



TONON LUXEMBOURG S.A. COMMENCES DEBT EXCHANGE OFFER AND CONSENT SOLICITATION FOR SENIOR NOTES; ANNOUNCES COMMITMENT OF MORE THAN 80% OF THE AGGREGATE PRINCIPAL AMOUNT OF THE SENIOR NOTES TO PARTICIPATE IN THE EXCHANGE OFFER AND CONSENT SOLICITATION; AND WILL ENTER INTO A NEW U.S.\$70.0 MILLION FINANCING

SÃO PAULO, BRAZIL. (June 13, 2015) – Tonon Bioenergia S.A. (the “Company”) announced today that its wholly-owned subsidiary Tonon Luxembourg S.A. (the “Issuer”) has launched an 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”) (the “Exchange Offer”).

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 will solicit consents to amend the Existing Notes and the indenture governing the Existing Notes (the “Consent Solicitation”). The proposed amendments, which require the consent of a majority in outstanding aggregate principal amount of the Existing Notes, will eliminate or waive substantially all of the restrictive covenants, eliminate certain events of default and modify or eliminate certain other provisions.

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

Holders of more than 80% of the aggregate principal amount of the Existing Notes have entered into a “lock-up” agreement, committing to take part in the Exchange Offer subject to the terms set forth therein. However, the consummation of the Exchange Offer is conditioned upon, among other things, the valid tender, without subsequent withdrawal, of at least 95% in aggregate principal amount of Existing Notes. Failure to reach an acceptable threshold in the Exchange Offer would leave the Company in an unacceptably precarious liquidity posture, potentially impacting operations and requiring resort to a court-supervised insolvency proceeding.

The New Notes will have substantially the same terms as the Existing Notes, except for (1) interest payment terms and (2) 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 will have 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 will also enter into a loan agreement with certain institutional investors and holders of Existing Notes, including certain funds managed by Gramercy Funds Management, LLC, whereby, subject to satisfaction of certain conditions precedent, the Issuer will borrow an aggregate principal amount of up to U.S.\$70.0 million. The loan will be 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 lenders will also enter into an agreement that will provide for a distribution of 20% of 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, if not terminated prior to such date pursuant to the terms thereof. The proceeds of the loan will be used to repay short-term indebtedness and for general corporate purposes. The Company intends to make 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. For more information on the new financing, see the Offering Memorandum.

Eligible Holders who validly tender Existing Notes prior to 11:59 p.m., New York City time, on June 26, 2015 (such date and time, as it may be extended by us, the "Early Expiration Date") or prior to 11:59 p.m., New York City time, on July 13, 2015 (such date and time, as it may be extended by us to a date that is no later than August 24, 2015, the "Expiration Date") and do not validly withdraw their tender prior to 11:59 p.m., New York City time, on July 6, 2015 (such date and time, as it may be extended by us, the "Withdrawal Deadline") 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 settlement date for the Exchange Offer; however, interest on the New Notes will accrue from January 24, 2015.

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

"We are gratified to have been able to negotiate these favorable transactions with such a significant portion of our senior noteholders. Together, they will significantly improve our liquidity and allow us to continue to focus on providing our high quality product with some of the lowest cost production in the sector," 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 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 offers. 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 should exchange their notes, and no one has been authorized to make such a

recommendation. Holders of 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.

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.

Contacts

Rodrigo Caldas de Toledo Aguiar (Chief Executive Officer)

Marcelo Marques Miyake (IR and Financial Manager)

Tonon Bioenergia S.A.

Phone: +55 (14) 3666-9037

Rodovia Jaú-Araraquara Km 129, CP 7

Fazenda Santa Cândida, Gleba Industrial

17240-000, Bocaina, São Paulo

Brazil

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