



**CELULOSE IRANI S.A.**

CNPJ Nº 92.791.243/0001-03      NIRE Nº 43300002799  
PUBLIC COMPANY

**MARKET ANNOUNCEMENT**

We announce to shareholders that, on this date, the following material was published in the Valor Econômico newspaper:

**"IRANI is studying projects that total R\$ 820 million**

By Stella Fontes | In São Paulo

Celulose Irani, the fourth largest manufacturer of corrugated cardboard packaging in the country, is studying projects that may result in a total investment of R\$ 820 million for the increase of capacity in the factories located in Santa Catarina and Minas Gerais in the next five years. The intention is to conduct a detailed engineering and financial study of the projects in the coming months, with the referral of proposals for approval by the board of directors this year.

Controlled by the gaucho group Habitasul, with 90% of the shares, IRANI might get a new partner with a minority interest as part of the financing of the expansion plans. "One part will be debt and the other 'equity'. In this case, IRANI is likely to have a minority shareholder who has long-term view and understands the profile of the business", the director Management, Finance and Investor Relations of the Company, Odivan Carlos Cargnin told the "**Valor**" newspaper.

For now, the executive said, there is no decision on the format of project financing - the project should be ready before the proposals are submitted to the board - and it is likely that the company will resort to the Banco Nacional de Desenvolvimento Econômico e Social National (BNDES) (Bank for Economic and Social Development). In the past, IRANI, with a net revenue of R\$ 604 million in 2013, prepared for an IPO, but retreated in the face of market conditions. Now, it will evaluate all possibilities.

The investments were estimated in the letters of intent signed with the governments of Minas Gerais and Santa Catarina in March and this month. In Santa Luiza (MG), the intention is to contribute R\$ 220 million in the modernization of the paper machine 7, with the expansion of production capacity from 60 thousand tons to 86,4 thousand tons per year. Additionally, the company plans to install a new corrugated cardboard factory, which can produce 60 thousand tons per year. The project should be ready by 2017.

In Vargem Bonita (SC), the main IRANI unit, the estimated investment is about R\$ 600 million, with an implementation by 2019. There, the Company plans to expand the production capacity of packaging paper by 135 thousand tons per year and the packaging and corrugated cardboard by 24 thousand tons per year.

Thus, after the carrying out these projects, IRANI will have expanded its capacity of packaging paper by 80.6% - 274 thousand tons/year currently to 495 thousand tons - and by 35.9% of cardboard cartons, currently 234 thousand tons to 318 thousand tons per year.

According to Cargnin, this new growth cycle of the company, which in 2013 incorporated the Indústria de Papel e Papelão São Roberto, not only targets the growth in volume. "We have a project focused on reducing costs, competitiveness and sustainable growth," he said. "We are looking at the long term, with the view of IRANI remaining in the group of relevant 'players'."

Source: Valor Econômico (21/05/2014)

<http://www.valor.com.br/empresas/3555880/irani-estuda-projetos-que-somam-r-820-milhoes>

Porto Alegre, May 21, 2014.

Odivan Carlos Cargnin  
Director of Investor Relations