



**TONON LUXEMBOURG S.A. ANNOUNCES SUCCESSFUL DEBT EXCHANGE OFFER AND  
CONSENT SOLICITATION WITH PARTICIPATION OF 94.6% OF THE AGGREGATE  
PRINCIPAL AMOUNT OF ITS SENIOR NOTES BY THE EARLY SETTLEMENT DATE;  
CLOSES NEW U.S.\$70.0 MILLION FINANCING**

**SÃO PAULO, BRAZIL.** (July 7, 2015) – Tonon Bioenergia S.A. (the “Company”) announced today (the “Early Settlement Date”) that its wholly-owned subsidiary Tonon Luxembourg S.A. (the “Issuer”) has completed an early settlement of its offer to exchange any and all of its outstanding U.S.\$300,000,000 9.250% Senior Notes due 2020 (the “Existing Notes”) for new Step-Up Senior Notes due 2020 (the “New Notes”) that launched on June 13, 2015 (the “Exchange Offer”). As of the Early Settlement Date, U.S.\$283,747,000, or 94.6%, of the outstanding aggregate principal amount of the Existing Notes has been validly tendered and accepted by the Company and exchanged for New Notes. The Issuer has waived the Exchange Offer condition that a minimum of 95.0% of the outstanding aggregate principal amount of the Existing Notes be exchanged for the New Notes.

In connection with the Exchange Offer and upon the terms and subject to the conditions described in the Exchange Offer Memorandum and Consent Solicitation Statement (the “Offering Memorandum”), the Issuer also solicited consents to amend the Existing Notes and the indenture governing the Existing Notes (the “Consent Solicitation”). The amendments, which had required the consent of a majority in outstanding aggregate principal amount of the Existing Notes, were approved on the Early Settlement Date by 94.6% of the outstanding aggregate principal amount of the Existing Notes and eliminate or waive substantially all of the restrictive covenants, eliminate certain events of default and modify or eliminate certain other provisions of the Existing Notes.

The Existing Notes and other information relating to the Exchange Offer and the Consent Solicitation are set forth in the table below.

<u>CUSIP No.</u>	<u>ISIN No.</u>	<u>Series of Existing Notes</u>	<u>Outstanding Principal Amount</u>	<u>Series of New Notes</u>	<u>Exchange Consideration</u>
890311 AA1/ P9T02L AA2	US890311AA14/ USP9T02LAA28	9.250% Senior Notes due 2020	U.S.\$300,000,000	Step-Up Senior Notes due 2020	U.S.\$1,000 per U.S.\$1,000 of Existing Notes

Each \$1,000 principal amount of Existing Notes that was validly tendered and accepted by the Company was exchanged for \$1,000 principal amount of New Notes on the Early Settlement Date. The New Notes have substantially the same terms as the Existing Notes, except for (1) a modification of interest payment terms and (2) the addition of certain restricted payments covenants. The New Notes will mature on January 24, 2020 (the “Maturity Date”) and will bear interest at the rate of (1) 7.250% per annum from January 24, 2015 through January 23, 2017 and (2) 9.250% per annum from January 24, 2017 through the Maturity Date. Interest on the New Notes will accrue from January 24, 2015 and be payable semi-annually in arrears on January 24 and July 24 of each year. The Issuer has the option to defer cash payments of interest due on any interest payment under the New Notes. For interest payments due on or prior to January 24, 2017, the Issuer may defer such payments in its sole discretion. For payments due after January 24, 2017, the Issuer may defer such payments to the Maturity Date, if, after giving effect to any such payment, the amount of cash on the balance sheet of the Issuer as of the last day of the fiscal quarter immediately preceding such interest payment date would be less than R\$100.0 million.

In connection with the Exchange Offer, the Issuer also entered into a U.S.\$70.0 million loan agreement dated as of June 18, 2015 with certain institutional investors and holders of Existing Notes, including certain funds managed by Gramercy Funds Management, LLC, whereby the Issuer borrowed an aggregate

principal amount of U.S.\$67.0 million on the Early Settlement Date. An additional U.S.\$3.0 million may be drawn under the facility, provided certain conditions are satisfied. The loan is unconditionally guaranteed by the Company and its parent Tonon Holding S.A. and secured by a fiduciary lien over the industrial equipment of the Company's Santa Cândida and Vista Alegre mills and also a mortgage over the land of the Santa Cândida and Vista Alegre mills. The loan will bear 12% interest and mature on May 14, 2019. The proceeds of the loan will be used to repay short-term indebtedness and for general corporate purposes. The lenders today also entered into a related agreement that provides for a distribution of 20% of the Company's adjusted EBITDA in excess of R\$475,000,000 generated in any fiscal year beginning with the fiscal year ending March 31, 2016 and ending in 2019.

Eligible Holders who have not validly tendered their Existing Notes and wish to do so must tender their Existing Notes prior to 11:59 p.m., New York City time, on July 13, 2015 (the "Expiration Date"). Eligible Holders who validly tender their Existing Notes by the Expiration Date will receive the Exchange Consideration for Existing Notes accepted in the Exchange Offer. "Exchange Consideration" means, for each \$1,000 principal amount of Existing Notes tendered and accepted by us, \$1,000 principal amount of New Notes. The Issuer will not pay accrued and unpaid interest on the Existing Notes exchanged for New Notes on the final settlement date for the Exchange Offer; however, interest on the New Notes will accrue from January 24, 2015.

As previously communicated, the Company also confirmed that it made the interest payment on its outstanding U.S.\$230,000,000 10.500% Senior Secured Notes due 2024 that was due on May 14, 2015 prior to the expiration of the applicable grace period.

#### **Rodrigo Caldas de Toledo Aguiar (Chief Executive Officer of Tonon Bioenergia) Statement**

"We are pleased to have substantially completed these favorable transactions with a very significant portion of our senior noteholders. The markedly improved liquidity these transactions will provide will allow us to continue our leadership in quality production of our core products," said Rodrigo Caldas de Toledo Aguiar, Chief Executive Officer of Tonon Bioenergia.

#### **General**

The Issuer may terminate or withdraw the Exchange Offer and the Consent Solicitation (with respect to any Existing Notes not validly tendered and accepted by the Company today) at any time and for any reason, including if certain conditions described in the offering documents are not satisfied, subject to applicable law.

The issuance of the New Notes will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. The New Notes are being offered and issued only (1) in the United States to holders of Existing Notes that are "qualified institutional buyers" as defined in Rule 144A under the Securities Act and (2) outside the United States to holders of Existing Notes that are not U.S. persons in reliance upon Regulation S under the Securities Act. Accordingly, the New Notes will be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and other applicable securities laws, pursuant to registration or exemption therefrom.

This announcement does not constitute an offer to purchase or a solicitation of an offer to sell any securities. The offering documents will be distributed only to holders of Existing Notes that complete and return a letter of eligibility confirming that they are "Eligible Holders" for the purposes of the Exchange Offer and Consent Solicitation. KCC is acting as the Information Agent for the Exchange Offer and Consent Solicitation. Requests for the offering documents from "Eligible Holders" may be directed to KCC at (917) 281-4800 (for brokers and banks) or (888) 733-1431 (for all others).

The Company is being advised in connection with these transactions by Blackstone Advisory Partners L.P., Davis Polk & Wardwell LLP and Felsberg Advogados. The holders of the Existing Notes, including those

that are providing the new financing of up to U.S.\$70.0 million, are being advised by Cleary Gottlieb Steen & Hamilton LLP and Stocche Forbes Advogados.

Neither the board of directors of the Issuer nor any other person makes any recommendation as to whether the holders of Existing Notes that have not tendered their Existing Notes should exchange their Existing Notes, and no one has been authorized to make such a recommendation. Holders of Existing Notes that have not tendered their Existing Notes must make their own decisions as to whether to exchange their Existing Notes, and if they decide to do so, the principal amount of the Existing Notes to exchange.

#### **About Tonon Bioenergia S.A.**

The Company is a Brazilian sugar, ethanol and energy producer with operations in the southeast and midwest regions of Brazil. The Company is headquartered in the state of São Paulo, Brazil, and operates three mills in Bocaina, in the state of São Paulo, Maracaju, in the state of Mato Grosso do Sul and Brotas, in the state of São Paulo. Additional information about the Company is available on its website at [www.tononbioenergia.com.br](http://www.tononbioenergia.com.br).

#### **Forward-Looking Statements**

In this press release, all statements that are not purely historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may be identified by the words “believe,” “expect,” “anticipate,” “project,” “plan,” “estimate,” “intend” and similar expressions. Forward-looking statements are based on currently available business, economic, financial and other information and reflect management’s current beliefs, expectations and views with respect to future developments and their potential effects on the Company. Actual results could vary materially depending on risks and uncertainties that may affect the Company and its business. For a discussion of such risks and uncertainties, please refer to the Offering Memorandum. The Company assumes no obligation to update any forward-looking statement made in this press release to reflect subsequent events or circumstances or actual outcomes.

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