moreover, the exercise by the noteholders of their right to require the Issuer to purchase the notes could cause a default under other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer. In addition, any remittance of funds outside of Brazil to noteholders or the Trustee may require the consent of the Central Bank, which may not be granted. The Issuer's ability to pay cash to the noteholders following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the notes. See "Risk Factors—Risks Relating to the Notes and the Guarantees—Eldorado Brasil or the issuer may be unable to repurchase the notes pursuant to their obligation to repurchase upon a change of control that results in a ratings decline."

The phrase "all or substantially all," as used with respect to the assets of the Issuer in the definition of "Change of Control," is subject to interpretation under applicable state law, and its applicability in a given instance would depend upon the facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Issuer has occurred in a particular instance, in which case a holder's ability to obtain the benefit of these provisions could be unclear.

Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the holder of the notes to require that the Issuer purchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

The provisions under the indenture relating to the Issuer's obligation to make an offer to repurchase the notes as a result of a Change of Control may be waived or amended as described in "—Amendment, Supplement, Waiver."

Limitation on Asset Sales

Eldorado will not, and will not permit any Restricted Subsidiary to, make any Asset Sale unless the following conditions are met:

(a) The Asset Sale is for fair market value;

(b) At least 75% of the consideration consists of all or part of any of the following, received at closing, cash and Cash Equivalents or Marketable Securities or (for purposes of this clause (2), the assumption by the purchasers of Debt or other obligations (other than Subordinated Debt) of Eldorado or a Restricted Subsidiary pursuant to a customary novation agreement, and instruments or securities received by Eldorado or any of its Restricted Subsidiaries from the purchasers that are converted into cash within 180 days of the closing shall be considered to be cash received at closing);

(c) Within 365 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Net Cash Proceeds may be used:

> (A) to permanently repay Debt other than Subordinated Debt of Eldorado or of any of its Restricted Subsidiaries (and in the case of a revolving credit, permanently reduce the commitment thereunder by such amount), in each case owing to a Person other than Eldorado or any Restricted Subsidiary; or
>
> (B) to acquire (or within such 365-day period, the Board of Directors shall have made a good faith determination to acquire, which acquisition shall be consummated prior to the second anniversary of such Asset Sale) (i) Productive Assets or (ii) all or substantially all of the assets of a Permitted Business, or a majority of the Voting Stock of another Person that thereupon becomes a Restricted Subsidiary engaged in a Permitted Business, or to make capital expenditures or otherwise acquire long-term assets that are to be used in a Permitted Business.

Notwithstanding clauses (2) and (3) above, Eldorado and its Restricted Subsidiaries will be permitted to consummate an Asset Sale without complying with such clauses to the extent at least 75% of the consideration for such Asset Sale constitutes Productive Assets, cash, Cash Equivalents and/or Marketable Securities; *provided* that any consideration not constituting Productive Assets received by Eldorado or any Restricted Subsidiary in connection with any Asset Sale permitted to be consummated under this clause shall be applied (in the case of cash, Cash Equivalents and Marketable Securities within 365 days after the receipt thereof) in accordance with the provisions of clause (3) above.

The Net Cash Proceeds of an Asset Sale not applied (or determined by the Board of Directors to be applied) pursuant to paragraph (3) above within 365 days of the Asset Sale constitute "**Excess Proceeds.**" Excess Proceeds of less than U.S.$30.0 million (or the equivalent thereof at the time of determination) will be carried forward and accumulated. When accumulated Excess Proceeds equals or exceeds U.S.$30.0 million, the Issuer or Eldorado must, within 30 days, make an Offer to Purchase notes having a principal amount equal to:

> (A) accumulated Excess Proceeds, multiplied by
>
> (B) a fraction (x) the numerator of which is equal to the then outstanding principal amount of the notes and (y) the denominator of which is equal to the then outstanding principal amount of the notes and all *pari passu* Debt similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest U.S.$1,000.

The purchase price for the notes will be 100% of the principal amount *plus* accrued interest to the date of purchase. If the offer to purchase is for less than all of the outstanding notes and notes in an aggregate principal amount in excess of the purchase amount are tendered and not withdrawn pursuant to the offer, the Issuer or Eldorado will purchase notes having an aggregate principal amount equal to the purchase amount on a pro rata basis, with adjustments so that only notes in multiples of U.S.$1,000 will be purchased and that only notes with a minimum denomination of U.S.$200,000 or in multiples of U.S.$1,000 in excess thereof will remain outstanding following such purchase. Upon completion of the Offer to Purchase, Excess Proceeds will be reset at zero. Pending application in accordance with this covenant, Net Cash Proceeds may be applied to temporarily reduce revolving credit borrowings, if any, or invested in Cash Equivalents.

The fair market value for any Asset Sale with consideration at or below U.S.$30.0 million will be determined by an officer of Eldorado, whose determination will be conclusive and evidenced by an Officer's Certificate, and with consideration above U.S.$30.0 million, as determined by the Board of Directors of Eldorado, whose determination will be conclusive and evidenced by a resolution of the Board of Directors.

Consolidation, Merger or Sale of Substantially All Assets

(a) Eldorado will not, in a single transaction or a series of related transactions:

- consolidate with or merge with or into any Person, or
- sell, convey, transfer, assign, or otherwise dispose of all or substantially all of its assets (determined on a consolidated basis for Eldorado and its Restricted Subsidiaries) as an entirety or substantially an entirety, in one transaction or a series of related transactions, to any Person, or
- permit any Person to merge with or into Eldorado; unless

  (1) either: (x) Eldorado is the continuing Person; or (y) the resulting, surviving or transferee Person (the "**Successor Company**") is a corporation organized and validly existing under the laws of the Federative Republic of Brazil or any political subdivision thereof, the United States of America or any state thereof or the District of Columbia or any other country member of the Organization for Economic Co-operation and Development (OECD) and expressly assumes by supplemental indenture, executed and delivered to the trustee, in form as set forth in the indenture or as otherwise satisfactory to the trustee, all of the obligations of Eldorado under the indenture and the related guarantee;

  (2) immediately after giving effect to the transaction, no Default or Event of Default has occurred and is continuing;

  (3) immediately after giving effect to the transaction on a pro forma basis, Eldorado or the Successor Company (i) could Incur at least U.S.$1.00 of Debt under the covenant described in the first paragraph under the caption "—Limitation on Debt" or (ii) would have a Net Debt to EBITDA Ratio less than or equal to Eldorado immediately prior to such transaction; and

  (4) Eldorado, or the Successor Company, as the case may be, delivers to the trustee an Officer's Certificate and an Opinion of Counsel, each stating that the consolidation, merger or transfer and the supplemental indenture (if any) comply with the indenture;

provided, that clauses (2) and (3) do not apply to (x) the consolidation or merger of Eldorado with or into a Restricted Subsidiary, or the consolidation or merger of a Restricted Subsidiary with or into Eldorado or another Restricted Subsidiary; and (y) the sale, conveyance, transfer, assignment or otherwise disposition of all or substantially all assets of Eldorado to any Restricted Subsidiary or the sale, conveyance, transfer, assignment or otherwise disposition of all or substantially all assets of any Restricted Subsidiary to Eldorado or another Restricted Subsidiary.

(b) Eldorado shall not lease all or substantially all of its assets, whether in one transaction or a series of transactions, to one or more other Persons, except to the extent permitted under "—Limitation on Sale and Leaseback Transactions."

(c) Eldorado shall not sell or otherwise transfer any Equity Interest in the Issuer (other than directors' qualifying shares) to any other Person other than a Restricted Subsidiary of Eldorado unless Eldorado becomes the direct obligor under the notes.

(d) Upon the consummation of any transaction effected in accordance with these provisions, if Eldorado is not the continuing Person, the Successor Company will succeed to, and be substituted for, and may exercise every right and power of, Eldorado under the indenture and the guarantee with the same effect as if such successor Person had been named as Eldorado in the indenture. Upon such substitution, unless the successor is one or more of Eldorado's Restricted Subsidiaries, Eldorado will be released from its obligations under the indenture and the guarantee.

(e) None of the Subsidiary Guarantors, if any, will, and Eldorado will not cause or permit any Subsidiary Guarantor to, consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, all or substantially all of its assets to any Person (other than Eldorado or any Restricted Subsidiary) unless:

(1) the resulting, surviving or transferee Person (if not such Subsidiary Guarantor) (the "**Successor Subsidiary Guarantor**") is a Person organized and existing under the laws of the jurisdiction under which such Subsidiary Guarantor was organized or under the laws of Brazil or any political subdivision thereof, the United States of America or any state thereof or the District of Columbia or any other country member of the OECD, and expressly assumes, by supplemental indenture, all the obligations of such Subsidiary Guarantor under its note guarantee;

(2) immediately after giving effect to such transaction or transactions on a pro forma basis (and treating any Debt which becomes an obligation of the Successor Subsidiary Guarantor as a result of such transaction as having been issued by the Successor Subsidiary Guarantor at the time of such transaction), no Default shall have occurred and be continuing; and

(3) Eldorado has delivered to the trustee an Officer's Certificate and an opinion of counsel, each stating that such consolidation, merger, transfer, conveyance or lease and if a supplemental indenture is required in connection with such transaction such supplemental indenture, if any, complies with the indenture and that all the conditions precedent therein relating to such transactions and the execution of such supplemental indenture have been satisfied;

provided, *however*, that the provisions of this paragraph (e) shall not apply if such Subsidiary Guarantor is released from its note guarantee pursuant to the last paragraph set forth under the caption "— Guarantees" as a result of such sale, disposition, consolidation, or merger.

Maintenance of Properties

Eldorado will cause all properties used or useful in the conduct of its business or the business of any of its Restricted Subsidiaries to be maintained and kept in good condition, repair and working order as in the judgment of Eldorado may be necessary so that the business of Eldorado and its Restricted Subsidiaries may be properly and advantageously conducted at all times; *provided* that nothing shall prevent Eldorado or any Restricted Subsidiary from discontinuing the use, operation or maintenance of any of such properties or disposing of any of them, if such discontinuance or disposal is, in the judgment of Eldorado, desirable in the conduct of the business of Eldorado and its Restricted Subsidiaries taken as a whole.

Reporting Requirements

Eldorado will furnish to the trustee (and will also provide the trustee with sufficient copies of the following reports referred to in paragraphs (1) and (2) below for distribution, at Eldorado's expense, to all holders of notes):

(1) an English language version of its audited annual consolidated financial statements, prepared in accordance with IFRS, 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 quarterly consolidated financial statements prepared in accordance with IFRS promptly upon such financial statements becoming available but not later than 60 days after the close of each fiscal quarter (other than the last fiscal quarter of its fiscal year);

(3) simultaneously with the delivery of the set of financial statements referred to in paragraphs (1) and (2) above, an Officer's Certificate stating whether an Event of Default or a Default exists on the date of such certificate and, if an Event of Default or a Default exists, setting forth the details thereof and the action being taken or proposed to be taken 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) Eldorado or the Issuer with the SGX-ST, the Brazilian *Novo Mercado* or any other stock exchange on which the notes or Eldorado's equity securities 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), except, to the extent that Eldorado has properly communicated that such English language versions or summaries are available without charge, including, without limitation, on any public website; and

(5) as soon as practicable and in any event within 10 Business Days after an executive officer of the Issuer or Eldorado becomes aware of the existence of an Event of Default or a Default under the notes, an Officer's Certificate setting forth the details thereof and the action the Issuer or Eldorado, as the case may be, proposes to take with respect thereto.

Delivery of these reports and information to the trustee is for informational purposes only and the trustee's receipt of them will not constitute constructive notice of any information contained therein or determinable for information contained therein, including the Issuer's or Eldorado's compliance with any of its covenants in the indenture (as to which the trustee is entitled to rely exclusively on Officer's Certificates).

The Issuer and Eldorado have agreed that, so long as any notes remain outstanding, the Issuer and Eldorado will furnish to noteholders and securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Compliance with Laws

Eldorado will, and will cause each of its Restricted Subsidiaries to, comply with all material Laws applicable to it or to any of its Restricted Subsidiaries.

Maintenance of Books and Records

Eldorado will, and will cause each of its Restricted Subsidiaries to, maintain books, accounts and records in all material respects in accordance with applicable Law and IFRS.

Line of Business

Eldorado will not, and will not permit any of its Restricted Subsidiaries, to engage in any business other than a Permitted Business, except to an extent that so doing would not be material to Eldorado and its Restricted Subsidiaries, taken as a whole. Eldorado will not cease or threaten to cease to carry on all or any substantial part of its business.

Covenant Suspension

From and during any time that:

(a) the notes have an Investment Grade Rating from any two Rating Agencies, and

(b) no Default or Event of Default has occurred and is continuing (the occurrence of the events described in the foregoing clauses (a) and (b) being collectively referred to as a "**Covenant Suspension Event**"), Eldorado and its Restricted Subsidiaries will not be subject to the following provisions of the indenture:

(1) "—Limitation on Debt";

(2) "—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(3) "—Limitation on Restricted Payments";

(4) "—Limitation on Transactions with Affiliates";

(5) "—Limitation on Sale and Leaseback Transactions";

(6) "—Limitation on Asset Sales";

(7) "—Line of Business"; and

(8) clause (3) of the first paragraph of "—Consolidation, Merger or Sale of Substantially All Assets";

The covenants set forth above are referred to collectively as the "**Suspended Covenants**".

In addition, during any Suspension Period, the reference to 5% of Eldorado's Consolidated Net Tangible Assets in clause (16) of the definition of Permitted Liens shall be replaced with 10% of Eldorado's Consolidated Net Tangible Assets.

In the event that Eldorado and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the "**Reversion Date**"), the notes cease to have an Investment Grade Rating from any two Rating Agencies, then Eldorado and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants. The period of time between the occurrence of a Covenant Suspension Event and the Reversion Date is referred to as the "**Suspension Period.**" Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with any of the Suspended Covenants during the Suspension Period (or upon termination of the Suspension Period or after that time based solely on events that occurred during the Suspension Period).

On the Reversion Date, all Debt Incurred during the Suspension Period will be classified to have been Incurred pursuant to the first paragraph or clauses (1) through (16) of the second paragraph under "—Limitation on Debt" (to the extent such Debt would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to the Debt Incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Debt would not be permitted to be Incurred pursuant to such paragraph or clauses of the second paragraph under "—Limitation on Debt," such Debt will be deemed to have been outstanding on the issue date of the notes, so that it is classified as permitted under clause (2) of "—Limitation on Debt."

On the Reversion Date, no Default or Event of Default will be deemed to have occurred if, during the Suspension Period, Eldorado or its Restricted Subsidiaries had Incurred Liens in excess of 5% of Eldorado's Consolidated Net Tangible Assets but not exceeding 10% of Eldorado's Consolidated Net Tangible Assets. Any such Liens will be deemed to have been outstanding on the issue date of the notes, so that it is classified as permitted under clause (1) of the definition of Permitted Liens.

The Issuer or Eldorado shall give the trustee written notice of any Covenant Suspension Event or any occurrence of a Reversion Date and in any event not later than five (5) Business Days after such Covenant Suspension Event has occurred. In the absence of such notice, the trustee shall assume the Suspended Covenants apply and are in full force and effect. The Issuer or Eldorado shall give the trustee written notice of any occurrence of a Reversion Date not later than five (5) Business Days after such Reversion Date. After any such notice of the occurrence of a Reversion Date, the trustee shall assume the Suspended Covenants apply and are in full force and effect.

Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under the covenant described under "—Limitation on Restricted Payments" will be made as though such covenant had been in effect prior to, but not during, the Suspension Period (and, for the avoidance of doubt, all Consolidated Net Income and other amounts attributable to the Suspension Period that would otherwise increase the amount of Restricted Payments available to be made pursuant to any clause (including clause (a)(3) of the first paragraph) of the covenant described under "—Limitation on Restricted Payments" shall be excluded in determining the amount of Restricted Payments available to be made following the Reversion Date).

Additional Limitations on the Issuer and Eldorado

The indenture will limit and restrict the Issuer from taking the following actions or engaging in the following activities or transactions:

- engaging in any business or entering into, or being a party to, any transaction or agreement except for:
  - the issuance, sale and redemption of the notes, additional notes, if any, and any other Debt permitted to be Incurred pursuant to the indenture and activities incidentally related thereto;
  - entering into affiliate loans, including import and export financing transactions, with regards to proceeds from the notes (including any additional notes) and other Debt permitted to be Incurred pursuant to the indenture;
  - entering into Hedging Agreements not for speculative purposes;
  - as required by law;
  - in order to maintain its existence as a corporation; and
  - any financing transaction structured as a "back-to-back" financing or similar transaction, directly or indirectly, with respect to the proceeds from any financing.
- acquiring or owning any Subsidiaries or other assets or properties, except (i) an interest in Hedging Agreements relating to its, Eldorado's or any of its Restricted Subsidiaries' indebtedness and instruments evidencing interests in the foregoing; (ii) cash, Cash Equivalents or Marketable Securities; (iii) any assets related to intercompany loans, including import and export financing transactions; (iv) the notes (including any additional notes) and any other Debt permitted to be Incurred pursuant to the indenture; and (v) other non-material assets and properties;
- Incurring any additional Debt, except for additional Debt that is permitted under "Covenants—Limitation on Debt";
- creating, assuming, incurring or suffering to exist any Lien upon any properties or assets whatsoever, except for any liens imposed by law, it being understood, for the avoidance of doubt, that the Issuer may not create, assume, incur or suffer to exist any Liens, including Liens which would otherwise constitute Permitted Liens in the case of Eldorado or any Restricted Subsidiary;
- (a) entering into any consolidation, merger, amalgamation, joint venture, or other form of combination with any person, except (i) to the extent that it complies with the conditions set forth in "—Consolidation, Merger or Sale of Substantially All Assets" (substituting "Issuer" for "Eldorado" therein) and (ii) with an Affiliate of the Issuer solely for the purpose of reincorporating the Issuer in another jurisdiction (so long as reincorporation in such jurisdiction does not materially adversely affect the rights of the holders of the notes) or (b) selling, leasing, conveying or otherwise disposing of any of its assets or receivables, other than cash, Cash Equivalents and Marketable Securities for repurchases of the notes pursuant to, and in accordance with the terms of, the indenture; and
- amending, supplementing, waiving or otherwise modifying certain specified provisions of the documents relating to the Issuer's rights or benefits under its organizational documents without the written consent of the holders of a majority in principal amount of the notes then outstanding if such amendment, supplement, waiver or modification would materially adversely affect the rights of the noteholders.

In addition, Eldorado will covenant to continue to own, directly or indirectly, a majority of the Voting Stock of the Issuer.

Substitution of the Issuer

The Issuer may, without the consent of any holder of the notes, be substituted by (a) Eldorado or (b) any Wholly Owned Subsidiary of Eldorado as principal debtor in respect of the notes (in that capacity, the "**Substituted Issuer**"); *provided* that the following conditions are satisfied:

(1) such documents will be executed by the Substituted Issuer, the Issuer, Eldorado and the trustee as may be necessary to give full effect to the substitution, including a supplemental indenture under which the Substituted Issuer assumes all of the Issuer's obligations under the indenture and the notes and, unless the Guarantors' then existing guarantees remain in full force and effect, substitute guarantees issued by the Guarantors in respect of the notes (collectively, the "**Issuer Substitution Documents**");

(2) if the Substituted Issuer is organized in a jurisdiction other than Austria, the Issuer Substitution Documents will contain covenants (i) to ensure that each holder and beneficial owner of the notes has the benefit of a covenant in terms corresponding to the obligations of the Issuer in respect of the payment of additional amounts (but, if relevant, replacing references to Austria with references to the other jurisdiction) and (ii) to indemnify the trustee, any paying agent and each holder and beneficial owner of the notes against all taxes and duties that (a) arise by reason of a law or regulation in effect or contemplated on the effective date of the substitution that are incurred or levied against the trustee, any paying agent or such holder or beneficial owner of the notes as a result of the substitution and that would not have been so incurred or levied had the substitution not been made, and (b) are imposed on the trustee, any paying agent or such holder or beneficial owner of the notes by any political subdivision or taxing authority of any country in which the trustee, any paying agent or such holder or beneficial owner of the notes resides or is subject to any such tax or duty and that would not have been so imposed had the substitution not been made; *provided* that any holder or beneficial owner of such note making a claim with respect to such tax indemnity shall provide the Issuer or Eldorado with notice of such claim, along with supporting documentation, within two years of the announcement of the substitution of the Issuer; *provided further*, that none of the Issuer, Eldorado, any paying agent or any other person shall be required to indemnify any holder or beneficial owner of the notes for any taxes imposed pursuant to FATCA, the laws of Brazil, or Austria or any other jurisdiction implementing FATCA, or any agreement between the Issuer, Eldorado or any other person, and the United States or any authority thereof implementing FATCA;

(3) the Issuer will deliver, or cause the delivery, to the trustee of an Opinion of Counsel in the jurisdiction of organization of the Substituted Issuer, Austria and the United States as to the validity, legally binding effect and enforceability of the Issuer Substitution Documents and specified other legal matters, as well as an officer's certificate as to compliance with the provisions described under this section;

(4) no Event of Default has occurred or is continuing; and

(5) the substitution will comply with all applicable requirements under the laws of the jurisdiction of organization of the Substituted Issuer, Austria and Brazil.

Upon the execution of the Issuer Substitution Documents, any substitute guarantees and compliance with the other conditions set forth above, the Substituted Issuer will be deemed to be named in the notes as the principal debtor in place of the Issuer and the Issuer, will be released from all of its obligations under the notes and the indenture.

Not later than 10 Business Days after the execution of the Issuer Substitution Documents, the Substituted Issuer will give notice thereof to the holders of the notes.

Notwithstanding any other provision of the indenture, Eldorado will (unless it is the Substituted Issuer) do or cause to be done all acts and things and promptly execute and deliver any documents or instruments, including any substitute guarantees and a legal opinion of internationally recognized Brazilian counsel, that may be required, or that the trustee may reasonably request, to ensure that the Guarantors' guarantees are in full force and effect for the benefit of the holders and beneficial owners of the notes following the substitution.

Events of Default

An "**Event of Default**" occurs if:

(1) the Issuer or Eldorado defaults in the payment of the principal of (including, without limitation, any additional amounts, if any, on) any note when the same becomes due and payable at maturity, upon acceleration or redemption, or otherwise;

(2) the Issuer or Eldorado defaults in the payment of interest (including additional amounts, if any, without limitation) on any note when the same becomes due and payable, and the default continues for a period of 30 days;

(3) the Issuer or Eldorado fails to make an Offer to Purchase and thereafter to accept and pay for notes tendered when and as required pursuant to the covenants described under "Covenants—Repurchase of Notes Upon a Change of Control" and "—Limitation on Asset Sales", or the Issuer or Eldorado fails to comply with the covenants described under "Covenants—Consolidation, Merger or Sale of Substantially All Assets" or "—Additional Limitations on the Issuer and Eldorado";

(4) the Issuer or Eldorado, as the case may be, defaults in the performance of or breaches any other covenant or agreement of the Issuer or Eldorado in the indenture or under the notes or the related guarantee and the default or breach continues for a period of 60 consecutive days after written notice to the Issuer and Eldorado by the trustee or to the Issuer, Eldorado and the trustee by the holders of 25% or more in aggregate principal amount of the notes;

(5) there occurs with respect to any Debt of Eldorado, the Issuer or any Significant Subsidiary having an outstanding principal amount of U.S.$25.0 million (or the equivalent thereof at the time of determination) or more in the aggregate for all such Debt of all such Persons (i) an event of default that results in such Debt being due and payable prior to its scheduled maturity or (ii) failure to make a payment of principal, interest or any other amount due thereunder when due and such defaulted payment is not made, waived or extended within the applicable grace period;

(6) one or more final and non-appealable judgments or orders for the payment of money in the aggregate are rendered against Eldorado, the Issuer or any Significant Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final and non-appealable judgments or orders outstanding and not paid or discharged against all such Persons to exceed U.S.$25.0 million or the equivalent thereof at the time of determination (in excess of amounts which Eldorado's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against Eldorado, the Issuer or any Subsidiary that is a Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a 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 a final order for relief is entered against Eldorado, the Issuer or any Significant Subsidiary of Eldorado under the applicable bankruptcy laws then in effect, and such final order is not being contested by Eldorado, the Issuer or such 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 (an event of default specified in this paragraph (7) or paragraph (8) below, a "**bankruptcy default**");

(8) Eldorado, the Issuer or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary (i) commences a voluntary case or other proceeding seeking liquidation, reorganization, *concordata* or other relief with respect to itself or its debts or any guarantee 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 Eldorado, the Issuer or any such

Subsidiaries or for all or substantially all of the Property of Eldorado, the Issuer or any such Subsidiaries or (iii) effects any general assignment for the benefit of creditors;

(9) any event occurs that under the laws of Brazil, United States, Austria (with respect to the Issuer only for so long as it is domiciled there) or any political subdivision thereof or any other country has substantially the same effect as any of the events referred to in any of paragraph (7) or (8) above;

(10) it is or will become unlawful for Eldorado or the Issuer to perform or comply with any of its material obligations under or in respect of the notes and the related guarantee, or the indenture, any note, the related guarantee or the indenture ceases to be in full force and effect, other than in accordance with the terms of the indenture, or Eldorado or the Issuer denies or disaffirms its obligations under the notes and the related guarantee; or

(11) all or substantially all of the undertaking, assets and revenues of the Issuer, Eldorado or any Subsidiary that is a Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government or the Issuer, Eldorado or any Subsidiary that is a Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary is prevented by any such Person for a period of 60 consecutive days or longer from exercising normal control over all or substantially all of its undertaking, assets and revenues.

If an Event of Default, other than a bankruptcy default with respect to Eldorado, the Issuer or any Subsidiary that is a Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary, occurs and is continuing under the indenture, the trustee or the holders of at least 25% in aggregate principal amount of the notes then outstanding, by written notice to the Issuer and to Eldorado (and to the trustee if the notice is given by the holders), may, and the trustee at the request of such holders will, declare the principal of and accrued interest on the notes to be immediately due and payable. Upon a declaration of acceleration, such principal and interest will become immediately due and payable. If a bankruptcy default occurs with respect to Eldorado, the Issuer or any Subsidiary that is a Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary, the principal of and accrued interest on the notes then outstanding will become immediately due and payable without any declaration or other act on the part of the trustee or any holder. In this case, Eldorado will comply with any and all then applicable regulations of the Central Bank for remittance of funds outside of Brazil.

The holders of a majority in principal amount of the outstanding notes by written notice to the Issuer, Eldorado and to the trustee may waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the notes that have become due solely by the declaration of acceleration, have been cured or waived; and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The holders of a majority in principal amount of the outstanding notes may 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. However, the trustee may refuse to follow any direction that conflicts with law or the indenture, that may involve the trustee in personal liability, or that the trustee determines in good faith may be unduly prejudicial to the rights of holders of notes not joining in the giving of such direction, and may take any other action it deems proper that is not inconsistent with any such direction received from holders of notes.

A holder may not institute any proceeding, judicial or otherwise, with respect to the indenture or the notes, or for the appointment of a receiver or trustee, or for any other remedy under the indenture or the notes, unless:

(1) the holder has previously given to the trustee written notice of a continuing Event of Default;

(2) holders of at least 25% in aggregate principal amount of outstanding notes have made written request to the trustee to institute proceedings in respect of the Event of Default in its own name as trustee under the indenture;

(3) holders have offered to the trustee indemnity satisfactory to the trustee against any costs, liabilities or expenses to be incurred in compliance with such request;

(4) the trustee within 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) during such 60-day period, the holders of a majority in aggregate principal amount of the outstanding notes have not given the trustee a direction that is inconsistent with such written request.

Notwithstanding anything to the contrary, the right of a holder of a note to receive payment of principal of or interest on its note on or after the Stated Maturity thereof, or to bring suit for the enforcement of any such payment on or after such dates, may not be impaired or affected without the consent of that holder.

The trustee shall not be deemed to have notice of any Default or Event of Default (other than a payment default) unless a written notice of any event which is in fact such a default is received by a responsible officer of the trustee at the Corporate Trust Office of the trustee, and such notice references the notes and the indenture.

If any Event of Default occurs and is continuing and is known to a responsible officer of the trustee, the trustee will send notice of the Event of Default to each holder within 90 days after it occurs, unless the Event of Default has been cured; *provided* that, except in the case of a default in the payment of the principal of or interest on any note, the trustee may withhold the notice if and so long as a trust committee of trust officers of the trustee in good faith determines that withholding the notice is in the interest of the holders.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect as to all notes issued thereunder, when:

(1) (a) all notes that have been authenticated, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the trustee for cancellation; or

(b) all notes that have not been delivered to the trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of a redemption by the trustee and, in each case, the Issuer or Eldorado has irrevocably deposited or caused to be deposited with the trustee as funds in trust solely for the benefit of the holders, U.S. dollars or U.S. Government Obligations, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Debt on the notes not delivered to the trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and will continue after the date of the deposit or will occur as a result of the deposit and the deposit will not result in a breach or violation of, or constitute a default under, any other material instrument to which the Issuer, Eldorado or any Subsidiary is a party or by which the Issuer, Eldorado or any Subsidiary is bound;

(3) the Issuer, the Eldorado or any Subsidiary Guarantor has paid or caused to be paid all other sums payable by it under the indenture; and

(4) the Issuer and Eldorado have delivered irrevocable instructions to the trustee under the indenture to apply the deposited money toward the payment of the notes at maturity or the redemption date, as the case may be.

In addition, the Issuer and Eldorado must deliver an Officer's Certificate and an Opinion of Counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Defeasance

The Issuer or Eldorado may elect to:

(1) discharge most of its obligations in respect of the notes and the indenture, not including obligations related to the defeasance trust or to the replacement of notes or its obligations to the trustee ("**legal defeasance**") or

(2) discharge its obligations under most of the covenants and under clauses (3) and (4) of the covenant described under the caption "—Consolidation, Merger or Sale of Substantially All Assets" (and the events listed in clauses (4), (5), (6), (10) and (11) under "—Events of Default" will no longer constitute Events of Default) ("**covenant defeasance**")

by irrevocably depositing in trust with the trustee U.S. dollars or U.S. Government Obligations sufficient to pay principal of and interest on the notes to maturity or redemption and by meeting certain other conditions, including delivery to the trustee of either a ruling received from the Internal Revenue Service or an Opinion of Counsel to the effect that the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would otherwise have been the case; *provided*, *however*, in the case of legal defeasance or discharge, such an opinion could not be given absent a change of law after the date of the indenture. In the case of any legal defeasance, the defeasance would in each case be effective when 90 days have passed since the date of the deposit in trust.

In the case of either discharge or defeasance, the guarantee of the notes will terminate.

Amendment, Supplement, Waiver

(a) Subject to certain exceptions, the indenture, the notes or the related guarantee 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) reduce the rate of or extend the time for payment of interest on any note;

(2) reduce the principal amount of or change the Stated Maturity of any installment of principal of any note;

(3) reduce the amount payable upon redemption of any note or change the time at which any note may be redeemed or, once notice of redemption has been given, the time at which it must thereupon be redeemed;

(4) change the currency or place of payment of principal of, or interest on, any note;

(5) impair the right of any holder of notes to receive any principal payment or interest payment on such holder's notes, on or after the Stated Maturity thereof, or to institute suit for the enforcement of any such payment;

(6) waive certain payment defaults with respect to the notes;

(7) reduce the principal amount of notes whose holders must consent to any amendment or waiver;

(8) make any change in the amendment or waiver provisions which require each holder's consent;

(9) modify or change any provision of the indenture affecting the ranking of the notes or the related guarantee in a manner materially adverse to the holders of the notes;

(10) amend or modify any provisions of the guarantee related to the notes in a manner materially adverse to the holders of the notes; or

(11) after the time an Offer to Purchase is required to have been made, reduce the purchase amount or purchase price, or extend the latest expiration date or purchase date thereunder.

(b) 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, the Issuer or Eldorado 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.

(c) The consent of the holders of the notes is not necessary to approve the particular form of any proposed amendment, supplement or waiver. It is sufficient if such consent approves the substance of the proposed amendment, supplement or waiver.

(d) The Issuer, Eldorado, the Subsidiary Guarantors, if any, and the trustee may, without notice to or the consent or vote of any holder of the notes, amend or supplement the indenture, the notes or the related guarantee for the following purposes:

(1) to cure any ambiguity, omission, defect or inconsistency in the indenture, the notes or the related guarantee;

(2) to comply with the covenant described under "—Consolidation, Merger or Sale of Substantially All Assets";

(3) to add to the covenants of the Issuer or Eldorado or any Subsidiary Guarantor for the benefit of holders of the notes;

(4) to surrender any right conferred upon the Issuer or Eldorado or any Subsidiary Guarantor;

(5) to evidence and provide for the acceptance of an appointment by a successor trustee;

(6) to provide for or confirm the issuance of additional notes;

(7) 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;

(8) to 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 the Notes"; or

(9) to cause an additional guarantor to guarantee the obligations under the notes and the indenture.

(e) Neither Eldorado nor any of its Subsidiaries or Affiliates may, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the indenture or the notes unless such consideration is offered to be paid or agreed to be paid to all holders of the notes that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to the consent, waiver or amendment.

No Liability of Directors, Officers, Employees, Incorporators, Members and Stockholders

No director, officer, employee, incorporator, member or stockholder of the Issuer or Eldorado, as such, will have any liability for any obligations of the Issuer or Eldorado under the notes, the related guarantee or the indenture or for any claim based on, in respect of, or by reason of, such obligations. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. This waiver may not be effective to waive liabilities under U.S. securities laws or under the Brazilian corporate law, and it is the view of the U.S. Securities and Exchange Commission that such a waiver is against public policy.

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 trustee's records. In addition, so long as the notes are listed on the SGX-ST and the rules of such stock exchange so require, notices will also be published in a leading English language newspaper having general circulation in Singapore (which is expected to be *The Business Time* (Singapore Edition)). Any such notice will be deemed to have been delivered on the date of first publication.

Concerning the 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 will 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 man 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.

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

Governing Law

The notes, the indenture and the related guarantee will be governed by the laws of the State of New York.

Consent to Service

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 all legal actions and proceedings instituted in connection with the notes and the indenture. Each of the Issuer and Eldorado intends to appoint Eldorado USA, 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 the Issuer or Eldorado or any Subsidiary Guarantor 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 the Issuer, Eldorado, or any Subsidiary Guarantor or otherwise) by any holder of a note in respect of any sum expressed to be due to it from the Issuer or Eldorado or any Subsidiary Guarantor will only constitute a discharge of the Issuer or Eldorado or any Subsidiary Guarantor, as the case may be, 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, the Issuer or Eldorado or any Subsidiary Guarantor, as the case may be, will indemnify such holder against any loss sustained by it as a result; and if the amount of U.S. 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, the Issuer or Eldorado or Subsidiary Guarantor, as the case may be, 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 the Issuer, Eldorado and any Subsidiary Guarantor, 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.

"**Acquired Debt**" of Eldorado means Debt of Eldorado or any of its Restricted Subsidiaries existing at the time that Person becomes a Restricted Subsidiary of Eldorado, or at the time it merges or consolidates with Eldorado or any of its Restricted Subsidiaries, or assumed in connection with the acquisition of assets from that Person.

"**Advance Transaction**" means an advance from a financial institution involving either (a) a foreign exchange contract (ACC — *Adiantamento sobre Contrato de Câmbio*) or (b) an export contract (ACE — *Adiantamento sobre Contrato de Exportação*).

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, "**control**" (including, with correlative meanings, the terms "**controlling**," "**controlled by**" and "**under common control with**") with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"**Asset Sale**" means any sale, lease, transfer or other disposition (whether in a single transaction or a series of related transactions) of any assets by Eldorado or any Restricted Subsidiary, including by means of a merger, consolidation or similar transaction or a Sale and Leaseback Transaction and including any sale or issuance of the Equity Interests of any Restricted Subsidiary (each of the above referred to as a "disposition"); *provided* that the following are not included in the definition of "**Asset Sale**":

(1) a disposition to Eldorado or a Restricted Subsidiary, including the sale or issuance by Eldorado or any Restricted Subsidiary of any Equity Interests of any Restricted Subsidiary to Eldorado or any Restricted Subsidiary;

(2) the disposition by Eldorado or any Restricted Subsidiary in the ordinary course of business of (i) cash and Cash Equivalents and Marketable Securities, (ii) inventory and other assets acquired and held for resale in the ordinary course of business, (iii) damaged, worn out or obsolete equipment or assets, or (iv) rights granted to others pursuant to leases or licenses;

(3) the lease of assets by Eldorado or any of its Restricted Subsidiaries in the ordinary course of business;

(4) the sale or discount of accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof;

(5) a transaction covered by the covenant described under "Covenants—Consolidation, Merger or Sale of Substantially All Assets";

(6) a Restricted Payment permitted under the covenant described under "Covenants—Limitation on Restricted Payments";

(7) a Sale and Leaseback Transaction otherwise permitted under "Covenants—Limitation on Sale and Leaseback Transactions";

(8) any issuance of Disqualified Stock otherwise permitted under "Covenants—Limitation on Debt";

(9) the creation of a Lien not prohibited by the indenture (but not the sale or disposition of the property subject to such Lien);

(10) any surrender or waiver of contract rights pursuant to a settlement, release, recovery on or surrender of contract, tort or other claims of any kind;

(11) any disposition of forests or real property that do not have material improvements, including any Subsidiary whose assets are substantially comprised of such assets; *provided*, that the fair market value of such assets disposed of pursuant to this clause (11) does not exceed (i) U.S.$20.0 million in any fiscal year (with unused amounts in any fiscal year being carried over to succeeding fiscal years) and (ii) U.S.$75.0 million in the aggregate; *provided, further*, that the Net Cash Proceeds received by Eldorado or any of its Restricted Subsidiaries from such dispositions will not be used to make any Restricted Payments; or

(12) any disposition or a series of related disposition of assets with an aggregate fair market value of less than U.S.$10.0 million (or the equivalent thereof at the time of determination).

"**Attributable Debt**" means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

"**Austria**" means the Republic of Austria.

"**Average Life**" means, with respect to any Debt, the quotient obtained by dividing (i) the sum of the products of (x) the number of years from the date of determination to the dates of each successive scheduled principal payment of such Debt and (y) the amount of such principal payment by (ii) the sum of all such principal payments.

"**Batista Family**" includes José Batista Sobrinho, together with his wife, sons and daughters, or any of their respective heirs.

"**Board of Directors**" means, with respect to any Person, the board of directors or similar governing body of such Person or any duly authorized committee thereof.

"**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 or São Paulo.

"**Capital Lease**" means, with respect to any Person, any lease of any property which, in conformity with IFRS, is required to be capitalized on the statement of financial position of such Person.

"**Capital Stock**" means, with respect to any Person, any and all quotas, shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock and partnership interests, but excluding any debt securities convertible into or exchangeable for, such equity.

"**Cash Equivalents**" means:

(1) Brazilian *reais*, United States dollars, or money in other currencies received in the ordinary course of business that are readily convertible into United States dollars;

(2) any evidence of Debt with a maturity of one year or less issued or directly and fully guaranteed or insured by the Federative Republic of Brazil or the United States of America or any agency or instrumentality thereof; *provided* that the full faith and credit of the Federative Republic of Brazil or the United States of America is pledged in support thereof;

(3) (i) demand deposits, (ii) time deposits and certificates of deposit with maturities of one year or less from the date of acquisition, (iii) bankers' acceptances with maturities not exceeding one year from the date of acquisition, and (iv) overnight bank deposits, in each case with any bank or trust company organized or licensed under the laws of the Federative Republic of Brazil or any political subdivision thereof or the United States or any state thereof or any foreign country recognized by the United States having capital, surplus and undivided profits in excess of U.S.$500.0 million (or the foreign currency equivalent thereof) whose long-term debt is rated "AA-" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined under Rule 436 of the Securities Act);

(4) repurchase obligations with a term of not more than seven days for underlying securities of the type described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper rated at least P-1 by Moody's or A-1 by S&P and maturing no later than one year after the date of acquisition; and

(6) money market funds at least 95% of the assets of which consist of investments of the type described in clauses (1) through (5) above.

"**Change of Control**" means:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of Eldorado and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)) other than to one or more of the Permitted Holders; or

(2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) but excluding any of the Permitted Holders) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of Eldorado, measured by voting power rather than number of shares.

"**Consolidated Interest Expense**" means, for Eldorado, for any period, the amount equal to (without duplication):

(1) Eldorado and its Restricted Subsidiaries' aggregate interest expense calculated in accordance with IFRS (and including, in any case, the portion of any payments made in respect of all obligations of Eldorado and its Restricted Subsidiaries as lessee under Capital Leases allocable to interest expense), but excluding (A) interest expense incurred in connection with intercompany Debt, (B) interest expense and expenses incurred in connection with a financing transaction structured as a "back-to-back" financing or similar transaction, directly or indirectly, with respect to the proceeds from any financing, (C) expenses arising in connection with foreign exchange losses, including foreign exchange losses upon loans and foreign currency translation adjustments or monetary correction, and (D) expenses related to the issuance of Debt (including commissions, discounts and other fees for such Debt (other than with respect to prepaid interest), including with respect to letters of credit and bankers' acceptance financing); *plus*

(2) interest expense on Debt (other than intercompany Debt) of another Person (other than a Restricted Subsidiary) (the "**Underlying Indebtedness**") that is Guaranteed by Eldorado or one of its Restricted Subsidiaries or secured by a Lien on the assets of Eldorado or one of its Restricted Subsidiaries (other than the Capital Stock of an Unrestricted Subsidiary), whether or not such Guarantee or Lien is called upon; *provided* that if (i) the amount of such Guarantee of the Underlying Indebtedness by Eldorado or one of its Restricted Subsidiaries is for less than the outstanding principal amount of the Underlying Indebtedness or (ii) the Underlying Indebtedness is

secured by such Lien on assets of Eldorado or one of its Restricted Subsidiaries whose fair market value is less than the outstanding principal amount of the Underlying Indebtedness, then, in each case, only the interest expense associated with such lesser amount of the Underlying Indebtedness shall be included for purposes of this definition; *plus*

(3) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Preferred Stock of Eldorado or any Restricted Subsidiary, other than dividends on Capital Stock payable solely in Capital Stock of Eldorado or payable to a Restricted Subsidiary, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of Eldorado, expressed as a decimal, in each case, on a consolidated basis and in accordance with IFRS; *less*

(4) Eldorado and its Restricted Subsidiaries' aggregate interest income for such period, excluding any interest income related to a transaction set forth in clause (1)(B) of this definition.

"**Consolidated Net Income**" means, for any period, the aggregate net income (loss) of Eldorado for such period determined on a consolidated basis in conformity with IFRS.

"**Consolidated Net Tangible Assets**" means, at any date of determination, the total amount of assets of Eldorado and its Restricted Subsidiaries on a consolidated basis, less current liabilities, less depreciation, amortization and depletion, less goodwill, trade names, trademarks, patents and other intangibles, calculated based on the most recent consolidated financial statements for which financial statements of Eldorado have been delivered to the trustee pursuant to the indenture; all calculated in accordance with IFRS and on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by Eldorado and its Restricted Subsidiaries subsequent to such date and on or prior to the date of determination.

"**Consolidated Total Revenue**" means, for any period, the consolidated gross revenue of Eldorado and its Restricted Subsidiaries, calculated based on the last 12-month period; all (1) calculated based on the income statement of Eldorado for the fiscal quarter most recently ended for which internal financial statements are available, (2) prepared in accordance with IFRS and (3) calculated on a *pro forma* basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by Eldorado and its Restricted Subsidiaries subsequent to such period and on or prior to such period.

"**Consolidated Working Capital**" means, at any date of determination, the total amount of current assets of Eldorado and its Restricted Subsidiaries on a consolidated basis, less current liabilities of Eldorado and its Restricted Subsidiares, calculated based on the most recent consolidated financial statements for which financial statements of Eldorado have been delivered to the trustee pursuant to the indenture; all calculated in accordance with IFRS and on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by Eldorado and its Restricted Subsidiaries subsequent to such date and on or prior to the date of determination.

"**Debt**" means, with respect to any Person, without duplication:

(1) the principal of and premium, if any, in respect of (i) all indebtedness of such Person for borrowed money and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable;

(2) all obligations of such Person issued or assumed as the deferred and unpaid purchase price of property or services, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable or other short-term obligation to suppliers payable within 180 days, in each case arising in the ordinary course of business);

(3) all obligations of such Person for the reimbursement of any obligor in respect of letters of credit, bankers' acceptances or other similar instruments (other than obligations with respect to letters of credit securing obligations (other than obligations described in (1) and (2) above) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit);

(4) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock (but excluding any accrued dividends);

(5) all obligations of such Person under Hedging Agreements;

(6) all obligations of such Person as lessee under Capital Leases;

(7) all Debt of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or assets or the amount of the obligation so secured; and

(8) all obligations of the type referred to in (1) through (7) above of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee,

if and to the extent any of the preceding items (other than items (3), (5) and (8)) would appear as a liability upon a balance sheet of the specified Person.

The amount of Debt of any Person will be deemed to be:

(A) with respect to Guarantees, the maximum liability upon the occurrence of the contingency giving rise to the obligation;

(B) with respect to Debt secured by a Lien on an asset of such Person but not otherwise the obligation, contingent or otherwise, of such Person, the lesser of (x) the fair market value of such asset on the date the Lien attached and (y) the amount of such Debt;

(C) with respect to any Debt issued with original issue discount, the face amount of such Debt less the remaining unamortized portion of the original issue discount of such Debt;

(D) with respect to any Hedging Agreement, the net amount payable if such Hedging Agreement terminated at that time due to default by such Person; and

(E) otherwise, the outstanding principal amount thereof.

The principal amount of any Debt or other obligation that is denominated in any currency other than United States dollars (after giving effect to any Hedging Agreement in respect thereof) shall be the amount thereof, as determined pursuant to the foregoing sentence, converted into United States dollars at the Spot Rate in effect on the date of determination.

"**Debt Service**" shall mean, for any period, the sum of (1) all amounts of principal scheduled (i.e., without having regard to any increase due to any amount of principal being paid or being required to be paid prior to or after its original scheduled due date (whether as a result of any prepayment (voluntary or otherwise) or any Event of Default) to be payable by Eldorado or any of its Restricted Subsidiaries during such period plus (2) all amounts payable by Eldorado or any of its Restricted Subsidiaries in respect of Consolidated Interest Expense for such period; *provided* that the amount of principal due to be paid in respect of the notes on the maturity date shall be excluded from clause (1) of this definition.

"**Debt Service Coverage Ratio**" means, at any time, the ratio of:

(1) EBITDA for the then most recently concluded period of four consecutive fiscal quarters for which financial statements of Eldorado have been delivered to the trustee pursuant to the indenture (the "**reference period**") after adding (x) the amount of any decrease (and deducting the amount of any increase) in Consolidated Working Capital for such reference period and (y) the amount of any cash receipts during such relevant period in respect of any tax rebates or credits and deducting the amount actually paid or due and payable in respect of taxes during such reference period by Eldorado or any of its Restricted Subsidiaries to

(2) the Debt Service for such reference period.

provided, however, that in making the foregoing calculation:

(1) pro forma effect will be given to any Debt Incurred (or repaid) during or after the reference period as if the Debt had been Incurred (or repaid) on the first day of the reference period; and

(2) pro forma effect will be given to:

(A) the acquisition or disposition of companies, divisions or lines of businesses by Eldorado and its Restricted Subsidiaries, including any acquisition or disposition of a company, division or line of business during or after the reference period by a Person that became a Restricted Subsidiary during or after the reference period; and

(B) the discontinuation of any discontinued operations.

in each case, that have occurred during or after the reference period as if such events had occurred, and, in the case of any disposition, the proceeds thereof applied, on the first day of the reference period.

The Debt Service and EBITDA will be calculated in U.S. Dollars; *provided*, *however,* that, as of any date of determination, the U.S. dollar-equivalent of:

(i) "Debt Service" will be calculated based on the exchange rate of the last day of the most recently concluded fiscal quarter for which financial statements of Eldorado have been delivered to the trustee pursuant to the indenture published by the Central Bank of Brazil on its exchange rate website (http://www.bcb.gov.br/?txcambio), menu "*Cotações e Boletins*", option "*Cotações de fechamento de todas as moedas em uma data*", for the Dollar, code 220, "*Cotações em Real*", "*Venda"*; and

(ii) "EBITDA" will be calculated for each fiscal quarter in a reference period based on the average of the Dollar exchange rates published by the Central Bank of Brazil on its exchange rate website (http://www.bcb.gov.br/?txcambio), menu "*Cotações e Boletins*", option "*Cotações de fechamento de uma moeda em um período"*, for the average Dollar exchange rate being, initial date, "*Data Inicial*", final date, "*Data Final",* during such fiscal quarter, and the amount of EBITDA converted to Dollars based on such exchange rate for each fiscal quarter during the reference period will be added together to obtain the aggregate amount of "EBITDA" for such reference period.

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

"**Development Project**" means any development project in which Eldorado or any of its Subsidiaries participates and holds, directly or indirectly, an Equity Interest; *provided* that such project involves a Permitted Business.

"**Disqualified Equity Interests**" means Equity Interests that by their terms or upon the happening of any event are:

(1) required to be redeemed or redeemable at the option of the holder prior to the Stated Maturity of the notes for consideration other than Qualified Equity Interests, or

(2) convertible at the option of the holder into Disqualified Equity Interests or exchangeable for Debt;

provided that Equity Interests will not constitute Disqualified Equity Interests solely because of provisions giving holders thereof the right to require repurchase or redemption upon an "asset sale" or "change of control" occurring prior to the Stated Maturity of the notes if those provisions:

(A) are no more favorable to the holders than the covenants described under the captions "Covenants—Limitation on Asset Sales" and "—Repurchase of Notes Upon a Change of Control" and

(B) specifically state that repurchase or redemption pursuant thereto will not be required prior to the Issuer’s repurchase of the notes as required by the indenture.

“**Disqualified Stock**” means Capital Stock constituting Disqualified Equity Interests.

“**EBITDA**” means, for any period, as to Eldorado and its Restricted Subsidiaries, on a consolidated basis:

(1) net revenue for sales and services*; minus*

(2) cost of goods sold and services rendered*; minus*

(3) administrative and selling expenses*; plus*

(4) other operating income, net and non-operating income, net*; plus*

(5) any (i) depreciation, depletion or amortization and (ii) non-cash or non-recurring losses or expenses, included in any of the foregoing;

as each such item is reported on the most recent consolidated financial statements or financial information delivered by Eldorado to the trustee and prepared in accordance with IFRS.

“**Equity Interests**” means all Capital Stock and all warrants or options with respect to, or other rights to purchase, Capital Stock, but excluding Debt convertible into equity.

“**Event of Default**” has the meaning given to it under “—Events of Default.”

“**Fitch**” means Fitch Ratings, Ltd. and its successors.

“**Guarantee**” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or

(2) entered into for purposes of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, *however*, that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a correlative meaning.

“**Hedging Agreements**” means any interest rate swap agreement, foreign currency exchange agreement, interest rate collar agreement, option or futures contract or other similar agreement or arrangement designed to protect such Person against fluctuations in interest rates, foreign exchange rates or commodity prices.

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

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

“**Incur**” means, with respect to any Debt or Capital Stock, to incur, create, issue, assume or guarantee such Debt or Capital Stock. If any Person becomes a Restricted Subsidiary on any date after the date of the indenture, the Debt and Capital Stock of such Person outstanding on such date will be deemed to have been Incurred by such Person on such date for purposes of the covenant described under the caption “Covenants—Limitation on Debt” but will not be considered the sale or issuance of Equity Interests for purposes of the covenants described under the captions “Covenants—Limitation on Restricted Payments” or “—Limitation on Asset Sales.” The term “Incurrence” when used as a noun shall have a correlative meaning. The accretion of original issue discount or payment of interest in kind will not be considered an Incurrence of Debt.

"**Investment**" means:

(1) any direct or indirect advance, loan or other extension of credit to another Person, but excluding (i) any advance, loan or extension of credit to customers in the ordinary course of business and (ii) any advance, loan or extension of credit having a term not exceeding 180 days arising in connection with the sale of inventory, equipment or supplies by that Person in the ordinary course of business,

(2) any capital contribution to another Person, by means of any transfer of cash or other property or in any other form,

(3) any purchase or acquisition of Equity Interests, bonds, notes or other Debt, or other instruments or securities issued by another Person, any acquisitions of assets or substantially all the assets of a Person, including the receipt of any of the above as consideration for the disposition of assets or rendering of services, or

(4) any guarantee of any obligation of another Person.

For purposes of this definition, the term "Person" shall not include Eldorado or any Restricted Subsidiary or any Person who would become a Restricted Subsidiary as a result of any Investment. If Eldorado or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary so that, after giving effect to that sale or disposition, such Person is no longer a Restricted Subsidiary of Eldorado, all remaining Investments of Eldorado and the Restricted Subsidiaries in such Person shall be deemed to have been made at such time.

For purposes of the "—Limitation on Restricted Payments" covenant, Eldorado will be deemed to have made an "Investment" in an Unrestricted Subsidiary at the time of its Designation, which will be valued at the fair market value of the sum of the net assets of such Unrestricted Subsidiary at the time of its Designation and the amount of any Debt of such Unrestricted Subsidiary owed to Eldorado or any Restricted Subsidiary immediately following such Designation. Any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer.

"**Investment Grade Rating**" means a rating of BBB- or higher by S&P or Baa3 or higher by Moody's or BBB- or higher by Fitch, or the equivalent of such global ratings by S&P, Moody's or Fitch.

"**Law**" means any laws (whether statutory or otherwise), rules, regulations, judgments, decrees, orders and injunctions of any Brazilian or other federal, state or municipal government, or any department, commission, board, agency, public registry, public authority, or instrumentality thereof, or any court or arbitrator that has or asserts jurisdiction over Eldorado or any of its Subsidiaries, now in effect or hereinafter enacted, including, without limitation, in respect of the environment.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including conditional sale or other title retention agreement or Capital Lease).

"**Marketable Securities**" means publicly traded debt or equity securities that are listed for trading on a national securities exchange and that were issued by a corporation with debt securities rated at least "AA-" from S&P or "Aa3" from Moody's.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Net Cash Proceeds**" means, with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or Cash Equivalents (including (i) payments in respect of deferred payment obligations to the extent corresponding to principal, but not interest, when received in the form of cash, and (ii) proceeds from the conversion of other consideration received when converted to cash), net of:

(1) brokerage commissions and other fees and expenses related to such Asset Sale, including fees and expenses of counsel, accountants and investment bankers;

(2) provisions for taxes as a result of such Asset Sale taking into account the consolidated results of operations of Eldorado and its Restricted Subsidiaries;

(3) payments required to be made to repay Debt (other than revolving credit borrowings) outstanding at the time of such Asset Sale that is secured by a Lien on the property or assets sold; and

(4) appropriate amounts to be provided as a reserve against liabilities associated with such Asset Sale, including pension and other post-employment benefit liabilities, liabilities related to environmental matters and indemnification obligations associated with such Asset Sale, with any subsequent reduction of the reserve other than by payments made and charged against the reserved amount to be deemed a receipt of cash.

"**Net Debt**" means, as of any date of determination, the aggregate amount of Debt of Eldorado and its Restricted Subsidiaries less the sum of (without duplication) consolidated cash and Cash Equivalents and consolidated Marketable Securities recorded as current assets in all cases determined in accordance with IFRS and as set forth in the most recent consolidated balance sheet of Eldorado that has been delivered to the trustee pursuant to the indenture; *provided, however*, that for purposes of the calculation of the Net Debt to EBITDA Ratio in connection with the Incurrence of any Debt pursuant to clause (a) of the "—Covenants—Limitation on Debt" , there shall be excluded from Net Debt any Debt Incurred pursuant to clause (b)(14) of the "—Covenants—Limitation on Debt".

"**Net Debt to EBITDA Ratio**" means, at any time, the ratio of:

(x) Net Debt at that time to;

(y) EBITDA for the then most recently concluded period of four consecutive fiscal quarters for which financial statements of Eldorado have been delivered to the trustee pursuant to the indenture (the "**reference period**");

provided, *however*, that in making the foregoing calculation:

(1) pro forma effect will be given to any Debt Incurred (or repaid) during or after the reference period as if the Debt had been Incurred (or repaid) on the first day of the reference period; and

(2) pro forma effect will be given to:

(A) the acquisition or disposition of companies, divisions or lines of businesses by Eldorado and its Restricted Subsidiaries, including any acquisition or disposition of a company, division or line of business during or after the reference period by a Person that became a Restricted Subsidiary during or after the reference period; and

(B) the discontinuation of any discontinued operations.

in each case, that have occurred during or after the reference period as if such events had occurred, and, in the case of any disposition, the proceeds thereof applied, on the first day of the reference period.

(3) the Net Debt and EBITDA will be calculated in U.S. Dollars; *provided, however,* that, as of any date of determination, the U.S. dollar-equivalent of:

(i) "Net Debt" will be calculated based on the exchange rate of the last day of the most recently concluded fiscal quarter for which financial statements of Eldorado have been delivered to the trustee pursuant to the indenture published by the Central Bank of Brazil on its exchange rate website (http://www.bcb.gov.br/?txcambio), menu "*Cotações e Boletins*", option "*Cotações de fechamento de todas as moedas em uma data*", for the Dollar, code 220, "*Cotações em Real*", "*Venda*"; and

(ii) "EBITDA" will be calculated for each fiscal quarter in a reference period based on the average of the Dollar exchange rates published by the Central Bank of Brazil on its exchange rate website (http://www.bcb.gov.br/?txcambio), menu "*Cotações e Boletins*", option *"Cotações de fechamento de uma moeda em um período"*, for the average Dollar exchange rate being, initial date, "*Data Inicial*", final date, "*Data Final"*, during such fiscal quarter, and the amount of EBITDA converted to Dollars based on such exchange rate for each fiscal quarter during the reference period will be added together to obtain the aggregate amount of "EBITDA" for such reference period.

"**Officer's Certificate**" means a certificate signed by any of the chief executive officer, the chief operating officer, the chief financial officer, the chief accounting officer, the treasurer, a director, the general counsel or any vice president of the Issuer or Eldorado.

"**Opinion of Counsel**" means a written opinion signed by legal counsel, who may be an employee of or counsel to the Issuer or Eldorado, reasonably satisfactory to the trustee under the indenture relating to the notes.

"**Permitted Business**" means any of the businesses in which Eldorado and any of its Restricted Subsidiaries are engaged on the issue date of the notes, namely pulp, energy and logistics and any business reasonably related, incidental, complementary or ancillary thereto.

"**Permitted Holder**" means (1) any member of the Batista Family or any Affiliate of any of the foregoing and (2) any Person the Voting Stock of which (or in the case of a trust, the beneficial interests in which), is owned at least 51% by Persons specified in clause (1).

"**Permitted Investment**" means:

(1) an Investment by Eldorado or any Restricted Subsidiary in Eldorado or any Restricted Subsidiary;

(2) an Investment by Eldorado or any Restricted Subsidiary in another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, Eldorado or a Restricted Subsidiary or becomes a Restricted Subsidiary;

(3) Investments in cash and Cash Equivalents and Marketable Securities;

(4) any Investment acquired from a Person which is merged with or into Eldorado or any Restricted Subsidiary, or any Investment of any Person existing at the time such Person becomes a Restricted Subsidiary and, in either such case, is not created as a result of or in connection with or in anticipation of any such transaction;

(5) stocks, obligations or securities received in settlement of (or foreclosure with respect to) debts created in the ordinary course of business and owing to Eldorado or any Restricted Subsidiary or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of a debtor;

(6) any Investment existing on, or made pursuant to written agreements existing on, the issue date of the notes;

(7) Hedging Agreements permitted under clause (5) of the covenant described under "—Limitation on Debt";

(8) Investments which are made exclusively with Capital Stock of Eldorado (other than Disqualified Stock);

(9) any acquisition and holding of (a) Brazilian federal and state tax credits acquired solely to pay amounts owed by Eldorado to Brazilian tax authorities and (b) discounted obligations of any Brazilian governmental authority acquired solely to pay tax amounts owed by Eldorado to such Brazilian governmental authority;

(10) Investments made as a result of the receipt of non-cash consideration from an Asset Sale that was made in compliance with the covenant described in "—Limitation on Asset Sales";

(11) receivables owing to Eldorado or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided* that such trade terms may include such trade terms as Eldorado or such Restricted Subsidiary deems reasonable under the circumstances;

(12) prepayments and other credits to suppliers made in the ordinary course of business;

(13) loans and advances pursuant to any employee, officer or director compensation or benefit plans, customary indemnifications or arrangements entered into in the ordinary course of business;

(14) Investments in connection with pledges, deposits, payments or performance bonds made or given in the ordinary course of business in connection with or to secure statutory, regulatory or similar obligations, including obligations under health, safety or environmental obligations;

(15) repurchases of the notes and related guarantee;

(16) (x) Investments by Eldorado or any Restricted Subsidiary in minority Equity Interests of companies in Permitted Businesses and/or (y) so long as no Default or Event of Default shall have occurred or be continuing after giving *pro forma* effect to such Investment, Investments by Eldorado or any Restricted Subsidiary in any Unrestricted Subsidiary engaged in Permitted Businesses for the purpose of funding all or a portion of a Development Project; *provided* that such Investments in clauses (x) and (y) may not exceed in the aggregate at any one time outstanding the greater of (i) U.S.$160.0 million and (ii) 7.5% of Consolidated Net Tangible Assets; and

(17) Guarantees of Debt permitted under the "—Limitation on Debt" covenant; and

(18) additional Investments by the Issuer or any of its Restricted Subsidiaries having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (18) that are at the time outstanding, not to exceed U.S.$20.0 million at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value).

"**Permitted Liens**" means, with respect to any Person:

(1) any Lien existing on the issue date of the notes;

(2) Liens securing the notes;

(3) any Lien on any property or assets (including Capital Stock of any Person) or revenues of a project securing Debt Incurred solely for purposes of financing all or any part of the purchase price or cost of the acquisition, construction, improvement or development of such property or assets or project, as the case may be, after the date of the indenture; *provided* that (a) the aggregate principal amount of Debt secured by the Liens will not exceed (but may be less than) the purchase price or cost of the property or assets or project so acquired, constructed, improved or developed, as the case may be, and (b) the Lien is incurred before, or within 365 days after the completion of, such acquisition, construction, improvement or development and does not encumber any other property or assets or revenues of Eldorado or any Restricted 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;

(4) Liens on property or other assets of a Person at the time such Person becomes a Restricted Subsidiary of Eldorado; *provided* that such Liens were not created in contemplation thereof and do not extend to any other property of Eldorado or any of its Restricted Subsidiaries;

(5) Liens on property or other assets at the time Eldorado or any of its Restricted Subsidiaries acquires such property or other assets, including any acquisition by means of a merger or consolidation with or into Eldorado or any of its Restricted Subsidiaries; *provided* that such Liens were not created in contemplation thereof;

(6) any Lien imposed by law that was Incurred in the ordinary course of business, including, without limitation, carriers', warehousemen's and mechanics' liens and other similar encumbrances arising in the ordinary course of business, in each case for sums not yet due or being contested in good faith by appropriate proceedings;

(7) any pledge or deposit made in connection with workers' compensation, unemployment insurance or other similar social security legislation, any deposit to secure appeal bonds in proceedings being contested in good faith to which Eldorado or any Restricted Subsidiary is a party, good faith deposits in connection with bids, tenders, contracts (other than for the payment of Debt) or leases to which Eldorado or any Restricted Subsidiary is a party or deposits for the payment of rent, in each case made in the ordinary course of business;

(8) any Lien in favor of issuers of surety or performance bonds or letters of credit issued pursuant to the request of and for the account of Eldorado or any Restricted Subsidiary in the ordinary course of business;

(9) any Lien securing taxes, assessments and 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 IFRS;

(10) 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 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 Eldorado or any Restricted Subsidiary, and which are made on customary and usual terms applicable to similar properties;

(11) any rights of set-off of any Person with respect to any deposit account of Eldorado or any Restricted Subsidiary arising in the ordinary course of business;

(12) Liens granted to secure borrowings from, directly or indirectly, (i) *Banco Nacional de Desenvolvimento Econômico e Social—BNDES* (including loans from *Financiadora de Estudos e Projetos—FINEP*, *Fundo de Investimento do Fundo de Garantia do Tempo de Serviço—FI-FGTS* and/or *Fundo de Financiamento do Centro-Oeste—FCO)*, or any other Brazilian governmental development bank or credit agency or (ii) any international or multilateral development bank or government-sponsored agency, export-import bank or official export-import credit insurer;

(13) any Lien securing Hedging Agreements Incurred pursuant to clause (5) of the definition of "Permitted Debt";

(14) Liens on the receivables or inventory of Eldorado or any of its Restricted Subsidiaries securing the obligations of such Person under any lines of credit or import or export structured financing; *provided* that the aggregate amount of receivables or inventory securing such Debt shall not exceed in the aggregate at any time 40% of the outstanding receivables or inventory; *provided*, *further*, that Advance Transactions will not be deemed transactions secured by receivables for purpose of the above calculation;

(15) extensions, renewals or replacements of any Liens referred to in clauses (1), (2), (3), (4) or (5) and this clause (15) in connection with the refinancing of the obligations secured thereby; *provided* that the amount secured by such Lien is not increased *(plus* any premiums, fees and expenses in connection with such extension, renewal or replacement);

(16) any Lien in favor of Eldorado or any Restricted Subsidiary; and

(17) in addition to the foregoing Liens set forth in clauses (1) through (16) above, Liens securing Debt of Eldorado or any Restricted Subsidiary (including, without limitation, guarantees of Eldorado or any Subsidiary) which do not in aggregate principal amount, at any time of determination, exceed 5.0% of Eldorado's Consolidated Net Tangible Assets.

For purposes of determining compliance with the "—Limitation on Liens" covenant: (i) in the event that a Permitted Lien meets the criteria of more than one of the types of Permitted Liens described above, including the first paragraph of the covenant, the Issuer, in its sole discretion, may classify, and from time to time may reclassify, such item of Permitted Lien, in any manner that complies with this covenant; and (ii) a Permitted Lien permitted by the covenant (including the first paragraph of the covenant), need not be permitted solely by reference to one provision permitting such Permitted Lien but may be permitted in part by one such provision and in part by one or more other provisions of the covenant permitting such Permitted Lien.

"**Person**" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity, including a government or political subdivision or agency or instrumentality thereof.

"**Preferred Stock**" means, with respect to any Person, any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends, distributions or redemptions or upon liquidation.

"**Productive Assets**" means assets (including Capital Stock or its substantial equivalent or other Investments) that are used or usable by Eldorado or any of its Restricted Subsidiaries in Permitted Businesses (or in the case of Capital Stock or its substantial equivalent or other Investments that represent direct, or indirect (via a holding company), ownership or other interests held by Eldorado or any Restricted Subsidiary in entities engaged in Permitted Businesses).

"**Property**" means (i) any land, buildings, machinery and other improvements and equipment located therein; (ii) any executive offices, administrative buildings, and research and development facilities, including land and buildings and other improvements thereon and equipment located therein; and (iii) any intangible assets, including, without limitation, any brand names, trademarks, copyrights and patents and similar rights and any income (licensing or otherwise), proceeds of sale or other revenues therefrom.

"**Qualified Equity Interests**" means all Equity Interests of a Person other than Disqualified Equity Interests.

"**Rating Agency**" means S&P, Fitch or Moody's; or if S&P, Fitch or Moody's are not making rating of the notes publicly available, an internationally recognized U.S. rating agency or agencies, as the case may be, selected by the Issuer, which will be substituted for S&P, Fitch or Moody's, as the case may be.

"**Ratings Decline**" means that at any time within 90 days (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by any Rating Agency) after the earlier of the date of public notice of a Change of Control and of the Issuer's intention or that of any Person to effect a Change of Control, the rating of the notes by at least two of the Rating Agencies shall be below an Investment Grade Rating; and the rating of the notes by at least two of the Rating Agencies shall have decreased by one or more categories; *provided* that, in each case, any such Rating Decline is in whole or in part in connection with a Change of Control.

"**Restricted Subsidiary**" means any Subsidiary of Eldorado other than an Unrestricted Subsidiary.

"**Sale and Leaseback Transaction**" means, with respect to any Person, an arrangement whereby such Person enters into a lease of property previously transferred by such Person to the lessor.

"**S&P**" means Standard & Poor's Ratings Group and its successors.

"**Significant Subsidiary**" of any Person means any Restricted Subsidiary, which at the time of determination, either (i) had assets, which as of the date of Eldorado's then-most recent consolidated quarterly balance sheet, constituted at least 10.0% of Eldorado's total consolidated assets as of such date or (ii) had gross revenues for the twelve-month period ending on the date of Eldorado's then-most recent consolidated quarterly statement of income which constituted at least 10.0% of Eldorado's total consolidated gross revenues for such period.

"**Spot Rate**" means, for any currency, the spot rate at which that currency is offered for sale against United States dollars as published in *The Wall Street Journal* on the Business Day immediately preceding the date of determination or, if that rate is not available in that publication, as determined in any publicly available source of similar market data.

"**Stated Maturity**" means, with respect to any security, the date specified in such security as the fixed date on which the principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"**Subordinated Debt**" means any Debt of Eldorado or any Restricted Subsidiary which is subordinated in right of payment to the notes or the related guarantee, as applicable, pursuant to a written agreement to that effect;

"**Subsidiary**" means any Person, any corporation, association, limited liability company, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, trustees or other voting members of the governing body thereof is at the time owned or controlled (by contract or otherwise), directly or indirectly, by (a) Eldorado, (b) Eldorado and one or more Subsidiaries or (c) one or more Subsidiaries of Eldorado.

"**Subsidiary Guarantee**" means any Guarantee by a Subsidiary of the Issuer's obligations with respect to the notes, executed pursuant to the provisions of the indenture.

"**Subsidiary Guarantor**" means any Subsidiary of Eldorado that provides a Subsidiary Guarantee.

"**Unrestricted Subsidiary**" means any Subsidiary of Eldorado Designated as an Unrestricted Subsidiary pursuant to "— Restrictive Covenants — Limitation on Designation of Unrestricted Subsidiaries." Any such Designation may be revoked by a resolution of the Board of Directors of Eldorado, subject to the provisions of such covenant.

"**U.S. Government Obligations**" means obligations issued or directly and fully guaranteed or insured by the United States of America or by any agent or instrumentality thereof; *provided* that the full faith and credit of the United States of America is pledged in support thereof.

"**Vanguarda Debt to Equity Proceeds Ratio**" means, at any time, the ratio of:

(x) Debt Incurred related to, and which proceeds will be used to finance, the Vanguarda Project 2.0 (as described in this offering memorandum) at that time to;

(y) proceeds received by Eldorado (other than from a Restricted Subsidiary of Eldorado) after the issue date of the notes from either (i) the issuance and/or sale of Qualified Equity Interests of Eldorado or (ii) as a contribution to Eldorado's common stock.

"**Voting Stock**" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"**Wholly Owned**" means any Restricted Subsidiary of Eldorado of which at least 95% of the outstanding Capital Stock or other ownership interests (other than directors' qualifying shares) of such entity shall at the time be owned, directly or indirectly, by Eldorado.

FORM OF NOTES

Notes sold in offshore transactions in reliance on Regulation S will be represented by a permanent global note or notes in fully registered form without interest coupons (the "Regulation S Global Note") and will be registered in the name of a nominee of DTC and deposited with a custodian for DTC. Notes sold in reliance on Rule 144A will be represented by a permanent global note or notes in fully registered form without interest coupons (the "Restricted Global Note" and, together with the Regulation S Global Note, the "global notes") and will be deposited with a custodian for DTC and registered in the name of a nominee of DTC.

The notes will be subject to certain restrictions on transfer as described in "Transfer Restrictions." A beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Restricted Global Note only upon receipt by the principal paying agent 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 to be a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction (a "Restricted Global Note Certificate"). This certification requirement will apply to such transfers until at least the 40th day after the later of the commencement of the offering and the closing date of this offering. Beneficial interests in the Restricted Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note only upon receipt by the principal paying agent of a written certification from the transferor (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144 under the Securities Act (a "Regulation S Global Note Certificate"). Any beneficial interest in one of the global notes 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 such global note and become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other global note for as long as it remains an interest.

Except in the limited circumstances described under "—Global Notes," owners of the beneficial interests in global notes will not be entitled to receive physical delivery of certificated notes. The notes are not issuable in bearer form.

Global Notes

Upon receipt of the Regulation S Global Note and the Restricted Global Note, DTC will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such global note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the initial purchasers. Ownership of beneficial interests in a global note will be limited to persons who have accounts with DTC ("DTC Participants") or persons who hold interests through DTC Participants. Ownership of beneficial interests in the global notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants).

So long as DTC, or its nominee, is the registered owner or holder of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such global note for all purposes under the indenture and the notes. Unless DTC notifies the issuer that it is unwilling or unable to continue as depositary for a global note, or ceases to be a "clearing agency" registered under the Exchange Act, or any of the notes becomes immediately due and payable in accordance with "Description of the Notes— Events of Default," owners of beneficial interests in a global note will not be entitled to have any portions of such global note registered in their names, will not receive or be entitled to receive physical delivery of notes in certificated form and will not be considered the owners or holders of the global note (or any notes represented thereby) under the indenture or the notes. In addition, no beneficial owner of an interest in a global note will be able to transfer that interest except in accordance with DTC's applicable procedures (in addition to those under the indenture and, if applicable, those of Euroclear and Clearstream).

Investors may hold their interests in the Global Notes directly through DTC if they are DTC Participants, or indirectly through organizations that are DTC Participants, including Euroclear and Clearstream. Euroclear and Clearstream will hold interests in the global notes on behalf of their account holders through customers' securities accounts in their respective names on the books of their respective depositaries, which, in turn, will hold such interests in the global notes in customers' securities accounts in the depositaries' names on the books of DTC.

Payments of the principal of and interest on global notes will be made to DTC or its nominee as the registered owner thereof. None of the issuer, Eldorado Austria, Eldorado Brasil or any initial purchaser, 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. The issuer, Eldorado Austria and Eldorado Brasil anticipate that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a global note representing any notes held by its nominee, will credit DTC 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. The issuer, Eldorado Austria and Eldorado Brasil also expect that payments by DTC Participants to owners of beneficial interests in such global note held through such DTC Participants will be governed by standing instructions and customary practices, 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 DTC Participants.

Transfers between DTC Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a global note to such persons may be limited. Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of indirect participants, the ability of a person having a beneficial interest in a global note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificated certificate in respect of such interest. Transfers between accountholders in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes described above, crossmarket transfers between DTC participants, on the one hand, and directly or indirectly through Euroclear or Clearstream account holders, on the other hand, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; 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. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the applicable Global Note in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Euroclear and Clearstream account holders may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream account holder purchasing an interest in a global note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date and such credit of any transactions in interests in a global note settled during such processing day will be reported to the relevant Euroclear or Clearstream accountholder on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in a global note by or through a Euroclear or Clearstream account holder to a DTC Participant will be received for 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.

DTC has advised that it will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more DTC Participants to whose account or accounts with DTC interests in the global notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such DTC Participant or DTC Participants has or have given such direction. However, in the limited circumstances described above, DTC will exchange the global notes for certificated notes (in the case of notes represented by the Restricted Global Note, bearing a restrictive legend), which will be distributed to its participants. Holders of indirect interests in the global notes through DTC Participants have no direct rights to enforce such interests while the notes are in global form.

The giving of notices and other communications by DTC to DTC Participants, by DTC Participants to persons who hold accounts with them and by such persons to holders of beneficial interests in a global note will be governed by arrangements between them, subject to any statutory or regulatory requirements as may exist from time to time.

DTC has advised as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, 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 Exchange Act. DTC was created to hold securities for DTC Participants and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include security brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. 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 DTC Participant, either directly or indirectly ("indirect participants").

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the Regulation S Global Note and in the Restricted Global Note among participants and accountholders of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the issuer, Eldorado Brasil or any agent will have any responsibility for the performance of DTC, Euroclear or Clearstream or their respective participants, indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Issuance of Certificated Notes

If (1) DTC or any successor to DTC is at any time unwilling or unable to continue as a depositary for the reasons described in "—Global Notes" and a successor depositary is not appointed by the issuer or Eldorado Brasil within 90 days, or (2) any of the notes has become immediately due and payable in accordance with "Description of the Notes—Events of Default," the issuer will issue certificated notes in registered form in exchange for the Regulation S Global Note and the Restricted Global Note, as the case may be. Upon receipt of such notice from DTC or the paying agent, as the case may be, the issuer will use its best efforts to make arrangements with DTC for the exchange of interests in the global notes for certificated notes and cause the requested certificated notes to be executed and delivered to the registrar in sufficient quantities and authenticated by the registrar for delivery to holders. Persons exchanging interests in a global note for certificated notes will be required to provide the registrar with (a) written instruction and other information required by the issuer and the registrar to complete, execute and deliver such certificated notes, and (b) in the case of an exchange of an interest in a Restricted Global Note, certification that such interest is not being transferred or is being transferred only in compliance with Rule 144A under the Securities Act. In all cases, certificated notes delivered in exchange for any global note or beneficial interests therein will be registered in the names, and issued in any authorized denominations, requested by DTC.

Upon the issue of certificated notes, the issuer will appoint and maintain a paying agent in Singapore, for so long as the notes are listed on the SGX-ST and the rules of such exchange so require. In such event, an announcement shall be made through the SGX-GT and will include all material information with respect to the delivery of the definitive notes, including details of the paying agent in Singapore. Upon any change in the paying agent or registrar, the issuer will publish a notice in a leading daily newspaper of general circulation in Singapore (which is expected to be *The Business Times* (Singapore Edition)).

In the case of certificated notes issued in exchange for the Restricted Global Note, such certificated notes will bear, and be subject to, the legend described in "Transfer Restrictions" (unless the issuer determines otherwise in accordance with applicable law). The holder of a restricted certificated note may transfer such note, subject to compliance with the provisions of such legend, as provided in "Transfer Restrictions." The issuer may remove the legend at its option. Once issued in certificated form, the issuer need not make any provision to exchange the certificated notes into global notes.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear, Clearstream or DTC.

TAXATION

The following discussion summarizes certain Austrian, 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 Austria and Brazil and laws, regulations, rulings and decisions now in effect in the United States, in each case which may change. Any change could apply retroactively and could affect the continued validity 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.

Austrian Taxation

This section on taxation contains a brief summary of the issuer's understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of the notes in the Republic of Austria. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following comments are rather of a general nature and included herein solely for information purposes. They are not intended to be, nor should they be construed to be, legal or tax advice. This summary is based on the currently applicable tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described. For the purposes of the following, it is assumed that the notes are legally and factually offered to an indefinite number of persons.

IT IS RECOMMENDED THAT POTENTIAL INVESTORS IN THE NOTES CONSULT WITH THEIR LEGAL AND TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, HOLDING OR SALE OF THE NOTES. TAX RISKS RESULTING FROM THE NOTES SHALL IN ANY CASE BE BORNE BY THE INVESTOR.

General Principles

Individuals having a permanent domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a permanent domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*). Therefore, a holder of the notes, who is an individual and does not have his or her permanent domicile or habitual abode in Austria, is only subject to income tax in Austria under the conditions set forth under "—Income Taxation of the Notes—Tax treatment to non-Austrian residents holding the notes" or, if such holder is resident in another EU member state, to EU withholding tax in Austria under the conditions set forth under "—EU Withholding Tax."

Corporations having their place of effective management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*) in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of effective management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*). Therefore, a holder of the notes, who is a corporation and not resident in Austria, is only subject to corporate income tax in Austria under the conditions set forth under "Income Taxation of the Notes – Individuals and corporations subject to limited (corporate) income tax liability" below.

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.

Income Taxation of the Notes

Investment income from the notes

Pursuant to sec. 27(1) of the Austrian Income Tax Act (*Einkommensteuergesetz*), the term investment income (*Einkünfte aus Kapitalvermögen*) comprises:

- income from the letting of capital (*Einkünfte aus der Überlassung von Kapital*) pursuant to sec. 27(2) of the Austrian Income Tax Act, including dividends and interest;

- income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) pursuant to sec. 27(3) of the Austrian Income Tax Act, including gains from the alienation, redemption and other realisation of assets that lead to income from the letting of capital, zero coupon bonds and broken-period interest; and

- income from derivatives (*Einkünfte aus Derivaten*) pursuant to sec. 27(4) of the Austrian Income Tax Act, including cash settlements, option premiums received and income from the sale or other realisation of forward contracts like options, futures and swaps and other derivatives such as index certificates.

Also the withdrawal of the notes from a bank deposit (*Depotentnahme*) and circumstances leading to a loss of Austria's taxation right regarding the notes *vis-à-vis* other countries, *e.g.*, a relocation from Austria (*Wegzug*), are in general deemed to constitute a sale (*cf.* sec. 27(6)(1) of the Austrian Income Tax Act).

Tax treatment to non-Austrian residents holding the notes

Individuals and corporations subject to limited (corporate) income tax liability in Austria are taxable on investment income from the notes if they have a permanent establishment (*Betriebsstätte*) in Austria and the notes are attributable to such permanent establishment (*cf.* sec. 98(1)(3) of the Austrian Income Tax Act, sec. 21(1)(1) of the Austrian Corporate Income Tax Act). Individuals and corporations subject to limited (corporate) income tax liability in Austria who do not have a permanent establishment (*Betriebsstätte*) in Austria are also taxable on investment income from the notes if there is a domestic (i.e., Austrian) paying agent (*auszahlende Stelle*) or custodian agent (*depotführende Stelle*) for the notes, i.e., in both cases, as set forth in the Austrian Individual Income Tax Act, (i) a domestic financial institution; (ii) a domestic branch of a foreign financial institution; or (iii) the issuer of the notes. This does not apply for interest in the sense of the Austrian EU Withholding Tax Act (*EU-Quellensteuergesetz*, see below) paid to individuals falling within the scope of the Austrian EU Withholding Tax Act; *cf.* sec. 98(1)(5)(b) of the Austrian Income Tax Act, sec. 21(1)(1) of the Austrian Corporate Income Tax Act.

Therefore, if the noteholder is an individual or a corporation noteholder, non-resident in Austria and (for individuals) not subject to the EU Withholding Tax Act, the noteholder is not subject to Austrian income taxation on investment income from the notes (see "—Investment income from the notes" above), except if (a) the noteholder has a permanent establishment in Austria to which the notes are attributable or (b) the noteholder receives direct payment of interest under the notes from the Issuer, Eldorado Austria or another Austrian paying agent or (c) the notes are held by an Austrian custodian agent. If any of the events set forth under (a), (b) or (c) above occurs and Austria's right to tax is not restricted by the applicable double-taxation treaty (if any) with the noteholder's country of residence, the noteholder will be subject to income tax on investment income from the notes at a rate of 27.5% in the case of an individual and of 25% in the case of a corporation, except if the noteholder is permitted to offset such income with losses to the extent permitted by Austrian law.

Pursuant to sec. 93(6) of the Austrian Income Tax Act, the Austrian custodian agent is obliged to automatically offset negative investment income against positive investment income, taking into account all of a taxpayer's bank deposits with the custodian agent. If negative and at the same time or later positive income is earned, then the negative income is to be offset against the positive income. If positive and later negative income is earned, then withholding tax on the positive income is to be credited, with such tax credit being limited to 27.5% of the negative income. In certain cases the offsetting is not permissible. The custodian agent has to issue a written confirmation on the offsetting of losses for each bank deposit to the taxpayer.

Tax treatment to Austrian residents holding the notes

Individuals holding the notes as non-business assets

Individuals subject to unlimited income tax liability in Austria holding the notes as non-business assets are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income with an Austrian nexus (*inländische Einkünfte aus Kapitalvermögen*), basically meaning income paid by an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*), the income is subject to withholding tax (*Kapitalertragsteuer*) of 27.5%; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to sec. 97(1) of the Austrian Income Tax Act). In case of investment income without an Austrian nexus, the income must be included in the investor's income tax return and is subject to tax at a flat rate of 27.5%. In both cases upon application the option exists to tax all income subject to tax at the flat rate of 27.5% at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Sec. 27(8) of the Austrian Income Tax Act, *inter alia*, provides for the following restrictions on the offsetting of losses: negative income from realised increases in value and from derivatives may neither be offset against interest and other claims *vis-à-vis* credit institutions nor against income from private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*); income subject to tax at a flat rate of 27.5% may not be offset against income subject to the progressive income tax rate (this equally applies in case of an exercise of the option to regular taxation); negative investment income not already offset against positive investment income may not be offset against other types of income.

Individuals holding the notes as business assets

Individuals subject to unlimited income tax liability in Austria holding the notes as business assets are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income with an Austrian nexus (as described above) the income is subject to withholding tax of 27.5%. While withholding tax has the effect of final taxation for income from the letting of capital, income from realised increases in value and income from derivatives must be included in the investor's income tax return (nevertheless tax at a flat rate of 27.5%). In case of investment income without an Austrian nexus, the income must always be included in the investor's income tax return (tax at a flat rate of 27.5%). In both cases upon application the option exists to tax all income subject to tax at the flat rate of 27.5% at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Pursuant to sec. 6(2)(c) of the Austrian Income Tax Act, depreciations to the lower fair market value and losses from the alienation, redemption and other realisation of financial assets and derivatives in the sense of sec. 27(3) and (4) of the Austrian Income Tax Act, which are subject to tax at the flat rate of 27.5%, are primarily to be offset against income from realised increases in value of such financial assets and derivatives and with appreciations in value of such assets; only 55% of the remaining negative difference may be offset against other types of income (and carried forward).

Corporations holding the notes as business assets

Corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on interest from the notes at a rate of 25%. In case of investment income with an Austrian nexus (as described above) the income is principally subject to withholding tax of 27.5%; however, pursuant to sec. 93(1a) of the Austrian Income Tax Act the Austrian paying agent may apply a 25% rate for corporations. Such withholding tax can be credited against the corporate income tax liability. However, under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act withholding tax is not levied in the first place. Income from the alienation of the notes is subject to corporate income tax of 25%. Losses from the alienation of the notes can be offset against other income (and carried forward).

Private foundations

Private foundations (*Privatstiftungen*) pursuant to the Austrian Private Foundations Act (*Privatstiftungsgesetz*) fulfilling the prerequisites contained in sec. 13(3) and (6) of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*) and holding the notes as non-business assets are subject to interim taxation at a rate of 25% on interest income, income from realised increases in value and income from derivatives (*inter alia*, if the latter are in the form of securities). Interim tax does not fall due insofar as distributions subject to withholding tax are made to beneficiaries in the same tax period. In case of investment income with an Austrian nexus (as described above) income is in general subject to withholding tax of 27.5%, however, pursuant to sec. 93(1a) of the Austrian Income Tax Act the Austrian paying agent may apply a 25% rate for private foundations. Such withholding tax can be credited against the tax falling due. Under the conditions set forth in sec. 94(12) of the Austrian Income Tax Act withholding tax is not levied.

EU Withholding Tax

If the interest payments under the notes are paid or credited by an Austrian paying agent (*Zahlstelle*) to a beneficial owner who is an individual resident in another EU member state (or in certain dependent or associated territories, which currently include Anguilla, Aruba, the British Virgin Islands, Curaçao, Guernsey, the Isle of Man, Jersey, Montserrat, Sint Maarten and the Turks and Caicos Islands), Sec. 1 of the Austrian EU Withholding Tax Act– implementing Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments – provides that such beneficial owner is subject to EU withholding tax (*EU-Quellensteuer*) of 35%. Sec. 10 of the Austrian EU Withholding Tax Act provides for an exemption from EU withholding tax if the beneficial owner presents to the paying agent a certificate drawn up in his/her name by the competent authority of his/her member state of residence for tax purposes, indicating the name, address and tax or other identification number or, failing such, the date and place of birth of the beneficial owner, the name and address of the paying agent, and the account number of the beneficial owner or, where there is none, the identification of the security; such certificate shall be valid for a period not exceeding three years.

Pursuant to Council Directive (EU) 2015/2060 of 10 November 2015 repealing Council Directive 2003/48/EC, Council Directive 2003/48/EC shall be repealed with effect from 1 January 2016. However, pursuant to detailed grandfathering provisions, Austria shall in general continue to apply it until 31 December 2016.

Tax Treaties Austria/Switzerland and Austria/Liechtenstein

The Treaty between the Republic of Austria and the Swiss Confederation on Cooperation in the Areas of Taxation and Capital Markets and the Treaty between the Republic of Austria and the Principality of Liechtenstein on Cooperation in the Area of Taxation provide that a Swiss or Liechtenstein, respectively, paying agent has to withhold a tax amounting to 25% or 27.5%, respectively, on, *inter alia*, interest income, dividends and capital gains from assets booked with an account or deposit of such Swiss or Liechtenstein, respectively, paying agent or managed by a Liechtenstein paying agent, if the relevant holder of such assets (*i.e.* in general individuals on their own behalf and as beneficial owners of assets held by a domiciliary company (*Sitzgesellschaft*)) is tax resident in Austria. For Austrian income tax purposes this withholding tax has the effect of final taxation regarding the underlying income if the Austrian Income Tax Act provides for the effect of final taxation for such income. The treaties, however, do not apply to interest covered by the agreements between the European Community and the Swiss Confederation or the Principality of Liechtenstein, regarding Council Directive 2003/48/EC on taxation of savings income in the form of interest payments. The taxpayer can opt for voluntary disclosure instead of the withholding tax by expressly authorising the Swiss or Liechtenstein, respectively, paying agent to disclose to the competent Austrian authority the income and capital gains; these subsequently have to be included in the income tax return.

Austrian Inheritance and Gift Tax

Austria does not levy inheritance or gift tax.

Certain gratuitous transfers of assets to private law foundations and comparable legal estates are subject to foundation transfer tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Transfer Tax Act (*Stiftungseingangssteuergesetz*). Such tax is triggered if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Certain exemptions apply in cases of transfers *mortis causa* of financial assets within the meaning of sec. 27(3) and (4) of the Austrian Income Tax Act (except for participations in corporations) if income from such financial assets is subject to tax at the flat rate pursuant to § 27a(1) of the Austrian Income Tax Act . The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate is in general 2.5%, with a higher rate of 25% applying in special cases. Special provisions apply to entities falling within the scope of the tax treaty between Austria and Liechtenstein.

In addition, there is a special notification obligation for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Not all gifts are covered by it: In case of gifts to certain related parties, a threshold of EUR 50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of EUR 15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Transfer Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may trigger fines of up to 10% of the fair market value of the assets transferred.

Further, gratuitous transfers of the notes may trigger income tax at the level of the transferor pursuant to sec. 27(6)(1) of the Austrian Income Tax Act (see above).

Other Tax Considerations

The issuance of the notes will not be subject to Austrian stamp duty (*Rechtsgeschäftsgebühren*). However, certain guarantee arrangements with an Austrian nexus may trigger stamp duty.

European Union Savings Directive (Directive 2003/48/EC)

The Council of the European Union, or the EU, adopted a directive on the taxation of savings income (Directive 2003/48/EC). From July 1, 2005, each member state of the EU is required to provide to the tax authorities of the other member states information regarding payments of interest (or other similar income) paid by persons within its jurisdiction to individual residents of such other member states, except that Luxembourg and Austria will instead operate a withholding system in relation to such payments until such time as the EU is able to enter into satisfactory information exchange agreements with several non-EU countries. In addition, the Council entered into an agreement with Switzerland pursuant to which Switzerland agreed to impose withholding tax on non-Swiss source interest payments paid by persons within its jurisdiction to individual residents of the EU and share a portion of the revenue with the recipients' countries of residence.

Pursuant to Council Directive (EU) 2015/2060 of 10 November 2015 repealing Council Directive 2003/48/EC, Council Directive 2003/48/EC shall be repealed with effect from 1 January 2016. However, pursuant to detailed grandfathering provisions, Austria shall in general continue to apply it until 31 December 2016.

Brazilian Taxation

The following discussion is a general description of certain Brazilian tax considerations relating to the acquisition, ownership and disposal of the notes by an individual, entity, trust or organization that is not resident or domiciled in Brazil for tax purposes ("Non-Brazilian Holder") and does not purport to be a comprehensive description of the tax aspects of the notes.

The following discussion is based on the federal tax laws of Brazil as in effect on the date hereof, which are subject to change, possibly with retroactive effects, and to differing interpretations. The information set forth below is intended to be a general description only and does not address all possible tax consequences relating to an investment in the notes and is not applicable to all categories of investors, some of which may be subject to special rules. The discussion below does not address any tax consequences under the tax laws of any state or locality of Brazil. Therefore, each Non-Resident Holder should consult his/her/its own tax advisor concerning the Brazilian tax consequences in respect of the notes.

Investors should note that, as to the discussions below, other income tax rate or treatment may be provided for in any applicable tax treaty between Brazil and the country where the Non-Resident Holder is domiciled. Investors should also note that there is a tax treaty between Brazil and Austria, therefore each Non-Resident Holder should consult his/her/its own tax advisor concerning such provisions.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE CONSEQUENCES OF PURCHASING THE NOTES, INCLUDING, WITHOUT LIMITATION, THE CONSEQUENCES OF THE RECEIPT OF INTEREST AND THE SALE, REDEMPTION OR REPAYMENT OF THE NOTES.

Payments on the Notes Made by the Issuer and Gains on the Notes

Generally, non-Brazilian residents are taxed in Brazil only when income is derived from Brazilian sources or gains are realized on the disposition of assets located in Brazil. Therefore, as the issuer will be considered, for tax purposes, as domiciled abroad, any income (including interest, fees, commissions, expenses, and any other income) payable by the issuer in respect of the notes issued in favor of Non-Brazilian Holders is not subject to withholding or deduction in respect of Brazilian income tax or any other taxes, duties, assessments or governmental charges in Brazil, provided that such payments are made with funds held by the issuer outside of Brazil.

According to article 26 of Law No. 10,833 dated December 29, 2003, capital gains realized on the disposition of assets located in Brazil by a Non-Brazilian Holder to another non-resident made outside Brazil are subject to taxation in Brazil. Based on the fact that the notes are issued and registered abroad and, therefore, should not fall within the definition of assets located in Brazil for the purposes of Law No. 10,833, gains on the sale or other disposition of the notes made outside Brazil by a Non-Brazilian Holder to another non-Brazilian resident should not be subject to Brazilian taxes. However, considering the general and unclear scope of Law No. 10,833 and the absence of judicial guidance in respect thereof, we are unable to predict whether such interpretation will ultimately prevail in the Brazilian courts.

If the income tax is deemed to be due, the gains may be subject to income tax in Brazil at a rate of 15.0%, or 25.0% if such Non-Brazilian Holder is located in a jurisdiction that does not impose any income tax or which impose it at a maximum rate lower than 20.0% ("Favorable Tax Jurisdiction") or in a country or location where the laws impose restrictions on the disclosure of ownership composition or securities ownership or do not allow for the identification of the beneficial owner of income attributed to non-residents. Law 13.259 of March 17, 2016 increased the income tax rates applicable to capital gains derived by Brazilian individuals up to 22.5% and such increase, applicable as of January, 2017, may also affect non-Brazilian Holders. Non-Brazilian Holders should consult with their own tax advisors regarding the consequences of Law 13.259/2016.

A lower rate may be provided for in an applicable tax treaty between Brazil and the country where the Non-Resident Holder is domiciled.

Payments on the Notes Made by Eldorado Brasil as Parent Guarantor

In the event the issuer fails to timely pay any due amount, including any payment of principal, interest or any other amount that may be due and payable in respect of the notes, Eldorado Brasil as parent guarantor will be required to assume the obligation to pay such due amounts.

If, by any chance, a Brazilian source is required, as a guarantor, to assume the obligation to pay any amount in connection with the notes to a Non-Brazilian Holder, Brazilian tax authorities could attempt to impose withholding income tax upon the remittances of interest at the rate of 15.0% or 25.0%, being the rate variable depending on the nature of the payment and the location of the respective Non-Brazilian Holder. In this circumstance, another income tax rate may be provided for in an applicable tax treaty between Brazil and the country of residence of the Non-Brazilian Holder. There is some uncertainty regarding the applicable tax treatment to payments of the principal amount by the parent guarantor to the Non-Brazilian Holder. Although there is an argument according to which such payments made by the parent guarantor do not convert the nature of the payment from principal into taxable income, there are no precedents from Brazilian courts endorsing that position and it is not possible to assure that such argument would prevail in the courts of Brazil. Any other payments made by the guarantors may be subject to a specific tax treatment in Brazil, depending on the nature of the payment and the location of the respective Non-Brazilian Holder.

In the event the parent guarantor is required to make any payment in connection with the notes to Non-Brazilian Holders, the parent guarantor would be required to pay such additional amounts as may be necessary to ensure that the net amounts receivable by the Non-Brazilian Holder after withholding for taxes will equal the amounts that would have been payable in the absence of such withholding, subject to certain exceptions described under "Description of the Notes—Additional Amounts."

Discussion on Favorable Tax Jurisdiction

On June 4, 2010, Brazilian tax authorities enacted Normative Instruction No. 1,037 listing (1) the countries and jurisdictions considered as Favorable Tax Jurisdictions or where the local legislation does not allow access to information related to the shareholding composition of legal entities to their ownership or to the identity of the beneficial owner of the income attributed to non-residents and (2) the privileged tax regimes, which definition is provided by Law No. 11,727, of June 23, 2008. On December 12, 2014, the Brazilian Revenue Service issued Rule 488 reducing the concept of Tax Favorable Jurisdictions to those that tax the income below the rate of 17% (previous concept adopted a 20% maximum rate for that purpose), which will probably result in an amendment to the list provided under Normative Ruling No. 1,037. Although the interpretation of the current Brazilian tax legislation could lead to the conclusion that such concept of "privileged tax regime" shall be solely applied for purposes of the observance of Brazilian transfer pricing and thin capitalization rules, it is not possible to assure whether subsequent legislation or interpretations by the Brazilian tax authorities regarding the definition of a "privileged tax regime" provided by Law No. 11,727 will also apply to a Non-Resident Holder on payments under the notes.

We recommend prospective investors should consult their own tax advisors from time to time to verify any possible tax consequences arising of Normative Ruling No. 1,037, and Law No. 11,727, and Rule 488. If the Brazilian tax authorities determine that payments made to a Non-Resident Holder under a "privileged tax regime" the withholding income tax applicable to such payments could be assessed at a rate up to 25%.

Other Tax Considerations

Brazilian law imposes a tax on Foreign Exchange Transactions (*Imposto sobre Operações de Câmbio*), or "IOF/Exchange," on the conversion of Brazilian reais into foreign currency and on the conversion of foreign currency into reais, including foreign exchange transactions in connection with payments potentially made by a Brazilian guarantor under the guarantee to Non-Brazilian Holders. Currently, the IOF/Exchange rate is 0.38% for most foreign exchange transactions, including foreign exchange transactions in connection with payments under the guarantee by a Brazilian guarantor to Non-Brazilian Holders. In any case, the Brazilian Federal Government may increase the current IOF/Exchange rate at any time, up to a maximum rate of 25%. Any such new rate would only apply to future foreign exchange transactions.

Generally, there are no stamp, transfer or other similar taxes in Brazil with respect 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 that may be imposed by some Brazilian states on gifts and bequests made by or to individuals or entities domiciled or residing within such 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

The following is a description of certain U.S. federal income tax consequences of the acquisition, ownership, retirement or other disposition of notes by a holder thereof. This description only applies to notes held as capital assets by a "U.S. Holder" (as defined below) and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as:

- financial institutions;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- grantor trusts;
- tax-exempt organizations;
- persons that will own notes through partnerships or other pass-through entities;
- dealers or traders in securities or currencies;

- certain former citizens or long-term residents of the United States; holders that will hold a note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes; or

- holders that have a functional currency other than the U.S. dollar.

Moreover, this description does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership, retirement or other disposition of notes and does not address the U.S. federal income tax treatment of holders that do not acquire notes as part of the initial offering at their initial issue price. The "issue price" of a note is generally equal to the first price at which a substantial amount of notes are sold for money to investors (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Each prospective purchaser should consult its tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of notes.

This description is based on the Internal Revenue Code of 1986, as amended, or the "Code," existing and proposed U.S. Treasury Regulations, or the "Regulations," administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing is subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein.

For purposes of this description, a U.S. Holder is a beneficial owner of notes who, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;

- a corporation (or any other entity that is treated as a corporation for U.S. federal income tax purposes) 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 (1) that has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If a partnership (or any other entity that is treated as a partnership for U.S. federal income tax purposes) holds notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences.

Classification of the Notes

Because the issuer is treated for U.S. federal income tax purposes as disregarded as separate from its owner, Cellulose Eldorado Austria GmbH, the notes should be treated for U.S. federal income tax purposes as issued by Cellulose Eldorado Austria GmbH.

Issue Price of Notes

It is expected and this discussion assumes that either the issue price of each of the notes will equal the stated principal amount of such notes or each of the notes will be issued with no more than a de minimis amount of original issue discount.

Interest on the Notes

Interest paid to a U.S. Holder on a note, including any Brazilian or other foreign tax withheld and any additional amounts with respect thereto as described under "Description of the Notes—Additional Amounts," will be includible in such holder's gross income as ordinary interest income in accordance with such holder's usual method of tax accounting. In addition, interest on the notes will be treated as foreign source income for U.S. federal income tax purposes.

Eligibility for Foreign Tax Credits for Foreign Taxes Withheld on Interest Payments on the Notes

Subject to certain conditions and limitations, foreign taxes, if any, withheld on interest payments on the notes may be treated as foreign taxes eligible for credit against such holder's U.S. federal income tax liability. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific "baskets" of income. Interest on the notes generally will constitute "passive category income," or, in the case of certain U.S. Holders, "general category income." As an alternative to the tax credit, a U.S. Holder may elect to deduct such taxes (the election would then apply to all foreign income taxes such U.S. Holder paid in that taxable year). The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Additional Payments on the Notes

In certain circumstances, the issuer may be required to pay additional amounts under the notes (e.g., "Description of the Notes—Covenants—Repurchase of Notes Upon a Change of Control"). Under the contingent payment debt instrument Regulations, or the "CPDI Regulations," the possibility of a contingent payment on a note may be disregarded if the likelihood of the contingent payment, as of the issue date, is remote or incidental. We believe that as of the expected issue date of the notes, the likelihood of such circumstances occurring is for this purpose remote and, therefore, we do not intend to treat the notes as contingent payment debt instruments, or "CPDIs." Our determination is binding on a U.S. Holder, unless such holder notifies the Internal Revenue Service, or the "IRS," to the contrary. Our determination, however, is not binding on the IRS and if the IRS were to challenge this determination, a U.S. Holder may be required to accrue income on the notes that such holder owns in excess of stated interest, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of such notes before the resolution of the contingency. In the event that such contingency were to occur, it would affect the amount and timing of the income that a U.S. Holder recognizes. U.S. Holders are urged to consult their tax advisors regarding the potential application to the notes of the CPDI Regulations and the consequences thereof. This discussion assumes that the notes will not be treated as CPDIs.

Sale, Exchange, Retirement or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement or other taxable disposition of a note, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange, retirement or other taxable disposition, other than accrued but unpaid interest which will be taxable as interest, and such U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will equal the cost of the note to such holder, and any such gain or loss will be capital gain or loss. For a non-corporate U.S. Holder, the maximum marginal U.S. federal income tax rate applicable to any gain will generally be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income (other than certain dividends) if such U.S. Holder's holding period for the notes exceeds one year (*i.e.*, such gain is long-term capital gain). Any gain or loss realized on the sale, exchange, retirement or other disposition of a note generally will be treated as U.S. source gain or loss, as the case may be. Consequently, a U.S. Holder may not be able to claim a credit for any Brazilian or other foreign tax imposed upon a disposition of a note unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. The deductibility of capital losses is subject to limitations.

Substitution of the Issuer

The issuer may, subject to certain conditions, be replaced and substituted by Eldorado Brasil or any Wholly Owned Subsidiary of Eldorado Brasil as principal debtor (the "Substituted Issuer") in respect of its respective notes (see "Description of the Notes—Substitution of the Issuer"), which may result in certain adverse tax consequences to holders, including, for example, being a deemed sale that could trigger capital gains tax. If the Substituted Issuer is organized in a jurisdiction other than Austria, the Substituted Issuer and the guarantors will have an obligation to indemnify and hold harmless each holder and beneficial owner of the notes against all taxes or duties which arise by reason of a law or regulation having legal effect or contemplated on the date such substitution becomes effective, which may be incurred or levied against such holder or beneficial owner as a result of any substitution described under "Description of the Notes—Substitution of the Issuer" and which would not have been so incurred or levied had such substitution not been made. Holders are urged to consult their tax advisors regarding any potential adverse tax consequences that may result from a substitution of the issuer.

Information Reporting and Backup Withholding

Information reporting and backup withholding requirements apply to certain payments of principal of, and interest on, an obligation and to proceeds of the sale or redemption of an obligation, to certain U.S. Holders. Information reporting generally will apply to payments of principal of, and interest on, notes and to proceeds from the sale or redemption of notes within the United States, or by a U.S. payor or U.S. middleman, to a U.S. Holder (other than an exempt recipient and certain other persons). The payor will be required to backup withhold on payments made within the United States, or by a U.S. payor or U.S. middleman, on a note to a U.S. Holder, other than an exempt recipient, if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. The backup withholding rate is currently 28%.

Backup withholding is not an additional tax. A U.S. Holder generally will be entitled to credit any amounts withheld under the backup withholding rules against such holder's U.S. federal income tax liability provided the required information is furnished to the IRS in a timely manner.

Foreign Asset Reporting

Certain U.S. Holders are required to report information relating to an interest in the notes, subject to certain exceptions (including an exception for notes held in accounts maintained by U.S. financial institutions). U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of the notes.

Medicare Tax

A U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) such U.S. Holder's ''net investment income'' (or undistributed "net investment income" in the case of estates and trusts) for the relevant taxable year and (2) the excess of such U.S. Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000, depending on the individual's circumstances). A U.S. Holder's net investment income will generally include its gross interest income and its net gains from the disposition of the notes, unless such interest or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a U.S. Holder that is an individual, estate or trust, you are urged to consult your tax advisor regarding the applicability of this tax to your income and gains in respect of your investment in the notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the notes. Prospective purchasers of notes should consult their tax advisors concerning the tax consequences of their particular situations.

TRANSFER RESTRICTIONS

The notes have not been registered under the Securities Act or any securities laws of any jurisdiction, and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of, the Securities Act and such other securities laws. Accordingly, the notes are being offered hereby only (1) to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (2) outside of the United States in reliance upon Regulation S under the Securities Act, to non-U.S. persons who will be required to make certain representations to us and others prior to the investment in the notes.

Each purchaser of the notes that is purchasing in a sale made in reliance on Rule 144A or Regulation S will be deemed to have represented and agreed as follows:

(1) The purchaser

(a) (i) is a qualified institutional buyer and is aware that the sale to it is being made in reliance on Rule 144A and (ii) is acquiring the notes for its own account or for the account of another qualified institutional buyer; or

(b) is not a U.S. person, as such term is defined in Rule 902 under the Securities Act, and is purchasing the notes in accordance with Regulation S.

(2) The purchaser understands that the notes are being offered in transactions not involving any public offering in the United States within the meaning of the Securities Act, that the notes have not been registered under the Securities Act or any securities laws of any jurisdiction and that:

(a) the notes may be offered resold, pledged or otherwise transferred only (i) to a person who is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, outside the United States to a non-U.S. person in a transaction meeting the requirements of Rule 903 or Rule 904 under the Securities Act, or 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), (ii) to us or (iii) pursuant to an effective registration statement and, in each case, in accordance with any applicable securities laws of any State of the United States or any other applicable jurisdiction; and

(b) the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser from it of the resale restrictions set forth in (a) above.

(3) The purchaser confirms that

(a) such purchaser has such knowledge and experience in financial and business matters, that it is capable of evaluating the merits and risks of purchasing the notes and that such purchaser and any accounts for which it is acting are each able to bear the economic risks of its or their investment;

(b) such purchaser is not acquiring the notes with a view towards any distribution thereof in a transaction that would violate the Securities Act or the securities laws of any State of the United States or any other applicable jurisdiction; provided that the disposition of its property and the property of any accounts for which such purchaser is acting as fiduciary will remain at all times within its control; and

(c) such purchaser has received a copy of the offering memorandum and acknowledges that such purchaser has had access to such financial and other information and has been afforded an opportunity to ask such questions of our representative and receive answers thereto as it has deemed necessary in connection with its decision to purchase the notes.

(4) The purchaser represents by its purchase and holding that either (A) it is not and (for so long as it holds a note or any interest therein will not be), and is not acting on behalf of (and for so long as it holds the notes or interest therein will not be acting on behalf of) (i) an "employee benefit plan" as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") that is subject to Title I of ERISA, (ii) a

"plan" as defined in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), (iii) an entity whose underlying assets are deemed for purposes of ERISA or the Code to include "plan assets" by reason of such employee benefit plan's or plan's investment in the entity, or (iv) a governmental, church plan or foreign or other employee benefit plan which is subject to any U.S. federal, state or local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (B) its purchase, holding or disposition of the notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of such a governmental, church plan or foreign or other employee benefit plan, a violation of any such substantially similar U.S. federal, state, local or non-U.S. law).

(5) The purchaser understands that the certificates evidencing the 144A global note will, unless otherwise agreed by us, bear a legend substantially to the following effect:

> "THE SECURITY (OR ITS PREDECESSOR) EVIDENCED HEREBY WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 5 OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND THE SECURITY EVIDENCED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THE SECURITY EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THE SECURITY EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTORS THAT (A) SUCH SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (1)(a) INSIDE THE UNITED STATES TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (b) OUTSIDE THE UNITED STATES TO A FOREIGN PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (c) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY IF THE COMPANY SO REQUESTS), (2) TO THE ISSUER OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTIONS SET FORTH IN CLAUSE (A) ABOVE.
>
> THIS LEGEND MAY BE REMOVED SOLELY IN THE DISCRETION AND AT THE DIRECTION OF THE ISSUER OR ANY GUARANTOR."

(6) The purchaser understands that the certificates evidencing the Regulation S global note will, unless otherwise agreed by us, bear a legend substantially to the following effect:

> "THIS NOTE AND THE RELATED GUARANTEES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS 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 PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART."

(7) The purchaser acknowledges that the Company and the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of

the foregoing acknowledgements, representations and agreements deemed to have been made by it are no longer accurate, it will promptly notify the initial purchasers. If such purchaser is acquiring the notes as a fiduciary or agent for one or more investor accounts, such purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

PLAN OF DISTRIBUTION

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA) LLC, BB Securities Limited and Santander Investment Securities Inc. are acting as the initial purchasers. Subject to the terms and conditions set forth in a purchase agreement among us and the initial purchasers, we have agreed to sell to the initial purchasers, and the initial purchasers have severally agreed to purchase from us, U.S.$350.0 million principal amount of notes.

Initial Purchasers		Principal Amount of Notes
Merrill Lynch, Pierce, Fenner & Smith Incorporated	U.S.$	122,500,000
Credit Suisse Securities (USA) LLC		122,500,000
BB Securities Limited		46,667,000
Santander Investment Securities Inc.		58,333,000
Total	**U.S.$**	**350,000,000**

We have agreed to indemnify the initial purchasers and their controlling persons in connection with this offering against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

BB Securities Limited is not a broker-dealer registered with the SEC, and therefore may not make sales of any notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that BB Securities Limited intends to effect sales of the notes in the United States, it will do so only through Banco do Brasil Securities LLC or one or more U.S. registered broker-dealers, or otherwise as permitted by applicable U.S. law. BB Securities Asia Pte. Ltd. may be involved in the sales of the notes in Asia.

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The initial purchasers propose initially to offer the notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed.

Notes Are Not Being Registered under the Securities Act

The notes have not been registered under the Securities Act or any state securities laws. The initial purchasers propose to offer the notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The initial purchasers will not offer or sell the notes except to persons they reasonably believe to be qualified institutional buyers or pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the notes will be deemed to have made acknowledgments, representations and agreements as described under "Transfer Restrictions."

New Issue of Notes

The notes are a new issue of securities with no established market. We do not intend to apply for listing of the notes on any U.S. securities exchange or for inclusion of the notes on any automated dealer quotation system. We intend to apply to the SGX-ST to admit the notes to listing on the main board of the SGX-ST. We have been advised by the initial purchasers that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

No Sales of Similar Securities

We have agreed that we will not offer, sell, contract to sell or otherwise dispose of any debt securities (other than (i) any intra-company transaction, (ii) any tax-free municipal bonds or other similar debt securities, (iii) any real-denominated securities offered, sold, contracted to be sold or otherwise disposed of in Brazil or (iv) export credit-linked notes) for a period of 90 days after the date of this offering memorandum without the prior written consent of the initial purchasers (which consent will not be unreasonably withheld).

Short Positions

In connection with the offering, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. 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 must 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 after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the initial purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in 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.

None of the issuer, the guarantors or the initial purchasers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, none of the issuer, the guarantors or the initial purchasers makes any representation that the initial purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Notice to Prospective Investors in Brazil

The notes (and related guarantees) have not been, and will not be, registered with the CVM. Any public offering or distribution, as defined under Brazilian laws and regulations, of the notes in Brazil is not legal without such prior registration. Documents relating to the offering of the notes, as well as information contained therein, may not be supplied to the public in Brazil, as the offering of the notes is not a public offering of securities in Brazil, nor may they be used in connection with any offer for subscription or sale of the notes to the public in Brazil. The notes will not be offered or sold in Brazil, except in circumstances which do not constitute a public offering or distribution of securities under applicable Brazilian laws and regulations.

Notice to Prospective Investors in the Dubai International Financial Centre

This document relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The notes which are the subject of the offering contemplated by this offering memorandum may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the notes offered should conduct their own due diligence on the notes. If you do not understand the contents of this document you should consult an authorized financial advisor.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area 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, with effect from and including the Relevant Implementation Date, an offer to the public may be made in that Relevant Member State of any notes:

(a) Qualified investors: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant representatives nominated by the issuer for any such offer; or

(c) Other exempt offers: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require the issuer, the Company or the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes 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 the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, 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.

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 us or the initial purchasers to produce a prospectus for such offer. Neither we 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.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any notes under, the offer of notes contemplated by this offering memorandum will be deemed to have represented, warranted and agreed to and with us and the initial purchasers that:

(a) it is a "qualified investor" as defined in the Prospectus Directive; and

(b) in the case of any notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the notes acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (ii) where notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those notes to it is not treated under the Prospectus Directive as having been made to such persons.

Notice to Prospective Investors in Hong Kong SAR

This offering memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. No person may offer or sell in Hong Kong, by means of any document, any notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No person may 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 of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to 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 and any rules made under that Ordinance.

Notice to Prospective Investors in Ireland

The notes will not and may not be offered, sold, transferred or delivered, whether directly or indirectly, otherwise than in circumstances which do not constitute an offer to the public within the meaning of the Irish Companies Act, 1963-2006, and the notes will not and may not be the subject of an offer in Ireland which would require the publication of a prospectus pursuant to Article 3 of Directive 2003/71/EC.

Notice to Prospective Investors in Japan

The notes offered in this offering memorandum have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, and will not be offered or sold directly or indirectly in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law of Japan and (ii) in compliance with any other relevant laws of Japan.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes, may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor or other person specified in Section 274 of the SFA, Chapter 289 of Singapore, (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Notice to Prospective Investors in Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the notes with a view to distribution. Any such investors will be individually approached by the initial purchasers from time to time.

Notice to Prospective Investors in the United Kingdom

This offering memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person").

Each initial purchaser:

(a) has 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 the Financial Services and Markets Act 2000, or the FSMA) received by it in connection with the issues 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 FSMA does not apply to the issuer; and

(b) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Other Relationships

The initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. As of the date of this offering memorandum, we had outstanding amounts due to affiliates of Credit Suisse Securities (USA) LLC and Santander Investment Securities Inc. of R$552.6 million in connection with ACCs.

In addition, in the ordinary course of their business activities, the initial purchasers and/or their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of us or our affiliates. The initial purchasers and/or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, the initial purchasers and/or their affiliates would hedge such exposure by entering into transactions, which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and/or their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

INDEPENDENT AUDITORS

The individual and consolidated financial statements of Eldorado Brasil Celulose S.A., as of and for the years ended December 31, 2015, 2014 and 2013, included elsewhere in this offering memorandum, have been audited by KPMG Auditores Independentes, independent auditors, as stated in their report included elsewhere in this offering memorandum.

With respect to the unaudited interim financial information for the periods ended March 31, 2016 and 2015, included herein, the independent auditors have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included herein, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

LEGAL MATTERS

The validity of the notes offered and sold in this offering will be passed upon for us by White & Case LLP, and for the initial purchasers by Milbank, Tweed, Hadley & McCloy LLP. Certain matters of Brazilian law relating to the notes will be passed upon for us by Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados and for the initial purchasers by Souza, Cescon, Barrieu & Flesch Advogados. Certain matters of Austrian law will be passed upon for Eldorado Intl. Finance GmbH by Schindler Rechtsanwälte GmbH.

LISTING AND GENERAL INFORMATION

1. The issuer intends to have the notes accepted for clearance and settlement through DTC, Euroclear and Clearstream. The CUSIP and ISIN numbers for the notes are as follows:

	Restricted Global Note	Regulation S Global Note
CUSIP	284697 AA7	A18007 AA1
ISIN	US284697AA71	USA18007AA16

2. Copies of our latest audited consolidated (when available) and individual annual financial statements and unaudited consolidated (when available) quarterly financial statements, and copies of each of the issuer's and Eldorado Austria's articles of association and Eldorado Brasil's bylaws (*estatuto social*), as well as the indenture (including the forms of the notes), will be available for inspection at the offices of the principal paying agent and any other paying agent, including the Singapore paying agent.

3. The issuer will apply to list the notes on the SGX-ST. We cannot guarantee the listing will be obtained and if so, will be maintained.

4. So long as the notes are listed on the SGX-ST and the rules of the SGX-ST so require, the issuer has undertaken to the SGX-ST that it shall appoint and maintain a paying agent in Singapore, 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 accordance with Rule 305 of the Singapore Stock Exchange Listing Manual. In addition, the issuer has also undertaken to the SGX-ST that in the event that the global notes are exchanged for definitive certificated notes, announcement of such exchange shall be made through the SGX-ST, 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 Singapore.

5. The issuance of the notes and the parent guarantee was authorized by Eldorado Brasil's board of directors on March 17, 2016. The issuance of the subsidiary guarantee was authorized by Eldorado Brasil's board of directors on or about June 8, 2016. The issuance of the notes was authorized by the issuer's board of managing directors on March 17, 2016.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

Brazil

Eldorado Brasil is incorporated under the laws of Brazil. All of Eldorado Brasil's directors and officers are Brazilian residents. Certain of Eldorado Brasil's assets are located in Brazil. As a result, it may be difficult for you to effect service of process upon Eldorado Brasil or these other persons within the United States or to enforce award obtained in United States courts against them, including those predicated upon the civil liability provisions of the federal securities laws of the United States.

We have been advised that awards granted by United States courts for civil liabilities based upon the federal securities laws of the United States may be, subject to the requirements described below, enforced in Brazil. A award against Eldorado Brasil or the persons described above obtained outside Brazil would be enforceable in Brazil without reconsideration of the merits, upon recognition of that award by the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*). That recognition will occur if the foreign award:

- fulfills all formalities required for its enforceability under the laws of Brazil and the country where the foreign award is granted, even if such formalities are not similar;
- is issued by a competent court after proper service of process on the parties, which service must be in accordance with Brazilian law if made in Brazil, or after sufficient evidence of the parties' absence has been given, as established pursuant to applicable law;
- is not subject to appeal (*res judicata*) and is legally allowed to be enforced, fulfilling all formalities required for its enforceability under the jurisdiction in which it was issued;
- is authenticated by a Brazilian consular office in the country where the foreign award is issued and is accompanied by a sworn translation into Portuguese; and
- is not contrary to res judicata in Brazil, Brazilian national sovereignty, public policy and equitable principles (as set forth in Brazilian law).

Notwithstanding the foregoing, we cannot assure you that confirmation will be obtained, that the process described above will be conducted in a timely manner or that Brazilian courts will enforce a monetary award for violation of the U.S. securities laws with respect to the notes.

On March 18, 2016, a new Brazilian Civil Procedure Code (*Código de Processo Civil)* entered into force (Law No. 13,105/2015). The new Code includes new provisions related to the enforcement of interlocutory decisions by rogatory letter (article 960, §1º) during the course of the request for recognition of foreign judgments by the Brazilian Superior Court of Justice.

We have also been advised that:

- original actions based on the federal securities laws of the United States may be brought in Brazilian courts and that, subject to applicable law, Brazilian courts may enforce liabilities in such actions against us (provided that provisions of the federal securities laws of the United States do not contravene Brazilian public policy, good morals or national sovereignty and provided further that Brazilian courts can assert jurisdiction over the particular action); however, under Brazilian law, Brazilian courts may assert jurisdiction when the defendant is domiciled in Brazil, the obligation has to be performed in Brazil or the subject matter under dispute originates in Brazil, considering that Brazilian courts may exercise jurisdiction over such matters or disputes pursuant to article 21, I and II, of the new Brazilian Civil Procedure Code; and
- the ability of a judgment creditor or the other persons named above to satisfy a judgment by attaching certain of our assets is limited by provisions of Brazilian law; and

- a plaintiff, whether Brazilian or non-Brazilian, who resides outside Brazil during the course of litigation in Brazil must make a deposit to guarantee the payment of the defendant's legal fees and court expenses if the plaintiff owns no real property in Brazil that could secure that payment, except in the case of enforcement claims based on an debt instrument that may be enforced in Brazilian courts without the review of its merit (*execução de título executivo extrajudicial*) or counterclaims and when an international treaty or agreement to which Brazil is a party provide for such exception, as established under Article 83 *caput* and §1, I, II and III of the new Brazilian Code of Civil Procedure. The deposit must have a value sufficient to satisfy the payment of court fees and the defendant's attorney fees, as determined by a Brazilian judge. This requirement does not apply to the enforcement of foreign judgments which have been confirmed by the Brazilian Superior Court of Justice.

Austria

We have been advised that Austrian companies, such as the issuer and Eldorado Austria, may enter into agreements and contracts, such as the notes or the indenture, governed by foreign law, including the laws of the State of New York. The choice of New York law to govern the notes and the indenture will be recognized and upheld by the Austrian courts, subject to:

- certain mandatory rules of Austrian conflicts law such as, e.g., the *lex rei sitae* principle with respect to rights in real property;

- Austrian public policy;

- the principle that insolvency proceedings, the pre-requisites for their inception, and their legal effects are, generally (subject to a number of exceptions) governed by the law of the country where such proceedings are commenced; and

- the provisions of Regulation (EC) No. 593/2008 of 17 June 2008 (ROME I Regulation), e.g., Article 9 of the ROME I Regulation which provides that effect may be given to the overriding mandatory provisions of the law of the forum or the country where the obligations arising out of the contract have to be or have been performed, in so far as those overriding mandatory provisions render the performance of the contract unlawful.

Despite the choice of New York law by the parties, an Austrian court may apply Austrian law if it cannot ascertain the content of New York law within reasonable time. What "reasonable time" means depends on the urgency of the matter (e.g., in case of a preliminary injunction it will be relatively short).

We have further been advised that, according to § 79 paragraph 2 of the Austrian Enforcement Act (*Exekutionsordnung*), enforcement of foreign court decisions by Austrian courts requires, *inter alia* and outside applicable European regulations, reciprocity (*Gegenseitigkeit*) for such enforcement by means of multilateral or bilateral treaties, ordinances or agreements securing the mutual recognition and enforcement of foreign judgments in Austria. As of the date of this offering memorandum, no such treaty, ordinance or agreement exists between Austria and the United States. In addition, the Austrian Ministry of Justice (*Bundesministerium für Justiz*) has issued guidelines according to which judgments of courts in the United States are not enforceable in Austria. Consequently, judgments by courts of New York would not be enforceable in Austria. In addition, awards of punitive damages in actions brought in the United States or elsewhere are unenforceable in Austria.

Finally, Austrian law does not allow for exclusive jurisdiction agreements relating to courts the judgments of which cannot be enforced in Austria. Therefore, jurisdiction agreements for the courts of New York will not result in Austrian courts denying their competence to try a dispute and upon the request of a claimant, the Austrian Supreme Court (*Oberster Gerichtshof*) may designate an Austrian court as being competent to try the dispute, regardless of the New York courts' jurisdiction clause. Where a claimant is not resident in Austria and the cost decisions of an Austrian court would not be enforced in the country of residence of the claimant, the claimant can be ordered to post security to cover for the defendant's litigation costs.

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Interim financial statements
As at March 31, 2016

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Independent Auditors´ Report on Review of Interim Financial Statements

To the Board of Directors and Board of Executive Officers of
Eldorado Brasil Celulose S.A.
São Paulo - SP

Introduction
We have reviewed the accompanying individual and consolidated statement of financial position of Eldorado Brasil Celulose S.A. ("the Company"), as at March 31, 2016, the individual and consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information ("the interim financial statements")

Management is responsible for the preparation and fair presentation of these individual and consolidated interim financial statements in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review
We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial statements do not present fairly, in all material respects, the financial position of the Company as at March 31, 2016, and its financial performance and its cash flows for the three month period then ended in accordance with CPC 21 (R1) and IAS 34, "Interim Financial Reporting".

Other matters

Statements of value added

We have also reviewed the individual and consolidated interim statements of value added ("DVA") for the three-month period ended March 31, 2016, prepared under the responsibility of the Company's management and whose presentation in the interim information is required in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information (ITR) and considered as supplemental information under IFRS, which does not require the presentation of the DVA. These statements have been submitted to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they do not present fairly, in all material respects, in accordance with the individual and consolidated interim accounting information taken as a whole.

São Paulo, April 20, 2016

KPMG Auditores Independentes
CRC 2SP014428/O-6

Orlando Octávio de Freitas Júnior
Accountant CRC 1SP178871/O-4

Eldorado Brasil Celulose S.A.

Statements of financial position at March 31, 2016 and December 31, 2015

(In thousands of Brazilian Reais - R$)

		Parent Company		Consolidated	
Assets	**Note**	**3/31/2016**	**12/31/2015**	**3/31/2016**	**12/31/2015**
Current assets					
Cash and cash equivalents	5.1	288,989	1,058,790	577,891	1,264,151
Trade receivables	6	1,293,847	1,128,532	587,294	704,486
Inventories	8	257,196	255,080	455,610	453,221
Taxes recoverable	9	254,075	369,717	255,454	371,640
Advances to suppliers	10	35,787	40,517	35,847	46,288
Derivatives financial instruments	28 b	-	89,871	-	89,871
Other current assets		17,869	19,587	18,875	20,553
Total current assets		2,147,763	2,962,094	1,930,971	2,950,210
Noncurrent assets					
Marketable securities	5.2	149,255	114,524	149,255	114,524
Taxes recoverable	9	764,753	578,158	767,904	580,827
Advances to suppliers	10	65,033	59,511	65,033	59,511
Deferred income tax and social contribution	18	559,814	522,260	559,814	522,260
Deposits, guarantees and other		3,065	2,746	3,155	2,936
Other noncurrent assets		14,909	14,909	14,909	14,909
		1,556,829	1,292,108	1,560,070	1,294,967
Biological assets	11	1,812,468	1,736,309	1,812,468	1,736,309
Investments	12	108,086	108,061	-	-
Property, plant and equipment	13	4,745,493	4,764,993	4,820,441	4,834,979
Intangible assets	14	7,794	7,279	39,399	39,290
Total noncurrent assets		8,230,670	7,908,750	8,232,378	7,905,545
Total assets		10,378,433	10,870,844	10,163,349	10,855,755

		Parent Company		Consolidated	
Liabilities and equity	**Note**	**3/31/2016**	**12/31/2015**	**3/31/2016**	**12/31/2015**
Current liabilities					
Trade payables	15	216,063	203,773	229,504	212,962
Loans and financing	16	2,623,957	2,286,481	2,623,957	2,286,481
Derivatives financial instruments	28 b	76,433	-	76,433	-
Taxes payable, payroll and related taxes	17	69,879	81,288	71,209	83,143
Amounts due to related parties	7	21,255	45,153	21,255	45,153
Other current liabilities		5,497	15,132	22,557	48,417
Total current liabilities		3,013,084	2,631,827	3,044,915	2,676,156
Noncurrent liabilities					
Loans and financing	16	6,197,116	7,080,152	6,197,116	7,080,152
Provision for contingent liabilities	19	4,403	5,006	4,403	5,006
Provision for losses in subsidiaries	12	246,915	59,418	-	-
Total noncurrent liabilities		6,448,434	7,144,576	6,201,519	7,085,158
Equity	20				
Capital		1,788,792	1,788,792	1,788,792	1,788,792
Translation reserve		(7,926)	(12,418)	(7,926)	(12,418)
Accumulated losses		(863,951)	(681,933)	(863,951)	(681,933)
Equity attributable to owners of the company		916,915	1,094,441	916,915	1,094,441
Total equity		916,915	1,094,441	916,915	1,094,441
Total liabilities		9,461,518	9,776,403	9,246,434	9,761,314
Total liabilities and equity		10,378,433	10,870,844	10,163,349	10,855,755

The accompanying notes are an integral part of these interim financial statements.

Eldorado Brasil Celulose S.A.

Statements of proft or loss

Periods ended March 31, 2016 and 2015

(In thousands of Brazilian Reais - R$)

	Note	Parent Company		Consolidated	
		3/31/2016	**3/31/2015**	**3/31/2016**	**3/31/2015**
Net revenue	21	921,494	553,426	740,939	652,026
Cost of sales	23	(368,265)	(338,222)	(314,176)	(365,650)
Gross profit		553,229	215,204	426,763	286,376
Operating (expenses) income					
General and administrative expenses	23	(25,553)	(13,798)	(34,621)	(17,836)
Selling and logistics expenses	23	(36,168)	(49,988)	(90,608)	(87,918)
Fair value of biological assets	11	-	14,533	-	14,533
Share of profits (losses) of subsidiaries	12	(191,964)	4,048	-	-
Other income, net	25	56,942	33,770	57,402	33,695
Profit before finance (costs) income and taxes		356,486	203,769	358,936	228,850
Finance (costs) income, net	24				
Finance costs		(1,132,556)	(1,307,286)	(1,135,442)	(1,374,623)
Finance income		560,809	980,560	561,257	1,022,824
Profit (loss) before provision for income tax and social contribution		(215,261)	(122,957)	(215,249)	(122,949)
Income tax and social contribution					
Current		(4,311)	-	(4,323)	-
Deferred	18	37,554	62,505	37,554	62,497
Loss for the period		(182,018)	(60,452)	(182,018)	(60,452)
Attributable to					
Owners of the Company				(182,018)	(60,452)

The accompanying notes are an integral part of these interim financial statements.

Eldorado Brasil Celulose S.A.

Statements of comprehensive income

Periods ended March 31, 2016 and 2015

(In thousands of Brazilian Reais - R$)

	Parent Company		Consolidated	
	3/31/2016	**3/31/2015**	**3/31/2016**	**3/31/2015**
Loss for the period	(182,018)	(60,452)	(182,018)	(60,452)
Items that are or may be reclassified subsequently to profit or loss				
Foreign operations - foreign currency translation differences	4,492	(2,608)	4,492	(2,608)
Total comprehensive loss	(177,526)	(63,060)	(177,526)	(63,060)
Attributable to				
Owners of the Company			(177,526)	(63,060)

The accompanying notes are an integral part of these interim financial statements.

Eldorado Brasil Celulose S.A.

Statements of changes in equity

Periods ended March 31, 2016 and 2015

(In thousands of Brazilian Reais - R$)

	Capital	Accumulated losses	Translation reserve	Attributable to owners of the Company	Total
Balance at December 31, 2014	1,788,792	(962,578)	(10,170)	816,044	816,044
Loss for the period	-	(60,452)	-	(60,452)	(60,452)
Exchange differences on investments	-	-	(2,608)	(2,608)	(2,608)
Balance at March 31, 2015	1,788,792	(1,023,030)	(12,778)	752,984	752,984
Balance at December 31, 2015	1,788,792	(681,933)	(12,418)	1,094,441	1,094,441
Loss for the period	-	(182,018)	-	(182,018)	(182,018)
Exchange differences on investments	-	-	4,492	4,492	4,492
Balance at March 31, 2016	1,788,792	(863,951)	(7,926)	916,915	916,915

The accompanying notes are an integral part of these interim financial statements.

Eldorado Brasil Celulose S.A.

Statements of cash flows

Periods ended March 31, 2016 and 2015

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	3/31/2016	**3/31/2015**	**3/31/2016**	**3/31/2015**
Cash flows from operating activities				
Loss for the period	(182,018)	(60,452)	(182,018)	(60,452)
Adjustments to reconcile loss to cash generated by operating activities:				
Depreciation and amortization	59,522	55,888	61,147	56,390
Depletion	9,389	7,259	9,389	7,259
Residual value of property, plant and equipment written off	1,918	199	1,977	192
Fair value of biological assets	-	(14,533)	-	(14,533)
Deferred income tax and social contribution	(37,554)	(62,505)	(37,554)	(62,505)
Financial charges - interest and exchange differences	(304,286)	1,282,780	(304,286)	1,282,780
Provision for contingent liabilities	(603)	144	(603)	144
Fair value of derivatives	166,304	(106,911)	166,304	(106,911)
Exchange differences on trade receivables	(119,891)	-	(134,549)	-
Share of profits (losses) of subsidiaries	191,964	(4,048)	-	-
	(215,255)	1,097,821	(420,193)	1,102,364
Decrease (increase) in assets				
Trade receivables	(45,424)	(121,949)	251,741	(68,629)
Inventories	(2,116)	(22,823)	(2,389)	843
Taxes recoverable	(70,953)	(57,149)	(70,891)	(57,850)
Advances to suppliers	(792)	(13,886)	4,919	(10,273)
Amounts due from related parties	-	26,191	-	26,191
Other current and noncurrent assets	1,399	(14,685)	1,459	(14,953)
Increase (decrease) in liabilities				
Trade payables	12,290	8,894	16,542	(14,949)
Amounts due from related parties	(23,898)	(14,244)	(23,898)	(14,244)
Taxes payable, payroll and related taxes	(11,409)	(21,733)	(11,934)	(21,374)
Other current and noncurrent liabilities	(9,635)	(9,203)	(25,860)	(7,159)
Carrying value adjustments and cumulative translation adjustments	-	(2,608)	4,492	(2,608)
Net cash generated by / used in operating activities	(365,793)	854,626	(276,012)	917,359
Cash flows from investing activities				
Forest development cost	(85,548)	(29,577)	(85,548)	(29,577)
Additions to tangible and intangible assets	(42,455)	(40,684)	(48,695)	(62,257)
Additions to investments	-	(15,262)	-	-
Acquisition of marketable securities	(34,731)	(1,357)	(34,731)	(1,357)
Net cash used in investing activities	(162,734)	(86,880)	(168,974)	(93,191)
Cash flows from financing activities				
Borrowings from financial institutions	504,719	481,517	504,719	481,517
Repayment of borrowings - principal	(424,010)	(511,327)	(424,010)	(511,327)
Repayment of borrowings - interest	(169,247)	(147,094)	(169,247)	(147,094)
Repayment of borrowings - exchange differences	(152,736)	(98,531)	(152,736)	(98,531)
Borrowing from related party	-	455,579	-	455,579
Repayment of borrowing to related party	-	(835,504)	-	(835,504)
Net cash used in financing activities	(241,274)	(655,360)	(241,274)	(655,360)
Net changes	(769,801)	112,386	(686,260)	168,808
Cash and cash equivalents at the beginning of the period	1,058,790	34,969	1,264,151	54,551
Cash and cash equivalents at the end of the period	288,989	147,355	577,891	223,359

The accompanying notes are an integral part of these interim financial statements.

Eldorado Brasil Celulose S.A.

Statements of value added

Periods ended March 31, 2016 and 2015

(In thousands of Brazilian Reais - R$)

	Parent Company		Consolidated	
	3/31/2016	**3/31/2015**	**3/31/2016**	**3/31/2015**
Revenues				
Sales of merchandise, products and services	929,559	561,828	751,524	660,428
Other operating income (expenses), net	(131)	23,399	365	23,400
Transfers related to the construction of own assets	3,649	(9,841)	3,649	(31,289)
	933,077	575,386	755,538	652,539
Inputs purchased from third parties				
Cost of sales, materials, energy, outside services and other	(242,909)	(170,137)	(193,751)	(209,991)
Gross value added	690,168	405,249	561,787	442,548
Depreciation and amortization	(57,841)	(55,744)	(59,496)	(56,164)
Wealth created by the entity	632,327	349,505	502,291	386,384
Value added received as transfer				
Share of profits (losses) of subsidiaries	(191,964)	4,048	-	-
Finance income	26,171	1,836	26,177	1,836
Wealth for distribution	466,534	355,389	528,468	388,220
Wealth distribution				
Personnel				
Salaries and wages	60,114	107,395	62,923	108,503
Benefits	45,543	36,150	46,787	36,709
Severance Pay Fund (FGTS)	5,204	4,873	5,287	4,887
	110,861	148,418	114,997	150,099
Taxes, fees and contributions				
Federal	(21,006)	(50,823)	(20,396)	(50,823)
State	(59,444)	(36,408)	(59,352)	(36,408)
Municipal	-	-	194	-
	(80,450)	(87,231)	(79,554)	(87,231)
Lenders and lessors				
Interest	460,184	450,636	460,189	450,645
Rentals	19,779	24,541	20,143	24,742
Others	138,179	(120,523)	194,712	(89,583)
	618,142	354,654	675,044	385,804
Shareholders				
Loss for the period	(182,019)	(60,452)	(182,019)	(60,452)
Total wealth for distribution	466,534	355,389	528,468	388,220

The accompanying notes are an integral part of these interim financial statements.

Notes to the interim financial statements

(In thousands of Brazilian reais - R$)

1 Reporting entity

Eldorado Brasil Celulose S.A. ("Eldorado" or "Parent Company"; together with its subsidiaries "Consolidated" or "the Company") is a publicly-held company, whose register was obtained on June 6, 2012 in the category shares traded over the counter, established under Brazilian laws, with registered office in São Paulo, State of São Paulo (Brazil). The Company's Consolidated financial statements for the period ended March 31, 2016 include the Company and its subsidiaries. The Company and its subsidiaries are primarily engaged in the production and sale of bleached short fiber eucalyptus pulp and the processing of biomass to generate power. The Company completed the construction of its plant in the municipality of Três Lagoas, State of Mato Grosso do Sul, and started production in December 2012.

The Company is not subject to seasonal fluctuations in its operations.

2 Interest in subsidiaries

Subsidiaries

		Equity interest	
Subsidiaries	**Country**	**3/31/2016**	**12/31/2015**
Cellulose Eldorado Austria Gmbh	Austria	100%	100%
Rishis Empreendimentos e participações S.A.	Brazil	100%	100%
Indirect subsidiary			
Eldorado USA Inc.	United States	100%	100%
Cellulose Eldorado Asia	China	100%	-

3 Presentation of the Interim Financial Statements and Accounting Practices

a. Presentation of the Interim Financial Statements

The Individual and Consolidated interim financial statements have been prepared in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting. .

The revision of Technical Pronouncement No. 07 (approved in December 2014) amended CPC 35, CPC 37 and CPC 18 and authorized the use of the equity method in separate financial statements under IFRS, eliminating the difference between BR GAAP and IFRS.

After appreciation of the Individual and Consolidated Interim Financial Statements by the Board of Directors at the meeting held on April 20, 2016, they were authorized for issue by the Company.

b. Basis of measurement

The Individual and Consolidated interim financial statements were prepared under the historical cost basis except for the following material items which are measured on an alternative basis on each reporting date:

- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments are measured at fair value through profit or loss; and
- Biological assets measured at fair value are recognized in the statement of profit or loss in line item "Fair value of biological assets".

c. Use of estimates and judgments

The preparation of these Individual and Consolidated interim financial statements in accordance with IFRS and CPC standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(i) Judgments

Information about judgments made in applying accounting policies that have material effects on the amounts recognized in the Individual and Consolidated interim financial statements is included in the following note to the interim financial statements:

- **Note 29 -** operating leases.

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimates that have a significant risk of resulting in a material adjustment to the carrying value of assets and liabilities at March 31, 2016 in the next financial year is including in the following notes:

- **Note 8 -** Provision for inventory losses;
- **Note 11 -** biological assets;
- **Note 12 -** Goodwill on investments: impairment test;
- **Note 13 -** Property, plant and equipment: impairment test;
- **Note 18 -** recognition of deferred tax assets: availability of future taxable profits against which tax losses can be utilized; and
- **Note 19 -** recognition and measurement of provisions and contingent liabilities: main assumptions on the probability and magnitude of the cash outflows.

d. Fair value measurement

When measuring the fair value of an asset or a liability, the Company uses as far as possible observable market data. Further information about the assumptions used in the fair value measurement is included in the following notes:

- **Note 11 -** biological assets; and
- **Note 28 -** financial instruments.

e. Functional and presentation currency

This Individual and Consolidated financial statements are presented in Brazilian Reais, which is the Parent Company's functional currency. All financial information presented in Brazilian Reais have been rounded to the nearest thousand, unless otherwise indicated.

4 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all periods presented.

a. Basis of consolidation

(i) Subsidiaries

The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the Consolidated financial statements.

b. Revenue

Revenue is recognized on an accrual basis. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the activities of the Company and its subsidiaries. Revenue is measured net of sales taxes, returns, trade discount, and rebates.

The Company and its subsidiaries recognize revenue when, and only when:

(i) the amount of revenue can be measured reliably;

(ii) the Company and its subsidiaries have transferred to the buyer the significant risks and rewards of ownership;

(iii) it is probable that future economic benefits will flow to the Company and its subsidiaries;

(iv) the Company and its subsidiaries retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(v) the expenses incurred or to be incurred related to the transaction can be measured reliably.

c. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The differences in foreign currencies are generally recognized in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Real at the exchange rates at the end of the reporting period. Revenues and expenses of foreign operations are translated into Real at the exchange rates at the dates of the transaction.

The foreign currencies differences generated on the translation to the presentation currency are recognized in other comprehensive income and accumulated in translation reserve.

d. Financial instruments

The Company recognizes loans and receivables issued at the date they were originated. All other financial instruments are recognized initially at the trading date in which the Company becomes a party to the contractual provisions of the instruments.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

- ***Financial assets at fair value through profit or loss***

  A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Subsequent to initial recognition, transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes in the fair value of these assets are recognized in profit or loss.

- ***Cash and cash equivalents***

  Cash and cash equivalents includes cash on hand, banks deposits, and highly liquid short-term investments, with maturity of three moths or less from the date of their investment, ready convertible into a known amount of cash and subject to insignificant risk of change in value.

- ***Loans and receivables***

  These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method.

- ***Non-derivative financial liabilities***

  Financial liabilities are initially measured at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

- ***Impairment of financial assets***
  Financial assets not classified as at fair value through profit or loss are assessed at the end of each reporting period to determine whethere there is objective evidence of impairment.

  An impairment loss is calculated 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. Losses are recognized in profit or loss and reflected in allowance account. When the Company considers that there is no realistic perspective of recovery of the asset, the amount is written off. If the amount of the impairment loss subsequently decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

- ***Derivative financial instruments***
  The Company holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are initially recognized at fair value; any attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and any gains and losses are recognized in profit or loss.

- ***Capital***
  Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity, net of taxes.

e. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of standing timber transferred from biological assets is measured at the cost determined at the date of harvest.

f. Property, plant and equipment

Property, plant and equipment are carried at the historical cost of acquisition or construction, less accumulated depreciation and any accumulated *impairment* losses.

Any gains or losses on disposal of an item of property, plant and equipment are recognized in profit or loss.

Financial charges on borrowings that are directly attributable to the acquisition or construction of the assets are capitalized as part of the costs of these assets. Borrowing costs that are not directly related to the assets are capitalized based on an average funding rate on the balance of construction in progress. These costs are amortized over their estimated useful lives.

Depreciation

Depreciation is calculated based on the property, plant and equipment estimated residual values using the straight-line basis over the estimated useful life of each asset and is generally recogized in profit or loss (except land and construction in progress).

The estimated useful lives, the residual values, and the depreciation methods are reviewed at the end of the reporting period, and the effects of any changes in estimates are accounted for prospectively. The annual depreciation rates are as follows:

Weighted annual depreciation rates

	31/03/2016	31/03/2015
Buildings	3.83%	2,86%
Facilities and improvements	9.46%	2,81%
Furniture and fixtures	10.07%	1,35%
Vehicles	24.89%	13,73%
Technical and scientific instruments	14.90%	13,12%
IT equipment	22.87%	18,57%
Machinery and equipment	13.97%	3,79%
Leasehold improvements	8.57%	10%

g. Biological assets

Biological assets consists of eucalyptus forests from renewable plantations and intended for the production of pulp used to manufacture paper. Biological assets are measured at fair value less cost to sell, with any change therein recognized in profit or loss.

h. Land operating leases

Operating leases paid in advance are recognized as assets and are reduced over the length of the lease period.

i. Intangible assets

(i) Goodwill arising on business combination

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Goodwill is tested for impairment annually, or more frequently when there is indication that it may be impaired. If the recoverable amount is lower than the carrying amount, the impairment loss is recognized directly in profit or loss and is not reversed in subsequent periods.

On the disposal of a certain asset to which goodwill has been allocated, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(ii) Other intangible assets

Other intangible, including terminal concession and software, adquired by the Company and have finite useful live are measured at cost less accumulated amortization and any accumulated impairment losses.

(iii) Amortization

Amortization is calculated to amortize the cost of items of the intangible asset, less its estimated residual values, using the straight-line method based on the estimated useful lives of the items. The amortization is generally recognized in profit or loss. The estimated useful lives are as follows:

Software	5 years
Terminal concession	14 years

j. Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine where there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an assets or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

k. Trade payables

Refers to amounts due to suppliers in the normal course of the business of the Company and its subsidiaries.

l. Provisions

Provisions are recognized as a liability when the Company has present obligations that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligations.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The finance costs incurred are recognized in profit or loss.

m. Earnings per share

The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding. The Company does not have potentially dilutive instruments.

n. Income tax and social contribution

Income tax and social contribution expense includes current and deferred income taxes. It is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized in equity or in other comprehensive income.

Current and deferred income tax and social contribution are calculated based on the rates of 15%, plus a 10% surtax on taxable profit exceeding R$ 240, for income tax(“IRPJ”) and 9% on taxable profit for social contribution on net income (“CSLL”), and consider the offset of tax loss carryforwards, limited to 30% of the annual taxable profit.

(i) Current income tax

Current tax comprises the expected tax payable or receivable on taxable income or loss for the period and any adjustment to taxes payable related to prior years. It is calculated at tax rates enacted or substantially enacted by the end of the reporting period.

(ii) Deferred income tax

The deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used for tax purposes. Deferred taxes are not recognized for:

- The initial recognition of assets and liabilities in a transaction other than a business combination, and that does not affect either the accounting or taxable profit or loss.
- Differences related to investments in subsidiaries, branches and associates, and interests in joint ventures, when it is probable that they will not reverse in a foreseeable future.
- Taxable temporary differences resulting from the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and if they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The deferred tax is measured at the tax rates that are expected to be applied on temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the end of the reporting period.

o. Employee benefits

(i) Defined contribution pension plan

A defined contribution plan is a postemployment benefit plan under which an entity pays fixed contributions to a separate entity (pension fund) and will not have a legal or constructive obligation to pay additional amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefit expenses in profit or loss in the periods in which the employees provide services.

p. New standards and interpretations issued and not yet adopted

A number of new international standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2017 or future dates, and have not been adopted in the preparation of these interim financial statements.

(i) IFRS 9 - Financial Instruments

IFRS 9, published in July 2014, supersedes the guidance in IAS 39 Financial Instruments: *Recognition* and Measurement. IFRS 9 includes a revised guidance on the classification and measurement of financial instruments, including a new model of expected credit loss for the calculation of the impairment of financial assets and new requirements on hedge accounting. The standard retains the existing guidance on recognition and derecognition of financial instruments of IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is assessing the effects that the IFRS 9 will have on the interim financial statements and on their disclosures.

(ii) IFRS 15 Revenues from Contracts with Customers

IFRS 15 requires that an entity recognize the amount of revenue reflecting the consideration that it expects to receive in exchange for the control of these goods or services. The new standard will replace most of the detailed guidance on revenue recognition currently existing in IFRS. The new standard is effective on or after January 1, 2018. The standard can be adopted on a retrospective basis, using a cumulative effect approach. The Company is assessing the effects that the IFRS 15 will have on the interim financial statements and on their disclosures.

(iii) IFRS 16 - Leases

This standards supersedes the previous standard, IAS 17 Leases, and related interpretations and establishes the principle of recognition, measurement, presentation and disclosure of leases for both parties to the agreement, that is, customers (lessees) and suppliers (lessors). Lessees are required to recognize a lease liability reflecting future lease payments and an "right-of-use asset" for virtually all lease agreements, except certain short-term lease agreements and immaterial amount lease agreements. For leassors, the accounting shall remain substantially the same, continuing classifying their leases as operating leases or finance leases and presenting these two types of leases differently.

The Company is assessing the impacts of the adoption.

(iv) Other standards and amendments

Additionally, the following new standards or amendments are not expected to have a material impact on the Company’s financial statements.

- IFRS 14 - Regulatory Deferral Accounts;
- Accounting for Aquisitions of Interests in Joint Operations (amendments to IFRS 11);
- Acceptable Methods of Depreciation and Amortization (Clarification on Acceptable Methods of Depreciaton and Amortization (amendments to IAS 16 and IAS 38);
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Transactions between an Investor and its Associate or Joint Venture) (amendments to IFRS 10 and IAS 28);
- Annual Improvements to IFRSs 2012-2014 Cycle;
- Investment Entities: Applying the Consolidation Exception (Investment Entities: Applying the Consolidation Exception) (amendments to IFRS 10, IFRS 12 and IAS 28); and

- Disclosure Initiative (Initial Disclosure) (amendment to IAS 1);

The Accounting Pronouncements Committee has not yet issued any accounting pronouncements or amendments to existing pronouncements equivalent to these standards. Early adoption is not permitted.

5 Cash and cash equivalents and marketable securities

5.1 Cash and cash equivalents

	Parent Company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Cash and cash equivalents	5	5	9	7
Banks - demand deposits	119,522	104,292	408,420	309,651
Banks - short-term investments (a)	169,462	954,493	169,462	954,493
	288,989	1,058,790	577,891	1,264,151

(a) These are financial investments in daily liquidity Bank Deposit Certificate ("CDB-type") of a top tier financial institution with yield close to the Interbank Deposit Certificate (CDI) interbank rate. The approximate average yield in the period was 1.02% p.m. (0.98% p.m. in 2015), totaling R$24,287 in the quarter (R$40,379 in 2015) of the consolidated result.

5.2 Marketable securities

	Parent Company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Fundo Caixa FI (a)	55,886	53,961	55,886	53,961
CDB CEF (b)	93,369	60,563	93,369	60,563
	149,255	114,524	149,255	114,524

(a) Fixed-income investment with Caixa Econômica Federal, with gross yield of 100.10% of the CDI. These funds are pledged as debentures guarantees as disclosed in Note 16.4

(b) Investment in CDB with Caixa Econômica Federal, with gross yield of 100.95% of the CDI.

6 Trade receivables

	Parent Company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Domestic customers	117,685	116,465	117,686	116,466
Foreign customers	28,272	22,808	468,044	587,035
Related parties (Note 7)	1,147,890	989,259	1,564	985
	1,293,847	1,128,532	587,294	704,486

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Current	998,507	954,837	546,488	617,010
1 to 30 days past due	240,163	162,940	26,304	35,388
31 to 60 days past due	52,023	6,189	6,877	28,586
61 to 90 days past due	-	1,874	-	16,152
Over 90 days past due	3,154	2,692	7,615	7,350
	1,293,847	1,128,532	587,294	704,486

The Company has no historical experience of payments default from customers, and all receivables are guaranteed by insurance, and letters of credit. Therefore, no allowance for doubtful accounts were recognized for all periods presented.

7 Related-party transactions

The main balances between related parties in the statement of financial position and statement of profit or loss accounts are as follows:

		Parent Company		Consolidated	
Asssets	**Type**	**3/31/2016**	**12/31/2015**	**3/31/2016**	**12/31/2015**
Current assets					
Cellulose Eldorado Áustria GmbH (Note 6)	Pulp sales	1,021,425	866,797	-	-
Eldorado EUA (Note 6)	Pulp sales	124,901	121,477	-	-
JBS (Note 6)	Chip sale	1,564	985	1,564	985
		1,147,890	**989,259**	**1,564**	**985**

		Parent Company		Consolidated	
Liabilities	**Type**	**3/31/2016**	**12/31/2015**	**3/31/2016**	**12/31/2015**
Current liabilities					
JBS (Note 15)	Freight (i)	12,166	13,171	12,166	13,171
J&F Investimentos	Surety (ii)	21,255	45,153	21,255	45,153
Rishis Empreend. e Partic. (Note 15)	Service provision	2,198	246	-	-
		35,619	**58,570**	**33,421**	**58,324**

		Parent Company		Consolidated	
Profit or loss	**Type**	**3/31/2016**	**3/31/2015**	**3/31/2016**	**3/31/2015**
Celulose Eldorado Áustria GmbH	Pulp sales	698,244	383,373	-	-
Eldorado EUA Inc.	Pulp sales	90,246	52,701	-	-
JBS	Chip sale	1,453	14,293	1,453	14,293
Total revenue (Note 21)		**789,943**	**450,367**	**1,453**	**14,293**
JBS	Freight (i)	(1,461)	(16,295)	(1,461)	(16,295)
J&F Investimentos (Note 24)	Surety (ii)	(21,255)	(17,135)	(21,255)	(17,135)
J&F Investimentos (Note 24)	Current account (iii)	-	(14,455)	-	(14,455)
Rishis Empreend. e Partic.	Service provision	(2,198)	-	-	-
Total expense		**765,029**	**402,482**	**(21,263)**	**(33,592)**

(i) Refer to amounts payable on freight related to wood purchases.

(ii) Letter of guarantee provided by the *holding* company J&F Investimentos S.A. to guarantee the Company's financing transactions with financial institutions.

(iii) Current account with the parent company J&F Investimentos S.A. with interest rate equivalent to CDI + 3% p.a., settled in March 2015.

7.1 Management compensation

The expense for key management personnel compensation includes directors and officers, in the following amounts for the periods ended:

	3/31/2016	3/31/2015
Short-term employee benefits (a)	8,847	4,508

(c) Benefits include fixed compensation (salaries, vacation and 13th month salary), social security contributions to the National Institute of Social Security (INSS), to the Government Severance Indemnity Fund for Employees (FGTS), bonus and others. All officers are parties to employment contracts governed by the Consolidated Labor Laws (CLT) and follow all legal requirements related do compensation and benefits.

8 Inventories

	Parent Company		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Seedlings	2,118	1,657	2,118	1,657
Raw materials (wood for production)	94,730	101,613	94,730	101,612
Pulp	50,825	41,689	249,116	239,725
Supplies	16,305	16,871	16,305	16,871
Storeroom supplies	93,218	93,250	93,341	93,356
	257,196	255,080	455,610	453,221

During the period the amount of R$9,389 (R$ 7,259 as at Mach 31,2015) was added to the raw material inventory, due to the harvest of the biological asset and its consequent transfer to inventories, as shown in note 11.

9 Taxes recoverable

	Parent Company		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
State VAT (ICMS) (i)	663,370	590,604	663,250	590,699
Taxes on revenue (PIS and COFINS) (ii)	287,929	299,858	289,152	301,624
Federal VAT (IPI)	-	2,831	-	2,831
Service tax (ISS)	43	155	43	155
Social Security Contribution (INSS)	-	545	-	545
REINTEGRA (iii)	42,129	41,429	42,129	41,430
Withhlding income tax (IRRF) (iv)	9,402	12,543	12,541	15,183
Corporate income tax (IRPJ) prepayment (v)	11,731	-	11,743	-
Social contribution on profit (CSLL) prepayment (v)	4,224	-	4,230	-
	1,018,828	947,875	1,023,358	952,467
Breakdown				
Current assets	254,075	369,717	255,454	371,640
Current liabilities	764,753	578,158	767,904	580,827
	1,018,828	947,875	1,023,358	952,467

(i) ICMS

The Company has an ICMS balance accumulated over the last years basically derived from credits on the purchase of inputs used in the production process, assets classified as property, plant and equipment for implementation of its plant in Três Lagoas, MS.

The Company has prioritized a series of actions to maximize the utilization of such credits and currently no losses on their realization are expected. Among the actions taken by Management is the expectation to realize these credits by increasing pulp sales to the foreign market and the granting, by the State of Mato Grosso do Sul, of the right to utilize the ICMS credits to pay suppliers contracted to expand the production capacity.

(ii) PIS and COFINS

Refers basically to noncumulative PIS and COFINS credits on the purchase of property, plant and equipment items, related to the completion of its plant that was placed into service at the end of 2012. This amount refers to credits on equipment purchases and provision of services, which are realizable through offset against debts of these taxes levied on sales in the domestic market and income tax and social contribution payable, and applications for refund to the Federal Revenue, which was filed in the second half of 2014.

(iii) REINTEGRA

In October 2014, the Company adopted Decree 7,633, of December 1, 2011, which regulated the REINTEGRA.

Reintegra establishes the possibility of the producer legal entity, which carries out export of manufactured goods in the country, determining a value for purposes of partial or full refund of the residual tax amount existing in its production chain. The Reintegra regulation establishes that the amount will be calculated by applying the percentage in effect at the time of the transaction to the revenue from export of goods produced by the legal entity.

(iv) IRRF

Refers to withholding income tax on short-term investments, realizable through offset against income tax and social contribution payable on profits.

(v) IRPJ and CSLL - Prepayment

Refer to corporate income tax and social contribution paid in advance based on the taxable profit, in compliance with the rules for Actual Profit taxation regime. At the end of each year, the prepaid balance is realized through offset against the calculated amount of income tax and social contribution due.

10 Advances to suppliers

	Parent Company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Purchase of wood (i)	82,448	68,746	82,448	68,746
Others	18,372	31,282	18,432	37,053
	100,820	100,028	100,880	105,799
Breakdown				
Current assets	35,787	40,517	35,847	46,288
Noncurrent assets	65,033	59,511	65,033	59,511
	100,820	100,028	100,880	105,799

(i) Refer to advances made to wood suppliers, under purchase for future delivery contracts, which will be settled upon the physical delivery of the wood. Company specialists value and monitor forest development to mitigate risks associated to the compliance of each contract.

11 Biological assets

The Company's biological assets are represented by eucalyptus forests under development, intended for the supply of wood to produce pulp, in areas located in the State of Mato Grosso do Sul.

The opening and closing balances are broken down as follows:

	Parent Company		Consolidated	
	3/31/2016	**3/31/2015**	**3/31/2016**	**3/31/2015**
At the beginning of the period	1,736,309	1,508,171	1,736,309	1,508,171
Change in the fair value of biological assets net of costs to sell	-	14,533	-	14,533
Tree felling for inventory	(9,389)	(7,259)	(9,389)	(7,259)
Forest development cost	85,548	29,577	85,548	29,577
	1,812,468	1,545,022	1,812,468	1,545,022

As at March 31, 2016 the Company holds a production area of 208,572 ha (203,426 ha as at December 31, 2015), not including other areas such as the permanent preservation and legal reserve areas, in compliance with prevailing environmental laws.

Assumptions for the recognition of biological assets at fair value

In accordance with the hierarchy established in CPC 46 (equivalent to IFRS 13) "Fair value measurement", the calculation of biological assets is classified as level 3, due to its complexity and calculation structure.

In determining the fair value of biological assets, the discounted cash flow model ("DFC") was used, with projections based on productivity and area of plantation (trees) for harvest cycle of approximately six to eight years.

The volume of production of trees to be haversted was estimated considering the average productivity in cubic meters of wood of each plantation per hectare at the time of the harvest. This growth is represented by the Average Annual Increase (IMA) expressed in cubic meters per hectare/year. The crop handling costs include expenditures with the fertilization, weed control, control of ants and other pests, maintenance of roads and firebreaks, and other services required for the maintenance of the planted forests.

The Company decided to assess its biological assets on a quarterly basis because it understands that this procedure is sufficient to show the evolution of the fair value of the forests.

Main inputs considered in estimating the fair value of biological assets were:

	2016	**2015**
Current productive area (hectare)	208,572	203,426
Average Annual Growth (IMA) - m³/ hectare	37.44	37.57
Discount rate (WACC without consumer price index) - %	4.5	4.5

12 Investments

Parent Company	**3/31/2016**	**12/31/2015**
Assets		
Rishis Empreendimentos e Participações S.A.	91,085	77,843
Goodwill on investments in subsidiaries	17,001	17,001
Advance for future capital increase (a)	-	13,217
	108,086	108,061
Liabilities		
Cellulose Eldorado Austria Gmbh	(246,915)	(59,418)
	(246,915)	(59,418)

(a) Advance for future capital increase for subsidiary Rishis, that capital increase was approved in January 2016.

Significant information on subsidiaries for the period ended March 31, 2016

Investments in subsidiaries

	Year	Equity interest	Net assets	Unrealized profit on inventories	Company's share of net assets	Profit or loss	Compsmy's share of profits/losses	Cumulative translation adjustments
Cellulose Eldorado Austria Gmbh	December 31, 2015	100%	100,477	(159,895)	(59,418)	126,637	20,085	(2,248)
Rishis Empreendimentos e Participações S.A.	December 31, 2015	100%	77,843	-	77,843	(6,112)	(6,112)	-
Balance at December 31, 2015			178.320	(159,895)	18,425	120,525	13,973	(2,248)
Cellulose Eldorado Austria Gmbh	March 31, 2016	100%	(33,091)	(213,824)	(246,915)	(138,060)	(191,989)	4,492
Rishis Empreendimentos e Participações S.A.	March 31, 2016	100%	91,085	-	91,085	25	25	-
Balance at March 31, 2016			57,994	(213,824)	(155,830)	(138,035)	(191,964)	4,492

Subsidiaries

Cellulose Eldorado Austria Gmbh

In December 2012, two units strategically located abroad, called Eldorado USA Inc. (United States) and Cellulose Eldorado Austria GmbH (Austria), were opened in order to meet the demand of the sales contracts entered into abroad and the prospecting of new sales abroad. Additionally, in 2013 a commercial office was opened in China (Shanghai), continuing the expansion of the Company's presence in the foreign market.

Rishis Empreendimentos e Participações S.A.

Rishis is a company engaged in, but not limited to, the operation of bonded warehouses and terminals, and the provision of port operator services, and is the lessee of external warehouses located on the right bank of the Santos Port, totaling an area of approximately 12,000 m².

On August 12, 2011, the Company acquired and exercised the warrant that entitles it to subscribe to 517,647 common shares, equivalent to 46.32% of Rishis voting capital, at an issue premium of R$9,000 and fixed exercise price of R$13,500. These warrants were paid in 36 installments. Of the exercised right, the Company subscribed to 279,569 Rishis shares, and as a result paid in R$7,299 in Rishis share capital.

On October 8, 2013, the Company acquired Rishis control through increase of its equity interest from 46.32% to 60%.

On August 11, 2014, the Company acquired an additional 40% interest, through payment in kind, increasing its stake from 60% to 100%.

On June 30, 2015, the Company started its operation at the Port of Santos.

With this transaction, the Company's management seeks to increase the logistics operational efficiency, adding competitiveness to pulp exports.

13 Property, plant and equipment

	Parent Company 2016			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net**
Land	-	101,701	-	101,701
Buildings	3,83%	1,059,851	(102,470)	957,381
Leasehold improvements	10%	14,746	(3,402)	11,344
Facilities and improvements	9,35%	234,865	(30,483)	204,382
Furniture and fixtures	9,86%	7,128	(1,780)	5,348
Vehicles	24,89%	133,837	(48,972)	84,865
Technical and scientific instruments	14,79%	4,957	(2,310)	2,647
IT equipment	22,74%	60,930	(35,487)	25,443
Machinery and equipment	13,99%	3,682,002	(476,699)	3,205,303
Construction in progress and advances for capital expenditures	-	147,079	-	147,079
		5,447,096	(701,603)	4,745,493

	Parent Company 2015			
	Weighted annual depreciation and amortization rates	Cost	Accumulated depreciation	Net
Land	-	101,701	-	101,701
Buildings	4.73%	1,059,722	(94,779)	964,943
Leasehold improvements	10%	14,746	(3,035)	11,711
Facilities and improvements	8.40%	234,651	(27,779)	206,872
Furniture and fixtures	9.77%	7,050	(1,623)	5,427
Vehicles	23.40%	133,829	(42,813)	91,016
Technical and scientific instruments	14.76%	4,890	(2,191)	2,699
IT equipment	22.74%	60,039	(32,586)	27,453
Machinery and equipment	12.22%	3,663,062	(438,291)	3,224,771
Construction in progress and advances for capital expenditures	-	128,400	-	128,400
		5,408,090	(643,097)	4,764,993

	Consolidated 2016			
	Weighted annual depreciation and amortization rates	Cost	Accumulated depreciation	Net
Land	-	101,701	-	101,701
Buildings	3.83%	1,059,851	(102,470)	957,381
Leasehold improvements	8.57%	70,030	(5,379)	64,651
Facilities and improvements	9.46%	240,027	(30,494)	209,533
Furniture and fixtures	10.07%	7,488	(1,825)	5,663
Vehicles	24.89%	133,961	(49,034)	84,927
Technical and scientific instruments	14.90%	4,957	(2,310)	2,647
IT equipment	22.87%	61,955	(35,879)	26,076
Machinery and equipment	13.97%	3,690,917	(476,941)	3,213,976
Construction in progress and advances for capital expenditures	-	153,886	-	153,886
		5,524,773	(704,332)	4,820,441

	Consolidated 2015			
	Weighted annual depreciation and amortization rates	Cost	Accumulated depreciation	Net
Land	-	101,701	-	101,701
Buildings	4.73%	1,059,722	(94,779)	964,943
Leasehold improvements	8.57%	70,030	(4,023)	66,007
Facilities and improvements	8.70%	239,817	(27,788)	212,029
Furniture and fixtures	9.99%	7,405	(1,651)	5,754
Vehicles	23.42%	133,965	(42,868)	91,097
Technical and scientific instruments	14.87%	4,891	(2,192)	2,699
IT equipment	22.88%	61,085	(32,932)	28,153
Machinery and equipment	12.21%	3,671,687	(438,363)	3,233,324
Construction in progress and advances for capital expenditures	-	129,272	-	129,272
		5,479,575	(644,596)	4,834,979

Changes in property, plant and equipment

Parent Company

Changes	Balance at 12/31/2015	Additions	Disposals	Transfers	Depreciation	Balance at 3/31/2016
Land	101,701	-	-	-	-	101,701
Buildings	964,943	-	-	130	(7,691)	957,382
Leasehold improvements	11,711	-	-	-	(369)	11,342
Facilities and improvements	206,872	48	-	166	(2,704)	204,382
Furniture and fixtures	5,427	8	-	70	(156)	5,349
Vehicles	91,016	492	(345)	-	(6,298)	84,865
Technical and scientific instruments	2,699	67	-	-	(119)	2,647
IT equipment	27,453	844	-	47	(2,901)	25,443
Machinery and equipment	3,324,771	19,445	(1,573)	1,340	(36,678)	3,205,305
Construction in progress and advances for capital expenditures	128,400	21,506	-	(2,829)	-	147,077
	4,764,993	42,410	(1,918)	(1,076)	(58,916)	4,745,493

Changes	Balance at 12/31/2014	Additions	Disposals	Transfers	Depreciation	Balance at 03/31/2015
Land	101,701	-	-	-	-	101.701
Buildings	1,025,142	-	-	500	(7.509)	1.018.133
Leasehold improvements	13,185	-	-	-	(369)	12.816
Facilities and improvements	195,688	-	-	-	(2.557)	193.131
Furniture and fixtures	5,216	105	-	-	(141)	5.180
Vehicles	85,864	5.795	-	-	(5.327)	86.332
Technical and scientific instruments	2,427	60	-	-	(116)	2.371
IT equipment	31,077	48	-	-	(2.728)	28.397
Machinery and equipment	3,323,023	14.183	(199)	9.730	(36.653)	3.310.084
Construction in progress and advances for capital expenditures	64,581	19.994	-	(10.230)	-	74.345
	4,847,904	40.185	(199)	-	(55.400)	4.832.490

Consolidated

Changes	Balance at 12/31/2015	Additions	Disposals	Transfers	Depreciation	Balance at 3/31/2016
Land	101,701	-	-	-	-	101,701
Buildings	964,943	-	-	130	(7,691)	957,382
Leasehold improvements	66,007	-	-	-	(1,356)	64,651
Facilities and improvements	212,029	48	(4)	166	(2,704)	209,535
Furniture and fixtures	5,754	22	(10)	70	(172)	5,664
Vehicles	91,097	492	(362)	-	(6,300)	84,927
Technical and scientific instruments	2,699	67	-	-	(119)	2,647
IT equipment	28,153	844	(24)	47	(2,944)	26,076
Machinery and equipment	3,233,324	19,445	(1,573)	1,630	(38,849)	3,213,977
Construction in progress and advances for capital expenditures	129,272	27,732	(4)	(3,119)	-	153,881
	4,834,979	48,650	(1,977)	(1,076)	(60,135)	4,820,441

Changes	Balance at 12/31/2014	Additions	Disposals	Transfers	Depreciation	Balance at 03/31/2015
Land	101,701	-	-	-	-	101,701
Buildings	1,025,142	-	-	500	(7,509)	1,018,133
Leasehold improvements	13,185	-	-	-	(369)	12,816
Facilities and improvements	200,828	15	-	-	(2,572)	198,271
Furniture and fixtures	5,251	125	-	-	(160)	5,216
Vehicles	85,864	5,795	-	-	(5,327)	86,332
Technical and scientific instruments	2,427	60	-	-	(116)	2,371
IT equipment	31,578	107	-	-	(2,805)	28,880
Machinery and equipment	3,323,058	14,183	(192)	9,730	(36,661)	3,310,118
Construction in progress and advances for capital expenditures	97,350	41,472	-	(10,230)	-	128,592
	4,886,384	61,757	(192)	-	(55,519)	4,892,430

Construction in progress and advances for capital expenditures

The outstanding amounts related to construction in progress and advances for capital expenditures as at March 31, 2016 refer to structural improvements in the pulp plant and surrounding areas and expenditures on basic engineering and equipment to be used in the construction of Projeto Vanguarda 2.0, new production line with capacity of more than 2.3 million tons of pulp. Company assets are pledged as collateral for borrowings up to the maximum limit of each of the debts assumed (Note 16).

Impairment test - property, plant and equipment

The balances of property, plant and equipment and other assets are reviewed annually in order to identify evidence of impairment or whenever changes in events or circumstances indicate that the carrying amount may not be recoverable. In the period, no evidence of impairment was identified.

14 Intangible assets

	Parent Company 2016			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 3/31/2016**
Software	25.15%	13,812	(6,018)	7,794

	Parent Company 2015			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2015**
Software	23.59%	12,691	(5,412)	7,279

	Consolidated 2016			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 3/31/2016**
Goodwill	-	17,001	-	17,001
Software	24.63%	14,440	(6,118)	8,322
Terminal concession	7.14%	20,988	(6,912)	14,076
		52,429	(13,030)	39,399

	Consolidated 2015			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2015**
Goodwill	-	17,001	-	17,001
Software	23.20%	13,319	(5,481)	7,838
Terminal concession	7.14%	20,988	(6,537)	14,451
		51,308	(12,018)	39,290

Changes in intangible assets

Parent Company	12/31/2015	Additions	Transfers	Amortization	3/31/2016
Software	7,279	45	1,076	(606)	7,794

Consolidated	12/31/2015	Additions	Transfers	Amortization	3/31/2016
Goodwill	17,001	-	-	-	17,001
Software	7,838	45	1,076	(637)	8,322
Terminal concession	14,451	-	-	(375)	14,076
	39,290	45	1,076	(1,012)	39,399

Parent Company	12/31/2014	Additions	Transfers	Amortization	03/31/2015
Software	6,093	499	-	(488)	6.104

Consolidated	12/31/2014	Additions	Transfers	Amortization	03/31/2015
Goodwill (a)	17,001	-	-	-	17,001
Software	6,216	500	-	(496)	6,220
Terminal concession	15,950	-	-	(375)	15,575
	39,167	500	-	(871)	38,796

(a) The amount of R$ 17,001 refers to Rishis goodwill (Note 12).

Property, plant and equipment and intangibles (except goodwill) impairment test

At December 31, 2015, the Company assessed whether there was any indication that its long lived assets may be impared, and concluded that there is no indication of impairment.

15 Trade payables

	Parent Company		Consolidated	
	3/31/2016	12/31/2015	3/31/2016	12/31/2015
Material and services	48,162	39,425	56,173	46,998
Material and services - related parties (Note 7)	14,364	13,417	12,166	13,171
Inputs supplies	122,778	106,373	122,778	106,373
Others	30,759	44,558	38,387	46,420
	216,063	203,773	229,504	212,962

16 Loans and financing

		Parent Company and Consolidated	
Description	**Average annual interest rate and commissions**	**3/31/2016**	**12/31/2015**
Property, plant and equipment purchase financing			
FINAME - project finance	Average interest of 3% to 8% p.a.	76,696	83,545
ACC (advance on exchange contract) (i)	Forex + interest	1,228,619	1,257,038
BNDES - subloan A (ii)	TJLP + interest of 3.32% p.a.	435,675	448,209
BNDES - subloan B (ii)	Floating rate BNDES + interest of 3.32% p.a.	1,077,292	1,229,368
BNDES - subloans C, H and L (ii)	Floating rate BNDES + interest of 4.52% p.a.	1,229,137	1,402,647
BNDES - subloan G (ii)	TJLP + interest of 2.92% p.a.	114,811	118,249
BNDES - subloan K (ii)	TJLP	16,574	16,587
BNDES - subloan D (ii)	TJLP + interest of 1.8% p.a.	120,955	124,578
BNDES - subloan E (ii)	Floating rate BNDES + interest of 1.8% p.a.	499,267	569,746
BNDES - subloans F and J (ii)	Floating rate BNDES + interest of 3% p.a.	278,505	317,820
BNDES - subloan I (ii)	TJLP + interest of 1.4% p.a.	31,063	31,993
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	1,304,015	1,415,564
Debentures (second issue) (iv)	IPCA + interest of 7.41% p.a.	1,183,884	1,146,333
FCO (Center-West Financing Fund) (v)	Interest of 8.5% to 9 % p.a.	24,044	23,560
Working capital (vii)	Rate of 5.74% p.a.in US dollars	43,136	50,290
PPE (viii)	LIBOR + spread	39,438	-
NCE (vi)	CDI + spread of 123% to 128% of CDI	1,114,815	1,127,823
Leasing	Fixed rate - 12.9854% p.a. in R$	3,147	3,283
		8,821,073	9,366,633

	Parent Company and Consolidated	
Breakdown	**3/31/2016**	**12/31/2015**
Current liabilities	2,623,957	2,286,481
Noncurrent liabilities	6,197,116	7,080,152
	8,821,073	9,366,633

Noncurrent liabilities mature as follows:	**3/31/2016**
2017	833,219
2018	1,171,355
2019	998,638
2020	828,939
2021	817,636
After 2022	1,547,329
	6,197,116

16.1 Changes in borrowings

Parent Company and Consolidated	**3/31/2016**	**3/31/2015**
Opening balance	**9,366,633**	**7,166,908**
Interest - accrued	229,039	133,702
Exchange differences - accrued	(533,325)	1,134,623
New borrowings	504,719	481,517
Repayments		
Principal	(424,010)	(511,327)
Interest	(169,247)	(147,094)
Exchange differences	(152,736)	(98,531)
Closing balance	**8,821,073**	**8,159,798**

16.2 Company credit facilities

(i) Working capital financing through ACCs (advances on exchange contracts)

(ii) BNDES (Brazilian development bank) funding: on July 22, 2011 the Company entered into a financing agreement with Banco Nacional de Desenvolvimento Social (BNDES), amended on March 5 and August 10, 2012, totaling R$2.7 billion, to build the pulp and paper plant, including the purchase of local machinery and equipment, and the implementation of the social investments program in plant neighboring areas ("Project"). Thus, BNDES confirmed the effectiveness of the agreement by disbursing the funds between March 2012 and December 2013, to be repaid in 90 installments beginning January 2015.

(iii) ECA (Export Credit Agency) financing agreements, disbursed on December 28, 2012, repayable in 19 semiannual installments, from November 2013 to November 2022, subject to interest and US dollar exchange fluctuation, granted by the following Agencies: Finnvera, R$659,824 subject to 3.1% p.a. equivalent to US$185,401, and R$176,810 subject to 5.69% p.a. equivalent to US$49,681, EKN, R$304,951 subject to 2.8% p.a. equivalent to US$85,687, and Oekb, R$278,778 subject to 5.69% p.a. equivalent to US$78,333.

(iv) On December 1, 2012 the Company carried out the 2nd issue of simple debentures, fully subscribed by FI-FGTS. These debentures are nonconvertible, unsecured, with additional collateral and unsecured guarantee, indexed to the IPCA, plus interest of 7.41% per year and final maturity in December 2027. The debentures were fully distributed on December 17, 2012.

(v) FCO (Mid-west Financing Fund) financing agreement, entered into with Banco do Brasil, in the amount of R$ 24,533 and maturing in 2017, guaranteed by properties (farms) up to the limit of the assumed debt.

(vi) Real-denominated Export Credit Notes (NCE) contracts, maturing within 360 days and 1,540 days.

(vii) Borrowings from Caterpillar Financial Services, denominated in dollars, for financing the purchase of engine, with semiannual amortization from 2014 to 2020.

(viii) In March 2016, the Company entered into an export prepayment contract aimed at extending the repayment profile of the working capital financing. This contract has a two-year term and semiannual repayments starting the first year, and Libor interest rate + spread is charged.

16.3 Restrictive covenants

The financing agreements with ECAs and debentures with FI-FGTS, and the letters of guarantee with Banco do Brasil and Santander entered into by the Company for the construction of its plant and the related logistics infrastructure are collateralized by the financed property, plant and equipment up to the limit of the assumed debt, and contain restrictive financial covenants usually applicable to these types of long-term financing.

As required by the aforementioned restrictive covenants, the Company measured its indexes based on the statement of financial position at December 31, 2015 and all of them are within the established limits.

16.4 Guarantees of the borrowings

All borrowing and financing agreements of the BNDES and ECA types and part of the agreements of the ACC, Finame, Working Capital, FCO and Debenture types are guaranteed by J&F Investimentos. The debentures have as guarantee the amounts invested in marketable securities, as shown in note 5.

17 Taxes payable, payroll and related taxes

	Parent Company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Payroll and related taxes	26,127	47,783	26,866	49,384
Accruals and taxes	33,956	28,456	34,448	28,696
Taxes payable	9,796	5,049	9,895	5,063
	69,879	81,288	71,209	83,143

18 Deferred income tax and social contribution

(a) Reconciliation of the effective tax rates:

	Parent Company		Consolidated	
	3/31/2016	**3/31/2015**	**3/31/2016**	**3/31/2015**
Loss before income tax and social contribution	(215,261)	(122,957)	(215,249)	(122,949)
Income tax and social contribution - statutory rate of 34%	73,189	41,805	73,185	41,803
Reconciliation for effective expenses				
Profit (loss) of investees accounted for as own capital, net of taxes	65,268	(1,376)	-	-
Nondeductible expenses	(186)	62	(186)	62
Government grant	(25,130)	(19,385)	(25,130)	(19,385)
Effect of taxes of foreign subsidiaries	-	-	65,268	(1,376)
Others	(6)	-	2	5
Current and deferred income tax and social contribution	33,243	62,505	33,231	62,497
Effective rate	(15,44%)	(50,84%)	(15,44%)	(50,83%)

(b) Changes in deferred income tax and social contribution:

Parent Company	**12/31/2015**	**Additions**	**Deductions**	**3/31/2016**
Tax loss (i)	593,169	-	(1,850)	591,319
Hedge - derivatives	(30,556)	56,543	-	25,987
Biological assets	(65,202)	-	-	(65,202)
Products billed but not shipped	10,682	-	(10,682)	-
Sundry provisions	14,167	-	(6,457)	7,710
Balance in the period	**522,260**	**56,543**	**(18,989)**	**559,814**

Consolidated	**12/31/2015**	**Additions**	**Deductions**	**3/31/2016**
Tax loss (i)	593,169	-	(1,850)	591,319
Hedge - derivatives	(30,556)	56,543	-	25,987
Biological assets	(65,202)	-	-	(65,202)
Products billed but not shipped	10,682	-	(10,682)	-
Sundry provisions	14,167	-	(6,457)	7,710
	522,260	**56,543**	**(18,989)**	**559,814**

(i) As at March 31, 2016, the Company had an accumulated accounting loss balance which, adjusted for expenses and revenues not permitted by tax legislation for purposes of calculation of income tax and social contributon, totals R$ 1,739,173 (R$ 1,744,614 as at December 31, 2015).

Deferred taxes arising from temporary differences will be realized as they are settled or realized. Tax losses carryforwards do not expire; however, the use of accumulated losses from prior years is limited to 30% of the annual taxable income.

When assessing the likelihood of realization of deferred tax assets calculated on tax losses carryforwards and negative basis of social contribution, Management considers taxable profit in its budget and in the multiannual strategic plan as from 2017. Based on this estimate, Management believes that it is more likely than not that the deferred tax asset will be realized.

19 Provision for loss contingencies

In the normal course of its activities, the Company is subject to tax, labor and civil lawsuits and, based on the opinion of its legal counsel, assesses the expected outcome of ongoing lawsuits and determines the need to whether or not set up a provision for contingent liabilities. Based on this assessment, the Company provided for the following amounts:

	12/31/2014	**Additions**	**Write-offs**	**03/31/2015**	**12/31/2015**	**Additions**	**Write-offs**	**3/31/2016**
Civil	329	175	(1)	503	952	422	(230)	1,144
Labor	1,679	48	-	1,727	3,776	727	(1,522)	2,981
Tax	356	-	(78)	278	278	-	-	278
	2,364	**223**	**(79)**	**2,508**	**5,006**	**1,149**	**(1,752)**	**4,403**

As at March 31, 2016, the Company was the defendant in environmental, civil, labor and tax lawsuits, amounting to R$ 76,267 (R$ 77,381 as at December 31, 2015), of which the Company provided for R$ 4,403 (R$ 5,006 as at December 31, 2015) as it is probable that an outflow of resources will be required to settle the obligation. Management believes the negotiations will not occur during at least twelve months. In general, the claims that originated the lawsuits involve claims for obligations, indemnity for pain and suffering and property damages, collection and prohibitory interdict.

For the lawsuits classified as possible losses in the amount of R$ 165,887 (R$ 67,855 as at December 31, 2015), management understands that no provision for losses is necessary.

In addition to the cases above, the Company is defendant in an intellectual property dispute with Fibria Celulose S.A., one of Company's competitors, in which Fibria alleges that the Company infringed on Fibria's rights over certain eucalyptus clones used in Company's plantations, or alleged infringement. Fibria filed a request (ação cautelar de produção antecipada de provas) with a state court in the State of Mato Grosso do Sul to prohibit the Company from using certain eucalyptus clones in order to collect evidence in connection with the alleged infringement.
The court granted Fibria's request, and the resulting expert report was unfavorable to Eldorado Brasil. On August 13, 2015, Eldorado Brasil filed an appeal against the court's decision to grant the injunction and requested that the expert report be declared null. A decision on Eldorado Brasil's appeal is pending. On August 25, 2015, the media reported that Fibria had filed a lawsuit seeking compensation in the amount of R$100,000 in connection with the alleged infringement. However, to date, Company has not been summoned to appear before the court in connection with this compensatory claim and has not made any provision in connection therewith, having determined the likelihood of loss to be possible.

20 Equity

20.1 Issued capital

The subscribed and paid-in capital as at March 31, 2016 and December 31, 2015 is R$ 1,788,792, comprising 1,525,558,419 shares.

	Common shares
Balance on 12/31/2014	1,525,558,419
Capital contribution	-
Balance on 03/31/2015	1,525,558,419
Balance on 12/31/2015	1,525,558,419
Capital contribution	-
Balance on 03/31/2016	1,525,558,419

20.2 Legal reserve

Recognized, when applicable, at the rate of 5% of the profit for each year, as provided for by Article 193 of Law 6,404/76, up to the ceiling of 20% of the share capital.

20.3 Dividends

Under the Company bylaws, the balance of the profit for the year remaining after the offset of accumulated losses and allocation to the legal reserve and the contingency reserve, is used for the payment of a mandatory minimum dividend that cannot be lower than 25% of profit for the year adjusted as determined by the Corporate Law.

20.4 Translation reserve

The translation reserve includes the cumulative translation adjustments arising from the translation of the financial statements of foreign operations.

20.5 Earnings per share

Basic

The calculation of basic earnings per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding:

	3/31/2016	**3/31/2015**
Loss attributable to Company owners	(182,018)	(60,452)
Weighted-average number of ordinary shares in the period- in thousands	1,525,558	1,525,558
Loss per thousand shares	**(0.12)**	**(0.04)**

21 Net revenue

	Parent Company		Consolidated	
	3/31/2016	3/31/2015	3/31/2016	3/31/2015
Gross sales revenue				
Domestic market	112,236	99,361	112,236	99,361
Foreign market	28,407	12,228	761,496	650,198
Domestic and foreign markets - related parties (Note 7)	789,943	450,367	1,453	14,293
Discounts and rebates	(855)	(128)	-	-
	929,731	561,828	875,185	763,852
Sales returns and taxes	(8,237)	(8,402)	(134,246)	(111,826)
Net operating revenue	**921,494**	**553,426**	**740,939**	**652,026**

22 Operating segments

a. Basis for segmentation

The Management of the Company defined three reportable segments: pulp, energy and others based on the reports used by the Board to make decisions about strategic and operational matter. The summary below describes the operations of each of the reportable segments that the performance goals for evaluation purposes are defined and monitored:

Reportable segments	Operations
Energy	Generation and sale of energy.
Pulp	Plantation and management of forest resources, purchase of wood, and production of pulp.
Others	Sale of chips, scrap and waste

b. Reportable segments

Information on the results of each reportable segment is presented below.

	Consolidated 3/31/2016			
	Pulp	Energy	Others	Total
Net revenue				
Foreign	639,947	-	-	639,947
Domestic	93,726	6,557	709	100,992
Cost of sales	(248,218)	(2,777)	(1,522)	(252,517)
Gross profit (loss)	**485.455**	**3,780**	**(813)**	**488,422**
Operating (expenses) income				
General and administrative expenses	(30,103)	-	-	(30,103)
Sales and logistics	(86,249)	-	-	(86,249)
Depreciation, amortization and depletion	(70,536)	-	-	(70,536)
Other income (expenses), net	57,402	-	-	57,402
Finance income (costs), net				
Finance costs	(1,135,442)	-	-	(1,135,442)
Finance income	561,257	-	-	561,257
Profit (loss) before income tax and social contribution	**(218,216)**	**3,780**	**(813)**	**(215,249)**
Income tax and social contribution	33,231	-	-	33,231
Profit (loss) for the period	**(184,985)**	**3,780**	**(813)**	**(182,018)**

	Consolidated 3/31/2015			
	Pulp	**Energy**	**Others**	**Total**
Net revenue				
Foreign	549,059	-	-	549,059
Domestic	72,024	16,625	14,318	102,967
Cost of sales	(305,473)	(248)	(11,804)	(317,525)
Gross profit	**315.610**	**16,377**	**2,514**	**334,501**
Operating (expenses) income				
General and administrative expenses	(16,500)	-	-	(16,500)
Sales and logistics	(83,887)	-	-	(83,887)
Fair Value of biological Assets	14,533			14,533
Depreciation, amortization and depletion	(63,649)	-	-	(63,649)
Other income (expenses), net	43,852	-	-	43,852
Finance income (costs), net				
Finance costs	(1,374,623)	-	-	(1,374,623)
Finance income	1,022,824	-	-	1,022,824
Profit (loss) before income tax and social contribution	**(141,840)**	**16,377**	**2,514**	**(122,949)**
Income tax and social contribution	62,497	-	-	62,497
Profit (loss) for the period	**(79,343)**	**16,377**	**2,514**	**(60,452)**

c. Geographic information

Following is geographic consolidate revenue information based on the customers' actual location.

Operating revenue	**3/31/2016**	**3/31/2015**
Brazil	100,992	102,967
Argentina	25,131	11,380
United States	66,109	61,450
Germany	23,333	30,319
Austria	38,074	16,273
China	218,803	171,620
Singapore	28,679	19,862
Egypt	3,422	1,987
Slovenia	7,989	4,082
Spain	1,808	4,928
France	19,692	14,947
Israel	1,141	5,015
Italy	93,207	106,311
Japan	40,954	62,141
Polland	20,299	1,639
Czech Republic	3,735	1,340
Sweden	3,542	3,746
Canada	13,029	14,557
Mexico	10,286	5,585
Others	20,714	11,877
	740,939	**652,026**

d. Information about major customers

No single customer represents more than 10% of Revenues.

e. Information about total non-current assets

The segment's assets are based on the assets' geographic location.

Noncurrent assets	**3/31/2016**	**12/31/2015**
Brazil	8,028,905	7,902,501
Austria	3,282	2,893
United States	180	150
China	11	-
	8,032,378	**7,905,544**

23 Cost of sales, selling and logistics and general and administrative expenses

	Parent Company		**Consolidated**	
	3/31/2016	**3/31/2015**	**3/31/2016**	**3/31/2015**
Personnel expenses	65,840	52,733	69,978	54,413
Service, material and transportation expenses	11,160	15,797	68,741	54,477
Depreciation, depletion and amortization	68,911	63,147	70,536	63,649
Raw materials and consumables	226,419	240,951	226,419	240,951
Others	57,656	29,380	3,731	57,914
	429,986	**402,008**	**439,405**	**471,404**
Breakdown				
Cost of sales	368,265	338,222	314,176	365,650
General and administrative expenses	25,553	13,798	34,621	17,836
Selling and logistics expenses	36,168	49,988	90,608	87,918
	429,986	**402,008**	**439,405**	**471,404**

24 Finance income (costs), net

	Parent Company		**Consolidated**	
	3/31/2016	**3/31/2015**	**3/31/2016**	**3/31/2015**
Finance income				
Interest receivable	450	48	450	51
Income from short-term investments	24,287	1,836	24,288	1,836
Gain on derivatives	-	819,713	-	819,713
Foreign exchange gains	534,641	158,434	535,082	200,694
Other finance income	1,431	529	1,437	530
	560,809	980,560	561,257	1,022,824
Finance costs				
Sundry banking costs	(38)	(46)	(44)	(54)
Interest payable	(222,760)	(164,149)	(222,785)	(164,149)
Interest payable - related parties (Note 7)	-	(14,455)	-	(14,455)
Foreign exchange losses	(131,911)	(1,100,423)	(132,017)	(1,164,519)
Related parties - letter of guarantee for debts (Note 7)	(21,255)	(17,135)	(21,255)	(17,135)
Loss on derivatives	(745,594)	-	(745,594)	-
Guarantee expenses	(3,869)	(5,462)	(3,869)	(5,462)
Other finance costs	(7,129)	(5,616)	(9,878)	(8,849)
	(1,132,556)	(1,307,286)	(1,135,442)	(1,374,623)
	(571,747)	(326,726)	(574,185)	(351,799)

Gains (losses) on daily adjustments of financial instruments as well as the amounts of the positions marked to market of the agreements traded on the over-the-counter market, are recognized in line item "Gains (losses) on derivatives".

25 Other income (expenses), net

	Parent Company		Consolidated	
	3/31/2016	**3/31/2015**	**3/31/2016**	**3/31/2015**
ICMS credits (a)	57,133	35,013	57,133	35,013
Insurance indemnity	106	-	106	-
Others	(297)	(1,243)	163	(1,318)
	56,942	33,770	57,402	33,695

(a) This amount includes credits from a tax incentive package granted by the Mato Grosso do Sul State Government for use in the current operation and future industrial expansion.

26 Employee benefits

a. Defined contribution pension plan

In July 2015, the Company joined a pension plan from Fundação Petrobras de Seguridade Social - Petros, a closed pension fund.

Under the regulations of the benefit plan, the Company's contributions match the employees' contributions and may range from 3% to 6% of the nominal salary. The contributions made by the Company in the period ended March 31, 2016 totaled R$ 520.

27 Insurance

As at March 31, 2016, the insurance coverage against operating risks totaled R$ 5,105,084 for property damages, R$ 894,915 for loss of profits, and R$ 88,972 for civil liability.

28 Financial instruments

In the normal course of business, the Company is exposed to market risks relating to interest rate and foreign exchange fluctuation, credit risk, and liquidity risks.

(i). Market risks

Market risk is the risk that changes in market prices - such as changes in foreign exchange and interest rates - will affect the company yield or the value of its interests in financial instruments.

The objective of the market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company uses derivatives to manage the market risk. Generally the Company seeks to use hedge to manage the volatility in profits or losses.

a. *Interest rate risks*

The Company has assets and especially liabilities exposed to this risk, in transactions pegged to indices such as the CDI (interbank deposit rate), TJLP (benchmark long-term interest rate), and the IPCA (extended consumer price index), and occasional transactions with fixed positions in relation to some of the indices above that could result in unrealized and/or realized losses caused by mark-to-market. The Company seeks to mitigate the interest rate risk by diversifying the contracted indices.

The interest rate risk is directly linked to the risk of increase in financial charges on Company borrowings, as a result of market fluctuations.

The Company's exposure to interest rate risk refers basically to borrowings. The position as at March 31, 2016 and December 31, 2015 is as follows:

		Parent Company	
Type	**Average annual interest rate and commissions**	**3/31/2016**	**12/31/2015**
BNDES - subloan A	TJLP + interest of 3.32% p.a.	435,675	448,209
BNDES - subloan B	Floating rate BNDES + interest of 3.32% p.a.	1,077,292	1,229,368
BNDES - subloans C, H and L	Floating rate BNDES + interest of 4.52% p.a.	1,229,137	1,402,647
BNDES - subloan G	TJLP + interest of 2.92% p.a.	114,811	118,249
BNDES - subloan K	TJLP	16,574	16,587
BNDES - subloan D	TJLP + interest of 1.8% p.a.	120,955	124,578
BNDES - subloan E	Floating rate BNDES + interest of 1.8% p.a.	499,267	569,746
BNDES - subloans F and J	Floating rate BNDES + interest of 3% p.a.	278,505	317,820
BNDES - subloan I	TJLP + interest of 1.4% p.a.	31,063	31,993
Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,183,884	1,146,333
PPE	LIBOR + spread	39,438	-
NCE	CDI+spread of 123% to 128% of CDI	1,114,815	1,127,823
Short-term investments		(318,717)	(1,069,017)
		5,822,699	5,464,336

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed as at March 31, 2016 and 2015 would behave, the possible 25% and 50% changes in interest rates on the risk variables, as compared to the probable scenario, are shown below.

Management considers that the closing interest rates used to measure Company financial assets and financial liabilities, at the reporting date, represent a probable scenario, whose effects are already recognized in profit or loss. The net results of exposures are as follows:

Transaction - 3/31/2016	**Risk**	**Interest position**	**Possible 25% (i)**	**Remote 50% (ii)**
BNDES	TJPLP + interest and floating rate BNDES + interest	81,835	20,459	40,917
Debentures (Interest)	IPCA + interest of 7.41% p.a.	20,258	5,065	10,129
Debentures (Adjustment for Inflation)	IPCA	37,693	9,423	18,847
PPE	LIBOR + spread	11	3	5
NCE	CDI + spread of 123% to 127% of CDI	46,052	11,513	23,026
Net exposure to interest rates		185,849	46,463	92,924

Transaction - 3/31/2015	**Risk**	**Interest position**	**Possible 25% (i)**	**Remote 50% (ii)**
BNDES	TJPLP + interest and floating rate BNDES + interest	72,116	18,029	36,058
Debentures (Interest)	IPCA + interest of 7.41% p.a. and 110% of CDI	18,619	4,655	9,309
Debentures (Adjustment for Inflation)	IPCA	38,396	9,599	19,198
Intercompany	CDI + spread	14,455	3,614	7,227
NCE	CDI + spread	3,091	773	1,546
Net exposure to interest rates		146,677	36,670	73,338

Scenarios (i) and (ii) take into account a 25% and 50% increase in the interest rates, respectively.

The interest cost based on the floating rate BNDES is defined as the average funding cost of the Bank in the international market and consists of the UMBNDES plus a basket of currencies that corresponds to a variable interest rate.

The long-term interest rate (TJLP) was created to be used as a benchmark of the basic cost of funding granted by BNDES and at the reporting date was 7.5% per year (6.5% per year in 12/31/2015).

b. Foreign exchange rate risks

The Company is exposed to foreign exchange rate risk when there is a mismatching between the currencies in which its sales, purchases and borrowings are denominated and its functional currency.

The main Company exposures refer to the US dollar, euro, and Swedish krona fluctuations in relation to the Brazilian Real.

As at March 31, 2016, the US Dollar, Euro, and Swedish Krona quotations were R$ 3.5589, R$ 4.0539 e R$ 0.4396, respectively.

As at March 31, 2016, the foreign exchange fluctuation risk concentrates in line items ‘Trade receivables’, ‘Advances to suppliers’, ‘Trade payables’ and ‘Borrowings’.

In order to hedge against the foreign exchange volatility risk, the Company seeks to balance the amounts of assets and liabilities in foreign currencies.

The Company’s assets and liabilities exposed to the foreign exchange risk are as follows:

Parent Company

	3/31/2016	12/31/2015
Operating		
Trade receivables (US Dollar)	1,174,599	1,011,081
Advances (Euro)	1,461	1,840
Advances (US Dollar)	84	111
Trade payables (Euro)	(73)	(148)
Trade payables (US Dollar)	(136)	(136)
Trade payables (Pound Sterling)	(44)	-
Trade payables (Swedish Krona)	(169)	(250)
Loans and financing (US Dollar)	(5,851,427)	(6,399,044)
Total operating	(4,675,705)	(5,386,546)
Derivatives		
Derivatives (US Dollar)	4,846,019	7,503,999
Total derivatives	4,846,019	7,503,999
Net exposure to currency risk	**170,314**	2,117,453

The foreign exchange rate risk may result in losses for the Company due to a possible appreciation of the Real.

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed at March 31, 2016 would behave, the possible 25% and 50% changes in foreign exhange rates on the risk variables, as compared to the probable scenario, are shown below. Management considers that the closing quotations used to measure Company financial assets and financial liabilities, at the reporting date, represent a probable scenario, whose effects are already recognized in profit or loss. The net results of asset and liability exposures are as follows:

Parent Company

		3/31/2016		
Transaction	**Risk**	**Position**	**25%**	**50%**
Operating exposure	R$ depreciation	(4,675,705)	1,168,926	2.337,853
Derivative exposure	R$ depreciation	4,846,019	(1,211,505)	(2,423,010)
Net exposure to foreign exchange rate risk		170,314	(42,579)	(85,157)

Derivative financial instruments

As at March 31, 2016, the outstanding derivatives with maturity on May 2, 2016, totaling U$ 1,318,250, refer to Non Deliverable Forward (NDF) contracts.

The fair value of the derivative instruments is calculated based on the discounted cash flow method, using the BM&F projection curves.

Outstanding derivatives

	Notional amount			Fair value	
Derivatives 03/31/2016	**US Dollar**	**Real**	**Maturity**	**US Dollar**	**Real**
Short position (US$)	1,318,250	4,846,019	02/05/2016	(21,260)	(76,433)

Maturity	**Notional in Dollars**	**Average Rate**	**MtM**
05/02/2016	1,318,250	3,6761	(76,433)
Total	1,318,250	3,6761	(76,433)

	Notional amount			Fair value	
Derivatives 03/31/2015	**US Dollar**	**Real**	**Maturity**	**US Dollar**	**Real**
Short position (US$)	1,937,000	6,213,896	01/04/15 - 01/07/15	(45,499)	(145,961)

Maturity	**Notional in Dollars**	**Average Rate**	**MtM**
01/04/2015	225,000	3,1554	10,941
04/05/2015	596,000	3,1401	52,219
01/05/2015	788,000	3,1673	69,055
01/07/2015	328,000	3,2432	13,746
Total	1,937,000	3,1704	(145,961)

c. Price risk

The Company is exposed to wood price volatility resulting from factors beyond management control, such as climate factors, offer volume, transportation costs, forestry policies and others. To ensure the supply of the raw material necessary for the operation of its plant, the Company has been entering into partially prepaid wood supply contracts for future delivery to reduce Company`s exposure to the volatility of prices for the contracts already signed.

Parent Company	**3/31/2016**	**12/31/2015**
Amount of firm contracts	515,010	488,048
Advances made	(241,904)	(166,645)
	273,106	321,403

The risks of not receiving the wood are mitigated by the continuous monitoring of forest development by Company specialists.

(ii). Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instruments fails to meet its contractual obligations, and araises principally from trade receivables and investments in funds and securities, as described below:

The credit risk in the Company's operating activities is managed based on specific rules for customer acceptance, credit analysis and establishment of exposure limits for each customer, which are periodically reviewed. The Company works to ensure the realization of the past-due receivables by constantly monitoring its default customers and using letter of credit and other financial instruments guarantee.

Bank deposits, financial investments and NDF transactions are contracted with prime financial institutions; therefore, the risk of incurring any loss with these financial institutions is minimum.

Exposure to credit risk
The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was:

	Parent Company		**Consolidated**	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Cash and cash equivalents	288,989	1,058,790	577,891	1,264,151
Marketable securities	149,255	114,524	149,255	114,524
Trade receivables	145,957	139,273	585,731	703,501
Amounts due from related parties	1,147,890	989,259	1,563	985
Derivatives receivable	-	89,871	-	89,871
	1,732,091	2,391,717	1,314,440	2,173,032

Guarantees
As a result of the transactions between BNDES and ECAs, the following shared guarantees were provided: a) first mortgage of the plant in the city of Três Lagoas, b) pledge of 750,000,000 registered common shares of Eldorado, c) pledge of 268,000,000 book-entry common shares of the Eldorado´s parent, JBS S.A. and d) statutory lien on the forest equipment financed by ECAs in the amount of approximately R$ 80,000.

(iii). Liquidity risk
Liquidity risk is the risk that the Company may face difficulties to fulfill its obligations associated with its financial liabilities that are settled through delivery of cash or other financial assets.

The Company's long-term debts comprise the following types: BNDES, ECAs and debentures, with maturities between 10 and 15 years, and grace period of less than one year. The ECA and debenture debts have customized payments. In the first years the repayment of the principal is lower than in years that approximate the total settlement.

The Company's working capital loans are comprised by ACCs, NCEs and Prepayments credit lines.

The table below shows the value of the Company's financial liabilities according to their maturities and do not include expected interest cash outflows:

Parent Company	Less than 1 year	1 to 2 years	2 to 3 years	After 3 years	Fair value
At March 31, 2016					
Trade payables	216,063	-	-	-	216,063
Borrowings	2,623,957	833,219	1,171,355	4,192,542	8,821,073
Derivatives payable	76,433	-	-	-	76,433
(-) Cash and cash equivalents	(288,989)	-	-	-	(288,989)
	2,627,464	833,219	1,171,355	4,192,542	8,824,580
At December 31, 2015					
Trade payables	190,356	-	-	-	190,356
Amounts due to related parties	13,417	-	-	-	13,417
Borrowings	2,286,481	1,469,551	1,216,522	4,394,079	9,366,633
(-) Derivatives receivable	(89,871)	-	-	-	(89,871)
(-) Cash and cash equivalents	(1,058,790)	-	-	-	(1,058,790)
	1,341,593	1,469,551	1,216,522	4,394,079	8,421,745
Consolidated					
At March 31, 2016					
Trade payables	229,504	-	-	-	229,504
Borrowings	2,623,957	833,219	1,171,355	4,192,542	8,821,073
Derivatives payable	76,433	-	-	-	76,433
(-) Cash and cash equivalents	(577,891)	-	-	-	(577,891)
	2,352,003	833,219	1,171,355	4,192,542	8,549,119
At December 31, 2015					
Trade payables	199,791	-	-	-	199,791
Amounts due to related parties	13,171	-	-	-	13,171
Borrowings	2,286,481	1,469,551	1,216,522	4,394,079	9,366,633
(-) Derivatives receivable	(89,871)	-	-	-	(89,871)
(-) Cash and cash equivalents	(1,264,151)	-	-	-	(1,264,151)
	1,145,421	1,469,551	1,216,522	4,394,079	8,225,573

(iv). Fair value of financial instruments

The assets and liabilities measured at fair value in the statement of financial position are classified based on the following fair value hierarchy levels:

- **Level 1 -** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2 -** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and valuation techniques that use market inputs.
- **Level 3 -** Inputs for the asset or liability that are not based on observable market inputs. The Company and its subsidiaries do not have instruments in this measurement level.

The following tables show the levels in the fair value hierarchy of financial assets and financial liabilities:

	3/31/2016			**12/31/2015**		
Parent Company	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Cash and cash equivalents	288,989	-	-	1,058,790	-	-
Trade receivables	-	1,293,847	-	-	1,128,532	-
Advances to suppliers	-	100,820	-	-	100,028	-
Derivatives receivable	-	-	-	-	89,871	-
Marketable securities	149,255	-	-	114,524	-	-
Total assets	438,244	1,394,667	-	1,173,314	1,318,431	-

	3/31/2016			12/31/2015		
Parent Company	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Liabilities						
Trade payables	-	216,063	-	-	203,773	-
Borrowings	-	8,821,073	-	-	9,366,633	-
Other payables - related parties	-	21,255	-	-	45,153	-
Derivatives payable	-	76,433	-	-	-	-
Total liabilities	-	9,134,824	-	-	9,615,559	-

	3/31/2016			12/31/2015		
Consolidated	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Cash and cash equivalents	577,891	-	-	1,264,151	-	-
Trade receivables	-	587,294	-	-	704,486	-
Advances to suppliers	-	100,880	-	-	105,799	-
Derivatives receivable	-	-	-	-	89,871	-
Marketable securities	149,255	-	-	114,524	-	-
Total assets	727,146	688,174	-	1,378,675	900,156	-

	3/31/2016			12/31/2015		
Consolidated	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Liabilities						
Trade payables	-	229,504	-	-	212,962	-
Borrowings	-	8,821,073	-	-	9,366,633	-
Other payables - related parties	-	21,255	-	-	45,153	-
Derivatives payable	-	76,433	-	-	-	-
Total liabilities	-	9,148,265	-	-	9,624,748	-

Breakdown of the balances of financial instruments per category and fair value:

	3/31/2016		12/31/2015	
Parent Company	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Fair value through profit or loss				
Cash and cash equivalents	288,989	288,989	1,058,790	1,058,790
Derivatives receivable	-	-	89,871	89,871
Marketable securities	149,255	149,255	114,524	114,524
Loans and receivables				
Trade receivables	1,293,847	1,293,847	1,128,532	1,128,532
Advances to suppliers	100,820	100,820	100,028	100,028
Total financial assets	1,832,911	1,832,911	2,491,745	2,491,745

	3/31/2016		12/31/2015	
Parent Company	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liabilities				
Liabilities at amortized cost				
Trade payables	216,063	216,063	203,773	203776
Borrowings	8,821,076	8,821,073	9,366,633	9,366,633
Other payables - related parties	21,255	21,255	45,153	45,153
Derivatives payable	76,433	76,433	-	-
Total financial liabilities	9,134,824	9,134,824	9,615,559	9,615,559

	3/31/2016		12/31/2015	
Consolidated	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Fair value through profit or loss				
Cash and cash equivalents	577,891	577,891	1,264,151	1,264,151
Derivatives receivable	-	-	89,871	89,871
Marketable securities	149,255	149,255	114,524	114,524
Loans and receivables				
Trade receivables	587,294	587,294	704,486	704,486
Advances to suppliers	100,880	100,880	105,799	105,799
Total financial assets	1,415,320	1,415,320	2,278,831	2,278,831

	3/31/2016		12/31/2015	
Consolidated	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liabilities				
Liabilities at amortized cost				
Borrowings	8,821,073	8,821,073	9,366,633	9,366,633
Trade payables	229,504	229,504	212,962	212,962
Other payables - related parties	21,255	21,255	45,153	45,153
Derivatives payable	76,433	76,433	-	-
Total financial liabilities	9,148,265	9,148,265	9,624,748	9,624,748

The fair value of the financial assets and liabilities refers to the value for which the instrument can be exchanged in a current transaction between willing parties and not in a forced sale or liquidation transaction. The methods and assumptions used to estimate the fair value are described below.

The fair value of cash and cash equivalents, trade receivables, advances to suppliers, trade payables and amounts due from/to related parties approximates their carrying amounts, mainly due to the short-term maturity of these instruments. The fair value of the other long-term liabilities do not substantially differ from their carrying values.

Borrowings and debentures are adjusted based on the interest rates contracted, mainly floating rate, based on usual market conditions (Note 16). Therefore, the balances payable at the notification date approximate their fair values, including those classified as "noncurrent".

Derivatives measured using valuation techniques based on observable market inputs include currency forward contracts. The valuation techniques more frequently applied include forward and swap contract pricing models, calculated at present value. The models incorporate various data, including the credit quality of the counterparties, spot and forward exchange rates.

29 Commitments

a. Land operating leases

Land operating leases are to be paid as follows:

	Parent Company and Consolidated	
	3/31/2016	**12/31/2015**
2016	60,830	70,568
2017	73,956	71,479
2018	74,853	72,156
2019	75,627	72,622
2020 and thereafter	537,184	509,325
	822,450	796,150

The Company leases land used in its operations under operating lease agreements effective for fourteen years. Lease payments are adjusted every five years according to market rentals. Some leases provide for additional lease payments that are based on individual valuations of each farm.

The leases recorded by the Company refer basically to land where eucalyptus is planted. As no land title deed is transferred, Company does not participate in the residual value of the land, and substantially all risks and rewards of the land are with the lessor, the Company determined that the leases are operating leases.

b. Purchase commitments

(i) Future minimum payments

Take-or-pay contracts
The Company has entered into long-term take-or-pay contracts with chemical suppliers, including Akzonobel Pulp and Performance Química Ltda. (Akzo) and White Martins Gases Industriais Ltda. (WM). These agreements typically have terms of ten to 20 years and contain rescission and cancellation provisions for breaches of material obligations thereunder. The contract with Akzo is to supply the chlorine dioxide needs, with the effective date in December 2012, the price of Sodium Chloride Tonne should be adjusted on the first day of each year by the IPCA (Price Index Broad Consumer). The contract with WM is to supply the oxygen needs in its gaseous form, with the effective date in October 2012, fixed monthly payments in US Dollars and adjusted by the CPI index (Consume Price index) on the first day of each year.

The table below sets forth the payment schedule of our take-or-pay contracts with our chemical product suppliers as of:

	Consolidated *(In thousands of Reais)*	
	3/31/2016	**12/31/2015**
2016	26,447	37,819
2017	37,819	37,819
2018	37,819	37,819
2019	37,819	37,819
2020 and thereafter	302,549	302,549
	442,451	**453,823**

(ii) Amounts recognized in income statement

	Consolidated *(In thousands of Reais)*	
	3/31/2016	**3/31/2015**
Expenses	11,372	10,209
	11,372	**10,209**

Board of Executive Officers

José Carlos Grubisich Filho
CEO

José Carlos Grubisich Filho
Investor Relations Officer

Carlos Roberto Paiva Monteiro
Industrial Techical Officer

Luis Fernando Sartini Felli
Sales Officer

Germano Aguiar Vieira
Forest Officer

Board of Directors

Joesley Mendonça Batista
Chairman of the Board of Directors

Wesley Mendonça Batista
Vice Chairman of the Board of Directors

Henrique Jäger
Director

Paulo Eduardo Nigro
Director

Max Mauran Pantoja da Costa
Director

José Batista Sobrinho
Director

Miguel João Jorge Filho
Director

Accountant

Angela Midori Shimotsu do Nascimento
CRC SP 227742/O-7

Eldorado Brasil Celulose S.A.

Financial statements at December 31, 2015, 2014, and 2013

Contents

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Independent auditor's report

To the Board of Directors and Board of Executive Officers of
Eldorado Brasil Celulose S.A.
São Paulo - SP

Introduction

We have audited the accompanying individual and consolidated financial statements of Eldorado Brasil Celulose S.A. ("Parent Company"), identified as Parent Company and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2015, the statements of profit or loss, comprehensive income (loss), changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these individual financial statements in accordance with accounting practices adopted in Brazil and these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements

In our opinion, the aforementioned individual and consolidated financial statements present fairly, in all material respects, the financial position of Eldorado Brasil Celulose S.A. as of December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB), and accounting practices adopted in Brazil.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added ("DVA") for the year ended December 31, 2015, prepared under the responsibility of the Company's management and whose presentation is required by the Brazilian Corporate Law for publicly-traded companies and considered as supplemental information under IFRS, which does not require the presentation of the DVA. These statements have been submitted to the same auditing procedures previously described and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

São Paulo, January 26, 2016.

KPMG Auditores Independentes
CRC 2SP014428/O-6

Orlando Octávio de Freitas Júnior
Accountant CRC 1SP178871/O-4

Eldorado Brasil Celulose S.A.

Statements of financial position at December 31, 2015, 2014, and 2013

(In thousands of Brazilian Reais - R$)

		Parent Company			Consolidated		
Assets	**Note**	**12/31/2015**	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Current assets							
Cash and cash equivalents	5.1	1,058,790	34,969	49,840	1,264,151	54,551	74,678
Trade receivables	6	1,128,532	687,756	570,025	704,486	465,291	510,874
Inventories	8	255,080	229,258	245,245	453,221	360,622	332,246
Taxes recoverable	9	369,717	294,878	114,252	371,640	296,536	114,310
Advances to suppliers	10	40,517	11,243	97,457	46,288	14,856	97,460
Derivatives financial instruments	28 b	89,871	28,134	56,520	89,871	28,134	56,520
Other current assets		19,587	10,770	44,409	20,553	11,509	46,035
Total current assets		2,962,094	1,297,008	1,177,748	2,950,210	1,231,499	1,232,123
Noncurrent assets							
Marketable securities	5.2	114,524	48,589	-	114,524	48,589	-
Taxes recoverable	9	578,158	360,631	265,378	580,827	360,631	265,378
Advances to suppliers	10	59,511	47,148	35,220	59,511	47,148	35,220
Deferred income tax and social contribution	18	522,260	522,830	270,879	522,260	522,830	270,879
Deposits, guarantees and other		2,746	2,201	3,955	2,936	2,363	4,094
Amounts due from related parties	7	-	26,191	50,320	-	26,191	41,009
Other noncurrent assets		14,909	14,909	-	14,909	14,909	-
		1,292,108	1,022,499	625,752	1,294,967	1,022,661	616,580
Biological assets	11	1,736,309	1,508,171	1,176,791	1,736,309	1,508,171	1,179,932
Investments	12	108,061	73,495	90,740	-	-	6,521
Property, plant and equipment	13	4,764,993	4,847,904	5,151,797	4,834,979	4,886,384	5,193,461
Intangible assets	14	7,279	6,093	3,216	39,290	39,167	46,101
Total noncurrent assets		7,908,750	7,458,162	7,048,296	7,905,545	7,456,383	7,042,595
Total assets		10,870,844	8,755,170	8,226,044	10,855,755	8,687,882	8,274,718

		Parent Company			Consolidated		
Liabilities and equity	**Note**	**12/31/2015**	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Current liabilities							
Trade payables	15	203,773	184,501	233,447	212,962	185,475	253,443
Loans and financing	16	2,286,481	1,744,957	1,458,549	2,286,481	1,744,957	1,458,549
Taxes payable, payroll and related taxes	17	81,288	89,161	53,535	83,143	89,741	54,313
Amounts due to related parties	7	45,153	31,379	29,007	45,153	31,379	29,007
Other current liabilities		15,132	22,088	25,129	48,417	30,501	46,660
Total current liabilities		2,631,827	2,072,086	1,799,667	2,676,156	2,082,053	1,841,972
Noncurrent liabilities							
Loans and financing	16	7,080,152	5,421,951	5,190,877	7,080,152	5,421,951	5,190,877
Borrowings - related parties	7	-	365,470	-	-	365,470	-
Provision for contingent liabilities	19	5,006	2,364	3,200	5,006	2,364	3,200
Provision for losses in subsidiaries	12	59,418	77,255	-	-	-	-
Other noncurrent liabilities		-	-	-	-	-	1,655
Total noncurrent liabilities		7,144,576	5,867,040	5,194,077	7,085,158	5,789,785	5,195,732
Equity	20						
Capital		1,788,792	1,788,792	1,567,635	1,788,792	1,788,792	1,567,635
Prepaid capital contributions		-	-	221,157	-	-	221,157
Translation reserve		(12,418)	(10,170)	(12,548)	(12,418)	(10,170)	(12,548)
Accumulated losses		(681,933)	(962,578)	(543,944)	(681,933)	(962,578)	(543,944)
Equity attributable to owners of the company		1,094,441	816,044	1,232,300	1,094,441	816,044	1,232,300
Non-controlling interest		-	-	-	-	-	4,714
Total equity		1,094,441	816,044	1,232,300	1,094,441	816,044	1,237,014
Total liabilities		9,776,403	7,939,126	6,993,744	9,761,314	7,871,838	7,037,704
Total liabilities and equity		10,870,844	8,755,170	8,226,044	10,855,755	8,687,882	8,274,718

The accompanying notes are an integral part of these financial statements.

Eldorado Brasil Celulose S.A.

Statements of proft or loss

Years ended December 31, 2015, 2014, and 2013

(In thousands of Brazilian Reais - R$)

	Note	Parent Company 12/31/2015	Parent Company 12/31/2014	Parent Company 12/31/2013	Consolidated 12/31/2015	Consolidated 12/31/2014	Consolidated 12/31/2013
Net revenue	21	2,948,392	2,099,695	1,489,137	3,236,594	2,199,222	1,570,417
Cost of sales	23	(1,512,132)	(1,474,026)	(1,103,316)	(1,520,820)	(1,443,076)	(1,045,202)
Gross profit		1,436,260	625,669	385,821	1,715,774	756,146	525,215
Operating (expenses) income							
General and administrative expenses	23	(63,231)	(83,752)	(79,988)	(92,020)	(96,692)	(88,826)
Selling and logistics expenses	23	(178,434)	(183,154)	(173,815)	(380,374)	(370,958)	(298,576)
Fair value of biological assets	11	16,473	12,293	149,665	16,473	12,293	149,665
Share of profits (losses) of subsidiaries	12	13,973	(93,265)	7,462	-	-	-
Other income, net	25	201,121	197,952	27,763	202,856	199,455	31,373
Profit before finance (costs) income and taxes		1,426,162	475,743	316,908	1,462,709	500,244	318,851
Finance (costs) income, net	24						
Finance costs		(3,262,477)	(1,241,513)	(1,084,320)	(3,348,041)	(1,264,708)	(1,086,952)
Finance income		2,117,530	95,185	6,233	2,166,559	95,189	6,233
Profit (loss) before provision for income tax and social contribution		281,215	(670,585)	(761,179)	281,227	(669,275)	(761,868)
Income tax and social contribution							
Current		-	-	-	(12)	(1,678)	-
Deferred	18	(570)	251,951	270,879	(570)	251,951	270,855
Profit (loss) for the year		280,645	(418,634)	(490,300)	280,645	(419,002)	(491,013)
Attributable to							
Owners of the Company					280,645	(418,634)	(490,300)
Noncontrolling interests					-	(368)	(713)
Basic earnings (loss) per share (in Reais)	20.5				0.18	(0.27)	(0.32)

The accompanying notes are an integral part of these financial statements.

Eldorado Brasil Celulose S.A.

Statements of comprehensive income (loss)

Years ended December 31, 2015, 2014, and 2013

(In thousands of Brazilian Reais - R$)

	Parent Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Profit (loss)	280,645	(418,634)	(490,300)	280,645	(419,002)	(491,013)
Items that are or may be reclassified subsequently to profit or loss						
Foreign operations - foreign currency translation differences	(2,248)	2,378	(12,548)	(2,248)	2,378	(12,548)
Total comprehensive income (loss)	278,397	(416,256)	(502,848)	278,397	(416,624)	(503,561)
Attributable to						
Owners of the Company				278,397	(416,256)	(502,848)
Noncontrolling interests				-	(368)	(713)

The accompanying notes are an integral part of these financial statements.

Eldorado Brasil Celulose S.A.

Statements of changes in equity

Years ended December 31, 2015, 2014, and 2013

(In thousands of Brazilian Reais - R$)

	Capital	Prepaid capital contribution	Accumulated losses	Translation Reserve	Attributable to owners of the Company	Noncontrolling interests	Total
Balance at December 31, 2012	1,567,635	221,157	(53,644)	-	1,735,148	-	1,735,148
Loss for the year	-	-	(490,300)	-	(490,300)	(713)	(491,013)
Exchange differences on investments	-	-	-	(12,548)	(12,548)	-	(12,548)
Effect of noncontrolling interests on consolidated entities (Note 12)	-	-	-	-	-	5,427	5,427
Balance at December 31, 2013	1,567,635	221,157	(543,944)	(12,548)	1,232,300	4,714	1,237,014
Loss for the year	-	-	(418,634)	-	(418,634)	(368)	(419,002)
Exchange differences on investments	-	-	-	2,378	2,378	-	2,378
Advance for future capital increase	221,157	(221,157)	-	-	-	-	-
Effect of noncontrolling interests on consolidated entities (Note 12)	-	-	-	-	-	(4,346)	(4,346)
Balance at December 31, 2014	1,788,792	-	(962,578)	(10,170)	816,044	-	816,044
Profit for the year	-	-	280,645	-	280,645	-	280,645
Exchange differences on investments	-	-	-	(2,248)	(2,248)	-	(2,248)
Balance at December 31, 2015	1,788,792	-	(681,933)	(12,418)	1,094,441	-	1,094,441

The accompanying notes are an integral part of these financial statements.

Eldorado Brasil Celulose S.A.

Statements of cash flows

Years ended December 31, 2015, 2014, and 2013

(In thousands of Brazilian Reais - R$)

	Parent Company			Consolidated		
	2015	**2014**	**2013**	**2015**	**2014**	**2013**
Cash flows from operating activities						
Profit (loss) for the year:	280,645	(418,634)	(490,300)	280,645	(419,002)	(491,013)
Adjustments to reconcile profit (loss) to cash generated by operating activities:						
Depreciation, depletion and amortization	287,972	275,387	173,775	290,827	277,021	174,399
Residual value of property, plant and equipment written off	33,951	294,681	185	34,361	331,013	185
Fair value of biological assets	(16,473)	(12,293)	(149,665)	(16,473)	(12,293)	(149,665)
Deferred income tax and social contribution	570	(251,951)	(270,879)	570	(251,951)	(270,879)
Financial charges - interest and exchange differences	3,106,129	1,107,005	969,131	3,106,129	1,107,005	969,131
Financial charges - interest - related party loan	18,429	128,490	-	18,429	128,490	-
Provision for contingent liabilities	2,642	(836)	1,190	2,642	(836)	1,190
Fair value of derivatives	(61,737)	28,386	(56,520)	(61,737)	28,386	(56,520)
Exchange differences on trade receivables	39,324	-	-	45,889	-	-
Effect of noncontrolling interests on consolidated entities	-	-		-	(4,346)	713
Share of profits (losses) of subsidiaries	(13,973)	93,265	(7,462)	-	-	-
	3,677,479	1,243,500	169,455	3,701,282	1,183,487	177,541
Decrease (increase) in assets						
Trade receivables	(480,100)	(117,731)	(562,496)	(285,084)	45,583	(506,147)
Inventories	(27,883)	17,150	(47,590)	(94,633)	(28,092)	(131,643)
Taxes recoverable	(292,366)	(275,879)	(95,456)	(295,300)	(277,479)	(95,514)
Advances to suppliers	(41,637)	74,286	(22,236)	(43,795)	70,676	(22,239)
Amounts due from related parties	26,191	24,129	(9,315)	26,191	14,818	(4)
Other current and noncurrent assets	(9,362)	20,484	20,218	(9,617)	21,348	18,776
Decrease (increase) in liabilities						
Trade payables	19,272	(48,946)	(108,572)	27,487	(67,968)	(88,701)
Amounts due to related parties	13,774	2,372	29,007	13,774	2,372	29,007
Taxes payable, payroll and related taxes	(7,873)	35,626	(10,704)	(6,598)	35,428	(9,960)
Other current and noncurrent liabilities	(6,956)	(3,041)	(28,056)	17,916	(17,814)	(5,244)
Carrying value adjustments and cumulative translation adjustments	-	2,378	(12,548)	(2,248)	2,378	(12,548)
Net cash generated by operating activities	2,870,539	974,328	(678,293)	3,049,375	984,737	(646,676)
Cash flows from investing activities						
Forest development cost	(268,867)	(384,586)	(477,820)	(268,867)	(380,599)	(477,820)
Additions to tangible and intangible assets	(180,935)	(204,716)	(374,114)	(214,670)	(229,654)	(374,728)
(Additions) to investments or Proceeds from disposals of investments	(40,678)	1,235	(6,366)	-	6,521	(14,447)
Acquisition of marketable securities	(65,935)	(48,589)	-	(65,935)	(48,589)	-
Net cash used in investing activities	(556,415)	(636,656)	(858,300)	(549,472)	(652,321)	(866,995)
Cash flows from financing activities						
Borrowings from financial institutions	2,694,977	1,463,488	3,156,538	2,694,977	1,463,488	3,156,538
Repayment of borrowings - principal	(2,149,453)	(1,589,457)	(896,023)	(2,149,453)	(1,589,457)	(896,023)
Repayment of borrowings - interest	(627,945)	(416,985)	(1,185,142)	(627,945)	(416,985)	(1,185,142)
Repayment of borrowings - exchange differences	(823,983)	(46,569)	(82,823)	(823,983)	(46,569)	(82,823)
Borrowing from related party	723,779	2,066,469	-	723,779	2,066,469	-
Repayment of borrowing to related party	(1,107,678)	(1,829,489)	-	(1,107,678)	(1,829,489)	-
Net cash used in financing activities	(1,290,303)	(352,543)	992,550	(1,290,303)	(352,543)	992,550
Net changes	1,023,821	(14,871)	(544,043)	1,209,600	(20,127)	(521,121)
Cash and cash equivalents at the beginning of the year	34,969	49,840	593,883	54,551	74,678	595,799
Cash and cash equivalents at the end of the year	1,058,790	34,969	49,840	1,264,151	54,551	74,678

The accompanying notes are an integral part of these financial statements.

Eldorado Brasil Celulose S.A.

Statements of value added

Years ended December 31, 2015, 2014, and 2013

(In thousands of Brazilian Reais - R$)

	Parent Company			Consolidated		
	2015	2014	2013	2015	2014	2013
Revenues						
Sales of merchandise, products and services	2,983,527	2,136,726	1,545,278	3,272,883	2,236,254	1,626,559
Other operating income (expenses), net	60,487	109,682	448,307	63,586	111,784	451,917
Transfers related to the construction of own assets	94,148	70,618	273,148	127,725	103,277	273,148
	3,138,162	2,317,026	2,266,733	3,464,194	2,451,315	2,351,624
Inputs purchased from third parties						
Cost of sales, materials, energy, outside services and other	(788,827)	(995,718)	(925,076)	(929,047)	(1,165,871)	(995,263)
Gross value added	2,349,335	1,321,308	1,341,657	2,535,147	1,285,444	1,356,361
Depreciation and amortization	(228,709)	(211,051)	(170,841)	(231,591)	(212,652)	(171,465)
Wealth created by the entity	2,120,626	1,110,257	1,170,816	2,303,556	1,072,792	1,184,896
Value added received as transfer						
Share of profits (losses) of subsidiaries	13,973	(93,265)	7,462	-	-	-
Finance income	51,175	12,541	10,769	51,246	12,545	24,348
Wealth for distribution	2,185,774	1,029,533	1,189,047	2,354,802	1,085,337	1,209,244
Wealth distribution						
Personnel						
Salaries and wages	606,233	380,514	348,216	614,451	383,760	351,201
Benefits	148,462	132,598	82,622	150,849	132,869	83,607
Severance Pay Fund (FGTS)	20,264	15,879	11,470	20,452	15,882	11,471
	774,959	528,991	442,308	785,752	532,511	446,279
Taxes, fees and contributions						
Federal	48,184	(207,703)	31,493	49,069	(206,025)	31,498
State	(192,249)	(117,557)	35,321	(192,247)	(117,557)	35,321
Municipal	-	1,139	46	283	1,140	49
	(144,065)	(324,121)	66,860	(142,895)	(322,442)	66,868
Lenders and lessors						
Interest	1,445,834	1,204,081	1,081,476	1,450,416	1,204,579	1,096,504
Rentals	77,655	78,635	79,620	78,670	79,416	80,081
Others	(249,254)	(39,419)	9,083	(97,786)	10,275	10,525
	1,274,235	1,243,297	1,170,179	1,431,300	1,294,270	1,187,110
Shareholders						
Profit (loss) for the year	280,645	(418,634)	(490,300)	280,645	(419,002)	(491,013)
Total wealth for distribution	2,185,774	1,029,533	1,189,047	2,354,802	1,085,337	1,209,244

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1 Reporting entity

Eldorado Brasil Celulose S.A. ("Eldorado" or "Parent Company"; together with its subsidiaries "Consolidated" or the "Company") is a publicly-held company incorporated under the laws of the Federal Republic of Brazil, with headquarters in São Paulo, State of São Paulo, Brazil. The Company is registered in the Brazilian Stock Exchange ("BM&FBOVESPA") since June 6, 2012.

The corporate purpose of the Company is the production of bleached short fiber eucalyptus pulp and the processing of biomass to generate power. The Company completed the construction of its plant in Três Lagoas, State of Mato Gross do Sul, Brazil, and started production in December, 2012.

2 Interest in subsidiaries

Subsidiaries

		Equity interest		
Subsidiaries (Note 12)	**Country**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Timber Holdings S.A.	-	-	-	100%
Cellulose Eldorado Austria Gmbh	Austria	100%	100%	100%
Rishis Empreendimentos e participações S.A.	Brazil	100%	100%	60%
Indirect subsidiary				
Eldorado USA Inc.	United States	100%	100%	100%

3 Presentation of the Financial Statements and Accounting Practices

a. Presentation of the Financial Statements

These financial statements include the individual and consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and accounting practices adopted in Brazil ("BR GAAP") issued by Accounting Pronouncements Committee (CPC).

The revision of Technical Pronouncement No. 07 (approved in December 2014) amended CPC 35, CPC 37 and CPC 18 and authorized the use of the equity method in separate financial statements under IFRS, eliminating the difference between BR GAAP and IFRS.

These individual and consolidated financial statements were approved by Board of Directors of the Company on January 26, 2016.

b. Basis of measurement

These individual and consolidated financial statements were prepared under the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

- derivative financial instruments are measured at fair value;

- non-derivative financial instruments at fair value through profit or loss; and
- biological assets measured at fair value less cost to sell.

c. Use of judgments and estimates

In preparing these individual and consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(i) Judgments

Information about judgments made in applying accounting policies that have the most significant effects in the individual and consolidated financial statements is included in the following note:

- **Note 29** -lease classification.

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation that have a significant risk of resulting in a material adjustment in the year ending December 31, 2015 is included in the following notes:

- **Note 8 -** provision for inventory losses;
- **Note 12 -** acquisition of subsidiary: fair value measured on provisional basis;
- **Note 18 -** recognition of deferred tax assets: availability of future taxable profits against which tax losses carried forward can be used; and
- **Note 19 -** recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of the outflows of resources.

d. Fair value measurement

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Further information about the assumptions made in measuring fair values is included in the following notes:

- **Note 11 -** biological assets; and
- **Note 28** -financial instruments.

e. Functional and presentation currency

These consolidated financial statements are presented in Brazilian Reais, which is the Company’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4 Summary of significant accounting policies

The Company has consistenly applied the accounting policies to all periods presented in these financial statements as set out below.

a. Basis of consolidation

(i) Subsidiaries

The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

b. Revenue

Revenue is recognized when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible returns of goods can be reliably, there is no continuing involvement with the goods, and the amount of revenue can measured reliably. Revenues is measured net of sales taxes, returns, trade discount, and rebates.

c. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognized in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Real at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Real at the exchange rates at the dates of the transaction.

The foreign currencies differences are recognized in other comprehensive income and accumulated in translation reserve.

d. Financial instruments

The Company initially recognizes loans and receivables issued on the date when they are originated. All other financial instruments are initially recognized on the trade date when the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial assets when the contractual rights to the cash flow from asset expire, or it transfers the rights to receive the contractual cash flow in a transaction in which substancially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substancially all of the risks and rewards of ownership and does not retain control over transferred asset.

The Company derecognizes a financial liability when its contractual obligation are discharged or cancelled, or expired.

Financial assets at fair value through profit or loss
A financial asset is classified as at fair value through profit or loss if it is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest, are recognized in profit or loss.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, banks deposits, and highly liquid short-term investments, with maturity of three moths or less from the date of their investment, ready convertible into a known amount of cash and subject to insignificant risk of change in value.

Loans and receivables
These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Non-derivative financial liabilities
Financial liabilities are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Impairment of financial assets
Financial assets not classified as fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

An impairment loss is calculated as the difference between asset’s carrying amount and the present value of the estimated future cash flow discounted at the asset’s original effective interest rate. Losses are recognized in profit or loss and reflected in allowance account. When the Company considers that there are no realistic prospect of recovery of the asset, the relevant amount is written off. If the amount of impairment loss subsequently decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Derivative financial instruments
The Company holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are initially measured at fair value; any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

Capital
Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity, net of taxes.

e. Inventories
Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The

cost of standing timber transferred from biological assets is measured at the cost determined at the date of harvest.

f. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Financial charges on borrowings that are directly attributable to the acquisition or construction of the assets are capitalized as part of the costs of these assets. Borrowing costs that are not directly related to the assets are capitalized based on an average funding rate on the balance of construction in progress. These costs are amortized over their estimated useful lives.

Depreciation

Depreciation is calculated based on the property, plant and equipment estimated residual values using the straight line method over their estimated useful life, and is generally recognized in profit or loss (except land and construction in progress).

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The annual depreciation rates are as follows:

Weighted annual depreciation rates

Buildings	4,73%
Facilities and improvements	8.70%
Furniture and fixtures	9.99%
Vehicles	23.42%
Technical and scientific instruments	14.87%
IT equipment	22.88%
Machinery and equipment	12.21%
Leasehold improvements	8.57%

g. Biological assets

Biological assets consists of eucalyptus forests from renewable plantations and intended for the production of pulp used to manufacture paper. Biological assets are measured at fair value less cost to sell, with any change therein recognized in profit or loss.

h. Land operating leases

Operating leases paid in advance are recognized as assets until the time of consumption at the date of harvest.

i. Intangible assets

(i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Goodwill is tested for impairment annually, or more frequently when there is indication that it may be impaired. If the recoverable amount is lower than the carrying amount, the impairment loss is recognized directly in profit or loss and is not reversed in subsequent periods.

On the disposal of a certain asset to which goodwill has been allocated, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(ii) Other intangible assets

Other intangible, including terminal concession and software, acquired by the Company and have finite useful live are measured at cost less accumulated amortization and any accumulated impairment losses.

(iii) Amortization

Amortization is calculated based on the intangible estimated residual values using the straight line method over their estimated useful life, and is generally recognized in profit or loss. The estimated useful lives are as follows:

Software	5 years
Terminal concession	14 years

j. Impairment

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, inventories and deferred taxes assets) to determine whether there is any indication of impairment. If such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an assets or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

k. Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers.

l. Provisions

Provision are recognized as liabilities when they are present obligations, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate can be made.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

m. Earnings per share

The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding. The Company does not have potentially dilutive instruments.

n. Income tax and social contribution

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

The current and deferred income tax and social contribution are calculated at the rate of 15% plus 10% surtax on taxable profit exceeding R$ 240 for corporate income tax (“IRPJ”), and 9% for social contribution (“CSLL”), considering offset of tax loss carryforwards, up to the limited of 30% of annual taxable income.

(i) Current income tax

Current tax comprises the expected tax payable or receivable on taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using the tax rates enacted or substantially enacted at the reporting date.

(ii) Deferred income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

- Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination, and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates, and joint ventures to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in foreseeable future; and
- Temporary differences resulting from the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The deferred tax is measured at the tax rates that are expected to be applied on temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

o. Employee benefits

(i) Defined contribution pension plan

The Company participates in pension plans, managed by third party a private pension entity, which provide post-employment benefits to employees, classified as defined contribution plans to which the Company pays fixed contributions and for which it has no legal liability to make additional contributions if the fund does not have sufficient assets to honor the benefits due to employees for services in the current and prior periods. Contributions represents net costs and are recorded in the Statement of profit or loss in the period in which they are due.

p. New standards and interpretations issued and not yet adopted

A number of new international standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2016; however, the Company has not early applied the following new or amended standards in the preparation of these consolidated financial statements:

(i) IFRS 9 - Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognitio*n* and Measurement. IFRS 9 includes a revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for the calculating impairment of financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Company is currently assessing the impacts of the adoption.

(ii) IFRS 15 Revenues from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual period on or after January 1, 2018, with early adoption permitted.

The Company is currently assessing the impacts of the adoption.

(iii) IFRS 16 - Leases

This accounting standard replaces the previous leases standard, IAS 17 Leases, and related interpretations and sets out the principle for the recognition, measurement, presentation and disclosure of leases for both parties to the contract, i.e., the customers ('lessees') and the suppliers ('lessor'). Lessees are required to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts, except for certain short-term leases and leases of low-value assets. For lessors, the accounting stay almost the same and continues to classify its leases as operation leases or finance leases, and to account for those two types of leases differently.

The Company is currently assessing the impacts of the adoption.

(iv) Agriculture: Bearer Plants (amendments to IAS 16 and IAS 41)

These amendments require a bearer plant, defined as a living plant, be accounted for as property, plant and equipment and included in the scope of IAS 16 Property, Plant and Equipment, instead of IAS 41 Agriculture. The amendments are effective for annual reporting periods beginning on or after January 1, 2016, with early adoption permitted.

The Company is currently assessing the impacts of the adoption.

The following new standards or amended standards are not expected to have a significant impact on the Company's consolidated financial statements.

- IFRS 14 - Regulatory Deferral Accounts;
- Accounting for Acquisitions of Interests in Joint Operations (amendments to IFRS 11);
- Clarification of Acceptable Methods of Depreciation and Amortization (amendments to IAS 16 and IAS 38);
- Equity Method in Separate Financial Statements (Amendments to IAS 27);
- Sale or contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);
- Annual Improvements to IFRSs 2012-2014 Cycle - various standards;
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28); and
- Disclosure Initiative (Amendments to IAS 1).

The CPC has not yet issued any accounting pronouncements or amendments to existing pronouncements equivalent to these standards applicable for individual financial statements. Early adoption is not permitted.

5 Cash and cash equivalents and marketable securities

5.1 Cash and cash equivalents

	Parent Company			Consolidated		
	12/31/2015	12/31/2014	12/31/2013	12/31/2015	12/31/2014	12/31/2013
Cash on hands	5	4	2	7	6	3
Banks deposits	104,292	26,662	5,303	309,651	46,135	30,037
Banks - short-term investments (a)	954,493	8,303	44,535	954,493	8,410	44,638
	1,058,790	34,969	49,840	1,264,151	54,551	74,678

(a) These are financial investments in daily liquidity Bank Deposit Certificate ("CDB-type") of a top tier financial institution with yield close to the Interbank Deposit Certificate (CDI) interbank rate. As of December 31, 2015, the average return was 0.98% per month (0.85% per month in 2014, and 0.52% per month in 2013), totaling R$40,379 in the year (R$12,545 in 2014, and R$6,232 in 2013).

5.2 Marketable securities

	Parent Company			Consolidated		
	12/31/2015	12/31/2014	12/31/2013	12/31/2015	12/31/2014	12/31/2013
Fundo Caixa FI (a)	53,961	48,589	-	53,961	48,589	-
CDB CEF (b)	60,563	-	-	60,563	-	-
	114,524	48,589	-	114,524	48,589	-

(a) Fixed-income investment with Caixa Econômica Federal, with gross yield of 87.10% of the CDI. These funds are pledged as debentures guarantees according to Note 16.3.

(b) Investment in CDB with Caixa Econômica Federal.

6 Trade receivables

	Parent Company			Consolidated		
	12/31/2015	12/31/2014	12/31/2013	12/31/2015	12/31/2014	12/31/2013
Domestic customers	116,465	90,381	66,658	116,466	90,381	66,658
Foreign customers	22,808	10,422	3,804	587,035	370,395	444,216
Related parties (Note 7)	989,259	586,953	499,563	985	4,515	-
	1,128,532	687,756	570,025	704,486	465,291	510,874

The aging list of trade receivables is as follows:

	Parent Company			Consolidated		
	12/31/2015	12/31/2014	12/31/2013	12/31/2015	12/31/2014	12/31/2013
Current	954,837	453,603	456,914	617,010	415,258	436,724
1 to 30 days past due	162,940	19,595	16,858	35,388	43,610	73,666
31 to 60 days past due	6,189	50,784	13,822	28,586	485	94
61 to 90 days past due	1,874	43,274	43,818	16,152	608	89
Over 90 days past due	2,692	120,500	38,613	7,350	5,330	301
	1,128,532	687,756	570,025	704,486	465,291	510,874

The Company has no historical of payments default from customers, and all receivables are guarantee by insurance, and letters of credit. Therefore, no allowance for doubtful accounts were recognized for all years presented.

7 Related parties

The summary of balances and transactions with related parties are as follows:

		Parent Company			Consolidated		
Assets	**Type**	**12/31/2015**	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Current assets							
Cellulose Eldorado Áustria GmbH (Note 6)	Pulp sales	866,797	508,701	461,666	-	-	-
Eldorado EUA (Note 6)	Pulp sales	121,477	73,737	37,897	-	-	-
JBS (Note 6)	Sale of woods chips	985	4,515	-	985	4,515	-
		989,259	586,953	499,563	985	4,515	-
Noncurrent assets							
J&F Investimentos	Sales of properties (ii)	-	26,191	41,009	-	26,191	41,009
Rishis Empreendimento e Participações	Advance payments (i)			9,311			-
		-	26,191	50,320	-	26,191	41,009

		Parent Company			Consolidated		
Liabilities	**Type**	**12/31/2015**	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Current liabilities							
JBS (Note 15)	Freight (iii)	13,171	17,015	9,229	13,171	17,015	9,229
J&F Investimentos	Surety (iv)	45,153	31,379	29,007	45,153	31,379	29,007
Rishis Empreend. e Particip. (Note 15)	Service provision	246	-	-	-	-	-
		58,570	48,394	38,236	58,324	48,394	38,236
Noncurrent liabilities							
J&F Investimentos	Working capital facility (v)	-	365,470	-	-	365,470	-
		-	365,470	-	-	365,470	-

		Parent Company			Consolidated		
	Type	**12/31/2015**	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Profit or loss							
Celulose Eldorado Áustria GmbH	Pulp sales	2,109,964	1,444,174	1,182,583	-	-	-
Eldorado EUA Inc.	Pulp sales	291,668	231,485	95,745	-	-	-
JBS	Sale of woods chips	35,814	-	-	35,814	-	-
Total revenue (Note 21)		2,437,446	1,675,659	1,278,328	35,814	-	-
J&F Investimentos (Note 24)	Surety (iv)	(80,804)	(59,018)	(54,334)	(80,804)	(59,018)	(54,334)
J&F Investimentos (Note 24)	Sale of properties (ii)	(18,429)	(128,490)	-	(18,429)	(128,490)	-
JBS	Freight (iii)	(41,256)	-	-	(41,256)	-	-
Rishis Empreendimentos e Participações	Service provision	(9,422)	-	-	-	-	-
		2,287,535	1,488,151	1,223,994	(104,675)	(187,508)	(54,334)

(i) Advance to Rishis in order to obtain the port concession which the acquisition occurred in 2014.

(ii) Sale of rural properties called “Florágua Farms”, which bears market interest of 8.5% p.a., settled in March 2015.

(iii) Refer to amounts payable on freight related to wood purchases.

(iv) Letter of guarantee provided by the holding company J&F Investimentos S.A. to guarantee the Company's financing transactions with financial institutions.

(v) In December 2015 and 2014 there was a working capital facility with the parent company J&F Investimentos S.A. with interest rate equivalent to CDI + 3% p.a..

7.1 Management compensation

The total remuneration and benefits paid to management´s key personnel include the directors and officers, members of the executive committee, are as follows:

	12/31/2015	12/31/2014	12/31/2013
Short-term employee benefits (a)	16,385	16,544	7,641

(a) Benefits include fixed compensation (salaries, vacation, and 13th moth salary), social security contribution to the National Institute of Social Security (“INSS’), to the Government Severance Indemnity Fund for Employees (FGTS), bonuses, and others.

All officers are hired under employment contracts pursuant to the provisions of the Brazilian Labor Code (CLT) that comply with all statutory compensation and benefit requirements.

8 Inventories

	Parent Company			Consolidated		
	12/31/2015	12/31/2014	12/31/2013	12/31/2015	12/31/2014	12/31/2013
Seedlings	1,657	1,661	2,198	1,657	1,661	2,198
Raw materials (wood for production)	101,613	95,248	102,204	101,612	95,248	102,204
Pulp	41,689	39,086	82,008	239,725	170,450	169,009
Supplies	16,871	25,782	14,601	16,871	25,782	14,601
Storeroom supplies	93,250	67,481	44,234	93,356	67,481	44,234
	255,080	229,258	245,245	453,221	360,622	332,246

During the period the amount of R$57,202 (R$65,499 in 2014, and R$62,575 in 2013) was added to the raw material inventory, due to the harvest of the biological asset and its consequent transfer to inventories, as shown in note 11.

The rollforward of the provision for obsolescence of inventory is presented below:

December 31, 2013	-
Additions	(3,921)
Write-offs	-
December 31, 2014	(3,921)
Additions	-
Write-offs	3,921
December 31, 2015	-

9 Taxes recoverable

	Parent Company			Consolidated		
	12/31/2015	12/31/2014	12/31/2013	12/31/2015	12/31/2014	12/31/2013
State VAT (ICMS) (i)	590,604	331,856	87,490	590,699	331,866	87,490
Taxes on revenue (PIS and COFINS) (ii)	299,858	302,215	287,990	301,624	303,806	287,990
Federal VAT (IPI)	2,831	1,905	818	2,831	1,905	818
Service tax (ISS)	155	254	39	155	254	39
Social Security Contribution (INSS)	545	-	-	545	-	-
REINTEGRA (iii)	41,429	13,756	-	41,430	13,756	-
Withholding income tax (IRRF) (iv)	12,453	5,523	3,293	15,183	5,580	3,351
	947,875	655,509	379,630	952,467	657,167	379,688
Breakdown						
Current assets	369,717	294,878	114,252	371,640	296,536	114,310
Noncurrent assets	578,158	360,631	265,378	580,827	360,631	265,378
	947,875	655,509	379,630	952,467	657,167	379,688

(i) ICMS

The Company has an ICMS balance accumulated over the last years basically derived from credits on the purchase of inputs used in the production process, assets classified as property, plant and equipment for implementation of its plant in Três Lagoas, Mato Grosso do Sul.

The Company has prioritized a series of actions intended to maximize the utilization of these credits and currently does not expect any losses on their realization. Management actions include the expected realization of these credits by increasing pulp sales in the domestic market, and the Company was granted by the Government of Mato Grosso do Sul the right to use the ICMS credit to pay suppliers contracted to expand the production capacity.

(ii) PIS and COFINS

Refers basically to noncumulative PIS and COFINS credits on the purchase of property, plant and equipment items, related to the completion of its plant that was placed into service at the end of 2012. This amount refers to credits on equipment purchases and provision of services, which are realizable through offset against debts of these taxes levied on sales in the domestic market and income tax and social contribution payable, and applications for refund to the Federal Revenue, which was filed in the second half of 2014.

(iii) REINTEGRA

In October 2014, the Company adopted Decree 7,633, of December 1, 2011, which regulated the REINTEGRA.

Reintegra establishes the possibility of the producer legal entity, which carries out export of manufactured goods in the country, determining a value for purposes of partial or full refund of the residual tax amount existing in its production chain. The Reintegra regulation establishes that the amount will be calculated by applying the percentage in effect at the time of the transaction to the revenue from export of goods produced by the legal entity.

(iv) IRRF

Refers to the income tax withheld on short-term investments, realizable through offset against income tax and social contribution payable.

10 Advances to suppliers

	Parent Company			Consolidated		
	12/31/2015	12/31/2014	12/31/2013	12/31/2015	12/31/2014	12/31/2013
Purchase of wood (i)	68,746	47,148	70,490	68,746	47,148	70,490
Others	31,282	11,243	62,187	37,053	14,856	62,190
	100,028	58,391	132,677	105,799	62,004	132,680
Breakdown						
Current assets	40,517	11,243	97,457	46,288	14,856	97,460
Noncurrent assets	59,511	47,148	35,220	59,511	47,148	35,220
	100,028	58,391	132,677	105,799	62,004	132,680

(i) Refer to advances made to wood suppliers, under purchase for future delivery contracts, which will be settled upon the physical delivery of the wood. Company specialists value and monitor forest development to mitigate risks associated to the compliance of each contract.

11 Biological assets

The Company's biological assets are represented by eucalyptus forests under development, intended for the supply of wood to produce pulp, in areas located in the State of Mato Grosso do Sul.

The opening and closing balances are broken down as follows:

	Parent Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
At the beginning of the year	1,508,171	1,176,791	611,881	1,508,171	1,179,932	615,022
Change in the fair value	16,473	12,293	149,665	16,473	12,293	149,665
Tree felling for inventory	(57,202)	(65,499)	(62,575)	(57,202)	(68,640)	(62,575)
Forest development cost	268,867	384,586	477,820	268,867	384,586	477,820
	1,736,309	1,508,171	1,176,791	1,736,309	1,508,171	1,179,932

Currently the Company holds a production area of 203,426 ha (193,911 ha in 2014 and 154,815 ha in 2013), not including other areas such as the permanent preservation and legal reserve areas, in compliance with prevailing environmental laws.

Assumptions for the recognition of biological assets at fair value

In accordance with the hierarchy set out in CPC 46 (equivalent to IFRS 13), "Measurements at fair value", the calculation of biological assets is classified at Level 3 due to its complexity and calculation structure.

In determining the fair value of biological assets, the discounted cash flow model ("DFC") was used, with projections based on productivity and area of plantation (trees) for harvest cycle of approximately six to eight years.

The volume of production of trees to be harvested was estimated considering the average productivity in cubic meters of wood from each plantation per hectare on the time of harvest. This growth is represented by the Average Annual Increase (IMA) expressed in cubic meters per hectare/year.

The crop handling costs include expenditures with the fertilization, weed control, control of ants and other pests, maintenance of roads and firebreaks, and other services required for the maintenance of the planted forests.

The Company decided to assess its biological assets on a quarterly basis and perform the revaluation on an annual basis because it understands that this procedure is sufficient to show the evolution of the fair value of the forests.

Main inputs considered in estimating the fair value of biological assets were:

	2015	**2014**	**2013**
Actual planted area (Hectare)	203,426	193,911	154,815
Average annual growth (IMA) - m^3/hectare	37.57	39.11	41.00
Discount Rate (WACC without Consumer Price Index) - %	4.5	4.5	4.5

12 Investments

Parent Company	Parent Company 12/31/2015	Parent Company 12/31/2014	Parent Company 12/31/2013	Consolidated 12/31/2015	Consolidated 12/31/2014	Consolidated 12/31/2014
Assets						
Cellulose Eldorado Austria Gmbh (i)	-	-	11,082	-	-	-
Rishis Empreendimentos e Participações S.A. (ii)	77,843	10,788	7,071	-	-	-
Timber Holding S.A. (iii)	-	-	39,371	-	-	-
Goodwill on investment in subsidiaries:						
Rishis Empreendimentos e Participações S.A. (ii)	17,001	17,001	17,001			
Timber Holding S.A. (iii)	-	-	9,694			
Prepaid capital contributions (a)	13,217	45,706	6,521	-	-	6,521
	108,061	73,495	90,740	-	-	6,521
Liabilities						
Cellulose Eldorado Austria Gmbh (i)	(59,418)	(77,255)	-	-	-	-
	(59,418)	(72,255)	-	-	-	-

(a) Company paid for Rishis' shares before they were issued with no right to receive cash or other financial assets in this interim period.

Significant information on subsidiaries as at December 31, 2015

Investments in subsidiaries

	Year	Equity interest	Net assets	Unrealized profit on inventories	Company's share of net assets	Profit or loss	Company's share of profits/losses	Cumulative translation adjustments
Timber Holding S.A.	December 31, 2013	100%	39,371	-	39,371	-	-	-
Cellulose Eldorado Austria Gmbh	December 31, 2013	100%	28,734	(17,652)	11,082	26,185	8,533	(12,548)
Rishis Empreendimentos e Participações S.A.	December 31, 2013	60%	11,785	-	7,071	(1,784)	(1,071)	-
Balance at December 31, 2013			79,890	(17,652)	57,524	24,401	7,462	(12,548)
Cellulose Eldorado Austria Gmbh	December 31, 2014	100%	(33,437)	(43,818)	(77,255)	(64,565)	(90,674)	2,378
Rishis Empreendimentos e Participações S.A.	December 31, 2014	100%	10,788	-	10,788	(2,959)	(2,591)	-
Balance at December 31, 2014			(22,649)	(43,818)	(66,467)	(67,524)	(93,265)	2,378
Cellulose Eldorado Austria Gmbh	December 31, 2015	100%	100,477	(159,895)	(59,418)	126,637	20,085	(2,248)
Rishis Empreendimentos e Participações S.A.	December 31, 2015	100%	77,843	-	77,843	(6,112)	(6,112)	-
Balance at December 31, 2015			178,320	(159,895)	18,425	120,525	13,973	(2,248)

Subsidiaries

(i) Cellulose Eldorado Austria Gmbh

In December 2012, two units strategically located abroad, called Eldorado USA Inc. (United States) and Cellulose Eldorado Austria GmbH (Austria), were opened in order to meet the demand of the sales contracts entered into abroad and the prospecting of new sales abroad. Additionally, in 2013 a commercial office was opened in China (Shanghai), continuing the expansion of the Company's presence in the foreign market.

(ii) Rishis Empreendimentos e participações S.A.

Rishis is a company engaged in, but not limited to, the operation of bonded warehouses and terminals, and the provision of port operator services, and is the lessee of external warehouses located on the right bank of the Santos Port, totaling an area of approximately 12,000 m².

On August 12, 2011, the Company acquired and exercised the warrants that entitled the Company to subscribe to 517,647 common shares, equivalent to 46.32% of Rishis voting capital, at an issue premium of R$9,000 and fixed exercise price of R$13,500. These warrants were paid in 36 installments.

On October 8, 2013, the Company acquired Rishis control through increase of its equity interest from 46.32% to 60%.

On August 11, 2014, the Company acquired an additional 40% interest, through payment in kind, increasing its stake from 60% to 100%.

On June 30, 2015, the Company started its operation in the Port of Santos.
With this transaction, the Company’s management seeks to increase the logistics operational efficiency, adding competitiveness to pulp exports.

(iii) Timber Holdings S.A.

Timber Holdings S.A. owns land and eucalyptus forests and was acquired for the purpose of forming the forest basis necessary to supply wood to the Company’s pulp plant.

Goodwill is attributed to the expected future earnings, primarily based on, but not limited to, the productivity forecasts of the acquired areas in excess of the areas owned by the Company and the decrease in wood freight costs related to the distance between the acquired areas and the Eldorado plant.

On November 18th 2014, the Extraordinary General Meeting approved the incorporation of the book value of the subsidiary Timber Holdings S.A.

The total net assets of Timber on the date of incorporation amounted to R$45,678, it basically represents forest assets (lands and forests) in the amount of R$45,605 or 99.84% of the total net assets.

The objective of this reorganization was alignment of the Company's structure with its business strategy, as well as operational unification of forest control.

13 Property, plant and equipment

	Parent Company 2015			
	Weighted annual depreciation and amortization rates	Cost	Accumulated depreciation	Net 12/31/2015
Land	-	101,701	-	101,701
Buildings	4.73%	1,059,722	(94,779)	964,943
Leasehold improvements	10%	14,746	(3,035)	11,711
Facilities and improvements	8.40%	234,651	(27,779)	206,872
Furniture and fixtures	9.77%	7,050	(1,623)	5,427
Vehicles	23.40%	133,829	(42,813)	91,016
Technical and scientific instruments	14.76%	4,890	(2,191)	2,699
IT equipment	22.74%	60,039	(32,586)	27,453
Machinery and equipment	12.22%	3,663,062	(438,291)	3,224,771
Construction in progress and advances for capital expenditures		128,400	-	128,400
		5,408,090	(643,097)	4,764,993

	Parent Company 2014			
	Weighted annual depreciation and amortization rates	Cost	Accumulated depreciation	Net 12/31/2014
Land	-	101,701	-	101,701
Buildings	2.86%	1,089,882	(64,740)	1,025,142
Leasehold improvements	10%	14,746	(1,561)	13,185
Facilities and improvements	2.81%	213,170	(17,482)	195,688
Furniture and fixtures	1.35%	6,258	(1,042)	5,216
Vehicles	13.73%	107,932	(22,068)	85,864
Technical and scientific instruments	13.12%	4,119	(1,692)	2,427
IT equipment	18.57%	52,561	(21,484)	31,077
Machinery and equipment	3.79%	3,613,023	(290,000)	3,323,023
Construction in progress and advances for capital expenditures		64,581	-	64,581
		5,267,973	(420,069)	4,847,904

	Parent Company 2013			
	Weighted annual depreciation and amortization rates	Cost	Accumulated depreciation	Net 12/31/2013
Land	-	341,425	-	341,425
Buildings	2.86%	1,078,908	(34,902)	1,044,006
Leasehold improvements	10%	6,337	(211)	6,126
Facilities and improvements	2.81%	213,150	(7,258)	205,892
Furniture and fixtures	1.35%	5,075	(567)	4,508
Vehicles	13.73%	47,095	(10,839)	36,256
Technical and scientific instruments	13.12%	3,990	(1,234)	2,756
IT equipment	18.57%	52,418	(10,545)	41,873
Machinery and equipment	3.79%	3,544,566	(147,490)	3,397,076
Construction in progress and advances for capital expenditures	-	71,879	-	71,879
		5,364,843	(213,046)	5,151,797

	Consolidated 2015			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 12/31/2015**
Land	-	101,701	-	101,701
Buildings	4.73%	1,059,722	(94,779)	964,943
Leasehold improvements	8.57%	70,030	(4,023)	66,007
Facilities and improvements	8.70%	239,817	(27,788)	212,029
Furniture and fixtures	9.99%	7,405	(1,651)	5,754
Vehicles	23.42%	133,965	(42,868)	91,097
Technical and scientific instruments	14.87%	4,891	(2,192)	2,699
IT equipment	22.88%	61,085	(32,932)	28,153
Machinery and equipment	12.21%	3,671,687	(438,363)	3,233,324
Construction in progress and advances for capital expenditures		129,272	-	129,272
		5,479,575	(644,596)	4,834,979

	Consolidated 2014			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 12/31/2014**
Land	-	101,701	-	101,701
Buildings	2.86%	1,089,882	(64,740)	1,025,142
Leasehold improvements	10%	14,746	(1,561)	13,185
Facilities and improvements	2.81%	218,314	(17,486)	200,828
Furniture and fixtures	1.35%	6,298	(1,047)	5,251
Vehicles	13.73%	107,932	(22,068)	85,864
Technical and scientific instruments	13.12%	4,119	(1,692)	2,427
IT equipment	18.57%	53,197	(21,619)	31,578
Machinery and equipment	3.79%	3,613,065	(290,007)	3,323,058
Construction in progress and advances for capital expenditures		97,350	-	97,350
		5,306,604	(420,220)	4,886,384

	Consolidated 2013			
	Weighted annual depreciation and amortization rates	**Cost**	**Accumulated depreciation**	**Net 12/31/2013**
Land	-	377,698	-	377,698
Buildings	2.86%	1,078,908	(34,902)	1,044,006
Leasehold improvements	10%	11,335	(676)	10,659
Facilities and improvements	2.81%	213,170	(7,259)	205,911
Furniture and fixtures	1.35%	5,137	(571)	4,566
Vehicles	13.73%	47,095	(10,839)	36,256
Technical and scientific instruments	13.12%	3,990	(1,234)	2,756
IT equipment	18.57%	52,828	(10,570)	42,258
Machinery and equipment	3.79%	3,544,576	(147,491)	3,397,085
Construction in progress and advances for capital expenditures	-	72,266	-	72,266
		5,407,003	(213,542)	5,193,461

Changes in property, plant and equipment

Parent company

Changes	Balance at 12/31/2014	Additions	Disposals	Transfers	Depreciation	Balance at 12/31/2015
Land	101,701	-	-	-	-	101,701
Buildings	1,025,142	21,222	(23,172)	(28,202)	(30,047)	964,943
Leasehold improvements	13,185	-	-	-	(1,474)	11,711
Facilities and improvements	195,688	449	-	21,032	(10,297)	206,872
Furniture and fixtures	5,216	570	-	222	(581)	5,427
Vehicles	85,864	30,974	(3,342)	268	(22,748)	91,016
Technical and scientific instruments	2,427	647	-	75	(450)	2,699
IT equipment	31,077	3,831	(110)	3,757	(11,102)	27,453
Machinery and equipment	3,323,023	27,472	(7,327)	31,526	(149,923)	3,224,771
Construction in progress and advances for capital expenditures	64,581	94,148	-	(30,329)	-	128,400
	4,847,904	179,313	(33,951)	(1,651)	(226,622)	4,764,993

Changes	Balance at 12/31/2013	Additions	Disposals	Transfers	Depreciation	Balance at 12/31/2014
Land	341,425	47,714	(287,743)	305	-	101,701
Buildings	1,044,006	-	-	10,974	(29,838)	1,025,142
Leasehold improvements	6,126	7,800	-	609	(1,350)	13,185
Facilities and improvements	205,892	-	-	20	(10,224)	195,688
Furniture and fixtures	4,508	1,142	-	41	(475)	5,216
Vehicles	36,256	56,646	(156)	4,625	(11,507)	85,864
Technical and scientific instruments	2,756	129	-	-	(458)	2,427
IT equipment	41,873	1,824	(1,779)	98	(10,939)	31,077
Machinery and equipment	3,397,076	23,717	(5,003)	51,861	(144,628)	3,323,023
Construction in progress and advances for capital expenditures	71,879	64,101	-	(71,399)	-	64,581
	5,151,797	203,073	(294,681)	(2,866)	(209,419)	4,847,904

Consolidated

Changes	Balance at 12/31/2014	Additions	Disposals	Transfers	Depreciation	Balance at 12/31/2015
Land	101,701	-	-	-	-	101,701
Buildings	1,025,142	21,222	(23,172)	(28,202)	(30,047)	964,943
Leasehold improvements	13,185	-	-	55,283	(2,461)	66,007
Facilities and improvements	200,828	463	-	21,041	(10,303)	212,029
Furniture and fixtures	5,251	616	-	491	(604)	5,754
Vehicles	85,864	30,974	(3,752)	813	(22,802)	91,097
Technical and scientific instruments	2,427	647	-	75	(450)	2,699
IT equipment	31,578	3,906	(110)	4,091	(11,312)	28,153
Machinery and equipment	3,323,058	27,495	(7,327)	40,086	(149,988)	3,233,324
Construction in progress and advances for capital expenditures	97,350	127,725	-	(95,803)	-	129,272
	4,886,384	213,048	(34,361)	(2,125)	(227,967)	4,834,979

Changes	Balance at 12/31/2013	Additions	Disposals	Transfers	Depreciation	Balance at 12/31/2014
Land	377,698	37,503	(324,016)	10,516	-	101,701
Buildings	1,044,006	-	-	10,974	(29,838)	1,025,142
Leasehold improvements	10,659	7,800	-	(3,924)	(1,350)	13,185
Facilities and improvements	205,911	584	-	4,549	(10,216)	200,828
Furniture and fixtures	4,566	1,157	-	12	(484)	5,251
Vehicles	36,256	56,646	(156)	4,625	(11,507)	85,864
Technical and scientific instruments	2,756	129	-	-	(458)	2,427
IT equipment	42,258	1,828	(1,780)	298	(11,026)	31,578
Machinery and equipment	3,397,085	23,717	(5,003)	51,891	(144,632)	3,323,058
Construction in progress and advances for capital expenditures	72,266	96,765	(58)	(71,623)	-	97,350
	5,193,461	226,129	(331,013)	7,318	(209,511)	4,886,384

Construction in progress and advances for capital expenditures

The outstanding amounts related to construction in progress and advances for capital expenditures as at December 31, 2015 refer to structural improvements in the pulp plant and surrounding areas and expenditures on basic engineering and equipment to be used in the construction of Projeto Vanguarda 2.0, new production line with capacity of more than 2.3 million tons of pulp. Company assets are pledged as collateral for borrowings up to the maximum limit of each of the debts assumed (Note 16).

14 Intangible assets

	Parent Company 2015			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2015**
Software	23.59%	12,691	(5,412)	7,279

	Parent Company 2014			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2014**
Software	15.00%	9,417	(3,324)	6,093

	Parent Company 2013			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2013**
Software	15.00%	4,908	(1,692)	3,216

	Consolidated 2015			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2015**
Goodwill	-	17,001	-	17,001
Software	23.20%	13,319	(5,481)	7,838
Terminal concession	7.14%	20,988	(6,537)	14,451
		51,308	(12,018)	39,290

	Consolidated 2014			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2014**
Goodwill	-	17,001	-	17,001
Software	15.00%	9,571	(3,355)	6,216
Terminal concession	7.14%	20,988	(5,038)	15,950
		47,560	(8,393)	39,167

	Consolidated 2013			
	Weighted annual amortization rates	**Cost**	**Accumulated amortization**	**Net 12/31/2014**
Goodwill	-	26,695	-	26,695
Software	15.00%	5,049	(1,702)	3,347
Terminal concession	7.14%	20,988	(4,929)	16,059
		52,732	(6,631)	46,101

Changes in intangible assets

	12/31/2014	**Additions**	**Transfers**	**Disposal**	**Amortization**	**12/31/2015**
Parent Company						
Software	6,093	1,622	1,651	-	(2,087)	7,279
Consolidated						
Goodwill	17,001	-	-	-	-	17,001
Software	6,216	1,622	2,125	-	(2,125)	7,838
Terminal concession	15,950	-	-	-	(1,499)	14,451
	39,167	1,622	2,125	-	(3,624)	39,290

	12/31/2013	**Additions**	**Transfers**	**Disposal**	**Amortization**	**12/31/2014**
Parent Company						
Software	3,216	1,643	2,866	-	(1,632)	6,093
Consolidated						
Goodwill (a)	26,695	-	-	(9,694)	-	17,001
Software	3,347	1,618	2,893	-	(1,642)	6,216
Terminal concession	16,059	1,390	-	-	(1,499)	15,950
	46,101	3,008	2,893	(9,694)	(3,141)	39,167

(a) The amount of R$9,694 refers to the goodwill disposal based on the Timbers incorporation (Note 12.iii). The remaining amount of R$17,001 refers to Rishis goodwill (Note 12.ii).

Property, plant and equipment and intangibles (except goodwill) impairment test

At December 31, 2015, the Company assessed whether there was any indication that its long lived assets may be impared, and concluded that there is no indication of impairment.

15 Trade payables

	Parent Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Material and services	39,425	43,228	126,590	46,998	30,179	128,578
Related parties (Note 7)	13,417	17,015	9,229	13,171	17,015	9,229
Inputs Supplies	106,373	106,887	88,403	106,373	111,161	106,254
Others	44,558	17,371	9,225	46,420	27,120	9,382
	203,773	184,501	233,447	212,962	185,475	253,443

16 Loans and financing

Description	Average annual interest rate and commissions	Parent Company and Consolidated		
		12/31/2015	12/31/2014	12/31/2013
Property, plant and equipment purchase financing				
FINAME - project finance	Average interest of 3% to 8% p.a.	83,545	93,627	36,779
ACC (advance on exchange contract) (i)	Forex + interest	1,257,038	1,157,659	876,645
BNDES - subloan A (ii)	TJLP + interest of 3.32% p.a.	448,209	514,926	511,854
BNDES - subloan B (ii)	Floating rate BNDES + interest of 3.32% p.a.	1,229,368	960,388	842,310
BNDES - subloans C, H and L (ii)	Floating rate BNDES + interest of 4.52% p.a.	1,402,647	1,098,702	965,991
BNDES - subloan G (ii)	TJLP + interest of 2.92% p.a.	118,249	137,031	137,191
BNDES - subloan K (ii)	TJLP	16,587	12,748	5,019
BNDES - subloan D (ii)	TJLP + interest of 1.8% p.a.	124,578	144,364	144,537
BNDES - subloan E (ii)	Floating rate BNDES + interest of 1.8% p.a.	569,746	445,210	389,196
BNDES - subloans F and J (ii)	Floating rate BNDES + interest of 3% p.a.	317,820	248,849	219,497
BNDES - subloan I (ii)	TJLP + interest of 1.4% p.a.	31,993	37,075	37,119
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	1,415,564	1,062,017	911,051
Debentures (first issue) (iv)	110% of CDI	-	4,536	10,156
Debentures (second issue) (v)	IPCA + interest of 7.41% p.a.	1,146,333	1,047,365	992,607
FCO (Center-West Financing Fund) (vi)	Interest of 8.5% to 9% p.a.	23,560	49,960	64,861
Working capital (viii)	Rate of 5.74% p.a.in US dollars	50,290	41,415	452,779
NCE and CCE (vii)	CDI+spread of 123% to 128% of CDI	1,127,823	111,036	51,829
Leasing	Fixed rate - 4.86% to 13.00% p.a. in R$	3,283	-	5
		9,366,633	7,166,908	6,649,426

Breakdown

Current liabilities	2,286,481	1,744,957	1,458,549
Noncurrent liabilities	7,080,152	5,421,951	5,190,877
	9,366,633	7,166,908	6,649,426

	12/31/2015
Noncurrent liabilities mature as follows:	
2017	1,469,551
2018	1,216,522
2019	1,064,379
2020	895,377
After 2021	2,434,323
	7,080,152

16.1 Changes in borrowings

Parent Company and Consolidated	**12/31/2015**
December 31, 2013	6,649,426
Interest - accrued	473,230
Exchange differences - accrued	633,775
New borrowings	1,463,488
Repayments:	
Principal	(1,589,457)
Interest	(416,985)
Exchange differences	(46,569)
December 31, 2014	7,166,908
Interest - accrued	708,690
Exchange differences - accrued	2,397,439
New borrowings	2,694,977
Repayments:	
Principal	(2,149,453)
Interest	(627,945)
Exchange differences	(823,983)
December 31, 2015	**9,366,633**

16.2 Company credit facilities

(i) Working capital financing through ACCs (advances on exchange contracts).

(ii) BNDES (Brazilian development bank) funding: on July 22, 2011 the Company entered into a financing agreement with Banco Nacional de Desenvolvimento Social (BNDES), amended on March 5 and August 10, 2012, totaling R$2,7 billion, to build the pulp and paper plant, including the purchase of local machinery and equipment, and the implementation of the social investments program in plant neighboring areas (“Project”). Thus, BNDES confirmed the effectiveness of the agreement by disbursing the funds between March 2012 and December 2013, to be repaid in 90 installments beginning January 2015.

(iii) ECA (Export Credit Agency) financing agreements, disbursed on December 28, 2012, repayable in 19 semiannual installments, from November 2013 to November 2022, subject to interest and US dollar exchange fluctuation, granted by the following Agencies: Finnvera, R$551,372 subject to 3.1% p.a. equivalent to US$177,712, and R$146,567 subject to 5.69% p.a. equivalent to US$47,240, EKN, R$254,903 subject to 2.8% p.a. equivalent to US$82,158, and Oekb, R$231,630 subject to 5.69% p.a. equivalent to US$74,657.

(iv) On August 20, 2012 the Company carried out the 1st issue of simple, nonconvertible, unsecured debentures, in a single series for private placement, therefore exempt from CVM registration, with interest of 110% of CDI per year and final maturity in September 2015. The debentures were fully distributed on November 29, 2012.

(v) On December 1, 2012 the Company carried out the 2nd issue of simple debentures, fully subscribed by FI-FGTS. These debentures are nonconvertible, unsecured, with additional collateral and unsecured guarantee, indexed to the IPCA, plus interest of 7.41% per year and final maturity in December 2027. The debentures were fully distributed on December 17, 2012.

(vi) FCO (Mid-west Financing Fund) financing agreement, entered into with Banco do Brasil, in the amount of R$24,533 and maturing in 2017, guaranteed by properties (farms) up to the limit of the assumed debt.

(vii) Real-denominated Export Credit Notes (NCE) contracts, maturing within 360 days and 1,540 days.

(viii) Borrowings from Caterpillar Financial Services, denominated in dollars, for financing the purchase of engine, with semiannual amortization from 2014 to 2020.

16.3 Restrictive covenants

The financing agreements, ECAs and debentures entered into by the Company for the construction of its plant and the related logistics infrastructure are collateralized by the financed property, plant and equipment up to the limit of the assumed debt, and contain restrictive financial covenants usually applicable to these types of long-term financing.

16.4 Guarantees of the borrowings

All borrowing and financing agreements of the BNDES and ECA types and part of the agreements of the ACC, Finame, Working Capital, FCO and Debenture types are guaranteed by the parent company J&F Investimentos. The debentures have as guarantee the amounts invested in marketable securities, as shown in note 5.

17 Taxes payable, payroll and related taxes

	Parent Company			**Consolidated**		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Payroll and related taxes	47,783	56,450	40,052	49,384	57,021	40,807
Accruals and taxes	28,456	20,056	13,035	28,696	20,050	13,040
Taxes payable	5,049	12,619	413	5,063	12,634	432
Others	-	36	35	-	36	34
	81,288	89,161	53,535	83,143	89,741	54,313

18 Deferred income tax and social contribution

a. Reconciliation of effective tax rate:

	Parent Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Income (loss) before tax	281.215	(670.585)	(761.179)	281.227	(669.275)	(761.868)
Income tax and social contribution benefit (expense) at statutory nominal rate - 34%	(95.613)	227.999	258.801	(95.617)	227.554	259.035
Reconciliation to effective expense:						
Share of profit of equity-accounted investees, net of taxes	4.751	(31.710)	2.537	-	-	-
Non-deductible expenses	(1.074)	(2.931)	(3.177)	(1.074)	(2.931)	(3.177)
Tax incentives granted	91.366	58.593	-	91.366	58.593	-
Exchange rate	-	-	8.389	-	-	8.389
Effect of taxes rates in foreign jurisdictions - subsidiaries	-	-	-	4.739	(33.388)	2.537
Others	-	-	4.329	4	445	4.071
Income tax and social contribution (current and deferred)	(570)	251.951	270.879	(582)	250.273	270.855
Effective tax rate	0,2%	37,6%	35,6%	0,2%	37,4%	35,6%

b. Rollforward of deferred taxes, and deferred taxes assets and liabilities are set below:

Parent company

	12/31/2014	**Additions**	**Deductions**	**12/31/2015**
Tax losses (i)	567,998	25,171	-	593,169
MTM currency hedge receivable outstanding	(9,566)	-	(20,991)	(30,557)
Biological assets	(59,601)	-	(5,601)	(65,202)
Products billed but not shipped	1,673	9,010	-	10,683
Sundry provisions	22,326	-	(8,159)	14,167
	522,830	**34,181**	**(34,751)**	**522,260**

	12/31/2013	**Additions**	**Deductions**	**12/31/2014**
Tax losses (i)	345,631	222,367	-	567,998
MTM currency hedge receivable outstanding	(19,217)	9,651	-	(9,566)
Biological assets	(55,421)	-	(4,180)	(59,601)
Products billed but not shipped	-	1,673	-	1,673
Sundry provisions	(114)	23,767	(1,327)	22,326
	270,879	**257,458**	**(5,507)**	**522,830**

Consolidated

	12/31/2014	**Additions**	**Deductions**	**12/31/2015**
Tax losses (i))	567,998	25,171	-	593,169
MTM currency hedge receivable outstanding	(9,566)	-	(20,991)	(30,557)
Biological assets	(59,601)	-	(5,601)	(65,202)
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Biological assets	(55,421)	-	(4,180)	(59,601)
Products billed but not shipped	-	1,673	-	1,673
Sundry provisions	(114)	23,767	(1,327)	22,326
	270,879	**257,458**	**(5,507)**	**522,830**

(i) As at December 31, 2015, the Company has an accumulated accounting loss balance which, adjusted for the expenses and revenues not permitted by the tax law for income tax and social contribution calculation purposes, totals R$ 1,744,614.

Deferred tax arising from temporary differences will be realized as they are settled or realized. Tax loss carryforwards do not expire; however, the use of prior-year accumulated losses is limited to 30% of annual taxable income.

When assessing the likelihood of the realization of deferred tax assets on income tax loss carryforward and negative calculation bases of social contribution, Management considers the Company's budget, strategic plan and projected taxable income. Based on this estimate, Management believes that it is more likely than not that the deferred tax asset will be realized.

19 Provisions for loss contingencies

The Company has tax, labor, and civil claims arising in the normal course of business assessed by the legal counsel and specialists to determine the expected outcome and whether the need for a provision is necessary. Based on this assessment, the Company provided for the following amounts:

	12/31/2013	Additions	Write-offs	12/31/2014	Additions	Write-offs	12/31/2015
Civil	1,600	2	(1,273)	329	625	(2)	952
Labor	1,600	1,763	(1,684)	1,679	3,329	(1,232)	3,776
Tax	-	404	(48)	356	3	(81)	278
	3,200	**2,169**	**(3,005)**	**2,364**	**3,957**	**(1,315)**	**5,006**

As at December 31, 2015, the Company was the defendant in environmental, civil, labor and tax lawsuits, amounting to R$77,381 (R$65,588 in 2014, and R$50,205 in 2013), of which the Company provided for R$5,006 (R$2,364 in 2014, and R$3,200 in 2013) as it is probable that an outflow of resources will be required to settle the obligation. Management expects that settlements will not occur for at least 12 months. In general, the claims are associated to obligations, indemnity for pain and suffering and property damages, collection and prohibitory interdict.

For the lawsuits classified as possible losses in the amount of R$67,855 (R$63,029 in 2014, and R$47,005 in 2013), management understands that no provision for losses is necessary.

In addition to the cases above, the Company is defendant in an intellectual property dispute with Fibria Celulose S.A., one of Company's competitors, in which Fibria alleges that the Company infringed on Fibria's rights over certain eucalyptus clones used in Company's plantations, or alleged infringement. Fibria filed a request (*ação cautelar de produção antecipada de provas*) with a state court in the State of Mato Grosso do Sul to prohibit the Company from using certain eucalyptus clones in order to collect evidence in connection with the alleged infringement.

The court granted Fibria's request, and the resulting expert report was unfavorable to Eldorado Brasil. On August 13, 2015, Eldorado Brasil filed an appeal against the court's decision to grant the injunction and requested that the expert report be declared null. A decision on Eldorado Brasil's appeal is pending. On August 25, 2015, the media reported that Fibria had filed a lawsuit seeking compensation in the amount of R$100,000 in connection with the alleged infringement. However, to date, Company has not been summoned to appear before the court in connection with this compensatory claim and has not made any provision in connection therewith, having determined the likelihood of loss to be possible.

20 Equity

20.1 Capital

The subscribed and paid-in capital as at December 31, 2015, 2014 and 2013 is R$1,788,792, comprising 1,525,558,419 shares as follows:

	Common shares
Balance on 12/31/2012	1,495,274,914
Capital contributions	30,283,505
Balance on 12/31/2013	1,525,558,419
Capital contribution	-
Balance on 12/31/2014	1,525,558,419
Capital contribution	-
Balance on 12/31/2015	1,525,558,419

20.2 Prepaid capital contributions

On 11/28/2014, J&F Investimentos S.A. incorporated the company MJ Participações S.A., its wholly owned subsidiary, with the consequent extinction of the merged company and succession, by J & F Investimentos S.A., in all of its rights and obligations. Taking into account the fact that: (i) MJ Participações S.A. held shares in the capital of Eldorado, subscribed in capital increases of Eldorado executed on 10/21/2010 and 09/27/2011, which had not been paid so far to the sum of R$221,157 and (ii) J & F Investimentos S.A. had an Advance for Future Capital Increase - AFAC in relation to Eldorado to the sum of R$221,157, immediately following the incorporation of MJ Participações SA, J & F Investimentos S.A. used the said AFAC credits to pay in the Eldorado shares received from MJ Participações SA due to the merger. The result of this transaction was the elimination of the AFAC, the credits of which were fully consumed in the paying in of the Eldorado shares received from MJ Participações S.A. pending paying in, and the full paying in of the total shares representing the capital stock of Eldorado issued until that time.

20.3 Dividends

The Company's bylaws provide for a minimum mandatory dividend of 25% of profit adjusted as determined by Corporate Law.

20.4 Translation reserve

The translation reserve includes the cumulative translation adjustments arising from the translation of the financial statements of foreign operations.

20.5 Earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding:

	12/31/2015	12/31/2014	12/31/2013
Profit (loss) attributable on the owners of the Company	280,645	(418,634)	(490,300)
Weighted-average number of ordinary shares - in thousands	1,525,558	1,525,558	1,525,558
Basic earnings (loss) per share	**0.18**	**(0.27)**	**(0.32)**

21 Net revenue

	Parent Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Gross sales revenue						
Domestic market	432,829	410,686	237,488	432,829	410,686	237,488
Foreign market	116,415	50,947	29,462	3,286,560	2,137,569	1,544,501
Domestic and foreign markets - Related parties (Note 7)	2,437,446	1,675,659	1,278,328	35,814	-	-
Discounts and rebates	(3,163)	(566)	-	(482,321)	(312,002)	(155,431)
	2,983,527	2,136,726	1,545,278	3,272,882	2,236,253	1,626,558
Sales returns and taxes	(35,135)	(37,031)	(56,141)	(36,288)	(37,031)	(56,141)
Net operating revenue	**2,948,392**	**2,099,695**	**1,489,137**	**3,236,594**	**2,199,222**	**1,570,417**

22 Operating segments

a. Base for segmentation

The Management of the Company defined three reportable segments: pulp, energy and others based on the reports used by the Board to make decisions about strategic and operational matter. The summary below describes the operations of each of the reportable segments that the performance goals for evaluation purposes are defined and monitored:

Reportable segments	**Operations**
Energy	Generation and sale of energy.
Pulp	Plantation and management of forest resources, purchase of wood, and production of pulp.
Others	Sale of chips, scrap and waste

b. Reportable segments

Consolidated	Net revenue from external parties: Foreign	Net revenue from external parties: Domestic	Cost of Sales	Gross Profit	General and Administrative Expenses	Selling Expenses	Fair Value of biological Assets	Depreciation Amortizantion Depletion	Other Income (Expense)	Financial: Cost	Financial: Income	Profit (loss) before income tax	Income tax and social contributiom	
Pulp	2,810,213	338,385	(1,217,841)	1,930,757	(85,157)	(364,019)	16,473	(290,827)	202,856	(3,348,041)	2,166,559	228,601	(582)	2
Energy	-	58,555	(980)	57,575	-	-	-	-	-	-	-	57,575	-	
Others	-	29,441	(34,390)	(4,949)	-	-	-	-	-	-	-	(4,949)	-	
Total 2015	2,810,213	426,381	(1,253,211)	1,983,383	(92,020)	(380,374)	16,473	(290,827)	202,856	(3,348,041)	2,166,559	281,227	(582)	2
Pulp	1,817,031	282,170	(1,146,135)	953,066	(93,312)	(355,201)	12,293	(277,021)	199,455	(1,264,708)	95,189	(730,239)	250,273	(4
Energy	-	90,088	(30,106)	59,982	-	-	-	-	-	-	-	59,982	-	
Others	-	9,933	(8,951)	982	-	-	-	-	-	-	-	982	-	
Total 2014	1,817,031	382,191	(1,185,192)	1,014,030	(96,692)	(370,958)	12,293	(277,021)	199,455	(1,264,708)	95,189	(669,275)	250,273	(4
Pulp	1,364,909	194,225	(867,117)	692,017	(85,979)	(293,397)	149,665	(174,399)	31,373	(1,086,952)	6,233	(761,439)	270,855	(4
Energy	-	10,449	(11,422)	(973)	-	-	-	-	-	-	-	(973)	-	
Others	-	834	(290)	544	-	-	-	-	-	-	-	544	-	
Total 2013	1,364,909	205,508	(878,829)	691,588	(85,979)	(293,397)	149,665	(174,399)	31,373	(1,086,952)	6,233	(761,868)	270,855	(4

c. Geographic information

Following is geographic consolidate revenue information based on the customers' actual location.

Operating revenue	12/31/2015	12/31/2014	12/31/2013
Brazil	426,381	382,191	205,508
China	717,003	284,987	283,869
Italy	479,045	326,246	258,562
Japan	261,613	287,642	171,473
USA	306,917	249,816	97,856
Hong Kong	224,569	136,241	188,054
Austria	152,041	105,202	102,769
Germany	94,414	118,861	48,515
France	68,545	39,927	42,062
Argentina	109,137	33,411	4,564
Singapore	67,115	63,077	1,174
United Kingdom	1,093	30,167	83,270
Canada	71,236	26,219	5,795
Mexico	30,034	23,604	8,787
Spain	32,335	9,023	16,554
Saudi Arabia	41,367	11,953	-
Thailand	49,547	-	-
Belgium	6,777	11,805	12,171
Slovenia	19,520	10,126	962
Sweden	16,043	10,310	873
British Virgin Islands	-	-	24,602
Netherlands	5,872	4,312	7,965
Israel	15,397	2,640	-
Poland	2,106	8,728	1,958
Australia	4,336	6,792	156
South Africa	6,099	3,889	1,269
Others	28,052	12,053	1,649
	3,236,594	**2,199,222**	**1,570,417**

d. Information about major customers

No single customer represents more than 10% of Revenues..

e. Information about total non-current assets

All material non-current assets are located in Brazil.

23 Expense by nature

	Parent Company			Consolidated		
	12/31/2015	12/31/2014	12/31/2013	12/31/2015	12/31/2014	12/31/2013
Personnel expenses	(231,562)	(179,036)	(98,158)	(242,355)	(182,556)	(102,060)
Service, material and transportation expenses	(171,619)	(197,817)	(214,867)	(386,664)	(400,617)	(342,884)
Depreciation, depletion and amortization	(287,972)	(275,387)	(173,775)	(290,827)	(277,021)	(174,399)
Raw materials and consumables	(890,482)	(871,816)	(644,354)	(890,482)	(871,816)	(644,354)
Others	(172,162)	(216,876)	(225,965)	(182,886)	(178,716)	(168,907)
	(1,753,797)	**(1,740,932)**	**(1,357,119)**	**(1,993,214)**	**(1,910,726)**	**(1,432,604)**
Breakdown						
Cost of sales	(1,512,132)	(1,474,026)	(1,103,316)	(1,520,820)	(1,443,076)	(1,045,202)
General and administrative expenses	(63,231)	(83,752)	(79,988)	(92,020)	(96,692)	(88,826)
Selling and logistics expenses	(178,434)	(183,154)	(173,815)	(380,374)	(370,958)	(298,576)
	(1,753,797)	**(1,740,932)**	**(1,357,119)**	**(1,993,214)**	**(1,910,726)**	**(1,432,604)**

24 Finance income (costs), net

	Parent Company			Consolidated		
	12/31/2015	12/31/2014	12/31/2013	12/31/2015	12/31/2014	12/31/2013
Finance income						
Interest receivable	8,955	101	1	8,976	101	1
Income from short-term investments	40,379	12,541	6,232	40,379	12,545	6,232
Gain on derivatives	1,715,084	82,543	-	1,715,084	82,543	-
Foreign exchange gains	351,271	-	-	400,229	-	-
Other finance income	1,841	-	-	1,891	-	-
	2,117,530	95,185	6,233	2,166,559	95,189	6,233
Finance costs						
Sundry banking costs	(191)	(134)	(2,259)	(222)	(151)	(3,114)
Interest payable	(708,690)	(495,812)	(435,804)	(708,690)	(495,808)	(435,804)
Interest payable - related parties (Note 7)	(18,429)	(128,490)	-	(18,429)	(128,490)	-
Foreign exchange losses	(2,405,342)	(507,815)	(453,421)	(2,471,466)	(526,643)	(454,873)
Related parties - letter of guarantee for debts (Note 7)	(80,804)	(59,018)	(54,334)	(80,804)	(59,018)	(54,334)
Loss on derivatives	-	-	(80,292)	-	-	(80,292)
Guarantee expenses	(21,456)	(18,385)	(15,145)	(25,397)	(18,385)	(15,145)
Other finance costs	(27,565)	(31,859)	(43,065)	(43,033)	(36,213)	(43,390)
	(3,262,477)	(1,241,513)	(1,084,320)	(3,348,041)	(1,264,708)	(1,086,952)
	(1,144,947)	(1,146,328)	(1,078,087)	(1,181,482)	(1,169,519)	(1,080,719)

Gains (losses) on daily adjustments of financial instruments as well as the amounts of the positions marked to market of the agreements traded on the over-the-counter market, are recognized in line item "Gains (losses) on derivatives".

25 Other income (expenses), net

	Parent Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
ICMS credits (a)	185,388	165,145	-	185,388	165,145	-
Insurance indemnity	155	12,198	-	174	12,198	-
Others	15,578	20,609	27,763	17,294	22,112	31,373
	201,121	197,952	27,763	202,856	199,455	31,373

(a) This amount includes credits from a tax incentive package granted by the Mato Grosso do Sul State Government for use in the current operation and future industrial expansion.

26 Employee benefits

a. Defined contribution pension plan

In July 2015, the Company joined a pension plan from Fundação Petrobras de Seguridade Social - Petros, a closed pension fund.

Under the regulations of the benefit plan, the Company's contributions match the employees' contributions and may range from 3% to 6% of the nominal salary. The contributions made by the Company in the year ended December 2015 totaled R$391.

27 Insurance

As at December 31, 2015, the insurance coverage against operating risks totaled R$5,105,084 for property damages, R$894,915 for loss of profits, and R$99,322 for civil liability.

28 Financial instruments

The Company has exposure to the following risks arising from financial instruments: market risks (interest rate and foreign exchange fluctuation), credit risk, and liquidity risks.

(i) Market risks

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - will affect the Company income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optising the return. The Company uses derivatives to manage the market risk. Generally, the Company seeks to apply hedge to manage the volatility in profit or loss.

a. Interest rate risks

The Company has assets and especially liabilities exposed to this risk, in transactions pegged to indices such as the CDI (interbank deposit rate), TJLP (benchmark long-term interest rate), and the IPCA (extended consumer price index), and occasional transactions with fixed positions in relation to some of the indices above that could result in unrealized and/or realized losses caused by mark-to-market. The Company seeks to mitigate the interest rate risk by diversifying the contracted indices.

The interest rate risk is directly linked to the risk of increase in financial charges on Company borrowings, as a result of market fluctuations.

The Company's exposure to interest rate risk refers basically to borrowings. The position as at December 31, 2015, 2014, and 2013 is as follows:

		Parent Company		
Type	**Average annual interest rate and commissions**	**12/31/2015**	**12/31/2014**	**12/31/2013**
BNDES - subloan A	TJLP + interest of 3.32% p.a.	448,209	514,926	511,854
BNDES - subloan B	Floating rate BNDES + interest of 3.32% p.a.	1,229,368	960,388	842,310
BNDES - subloans C, H and L	Floating rate BNDES + interest of 4.52% p.a.	1,402,647	1,098,702	965,991
BNDES - subloan G	TJLP + interest of 2.92% p.a.	118,249	137,031	137,191
BNDES - subloan K	TJLP	16,587	12,748	5,019
BNDES - subloan D	TJLP + interest of 1.8% p.a.	124,578	144,364	144,537
BNDES - subloan E	Floating rate BNDES + interest of 1.8% p.a.	569,746	445,210	389,196
BNDES - subloans F and J	Floating rate BNDES + interest of 3% p.a.	317,820	248,849	219,497
BNDES - subloan I	TJLP + interest of 1.4% p.a.	31,993	37,075	37,119
Debentures (first issue)	110% of CDI	-	4,536	10,156
Debentures (second issue)	IPCA + interest of 7.41% p.a.	1,146,333	1,047,365	992,607
FINAME - Enterprise financing	Average interest of 3% to 8% p.a.	83,545	93,627	36,779
ACC (advance on exchange contract)	Forex + interest	1,257,038	1,157,659	876,645
ECAs	Forex + interest of 2.8% to 5.69% p.a.	1,415,564	1,062,017	911,051
FCO (Center-West Financing Fund)	Interest of 8.5% to 9 % p.a.	23,560	49,960	64,862
Working capital	Rate of 5.74% p.a. in US$	50,290	41,415	452,779
NCE	CDI+spread of 123% to 128% of CDI	1,127,823	111,036	51,829
Leasing	Fixed rate - 4.86% to 13.00% p.a. in R$	3,283	-	5
Short-term investments		(1,069,017)	(56,892)	(44,535)
Current account	CDI + 3% p.a.	-	365,470	-
		8,297,616	7,475,486	6,604,892

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed as at December 31, 2015 would behave, the possible 25% and 50% changes in interest rates on the risk variables, as compared to the probable, are shown below.

Management considers that the closing interest rates used to measure Company financial assets and financial liabilities, at the reporting date, represent a probable scenario, whose effects are already recognized in profit or loss. The net results of exposures are as follows:

Transaction - 12/31/2015	**Risk**	**Position**	**Possible 25% (i)**	**Remote 50% (ii)**
BNDES	TJLP + interest and floating rate BNDES + interest	316,726	79,182	158,363
Debentures (Interest)	IPCA + interest of 7.41% p.a.	79,051	19,763	39,526
Debentures (Adjustment for Inflation)	IPCA	110,793	27,698	55,397
FINAME	Average interest of 3% to 8% p.a.	4,043	1,011	2,022
ACC (advance on exchange contract)	Forex + interest	78,400	19,600	39,200
ECAs	Forex + interest of 2.8% to 5.69% p.a.	60,385	15,096	30,193
FCO (Center-West Financing Fund)	Interest of 8.5% to 9% p.a.	2,330	583	1,166
Working capital	Rate of 5.74% p.a. in US$ and 10.27% to 12.41% p.a. in R$	3,085	771	1,543
Leasing	Fixed rate - 12.9854% p.a.	175	44	87
NCE	CDI + spread of 123% to 127% of CDI	53,702	13,426	26,851
Impact of an increase of interest rate in the income statement		708,690	177,174	354,348

Scenarios II and III take into account a 25% and 50% increase in the interest rates, respectively.

The interest cost based on the floating rate BNDES is defined as the average funding cost of the Bank in the international market and consists of the UMBNDES plus a basket of currencies that corresponds to a variable interest rate.

The long-term interest rate (TJLP) was created to be used as a benchmark of the basic cost of funding granted by BNDES and at the reporting date was 6.5% per year (5.5% per year in 2014).

b. *Foreign exchange rate risks*

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Company. The currencies in which these transactions are primarily denominated in US dollar, Euro, and Swedish krona.

As at December 31, 2015, the US Dollar, Euro, and Swedish Krona quotations were R$ 3.9048, R$ 4.2504 and R$ 0.4627, respectively.

As at December 31, 2015, the foreign exchange fluctuation risk concentrates in line items ‘Advances to suppliers’, ‘Trade payables’ and ‘Loans and financing’.

In order to hedge the currency risk, the Company seeks to balance the amounts of assets and liabilities in foreign currencies

The Company’s assets and liabilities exposed to the currency risk as at December 31, 2015 are as follows:

Parent company

	12/31/2015	**12/31/2014**	**12/31/2013**
Operating			
Trade receivables (US Dollar)	1,011,081	593,203	511,695
Advances (Euro)	1,840	1,128	4,651
Advances (US Dollar)	111	89	229
Advances (Swiss Franc)	-	-	4
Trade payables (Euro)	(148)	(349)	(20,147)
Trade payables (US Dollar)	(136)	(619)	(3,818)
Trade payables (Swedish Krona)	(250)	(232)	(217)
Loans and financing (US Dollar)	(6,399,044)	(5,195,679)	(4,839,125)
Total operating	(5,386,546)	(4,602,459)	(4,346,728)
Derivatives			
Fair value of total derivatives contracted (long position)	7,503,999	4,401,323	3,820,781
Total derivatives	7,503,999	4,401,323	3,820,781
Net exposure to currency risk	2,117,453	(201,136)	(525,947)

The currency risk may result in losses for the Company due to a possible appreciation of Reais.

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed at December 31, 2015 would behave, the possible 25% and 50% changes in exchange currency rate on the risk variables, as compared to the probable scenario, are shown below. Management considers that the closing quotations used to measure Company financial assets and financial liabilities, at the reporting date, represent a probable scenario, whose effects are already recognized in profit or loss. The net results of asset and liability exposures are as follows:

		12/31/2015		
Transaction	**Risk**	**Position**	**25%**	**50%**
Operating exposure	R$ depreciation	(5,386,546)	1,346,637	2,693,273
Exposure of derivatives	R$ depreciation	7,503,999	(1,876,000)	(3,752,000)
Impact of an depreciation of currency rate		2,117,453	(529,363)	(1,058,727)

Derivative financial instruments

As at December 31, 2015, the outstanding derivatives with maturity on February 1, 2016, totaling US$1,900,000, refer to Non Deliverable Forwards (NDF) contracts.

The fair value of the derivative instruments is calculated based on the discounted cash flow method, using the BM&F projection curves.

Outstanding derivatives

	Notional amount			Fair value	
Derivatives	**US Dollar**	**Real**	**Maturity**	**US Dollar**	**Real**
Short position (US$)	1,900,000	7,503,999	02/01/16	22,755	89,871

Maturity	**Notional in Dollars**	**Average Rate**	**MtM**
01/02/2016	1,900,000	3,9494	89,871
Total	1,900,000	3,9494	89,871

c. *Price risk*

The Company is exposed to wood price volatility resulting from factors beyond management control, such as climate factors, offer volume, transportation costs, forestry policies and others. To ensure the supply of the raw material necessary for the operation of its plant, the Company has been entering into partially prepaid wood supply contracts for future delivery to reduce Company`s exposure to the volatility of prices for the contracts already signed.

Parent Company	**12/31/2015**	**12/31/2014**	**12/31/2013**
Estimated amount of firm contracts	488,048	1,443,259	870,448
Advances made	(166,645)	(73,347)	(35,220)
	321,403	1,369,912	835,228

The risks of not receiving the wood are mitigated by the continuous monitoring of forest development by Company specialists.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instruments fails to meet its contractual obligations, and araises principally from trade receivables and investments in funds and securities, as described below:

The credit risk on the Company's operating activities is managed based on specific rules regarding the acceptance of customers, credit analysis and the establishment of exposure limits for each customer, which are periodically reviewed. The Company works to ensure the realization of overdue receivables through the frequent monitoring of the defaulted clients and also the use of letter of credit and other financial instruments guarantee..

Bank deposits, financial investments and NDF transactions are contracted with prime financial institutions; therefore, the risk of incurring any loss with these financial institutions is minimum.

Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was:

	Parent Company			Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2015**	**12/31/2014**	**12/31/2013**
Cash and cash equivalents	1,058,790	34,969	49,840	1,264,151	54,551	74,678
Marketable securities	114,524	48,589	-	114,524	48,589	-
Trade receivables	139,273	100,803	70,462	703,501	460,766	510,874
Amounts due from related parties	989,259	586,953	549,883	985	4,515	41,009
Derivatives receivable	89,871	28,134	56,520	89,871	28,134	56,520
	2,391,717	799,448	726,705	2,173,032	596,555	683,081

Guarantees

As a result of the transactions between BNDES and ECAs, the following shared guarantees were provided: a) first mortgage of the plant in the city of Três Lagoas, b) pledge of 750,000,000 registered common shares of Eldorado, c) pledge of 368,000,000 book-entry common shares of the associate JBS S.A. and d) statutory lien on the forest equipment financed by ECAs in the amount of approximately R$80,000.

(iii) Liquidity risk

The Liquity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Company's long-term debts comprise the following types: BNDES, ECAs and debentures, with maturities between 10 and 15 years, and grace period of less than one year. The ECA and debenture debts have customized payments. In the first years the repayment of the principal is lower than in years that approximate the total settlement.

The Company's working capital loans are comprised of ACCs, NCEs, and Prepayments Credit Lines.

The table below shows the Company’s financial liabilities and their maturities and does not include the estimated expected cash outflows from interest:

Parent Company	Less than 1 year	1 to 2 years	2 to 3 years	above 3 years	Total
At December 31, 2015					
Trade payables	190,356	-	-	-	190,356
Amounts due to related parties	13,417	-			13,417
Borrowings	2,286,481	3,354,727	2,372,241	2,946,140	10,959,589
(-) Derivatives receivable	(89,871)	-	-	-	(89,871)
(-) Cash and cash equivalents	(1,058,790)	-	-	-	(1,058,790)
	1,341,593	**3,354,727**	**2,372,241**	**2,946,140**	**10,014,701**

Consolidated	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Total
At December 31, 2015					
Trade payables	199,791	-	-	-	199,791
Amounts due to related parties	13,171	-	-	-	13,171
Borrowings	2,286,481	3,354,727	2,372,241	2,946,140	10,959,589
(-) Derivatives receivable	(89,871)	-	-	-	(89,871)
(-) Cash and cash equivalents	(1,264,151)	-	-	-	(1,264,151)
	1,145,421	**3,354,727**	**2,372,241**	**2,946,140**	**9,818,529**

(iv) Fair value of financial instruments

The assets and liabilities measured at fair value in the balance sheet are classified based on the following fair value hierarchy Levels:

- **Level 1 -** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2 -** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and valuation techniques that use market inputs.
- **Level 3 -** inputs for the asset or liability that are not based on observable market inputs. The Company and its subsidiaries do not have instruments in this measurement level.
- The following tables show the levels in the fair value hierarchy of financial assets and financial liabilities:

Parent Company	**12/31/2015**		**12/31/2014**		**12/31/2013**	
	Level 1	**Level 2**	**Level 1**	**Level 2**	**Level 1**	**Level 2**
Assets						
Cash and cash equivalents	1,058,790	-	34,969	-	49,840	-
Trade receivables	-	1,128,532	-	687,756	-	570,025
Advances to suppliers	-	100,028	-	58,391	-	132,677
Derivatives receivable	-	89,871	-	28,134	-	56,520
Marketable securities	114,524	-	48,589	-	-	-
Total assets	1,173,314	1,318,431	83,558	774,281	49,840	759,222
Liabilities						
Trade payables	-	203,773	-	184,501	-	233,447
Loans and financing	-	9,366,633	-	7,166,908	-	6,649,426
Amounts due to related parties	-	45,153	-	31,379	-	29,007
Borrowings - related parties	-	-	-	365,470	-	-
Total liabilities	-	9,615,559	-	7,748,258	-	6,911,880

Consolidated	12/31/2015		12/31/2014		12/31/2013	
	Level 1	**Level 2**	**Level 1**	**Level 2**	**Level 1**	**Level 2**
Assets						
Cash and cash equivalents	1,264,151	-	54,551	-	74,678	-
Trade receivables	-	704,486	-	465,291	-	510,874
Advances to suppliers	-	105,799	-	62,004	-	132,680
Derivatives receivable	-	89,871	-	28,134	-	56,520
Marketable securities	114,524	-	48,589	-	-	-
Total assets	1,378,675	900,156	103,140	555,429	74,678	700,074
Liabilities						
Trade payables	-	212,962	-	185,475	-	253,443
Loans and financing	-	9,366,633	-	7,166,908	-	6,649,426
Amounts due to related parties	-	45,153	-	31,379	-	29,007
Borrowings - related parties	-	-	-	365,470	-	-
Total liabilities	-	9,624,748	-	7,749,232	-	6,931,876

Breakdown of the balances of financial instruments per category and fair value:

Parent Company	12/31/2015		12/31/2014		12/31/2013	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair Value**
Assets						
Fair value through profit or loss						
Cash and cash equivalents	1,058,790	1,058,790	34,969	34,969	49,840	49,840
Derivatives receivable	89,871	89,871	28,134	28,134	56,520	56,520
Marketable securities	114,524	114,524	48,589	48,589	-	-
Loans and receivables						
Trade receivables	1,128,532	1,128,532	687,756	687,756	570,025	570,025
Advances to suppliers	100,028	100,028	58,391	58,391	132,677	132,677
Total financial assets	2,491,745	2,491,745	857,839	857,839	809,062	809,062
Liabilities						
Loans and financing						
Trade payables	203,773	203,773	184,501	184,501	233,447	233,447
Loans and financing	9,366,633	9,366,633	7,166,908	7,166,908	6,649,426	6,649,426
Amounts due to related parties	45,153	45,153	31,379	31,379	29,007	29,007
Borrowings - related parties	-	-	365,470	365,470	-	-
Total financial liabilities	9,615,559	9,615,559	7,748,258	7,748,258	6,911,880	6,911,880

Consolidated	12/31/2015		12/31/2014		12/31/2013	
	Carrying Amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair Value**
Assets						
Fair value through profit or loss						
Cash and cash equivalents	1,264,151	1,264,151	54,551	54,551	74,678	74,678
Derivatives receivable	89,871	89,871	28,134	28,134	56,520	56,520
Marketable securities	114,524	114,524	48,589	48,589	-	-
Loans and receivables						
Trade receivables	704,486	704,486	465,291	465,291	510,874	510,874
Advances to suppliers	105,799	105,799	62,004	62,004	132,680	132,680
Total financial assets	2,278,831	2,278,831	658,569	658,569	774,752	774,752
Liabilities						
Loans and financing						
Trade payables	212,962	212,962	185,475	185,475	253,443	253,443
Loans and financing	9,366,633	9,366,633	7,166,908	7,166,908	6,649,426	6,649,426
Amounts due to related parties	45,153	45,153	31,379	31,379	29,007	29,007
Borrowings - related parties	-	-	365,470	365,470	-	-
Total financial liabilities	9,624,748	9,624,748	7,749,232	7,749,232	6,931,876	6,931,876

The fair value of financial assets and financial liabilities refers to the amount at which the instrument can be exchanged in a current transaction between willing parties and not in a forced sale or settlement transaction. The methods and assumptions used to estimate fair value are described below.

The fair value of cash and cash equivalents, trade receivables, advances to suppliers, trade payables, and amounts due to/from related parties approximates their carrying values mainly due to the short-term maturity of these instruments. The fair value of other long-term liabilities do not materially differ from their carrying values.

The loans and financing, as well as debentures, are adjusted based on interest rates contracted, mainly floating rate, based on usual market conditions (Note 16). Therefore, balances payable at the reporting dates substantially approximate their fair values, including those classified as “non-current”.

Derivatives measured using valuation techniques based on observable market inputs include currency forward contracts. The valuation techniques more frequently applied include forward and swap contract pricing models, calculated at present value. The models incorporate various data, including the credit quality of the counterparties, spot and forward exchange rates.

29 Commitments

a. Land operating leases

Land operating leases are to be paid as follows:

	Parent Company and Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**
Less than one year	6,535	83,645	47,225
Between one and five years	488,675	335,385	281,712
More than five years	543,608	558,548	541,511
	1,038,818	977,578	870,448

The Company leases land used in its operations under operating lease agreements effective for fourteen years. Lease payments are adjusted every five years according to market rentals. Some leases provide for additional lease payments that are based on changes in wood price quoted in the specific market.

The leases refer basically to land where eucalyptus is planted. As no land title deed is transferred, Company does not participate in the residual value of the land, and substantially all risks and rewards of the land are with the lessor, the Company determined that the leases are operating leases.

b. Purchase commitments

Take-or-pay contracts

The Company has entered into long-term take-or-pay contracts with chemical suppliers, including Akzonobel Pulp and Performance Química Ltda. (Akzo) and White Martins Gases Industriais Ltda. (WM). These agreements typically have terms of ten to 20 years and contain rescission and cancellation provisions for breaches of material obligations thereunder. The contract with Akzo is to supply the chlorine dioxide needs, with the effective date in December 2012, the price of Sodium Chloride Tonne should be adjusted on the first day of each year by the IPCA (Price Index Broad Consumer). The contract with WM is to supply the oxygen needs in its gaseous form, with the effective date in October 2012, fixed monthly payments in US Dollars and adjusted by the CPI index (Consume Price index) on the first day of each year.

The table below sets forth the payment schedule of our take-or-pay contracts with our chemical product suppliers as of:

(i) Future minimum payments

	12/31/2015	**12/31/2014**	**12/31/2013**
2014	-	-	39,1
2015	-	42,4	42,4
2016	37,8	37,8	37,8
2017	37,8	37,8	37,8
2018	37,8	37,8	37,8
2019	37,8	37,8	37,8
More 2020	302,5	302,5	302,5
Total	453,8	496,3	535,5

(ii) Amounts recognized in income statement

	Consolidated		
	(In thousand of Reais)		
	12/31/2015	**12/31/2014**	**12/31/2014**
Expenses	42,487	39,192	33,846
	42,487	**39,192**	**33,846**

* * *

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CEO

José Carlos Grubisich Filho
Investor Relations Officer

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Industrial Techical Officer

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