

November 6, 2014

Underlying Share Conversion to Units

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Klabin S.A. – Exchange of Preferred Shares into Units

ADS CUSIP # 49834M100

ADS ISIN # US49834M1009

The Bank of New York Mellon (as “Depositary”) and Klabin S.A.(the “Company”) have notified registered holders of Klabin American Depositary Receipts (“ADRs”) that the deposit agreement (the “Deposit Agreement”) under which the Klabin American Depositary Shares (“ADSs”) have been issued will be amended to, among other things, state that the deposited securities underlying the Klabin ADSs will represent Units instead of preferred shares.

As a result the Depositary will, following the announcement of a share conversion in Brazil, instruct its custodian to exchange the preferred shares currently in its account into the component shares in Brazil that will result in the preferred shares being replaced by Units. (Each Unit consists of one common share and four preferred shares of Klabin).

Please note this is a change of the underlying shares in Brazil from Preferred Shares to Units; there is no voluntary offer for Klabin ADSs.

Currently each Klabin ADS represents 10 preferred shares.

Effective November 17, 2014, each Klabin ADS will represent 2 Units.

Books Closed: November 17, 2014

Bank of New York Mellon will close its books for issuances and cancellations. The last day **preferred** shares will be accepted for deposit and issuance of Klabin ADSs and the last day Klabin ADSs will be accepted for cancellation and **delivery of preferred shares** in Brazil will be **November 14, 2014.**

To learn more about Depositary Receipts and issuer programs, please contact our marketing desks:

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BNY Mellon collects fees from DR holders pursuant to the terms and conditions of the DRs and the deposit agreement under which they are issued. From time to time, BNY Mellon may make payments to the issuer to reimburse and / or share revenue from the fees collected from DR holders, or waive fees and expenses to the issuer for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the DR program. BNY Mellon as depositary may use brokers, dealers or other service providers that are affiliates and that may earn or share fees and commissions. The corporate action details are provided for informational purposes only. BNY Mellon does not warrant or guarantee the accuracy or completeness, and does not undertake any obligation to update or amend, this information or data. We provide no advice, recommendation or endorsement with respect to any company or security. Nothing herein shall be deemed to constitute an offer to sell or a solicitation of an offer to buy Securities.

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ADR holders who do not wish to have the preferred shares underlying the ADSs to be exchanged for Units must surrender their ADSs for cancellation on or prior to November 14, 2014. If holders elect to surrender their ADSs for delivery of the preferred shares in Brazil, they must pay the Depositary's cancellation fee of \$0.05 per ADS surrendered and a cable fee of \$17.50 and must arrange to open a securities account with a Brazilian financial intermediary.

ADR holders who wish to continue to hold Klabin ADSs need not take action. Existing ADR certificates will assume the new parameters and will not be subject to a mandatory exchange. Bank of New York Mellon will not convert Units into the component shares in Brazil nor will Bank of New York Mellon convert component shares into Units.

After completion of the conversion process in Brazil, Bank of New York Mellon will open its books for issuance and cancellation of Klabin ADSs (against deposits and withdrawals of Units). Expected Books Open Date - November 25, 2014.

ADR holders who want more information about Klabin's Units can contact Klabin's investor relation department at 011-5511-3046-8401 or at Klabin's email address invest@klabin.com.br.

Please note the following:

Books Close on November 17, 2014

Old Ratio : 1 ADS = 10 Preferred Shares

Old Share ISIN : BRKLBNACNPR9

ADS CUSIP : 49834M100

ADS Ticker: KLBAY

Effective November 17, 2014

New Ratio: 1 ADS = 2 Units

New Unit ISIN : BRKLBNC DAM18

ADS CUSIP : No Change

ADS Ticker : No Change

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