



CELULOSE IRANI S.A.

TAXPAYER'S ID (CNPJ) N° 92.791.243/0001-03 COMPANY REGISTRY (NIRE) N°
43300002799

PUBLICLY-HELD COMPANY

MARKET ANNOUNCEMENT

We announce to shareholders that, at this date, the following news was published in the “Valor Econômico” newspaper:

“Irani expands its capacity in 44%”

By Stella Fontes | From São Paulo

Celulose Irani, manufacturer of kraft paper and corrugated carton packaging pertaining to group Habitasul, will raise its production capacity of packaging in 44%, to 234 thousand tons per year, from the integration of São Roberto paper and cardboard industry. With the transaction, Irani also gets consolidated in the top five group of the largest Brazilian manufacturers of corrugated board, which is led by Klabin, with participation of 7,1%, according to the data of the 2012 yearbook of the Brazilian Association of Corrugated Board (ABPO).

The integration of São Roberto was made official on Wednesday. In fact, Irani reported the approval, through an extraordinary general assembly, for a capital increase of around R\$ 12 million by means of stock contribution from Wave's Participações, which held 100% of São Roberto's capital. The contribution was made by Irani Participações, a holding company of the Habitasul group, which acquired São Roberto on January 29 for undisclosed value. With the transaction, São Roberto becomes subsidiary of Irani.

At the time of acquisition, the company President, Pericles Pereira Druck told the newspaper that the purchase of the competitor paper manufacturer was not made by Celulose Irani itself due to limitations on leverage linked to financial commitments and due to the economic situation of the acquired company.

According to the Administration, Finance and Investor Relations Director of Celulose Irani, Odivan Cargnin, since such date São Roberto went through a restructuring process which included the renegotiation of debt and adjustments in the administration. 'There are synergies in different fronts which were measured and will be reflected in Irani's outcome', said the executive, who did not reveal the estimated value of these gains.

On January, Irani had already leased a kraft paper mill from São Roberto, in Santa Luzia (Minas Gerais), raising the production capacity in 28%, to 274 thousand tons per year. The lease agreement, according to Cargnin, will be kept for six years. 'It is money that comes out of one's

pocket and go to the other. As the agreement was used as guarantee by São Roberto in the process of debt restructuring, it will be kept.'

São Roberto's other factory, a packaging factory, is located in São Paulo (SP). 'Legally, the company has a subsidiary from now on. Managerially, there are two new business units.'

Source: Valor Econômico Newspaper (10/18/2013).

Porto Alegre, October 18, 2013.

Odivan Carlos Cargnin
Director of Investor Relations