IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, AS AMENDED (THE "SECURITIES ACT")) OR (2) NON-US PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) OUTSIDE THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the Offering Memorandum following this page, and you are advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS. THE OFFERING MEMORANDUM AND THE OFFER OF THE NOTES ARE ONLY ADDRESSED TO AND DIRECTED AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE "QUALIFIED INVESTORS" WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC) AND RELATED IMPLEMENTATION MEASURES IN MEMBER STATES ("QUALIFIED INVESTORS"). IN ADDITION, IN THE UNITED KINGDOM THE OFFERING MEMORANDUM IS ONLY BEING DISTRIBUTED TO PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AND OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER REFERRED TO AS "RELEVANT PERSONS"). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFERING MEMORANDUM RELATES IS AVAILABLE ONLY TO (I) IN THE UNITED KINGDOM, RELEVANT PERSONS, AND (II) IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA OTHER THAN THE UNITED KINGDOM, QUALIFIED INVESTORS, AND WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. IN ADDITION, NO PERSON MAY COMMUNICATE OR CAUSE TO BE COMMUNICATED ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY, WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA"), RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE NOTES OTHER THAN IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO US.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the securities, investors must be either (1) QIBs or (2) non-US persons (within the meaning of Regulation S under the Securities Act) outside the U.S. This Offering Memorandum is being sent at your request and by accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons (within the meaning of Regulation S under the Securities Act) and that the electronic mail address that you gave us and to which this Offering Memorandum has been delivered is not located in the U.S., and (2) that you consent to delivery of such Offering Memorandum by electronic transmission.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchaser or any affiliate of the Initial Purchaser is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchaser or such affiliate on behalf of the issuer in such jurisdiction.

This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently neither the Initial Purchaser, nor any person who controls it nor any of its directors, officers, employees nor any of its agents nor any affiliate of any such person accept any liability or responsibility whatsoever in respect of any difference between this Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchaser.

Offering Memorandum

US$100,000,000

Ceagro Agrícola Ltda.
10.75% Senior Secured Notes due 2016
Offering Price: 98.965%

We are offering US$100,000,000 aggregate principal amount of 10.75% Senior Secured notes due 2016.

Use of Proceeds – The proceeds of the notes along with cash on hand will be used to refinance short-term debt, for working capital, for general corporate purposes and to fill the Debt Service Reserve Account with an amount equal to one semi-annual interest payment.

Interest – The notes will bear interest at a rate of 10.75% per annum. We will pay interest on the notes semi-annually, in arrears, on May 16 and November 16 of each year, beginning on May 16, 2011.

Maturity – The notes will mature on May 16, 2016.

Guarantee – The notes will be fully and unconditionally guaranteed by Ceagro Participações e Empreendimentos Ltda., or the Guarantor, on a senior secured basis, and by each of our future significant subsidiaries, on a senior unsecured basis. All of our current subsidiaries are restricted subsidiaries.

Security Interests – The notes and the guarantee will be secured by a first-priority security interest in the Collection Account and the Debt Service Reserve Account (each as defined herein) and by pledge of 100% of our capital stock, subject to certain exceptions. See "Description of the Notes" beginning on page 86 of this offering memorandum.

Ranking – The notes and the guarantee will rank senior in right of payment to all of our and the Guarantor's existing and future unsecured indebtedness to the extent of the value of the collateral securing the notes and the guarantee.

Tax Redemption – On any interest payment date, we may redeem the notes in whole, but not in part, following the occurrence of a Tax Event at the Base Redemption Price. See "Description of the Notes" beginning on page 86 of this offering memorandum.

Listing Particulars – This offering memorandum comprises "listing particulars" for the purpose of the application to the Irish Stock Exchange for the listing of the notes. We have applied to the Irish Stock Exchange to approve these listing particulars and to admit the notes to listing on the Official List, and to trading on the Global Exchange Market, of the Irish Stock Exchange.

This investment involves risks. See "Risk Factors" beginning on page 15 of this offering memorandum.

We have not registered the notes under the U.S. Securities Act of 1933, as amended (the "Securities Act"), any other federal securities laws, or the securities laws of any state or other jurisdiction. We are offering the notes only to qualified institutional buyers under Rule 144A of the Securities Act and to persons outside of the United States in compliance with Regulation S of the Securities Act. See the sections entitled "Notice to Investors" and "Plan of Distribution" for additional information about eligible offerees and transfer restrictions. The notes will be offered on a firm commitment basis if, and when, the purchase agreement described in "Plan of Distribution" is executed at the time of pricing of this offering.

The initial purchaser expects to deliver the notes to purchasers on October 27, 2010.

Sole Book-Running Manager

Jefferies & Company

Offering Memorandum dated December 07, 2010

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You should rely only on the information contained in this offering memorandum. We, Jefferies & Company, Inc. (the "Initial Purchaser"), and its affiliates have not authorized anyone to provide you with any information or represent anything about us or this offering that is not contained in this offering memorandum. If given or made, any such other information or representation shall not be relied upon as having been authorized by us or the Initial Purchaser. We are not, and the Initial Purchaser is not, making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted. This document may only be used where it is legal to sell the notes. You should assume that the information appearing in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum. Our business, financial condition, results of operations and prospects may have changed since that date.

In this offering memorandum, unless otherwise indicated or the context otherwise requires, all references to "we," "our," "ours," "us," "Company," "the Issuer" or similar terms refer to Ceagro Agrícola Ltda. and its consolidated subsidiaries, and all references to "Guarantor" are to Ceagro Participações e Empreendimentos Ltda., the parent company of the Issuer.

We are relying on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. The notes offered are subject to restrictions on transferability and resale and may not be transferred or resold in the United States except as permitted under the Securities Act and applicable U.S. state securities laws pursuant to registration or exemption from them. By purchasing the notes, you will be deemed to have made the acknowledgements, representations and warranties and agreements described under the heading "Notice to Investors" in this offering memorandum. You should understand that you may be required to bear the financial risks of your investment for an indefinite period of time.

We have prepared this offering memorandum for use solely in connection with the proposed offering of the notes outside of Brazil and the admission to trading on the regulated market of the Irish Stock Exchange. This offering memorandum is personal to the offeree to whom it has been delivered by the agents and does not constitute an offer to any other person or to the public in general to acquire the notes. Distribution of this offering memorandum to any person other than the offeree and those persons, if any, retained to advise that offeree with respect thereto, is unauthorized, and any disclosure of any of its contents without our prior written consent is prohibited. This offering memorandum may not be copied or reproduced in whole or in part. See "Notice to Investors." By accepting delivery of this offering memorandum, you agree to these restrictions and acknowledge that:

- Your investment decision is based solely on this offering memorandum, and you are not relying on any other information you may have received from us;
- You have been afforded an opportunity to request from us and to review, and have received, all additional information considered by you to be necessary to verify the accuracy of or to supplement the information herein;
- You have not relied upon the Initial Purchaser or any person affiliated with the Initial Purchaser in connection with your investigation of the accuracy of this information or your investment decision;
- This offering memorandum relates to an offering that is exempt from registration under the Securities Act and does not comply in important respects with U.S. Securities and Exchange Commission (the "SEC") rules that would apply to an offering document relating to a public offering of securities;
- If you purchase notes, you will be (1) deemed to have made the acknowledgments, representations, warranties and agreements described under "Notice to Investors" in this offering memorandum and (2) subject to restrictions on transferability and resale of the notes and may not transfer or resell the notes except as permitted under the Securities Act and other applicable securities laws pursuant to registration thereunder or exemption therefrom described under "Notice to Investors" in this offering memorandum; and
- The notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "Plan of Distribution" and "Notice to Investors."

We and the Initial Purchaser reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the notes offered by this offering memorandum.

We, having made all reasonable inquiries, confirm that the information contained in this offering memorandum is true and accurate in all material respects, that the opinions and intentions we express in this offering memorandum are honestly held, and that there are no other facts the omission of which would make this offering memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. We accept responsibility accordingly. This offering memorandum summarizes certain documents and other information and we refer you to them for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of our company and the terms of the offering and the notes, including the merits and risks involved.

We are not making any representation to any purchaser of the notes regarding the legality of an investment in the notes under any laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes.

We have applied for admission of the notes to listing on the Official List, and to trading on the Global Exchange Market, of the Irish Stock Exchange. The Irish Stock Exchange's Global Exchange Market takes no responsibility for the contents of this offering memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering memorandum.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we, the Initial Purchaser, nor its respective affiliates will have any responsibility therefrom.

This offering memorandum has been prepared on the basis that all offers of the notes will be made pursuant to an exemption under Directive 2003/71/EC (the "Prospectus Directive," which expression includes any relevant implementing measure in any Member State of the European Economic Area (the "EEA")) from the requirement to produce a prospectus (as defined in the Prospectus Directive) for offers of the notes. Accordingly, any person making or intending to make any offer within the EEA of the notes should only do so in circumstances in which no obligation arises for the Initial Purchaser or us to produce a prospectus (as defined in the Prospectus Directive) for that offer.

We expect that delivery of the notes will be made against payment therefor on or about the date specified on the cover of this offering memorandum, which is the fifth business day following the date of pricing of the notes (such settlement cycle being referred to as T+5). You should note that trading of the notes on the date of pricing or the next five succeeding business days may be affected by the T+5 settlement. See "Plan of Distribution."

Notice to Investors within Brazil

THE NOTES (AND RELATED GUARANTEE) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE BRAZILIAN SECURITIES COMMISSION (COMISSÃO DE VALORES MOBILIÁRIOS), OR THE CVM. THE NOTES MAY NOT BE OFFERED OR SOLD IN BRAZIL, EXCEPT IN CIRCUMSTANCES THAT DO NOT CONSTITUTE A PUBLIC OFFERING OR UNAUTHORIZED DISTRIBUTION UNDER BRAZILIAN LAWS AND REGULATIONS. THE NOTES (AND RELATED GUARANTEE) ARE NOT BEING OFFERED INTO BRAZIL. DOCUMENTS RELATING TO THE OFFERING OF THE NOTES, AS WELL AS INFORMATION CONTAINED THEREIN, MAY NOT BE SUPPLIED TO THE PUBLIC IN BRAZIL, NOR BE USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OR SALE OF THE NOTES TO THE PUBLIC IN BRAZIL.

Notice to New Hampshire Residents

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE IMPLIES THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATION OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

U.S. Internal Revenue Service Circular 230 Disclosure

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT ANY DISCUSSION OF TAX MATTERS SET FORTH IN THIS OFFERING MEMORANDUM WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN AND WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY PROSPECTIVE INVESTOR, FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER FEDERAL, STATE OR LOCAL TAX LAW. EACH PROSPECTIVE INVESTOR SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Notice to Investors Regarding Tax Disclosure

Notwithstanding anything set forth herein or in any other document related to the notes, you and each of your employees, representatives or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and the tax structure of the transaction described herein. However, the foregoing does not constitute an authorization to disclose the identity of the Company or the initial purchaser or their respective affiliates, agents or advisers or, except to the extent relating to such tax structure or tax treatment, any specific pricing terms or commercial or financial information.

Additional Information

While any notes remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of the notes the information required pursuant to Rule 144(A)(d)(4)(i) under the Securities Act, during any period in which we are not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act.

We have applied to list the notes on the Irish Stock Exchange. We cannot guarantee the listing will be obtained. See "Listing and General Information." We will comply with any undertakings given by us from time to time to the Irish Stock Exchange in connection with the notes, and we will furnish to the Irish Stock Exchange all such information as the rules of the Irish Stock Exchange may require in connection with the listing of the notes. In case we are unable to obtain such listing, we have agreed to seek an alternative admission to listing, trading and/or quotation for the notes on a comparable stock exchange, market and/or quotation system.

Forward-looking Statements

This offering memorandum includes estimates and forward-looking statements, including, without limitation, in the sections entitled "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry Overview" and "Business." These statements are based in large part on our current expectations and estimates of future events and trends that affect or may affect our business, financial condition, results of operations, cash flow and prospects. Several factors may adversely affect our estimates and forward-looking statements, including, but not limited to:

- the cyclicality and volatility affecting our raw material, particularly soybean and corns, and prevailing prices for those products;
- changes in the regulation and demand for soybean and corn products in Brazil and in the regional markets in which we operate;
- worldwide commodity prices;
- general economic, political and business conditions in Brazil, especially in view of the general and presidential elections occurring in October 2010, and potential government intervention, resulting in changes in the economy, tax laws, or in the regulatory environment;
- changes in general economic conditions in Brazil, including, for example, inflation, interest rates, fuel costs, and GDP and population growth;
- health risks related to the food industry;
- our ability to meet our financial obligations and financing conditions;
- the interests of our controlling shareholders;
- our level of indebtedness;
- exchange rates between Brazilian and foreign currencies;
- changes in our costs and expenses, including transportation, storage and services costs and operational costs;
- our ability to successfully implement our growth strategy and plan;
- our ability to access the capital or financial markets under favorable conditions;
- other factors that could affect our financial condition, liquidity and results of operations; and
- other risk factors discussed under "Risk Factors."

Statements that depend on or are related to events or future or uncertain conditions or that include the words "believe," "could," "anticipate," "continue," "expect," "estimate," "intend," "will," "may," "assume" and other variations, as well as similar words, when used in this offering memorandum, are intended to identify forward-looking statements. Forward-looking statements include information concerning our potential or assumed future results of operations, business strategies, funding plans, competitive position, industry environment, potential growth opportunities and the effects of future regulation and of competition. Forward-looking statements and estimates speak only as of the date they are made, and none of us, the underwriter or the agents undertakes the obligation to update or revise any forward-looking statements after we distribute this offering memorandum to reflect new information, future events or other factors.

In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this offering memorandum may not occur or be accurate, and our future results of operations and performance may differ materially from those set out for a number of reasons. Any such forward-looking statements and estimates are not guarantees of future performance and involve risks and uncertainties. Given such limitations, you should not rely on these forward-looking statements to make a decision to invest in our notes.

Presentation of Financial and Other Information

Financial Statements and Information

The financial information included in this offering memorandum should be read in conjunction with our audited and unaudited consolidated financial statements and related notes included elsewhere in this offering memorandum and with the sections entitled "Summary Financial and Operating Information," "Selected Financial and Operating Information," and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

We maintain our books and records in *reais*. We prepare our financial statements and other financial information in accordance with accounting practices adopted in Brazil, which we refer to as "Brazilian GAAP." These practices are based on Law No. 6,404 of December 15, 1976, as amended, or the Brazilian Corporate Law; the rules and regulations issued by the CVM; and certain accounting standards issued by the Brazilian Institute of Independent Auditors (*Instituto dos Auditores Independentes do Brasil*), or IBRACON, the Brazilian Federal Accounting Council (*Conselho Federal de Contabilidade*), or the CFC, and the Committee of Accounting Standards (*Comitê de Pronunciamentos Contábeis*), or the CPC. As of January 1, 2008, Brazilian GAAP has included the amendments to the Brazilian Corporate Law introduced by Law No. 11,638 of December 28, 2007, or Law No. 11,638, and as of January 1, 2009, Brazilian GAAP has also included the amendments to the Brazilian Corporate Law introduced by Provisional Measure No. 449 of December 3, 2008, or Provisional Measure No. 449, converted into Law No. 11,941 of May 27, 2009, or Law No. 11,941, which amended and supplemented certain of the provisions of Law No. 11,638. Brazilian GAAP differs in certain significant respects from accounting principles generally accepted in the United States, or U.S. GAAP, and from the International Financial Reporting Standards, or IFRS.

The following financial information is included elsewhere in this offering memorandum:

- **Six-month periods ended June 30, 2009 and 2010:** Our unaudited consolidated interim financial statements as of and for the six-month periods ended June 30, 2009 and 2010, which were subject to a limited review by Boucinhas, Campos & Conti Auditores Independentes, or Boucinhas, as indicated in their report, were prepared in accordance with Brazilian GAAP, which includes the new accounting rules introduced by Law No. 11,638/07 and Law No. 11,941.
- **Years ended December 31, 2008 and 2009:** Our audited consolidated financial statements as of and for the year ended December 31, 2008 and 2009, which were audited by Boucinhas, were prepared in accordance with Brazilian GAAP in force as of that date and reflect the amendments proposed by Law No. 11,638 and Law No. 11,941.

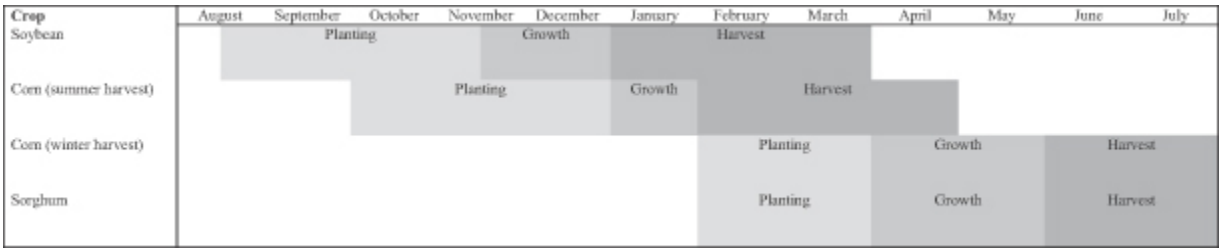
Changes to Brazilian GAAP Introduced by Law No. 11,638 and Law No. 11,941

On December 28, 2007, the Brazilian Congress enacted Law No. 11,638 to amend the Brazilian Corporate Law to facilitate Brazilian companies' transitions from preparing financials under Brazilian GAAP to IFRS, which in 2010 became mandatory in the presentation of financial statements for all Brazilian publicly-held companies. Furthermore, the Brazilian government enacted Provisional Measure No. 449 on December 3, 2008, which was converted into Law No. 11,941 on May 27, 2009, to amend and supplement certain of the provisions of Law No. 11,638. In addition, the CPC periodically issues pronouncements and interpretations, and many of these statements, which apply to our financial statements, have been issued in connection with Law No. 11,638 and Law No. 11,941.

Our financial statements as of and for the years ended December 31, 2008 and 2009 and for the six-month periods ended June 20, 2009 and 2010, included elsewhere in this offering memorandum, include all material amendments to Brazilian GAAP introduced by Law No. 11,638 and Law No. 11,941. In accordance with CPC Technical Pronouncement 13 – Initial Adoption of Law No. 11,638 and Provisional Measure No. 449 (later converted into Law No. 11,941), we chose to set the transition date for the adoption of these new accounting measures as of January 1, 2008. The transition date is considered as the date on which the changes to Brazilian GAAP began to take effect and represents the date on which we prepared our initial balance statement as adjusted for the new accounting rules.

Fiscal Year and Crop Year

Our fiscal year begins on January 1 and ends on December 31 of each year. However, our production is based on the crop year for each of our producers' crops. A crop year varies according to the crop and the climate pattern of the region in which it is grown. Due to the geographic diversity of our producers' farms in the midwest states of Mato Grosso, Mato Grosso do Sul and Goiás and the south/southeastern states of Paraná and São Paulo, the planting period for a given crop may start earlier on one farm than on another, causing differences for their respective harvesting periods. The table below sets forth the approximate crop year for each of our producers' crops, starting with the first day of the planting period at the first farm to start planting that crop, through to the last day of the harvesting period of a certain crop on the last farm to finish harvesting that crop:



In this offering memorandum, references to "our producers" are to outsourced suppliers with which we enter into agreements during each crop year for the acquisition by us of all or a portion of their grain production. For more detailed information regarding our relationship with our suppliers, see "Business."

Certain Weight Units and Measures in the Agricultural Industry

Weight units and measures used in agriculture vary according to the crop and producing country. In order to permit comparability of our operating data with operating data from other Brazilian and international agricultural companies, the following table sets forth key weight units and measures used in the Brazilian and international agriculture industry:

Agricultural weight units and measures

1 metric ton (MT)	1,000 kgs; 2,204.62 pounds
1 kilogram (kg)	2.20462 pounds
1 pound	0.45359 kg
1 acre	0.40469 hectares
1 acre	0.1840 alqueire
1 hectare (ha)	2.47105 acres
1 hectare (ha)	10,000 square meters
1 alqueire	5.4363 acres

Soybean

1 bushel of soybean	60 pounds or 27.2155 kg
1 bag of soybean	60 kg or 2.20462 bushels
1 bushel/acre	67.25 kg/ha
1.00 U.S. dollar/bushel	2.2046 U.S. dollar/bag

Corn

1 bushel of corn	56 pounds or 25.4012 kg
1 bag of corn	60 kg or 2.36210 bushels
1 bushel/acre	62.77 kg/ha
1.00 U.S. dollar/bushel	2.3621 U.S. dollars/bag

All references in this offering memorandum to "tons" are to metric tons.

Certain References to Producer Size

The definition of producer size varies by state in Brazil. References in this offering memorandum to producer size is based on the following information as defined by Ceagro in the states in which we operate.

State	Small Producer	Mid-size Producer	Large Producer
		(in hectares)	
Mato Grosso	100-500	500-5,000	above 5,000
Mato Grosso do Sul	50-300	300-1,500	above 1,500
Goiás	50-300	300-1,500	above 1,500
Paraná	50-300	300-1,000	above 1,000
São Paulo	50-300	300-500	above 500

Market Information

The market information in this offering memorandum concerning the Brazilian economy and the domestic and international agricultural industry was obtained from market research, publicly available information and industry publications from established public sources, such as the Brazilian Central Bank, the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*), or the IBGE, the Brazilian Food Supply Company (*Companhia Nacional de Abastecimento*), or Conab, a state-owned company, the Brazilian Ministry of Agriculture, Livestock and Food Supply (*Ministério da Agricultura, Pecuária e Abastecimento*, or "MAPA"), the U.S. Department of Agriculture, or USDA, the U.S. Food and Agriculture Organization, or FAO, the United Nations, and the Organization for Economic Cooperation and Development, or OECD, as well as from other public institutions and independent sources as indicated throughout this offering memorandum. Although we consider the information obtained from such sources to be reliable, neither we nor the Initial Purchaser have independently verified and cannot guarantee the accuracy of such information.

Rounding

Some percentages and amounts included in this offering memorandum have been rounded for ease of presentation. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregations of the figures that precede them.

Translation of *Reais* into U.S. Dollars

In this offering memorandum, unless otherwise specified or if the context requires, references herein to "US$," "$," "dollar" and "U.S. dollar" are to United States dollars, references to "€" are to the currency introduced on January 1, 1999 pursuant to the Treaty Establishing the European Community, as amended, and references to "R$," "*real*" and "*reais*" are to Brazilian *reais*, the official currency of Brazil since July 1, 1994.

We have translated some of the *real* amounts included in this offering memorandum into U.S. dollars. The exchange rate used to translate such amounts as of and for the six-month period ended June 30, 2010 was R$1.8015 to US$1.00, which was the commercial selling rate at closing for the purchase of U.S. dollars in effect on June 30, 2010 as reported by the Central Bank. The U.S. dollar equivalent information included in this offering memorandum is provided solely for convenience of investors and should not be construed as implying that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate. See "Exchange Rates" for more detailed information regarding the translation of *reais* into U.S. dollars.

Summary

This summary highlights information contained elsewhere in this offering memorandum. It contains an overview of our business, competitive strengths and strategies. This summary does not contain all of the information that you should consider before making a decision to invest in our notes. For a more complete understanding of our business and this offering, you should read this entire offering memorandum carefully, including the information contained in the sections entitled "Presentation of Financial and Other Information," "Risk Factors," "Selected Financial and Operating Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as our consolidated financial statements and related notes and auditor's reports, included elsewhere in this offering memorandum.

Overview

We believe we are the largest corn originator and among the largest soybean originators in Brazil in terms of sales revenue in 2009. We are actively involved in all stages of the grain production chain, including the financing and origination, storage, logistics and commercialization of corn, soybean and soy products. We conduct our origination activities through a unique barter model under which we finance mid-size corn and soybean producers in Brazil through the supply of fertilizer and pesticides, in exchange for a contracted portion of the producer's crop yield and a secured claim of at least 100% and usually 130% of this crop yield. The crop inputs we provide to producers are vital to their success and, we believe, enable producers to maximize crop yield.

We currently employ a team of 61 agronomists who work closely with these producers, providing technical expertise while monitoring planting and harvest to both maximize crop yield and ensure delivery of our contracted yield. At harvest, we provide logistics, storage and delivery services, transporting yield from the producer to local off-takers or Brazil's principal water ports, located in Santos and Paranaguá. We also give producers the option to sell us the remaining portion of their harvested yield that has not already been committed in order to take advantage of our logistics and trading platform.

We believe our emphasis on ensuring a diverse producer base and the strength of our relationships with producers, coupled with favorable geographic agricultural advantages, enables us to minimize risks related to individual producers, weather and climate variances. To ensure our supply, we are focused on building long-term relationships with producers by supplying crop inputs and technical advice to help them maximize their grain yield and grow their businesses. We have direct long-term relationships with and currently finance over 380 active producers. The producers which constitute our supply network are located across the midwestern states of Mato Grosso, Mato Grosso do Sul and Goiás as well as the southern and southeastern states of Paraná and São Paulo. The average term of our relationship with our producers is greater than five years, and no single producer represents more than 2% of our total annual origination. This diversity, in combination with our monitoring practices, has resulted in zero defaults in grain delivery over the past four-and-one-half years. In addition, Brazil has the climatic advantage of offering producers a year-round harvest. Accordingly, a producer who decides to plant either soybean or corn during the summer harvest can plant an additional corn harvest during the South American winter. Therefore, in addition to the protection provided by the dispersion of the producer base over a large geographic region, our participation in both soy and corn results in relatively steady cash flows throughout the year and avoids over-reliance on one harvest's crop yield.

Our commitment to ensuring timely delivery of high quality corn, soybean and soy products, including soybean meal and oil, to our clients has made us an important supplier for leading global off-takers. Upon the execution of a contract with a producer, we minimize commodity price risk by immediately entering into supply contracts with global commodity traders, or off-takers, including ADM, Bunge, BR Foods, Cargill, Corn Products and Glencore, among others, to whom we promise to deliver the grain yield owed to us by the producer. We may also enter into standard hedge contracts in the global commodity markets to the extent we find necessary to further protect us from commodity price risks. Approximately 40% of our sales are destined for export, half of which are exported by us to our off-takers outside of Brazil and half of which are exported by these off-takers from Brazil to other markets. We believe our focus on consistent, long-term results and growth as well as our strong client and producer relationships have positioned us to capitalize on the rapidly growing grain production capacity of Brazil, which is expected to increase by over 35% through 2019 according to the FAO/OECD Agricultural Outlook.

We have grown steadily over the past five years through organic expansion. Our growth results principally from increasing our participation in the grain yield production of our current producers through the provision of additional crop inputs, thus securing more grain yield from these producers. In the 2008/2009 crop year, we originated approximately 550,000 tons of soy and 450,000 tons of corn, representing growth of 42.9% and 75.1%, respectively, over our 2007/2008 origination of 385,000 tons of soy and 257,000 tons of corn. In the 2009/2010 crop year, we expect to originate and sell 700,000 tons of soy and 600,000 tons of corn, representing expected growth of approximately 27.3% and 33.3% over 2008/2009.

The following tables set forth certain selected financial and operating data for the periods indicated:

	Year ended December 31,		Six-month period ended June 30,	
	2008	2009	2009	2010
	(Audited)		(Unaudited)	
	(in R$ million)			
Financial data:				
Gross revenue	703.1	752.0	530.4	487.3
Soybean	380.8	382.2	323.0	297.8
Corn	174.3	173.8	103.7	97.5
Other	148.0	196.0	103.8	92.1
Net revenue	661.4	719.8	506.5	457.6
Net income (loss)	13.9	22.3	27.8	17.9
EBITDA(1)	21.1	33.8	38.9	29.1
Cash and cash equivalents(2)	13.5	17.7	72.8	32.1
Net debt(3)	17.8	42.3	(10.4)	41.6
Net debt/EBITDA(1)(3)	0.8x	1.3x	(0.3)x	1.4x

	Crop year(4)			
	Full Crop Year 2007/2008	Full Crop Year 2008/2009	Up to June 30, 2009	Up to June 30, 2010
	(tons)			
Operating Data:				
Sales				
Soybean	385,000	550,000	465,000	494,000
Corn	257,000	450,000	269,000	278,000

(1) EBITDA is used as a measure of performance by our management. Our EBITDA is calculated based on the definition issued by CVM Resolution 01/2007, consisting of the sum of income before net financial result, income tax and social distribution, goodwill and depreciation and amortization. Our EBITDA should not be considered as a measure of financial performance in accordance with Brazilian GAAP, U.S. GAAP or IFRS nor should it be considered individually, as an alternative to net income, as a measure of operational performance, as an alternative to operating cash flows, or as a measure of our liquidity. Other companies may calculate EBITDA based on a method different from ours. See "Selected Financial and Operating Information – EBITDA Reconciliation."

(2) Includes the current market value of long-term marketable securities. The market value of long-term marketable securities was R$10.5 million on December 31, 2008, R$11.5 million on December 31, 2009, R$ 10.1 million on June 30, 2009 and R$11.7 million on June 30, 2010.

(3) Net debt is calculated as the sum of (i) short-term debt *plus* (ii) long-term debt, *minus* the *sum* of (x) cash *plus* (y) cash equivalents *plus* (z) the market value of long-term marketable securities.

(4) Due to characteristics inherent to our industry, our producer's production period is a crop year. The crop year for each product is directly linked to the climate of the regions where we operate during the planting, development and harvest process for the relevant crop. Crop year results are reflected in our financial statements in more than one fiscal year. A large part of crop year revenues occur within the fiscal year when the harvest is conducted, while the remainder of the revenue is recorded in the following fiscal year. See "Presentation of Financial and Other Information."

Our operations encompass all phases of the grain production chain and can be broken down as follows:

Supplying crop inputs and contracting for grain

We provide fertilizer and, in a minority of our origination transactions, pesticides to our producers, which represent approximately 69% to 75% of soy production costs and 62% to 70% of corn production costs, in exchange for a contracted portion of the producer's grain yield. In exchange for the crop inputs provided, the producer is contractually obligated to provide to us a specific portion of crop based on a conversion ratio determined by us. This conversion ratio is based on the current market price of the crop and the total cost of the inputs. Once we have contractually agreed on the conversion ratio, we simultaneously lock in the price of the grain by entering into supply contracts with the off-takers at fixed prices based on trading prices on the Chicago Board of Trade, or CBOT, for soybean. In the case of corn, we enter into contracts with off-takers or enter into standard hedge contracts on the BM&FBOVESPA. We do not provide cash financing to producers.

Our contracted yield amounts are backed by a Rural Credit Certificate (*Cédula de Produto Rural*), or CPR, that provides us with the right to receive the promised grain yield and a first priority lien on at least 100% and usually 130% of the agreed grain yield. During the weeks leading up to planting, we deliver bags of fertilizer to the individual plots of land, as opposed to centrally to the producer, in order to ensure that the fertilizer is applied to the area of land on which the producer will plant the grain yield over which we have a CPR. Under our business model, when establishing a new relationship with a producer, we typically secure our rights with an additional mortgage on the producer's land. We may also secure our rights with an additional mortgage based on our credit assessment of certain producers.

When we arrange for a chemical manufacturer to provide pesticides, the chemical manufacturer usually sells its agreed grain yield to us at a discount in order to take advantage of our logistics and trading platform. This purchase from the chemical manufacturer allows us to increase our volumes and margin associated with an individual producer at a decreased level of risk because this purchase is made with recourse against the chemical manufacturer which, as a result, serves as a guarantor to the producer's obligation to deliver the agreed grain yield.

When we provide inputs jointly with a chemical manufacturer, both we and the manufacturer receive a CPR which we register to perfect the security interest with respect to our contribution. Since, however, fertilizer typically is applied to crops in advance of chemicals and because it represents proportionally more of the crop input cost, it is a common practice in our industry for the originator's CPR to be registered prior to that of the chemical manufacturer. As a result, our CPRs with the security attached are typically registered first, which gives us priority on the security and the underlying grain yield. We cannot ensure, however, that this common practice will continue to be observed. See "Risk Factors."

Monitoring of planting and harvest

In order to realize the production and delivery of our contracted grain yield and minimize the risk of disease and plagues, we monitor and regularly inspect the land, crops and activities of our producers. We employ a team of 61 agronomists that use specially-equipped vehicles, in addition to outsourced satellite tracking technology to monitor our production regions. All of our agronomists have agricultural degrees in addition to the training we provide. Our monitoring activities begin at planting and are carried out through the entire crop cycles, although the intensity of our monitoring activities changes according to the phase of the harvest. These monitoring activities, in combination with CPRs and our locking-in of grain prices, enable us to mitigate risks associated with grain production, delivery and commodity price fluctuations.

Storage and shipping logistics

We currently have 540,000 tons of leased and 105,000 tons of owned storage capacity. Before each crop season begins, we arrange freight services to transport our contracted grain yield to our leased and owned storage facilities and then ultimately to the off-taker's desired destination. We first deliver the grains to our silo storage facilities where, prior to accepting the grains, we inspect it to ensure that the grain's quality meets the standards required by the final off-takers. If these requirements are not met, we refuse that grain and the producer is required to deliver replacement grains. In order to manage our transportation needs, we enter into agreements each crop season with trucking operators. We rent semi-trailer trucks from 10 trucking companies at fixed prices which are in turn factored into the conversion ratio when we contract with a producer. These transportation arrangements give us the capability to deliver products to customers located in areas outside the major international ports or to deliver products to customers on a flexible schedule in the quantities demanded. We also have arrangements with Brazil's principal export ports, Santos and Paranaguá, for the on-site storage of grains. We have a full-time staff dedicated to administering our shipping and storage logistics platform.

Trading and sales to off-takers: In order to ensure that we maintain our close relationship with our off-takers, we employ full-time trading teams at our headquarters and our various satellite offices. Our trading desks negotiate and match the supply from producers with demand from our off-takers. When conditions are favorable, our trading desk also brokers purchase and sale orders between producers and off-takers in the spot market. If necessary, we hedge our positions in the futures market, so we are never exposed to the risks associated with open positions. We do not engage in speculative activities with our trading.

Our Competitive Strengths

We believe that our principal competitive strengths are:

Strong producer and off-taker relationships enabling us to take advantage of high-growth market: Our breadth of producer relationships, over 380 active producers as of June 30, 2010, and commitment to ensuring grain delivery to our clients has made us a critical supplier to leading global off-takers, including ADM, Bunge, BR Foods, Cargill and Glencore, among others. We believe we are well-positioned to take advantage of the rapidly growing grain production capacity of Brazil, which is expected to triple in size by 2050, according to Conab. According to the FAO/OECD Agricultural Outlook for 2010 to 2019, Brazil is projected to be the fastest growing agricultural sector globally, with an expected increase in production capacity of over 40% through 2019. According to this report, the increase in production capacity is expected to be met or outpaced by global grain demand, particularly as a result of rising demand in developing countries, which is expected to underpin international commodity markets and prices over the outlook period.

Unique Business Model: We conduct our origination activities through a unique barter model whereby we finance mid-size corn and soybean producers in Brazil through the supply of crop inputs in exchange for a contracted portion of the producer's crop yield. Unlike large barter-originators, we believe that our integrated business model that combines technical expertise, flexibility, and logistics and transportation platform allows us to better serve mid-sized producers, a segment which offers higher margins than large commodity producers. Our strong origination operations in Brazil, coupled with our logistics expertise that serves a global customer base, also provides us with a competitive advantage in satisfying both existing demand as well as the anticipated growth in demand for oilseeds by the South American and global biofuels market.

Reduced cash flow volatility: Our generation of consistent cash flow is largely a result of our business model which has reduced the cash flow volatility inherent in agricultural operations. Key factors driving our consistent cash flow generation include: (1) the origination of multiple crops with different harvest times spread across the crop year; (2) our customer diversity with no one producer accounting for over 2% of our supply and our top ten producers account for less than 10%; (3) the geographic diversity of producers, which are spread across five states and multiple agricultural regions in Brazil; (4) our risk management practices which include immediately locking in prices for our originated grain yield with off-takers or in the futures market; and (5) the quality and size of our off-takers which are primarily global commodity players with which we have long standing relationships and an excellent payment track record. We believe these factors reduce our cash flow volatility and better spread working capital investments and revenues throughout different months of the year, while our pricing strategies allow us to secure price floors, limiting downside risk, while giving us the flexibility to take advantage of any upswings in the market. For more information, please see "Business – Material Agreements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Extensive logistics network: We have an extensive network of owned and leased warehouses and equipment used for the storage of corn, soybeans and soy products that we originate. These facilities allow us to store products securely, to monitor product quality efficiently and to manage our inventories to take advantage of changes in prices and demand for particular products. We may take advantage of situations where the local spot market price and the futures price of a commodity diverge, referred to as 'basis'. In order to capture the basis efficiently, a commodity broker must have sufficient stored grains and the capacity to deliver such grains to the location with favorable price conditions. When we sell grains to take advantage of basis, we always do so in a hedged manner – the grains that we will deliver into the futures contract already belong to us and are stored in our warehouses. Additionally, to meet our storage needs, we often contract with our principal off-takers, including ADM, Bunge and Glencore, to store the grain we are selling to them at their respective storage facilities. This arrangement saves us significant capital expenses as these off-takers do not charge any fees for the physical storage of the grains we sell to them, but instead only charge us rental. This allows us to offer these off-takers more flexible terms, payment times and logistics solutions, while at the same time providing us more flexibility in the allocation of our working capital.

Our Strategies

To achieve our goals, we employ the following strategies:

Deepen existing relationships with current producers. We intend to build on our strong relationships and business platform by increasing our supply crop input to, and grain yield from, our current producers. We believe there is significant room for growth with producers with whom we already have established relationships. Today, with our available capital and based on our risk management and diversification policy, we only finance a certain percentage of our current producers' capital needs through our barter model. As we increase our available capital, we intend to increase the percentage of our producers' capital needs that we finance through our barter financing transactions.

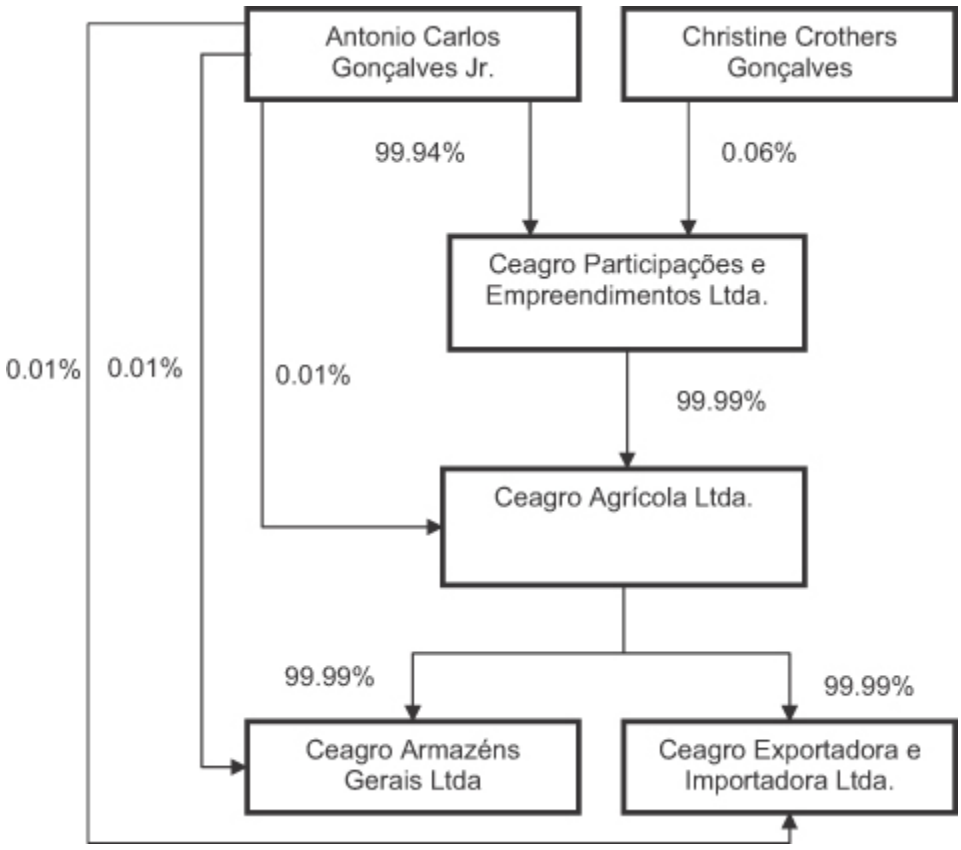
Increase our participation in transactions in which we partner with chemical producers. Currently, approximately 60% of our sales are derived from transactions in which we arrange for a chemical manufacturer to supply pesticides to the producer. When entering into these arrangements, the chemical manufacturer frequently sells its agreed grain yield to us in order to take advantage of our logistics and trading platform. This purchase from the chemical manufacturer allows us to increase our volumes and margins associated with an individual producer at a decreased level of risk because we already maintain a relationship with and monitor the producer. These arrangements with the chemical manufacturer also give us increased access to their client base.

Increase operational efficiency as we increase our customer and producer base. As we continue to grow, we will seek to benefit from greater economies of scale that will result from our expanding base of both suppliers and customers. We believe that our expanded operations will result in increased operational efficiency. We recently integrated SAP software into our operating platform and intend to continue to improve our logistics systems by streamlining transportation of the agricultural products we originate and developing operational benchmarks for each segment of our operations. We also utilize outside consultants to help us monitor and control our costs as we expand our operations. We expect these steps to enable us to reduce our overall operating costs and to increase our margins.

Optimize capital structure and extend debt profile. We plan to optimize our capital structure following this offering by increasing our long-term funding and reducing our reliance on shorter-term financing. The extension of our debt profile will allow for additional working capital investments and will also enable us to hold our production for sale at more favorable off-season terms.

Corporate Structure

The diagram below shows the structure of our corporate group as of the date of this offering memorandum:



Additional Information

Our headquarters are located at Rua Antonio Lapa 280, 8th floor, Campinas, São Paulo. Our Investor Relations Officer is Roberto G. Barreiro, and he may be contacted by phone at +55 (19) 3202-5256, fax at + 55 (19) 3254-0960 or by email at roberto.barreiro@ceagro.com. The information contained on our website or that can be accessed through it is not included by reference in this offering memorandum.

The Offering

This summary highlights information presented in greater detail elsewhere in this offering memorandum. This summary is not complete and does not contain all the information you should consider before investing in the notes. You should carefully read this entire offering memorandum before investing in the notes, including our audited and unaudited financial statements contained elsewhere in this offering memorandum, "Risk Factors" and "Description of the Notes," which contain a more detailed description of the terms of the notes and the indenture governing the notes.

Issuer	Ceagro Agrícola Ltda.
Guarantor	Ceagro Participações e Empreendimentos Ltda.
Initial Purchaser	Jefferies & Company, Inc.
Securities offered	US$100,000,000 aggregate principal amount of 10.75% Senior Secured notes due 2016.
Maturity Date	May 16, 2016.
Interest Rate	We will pay interest on the notes at an annual interest rate of 10.75%.
Interest Payment Dates	We will make interest payments on the notes semi-annually in arrears on May 16 and November 16 of each year, beginning May 16, 2011. Interest will accrue from the issue date of the notes.
Issue Date	October 27, 2010
Indenture	The notes will be issued under the Indenture dated as of October 27, 2010 between us, the Guarantor, The Bank of New York Mellon, as Trustee, registrar, paying agent, collateral agent and transfer agent and The Bank of New York Mellon Trust (Japan) Ltd., as Principal Paying Agent.
Issue Price	98.965% of the principal amount of the notes
Guarantee	The notes and our obligations under the indenture governing the notes will be fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by the Guarantor and, on a senior unsecured basis, by each of our future significant subsidiaries.
Collection Account	The Issuer shall establish the Collection Account for the notes. The Collection Account will be held by the U.S. Collateral Agent in the name of the Issuer and pledged in favor of the Trustee for the benefit of the noteholders pursuant to the Account Control Agreement. At all times while any of the notes are Outstanding, the Issuer shall instruct each Off-taker to make all payments of Export Receivables to the Collection Account. See "Description of the Notes."
Debt Service Reserve Account	The Issuer shall establish the Debt Service Reserve Account for the notes. The Debt Service Reserve Account will be held by the U.S. Collateral Agent and pledged in favor of the Trustee for the benefit of the noteholders pursuant to the Account Control Agreement. At all times while any of the notes are outstanding, the Issuer shall maintain an amount equal to one semi-annual interest payment on deposit in the Debt Service Reserve Account. See "Description of the Notes."
Security Interests	The notes, the guarantee and our obligations under the indenture governing the notes will be secured by a first -priority security interest in the Collection Account, the Debt Service Reserve Account and a pledge of 100% of the capital stock of the Issuer. See "Description of the Notes."
Ranking	The Notes will be secured obligations of the Issuer and will be senior in right of payment to all existing and future unsecured obligations of the Issuer to the extent of the collateral provided in respect of the Notes, subject to bankruptcy and other similar laws affecting the enforcement of creditors' rights generally.
Optional Redemption	On any interest payment date, we may redeem the notes in whole, but not in part, following the occurrence of a Tax Event at the Base Redemption Price. See "Description of the Notes" beginning on page 86 of this offering memorandum.

Certain Covenants	The indenture governing the notes will, among other things, limit our ability and the ability of our restricted subsidiaries to: • incur or guarantee additional indebtedness or issue disqualified capital stock; • transfer or sell assets; • pay dividends or distributions, redeem subordinated indebtedness, make certain types of investments or make other restricted payments; • create or incur liens; • incur dividend or other payment restrictions affecting certain subsidiaries; • consummate a merger, consolidation or sale of all or substantially all of our assets; • enter into transactions with affiliates; • designate subsidiaries as unrestricted subsidiaries; • engage in a business other than a business that is the same or similar to our current business or a reasonably related business; and • take or omit to take any actions that would adversely affect or impair in any material respect the collateral securing the notes. These covenants will be subject to a number of important exceptions and qualifications. See "Description of the Notes – Certain Covenants."
Listing	We have applied to admit the notes to listing and trading on the Global Exchange Market of the Irish Stock Exchange.
Clearance and Settlement	The notes will be issued in book-entry form through the facilities of The Depository Trust Company, or DTC, for the accounts of its direct and indirect participants, including Clearstream Banking, *société anonyme*, Luxembourg, or Clearstream, Luxembourg, and Euroclear Bank S.A./N.V., or Euroclear. See "Description of the Notes – Global Notes."
Form and Denomination	The notes will initially be issued in the form of one fully registered Restricted Global Note and one fully registered Regulation S Global Note. The notes will be delivered in book-entry form through the facilities of DTC for the accounts of its participants, including Euroclear and Clearstream, Luxembourg. The notes will be issued in minimum denominations of US$100,000 and integral multiples of US$1,000 in excess thereof. See "Description of the Notes."
Use of Proceeds	The proceeds of the notes will be used to refinance short-term debt, for working capital, for general corporate purposes, as well as depositing an amount equal to a semi-annual interest payment into the Debt Service Reserve Account.
Withholding Taxes; Additional Amounts	All payments of principal and interest in respect to the notes and the guarantee will be made without withholding or deduction for any taxes or other governmental charges imposed by Brazil, or, in the event that we appoint additional paying agents, in the jurisdictions of those paying agents, or any political subdivision or any taxing authority thereof, unless such withholding or deduction is required by law. In the event we or the Guarantor are required to withhold or deduct amounts for any taxes or other governmental charges, we or the Guarantor, as the case may be, will pay such additional amounts necessary to ensure that the noteholders receive the same amount as the noteholders would have received without such withholding or deduction, subject to certain exceptions. See "Description of the Notes – Additional Amounts."
No Public Market	The notes are a new issue of securities. The Initial Purchaser has advised us that it intends to make a market in the notes. The Initial Purchaser is not obligated, however, to make a market in the notes, and any such market may be discontinued by the Initial Purchaser in its discretion at any time without notice. See "Plan of Distribution."

For more information about the notes, see "Description of the Notes" in this offering memorandum.

You should refer to "Risk Factors" for an explanation of certain risks related to investing in the notes.

Summary Financial and Operating Information

The tables below present a summary of our consolidated financial and operating information as of and for the periods indicated. You should read this information in conjunction with our audited consolidated financial statements and related notes included elsewhere in this offering memorandum and with the sections entitled "Presentation of Financial and Other Information," "Selected Financial and Operating Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our consolidated financial statements were prepared in accordance with Brazilian GAAP, which differs in significant respects from U.S. GAAP and IFRS.

The following financial information is included elsewhere in this offering memorandum:

- **Years ended December 31, 2008 and 2009:** Our consolidated financial statements as of and for the year ended December 31, 2008 and 2009, which were audited by Boucinhas, were prepared in accordance with Brazilian GAAP in force as of that date and reflect the amendments proposed by Law No. 11,638 and Law No. 11,941.
- **Six-month periods ended June 30, 2009 and 2010:** Our consolidated interim financial statements as of and for the six-month periods ended June 30, 2009 and 2010, which were subject to a limited review by Boucinhas, as indicated in their report, were prepared in accordance with Brazilian GAAP, which includes the new accounting rules introduced by Law No. 11,638/07 and Law No. 11,941.

We have translated some of the *real* amounts included in this offering memorandum into U.S. dollars. The exchange rate used to translate such amounts as of and for the six-month period ended June 30, 2010 was R$1.8015 to US$1.00, which was the commercial selling rate at closing for the purchase of U.S. dollars in effect on June 30, 2010 as reported by the Central Bank. The U.S. dollar equivalent information included in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate. See "Exchange Rates" for more detailed information regarding the translation of *reais* into U.S. dollars.

Statement of Income

	As of and for the year ended December 31,			As of and for the six-month period ended June 30,		
	2008	2009	2009	2009	2010	2010
	(Audited)			(Unaudited)		
	(in R$ million)		(in US$ million)	(in R$ million)		(in US$ million)
Income statement data:						
Gross revenues	**703.1**	**752.0**	**417.4**	**530.4**	**487.3**	**270.5**
Sales in domestic market	516.4	440.2	244.3	310.2	259.0	143.8
Sales in foreign market	186.8	311.8	173.1	220.2	228.3	126.7
Deductions from gross revenue	**(41.7)**	**(32.1)**	**(17.8)**	**(24.0)**	**(29.8)**	**(16.5)**
Returns	(0.5)	(0.3)	(0.2)	—	—	—
Sales taxes	(41.2)	(31.8)	(17.7)	(23.9)	(29.7)	(16.5)
Net revenues	**661.4**	**719.8**	**399.6**	**506.5**	**457.6**	**254.0**
Cost of goods sold	(523.9)	(529.6)	(294.0)	(355.0)	(311.6)	(173.0)
Gross profit	**137.6**	**190.2**	**105.6**	**151.4**	**145.9**	**81.0**
Operating (expenses) income	**(116.6)**	**(156.4)**	**(86.8)**	**(114.3)**	**(118.8)**	**(65.9)**
Selling expenses	(110.0)	(149.4)	(82.9)	(107.0)	(113.0)	(62.7)
General and administrative	(5.5)	(6.2)	(3.4)	(4.4)	(3.8)	(2.1)
Financial income (expense), net	0.3	0.1	0.1	(1.6)	(1.9)	(1.0)
Other operating expenses	(1.3)	(1.0)	(0.5)	(1.3)	(0.1)	—
Profit before tax	**21.0**	**33.8**	**18.8**	**37.2**	**27.1**	**15.1**
Income tax and social contribution	(7.1)	(11.5)	(6.4)	(9.3)	(9.2)	(5.1)
Income tax	(5.2)	(8.4)	(4.7)	(6.9)	(6.8)	(3.8)
Social contribution	(1.9)	(3.0)	(1.7)	(2.4)	(2.4)	(1.4)
Net income	**13.9**	**22.3**	**12.4**	**27.8**	**17.9**	**9.9**

Balance Sheet

	As of and for the year ended December 31,			As of and for the six-month period ended June 30,		
	2008	2009	2009	2009	2010	2010
	(Audited)			(Unaudited)		
	(in R$ million)		(in US$ million)	(in R$ million)		(in US$ million)
Balance sheet data:						
Current assets	**56.3**	**109.9**	**61.0**	**190.0**	**169.3**	**94.0**
Cash and Equivalents	1.8	3.6	2.0	25.4	8.6	4.8
Marketable securities	1.3	2.6	1.4	37.3	11.7	6.5
Trade accounts receivable from clients	34.0	67.3	37.4	72.9	48.8	27.1
Inventories	8.7	8.6	4.8	46.8	38.7	21.5
Taxes Recoverable	3.3	3.6	2.0	3.2	4.2	2.3
Advances to suppliers	7.2	24.1	13.4	4.4	57.2	31.8
Non-current assets	**28.1**	**28.7**	**16.0**	**30.2**	**29.7**	**16.5**
Long-term	**14.5**	**14.5**	**8.1**	**14.5**	**14.5**	**8.1**
Marketable securities	14.5	14.5	8.1	14.5	14.5	8.1
Property, plant and equipment	**13.4**	**14.1**	**7.8**	**15.5**	**15.0**	**8.3**
Intangible assets	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**—**
Total assets	**84.3**	**138.6**	**77.0**	**220.2**	**199.0**	**110.5**
Current liabilities	**5.5**	**23.0**	**12.8**	**105.2**	**30.8**	**17.1**
Loans and financing	3.2	17.3	9.6	25.9	26.5	14.7
Suppliers	1.3	4.5	2.5	71.6	3.0	1.6
Salaries, provisions and social contributions	0.6	0.7	0.4	0.6	0.6	0.3
Taxes payable	0.4	0.5	0.3	4.3	0.8	0.5
Advances to clients	—	—	0.0	2.8	—	—
Non-current liabilities	**28.2**	**42.6**	**23.7**	**36.5**	**47.3**	**26.2**
Long-term liabilities	**28.2**	**42.6**	**23.7**	**36.5**	**47.3**	**26.2**
Loans and financing	28.2	42.6	23.7	36.5	47.3	26.2
Shareholders' equity	**50.7**	**73.0**	**40.5**	**78.5**	**120.9**	**67.1**
Paid in capital	10.6	10.6	5.9	10.6	40.6	22.5
Capital reserve	—	—	0.0	—	—	—
Retained earnings	40.0	62.4	34.6	67.9	80.3	44.6
Total liabilities and shareholders' equity	**84.3**	**138.6**	**77.0**	**220.2**	**199.0**	**110.5**

Other Financial and Operational Data

	Year ended December 31,		Six-month period ended June 30,	
	2008	2009	2009	2010
	(Audited)		(Unaudited)	
	(in R$ million)			
Financial data:				
Gross revenue	703.1	752.0	530.4	487.3
Soybean	380.8	382.2	323.0	297.8
Corn	174.3	173.8	103.7	97.5
Other	148.0	196.0	103.8	92.1
Net revenue	661.4	719.8	506.5	457.6
Net income	13.9	22.3	27.8	17.9
EBITDA(1)	21.1	33.8	38.9	29.1
EBITDA Margin	3.2%	4.7%	7.7%	6.4%
Cash and cash equivalents(2)	13.5	17.7	72.8	32.1
Net debt(3)	17.8	42.3	(10.4)	41.6
Net debt/EBITDA(1)(3)	1.3x	1.6x	(0.3)x	1.4x

(1) EBITDA is used as a measure of performance by our management. Our EBITDA is calculated based on the definition issued by CVM Resolution 01/2007, consisting of the sum of income before net financial result, income tax and social distribution, goodwill and depreciation and amortization. Our EBITDA should not be considered as a measure of financial performance in accordance with Brazilian GAAP, U.S. GAAP or IFRS nor should it be considered individually, as an alternative to net income, as a measure of operational performance, as an alternative to operating cash flows, or as a measure of our liquidity. Other companies may calculate EBITDA based on a method different from ours.

(2) Includes the current market value of long-term marketable securities. The market value of long-term marketable securities was R$10.5 million on December 31, 2008, R$11.5 million on December 31, 2009, R$ 10.1 million on June 30, 2009 and R$11.7 million on June 30, 2010.

(3) Net debt is calculated as the sum of (i) short-term debt *plus* (ii) long-term debt, *minus* the *sum* of (x) cash *plus* (y) cash equivalents *plus* (z) the market value of long-term marketable securities.

	Crop year(1)			
	Full Crop Year 2007/2008	Full Crop Year 2008/2009	Up to June 30, 2009	Up to June 30, 2010
	(tons)			
Operating Data:				
Sales				
Soybean	385,000	550,000	465,000	494,000
Corn	257,000	450,000	269,000	278,000

(1) Due to characteristics inherent to our industry, our producer's production period is a crop year. The crop year for each product is directly linked to the climate of the regions where we operate during the planting, development and harvest process for the relevant crop. Crop year results are reflected in our financial statements in more than one fiscal year. A large part of crop year revenues occur within the fiscal year when the harvest is conducted, while the remainder of the revenue is recorded in the following fiscal year. See "Presentation of Financial and Other Information."

EBITDA Reconciliation

The following table sets forth a reconciliation of our EBITDA to net income for each of the periods presented:

	Year ended December 31,		Six-month period ended June 30,	
	2008	2009	2009	2010
	(Audited)		(Unaudited)	
	(in R$ millions)			
Financial data:				
Net income	13.9	22.3	27.8	17.9
Income tax and social contribution	7.1	11.5	9.3	9.2
Financial results	(0.3)	(0.1)	1.6	1.9
Amortization of goodwill	—	—	—	—
Depreciation	0.3	—	0.1	0.1
Non-operating income (expenses)	—	—	—	—
EBITDA(1)	21.1	33.8	38.9	29.1
EBITDA Margin	3.2%	4.7%	7.7%	6.4%

(1) EBITDA is used as a measure of performance by our management. Our EBITDA is calculated based on the definition issued by CVM Resolution 01/2007, consisting of the sum of income before net financial result, income tax and social distribution, goodwill and depreciation and amortization. Our EBITDA should not be considered as a measure of financial performance in accordance with Brazilian GAAP, U.S. GAAP or IFRS nor should it be considered individually, as an alternative to net income, as a measure of operational performance, as an alternative to operating cash flows, or as a measure of our liquidity. Other companies may calculate EBITDA based on a method different from ours.

Risk Factors

You should carefully consider the risks and uncertainties described below and the other information in this offering memorandum before making an investment in the notes. The risks described below are not the only ones facing our company or investments in Brazil in general. Our business, financial condition or operating results could be materially and adversely affected by any of these risks. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. This offering memorandum also contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements." Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including the risks facing the Issuer and our company described below and elsewhere in this offering memorandum.

For the purposes of this section, when we state that a risk, uncertainty or problem may, could or will have an "adverse effect" on us or "adversely affect" us, we mean that the risk, uncertainty or problem could have an adverse effect on our business, financial condition, operating results, cash flow and/or prospects, and/or the trading price of our notes, except as otherwise indicated. You should view similar expressions in this section as having similar meaning.

Risks Relating to our Operations

Prior to the growing season, we provide fertilizer to producers in exchange for an agreed upon yield of grain and then immediately sell this agreed yield to our clients. Intervening weather conditions, natural disasters, plague outbreaks and other events during the various growing seasons may affect our producers' ability to supply the agreed yield of grain, forcing us to cover our contracts in the spot market at unfavorable prices, which could materially and adversely affect us.

Prior to the planting of the crop, we provide fertilizer to producers in exchange for an agreed upon yield of grain measured in bushels per hectare, and in addition to a CPR, which we register as a security lien corresponding to at least 100% and usually 130% of the agreed grain yield, in certain instances, we receive mortgages on the land. Further, we routinely purchase the remaining yield per hectare from the producer, thus purchasing 100% of the grain yield of the producer. We then immediately sell the agreed grain yield to off-takers at fixed prices or enter into forward sales agreements.

Intervening weather conditions throughout the planting season and harvest may negatively affect the ability of our producers to meet their grain supply obligation and force us to purchase the grain yield on the spot market at unfavorable prices, which could materially and adversely affect us. Droughts, floods, heat waves, hailstorms and excessive rainfall are some of the weather conditions that could impact our producers' crops and negatively affect our grain supply and our business. We cannot protect ourselves against exposure to the effects of severe weather conditions nor can we predict possible losses resulting from such weather conditions. In addition, global warming is believed to be occurring at an accelerated pace, which could change current weather patterns in unpredictable ways.

Global warming may also contribute to the occurrence of new weather conditions or to the occurrence of weather phenomena previously uncommon in Brazil, such as hurricanes and typhoons, among others. Moreover, the maximum and minimum temperatures, rainfall volume and other regional climate patterns in the areas where our producers' farms are located could experience unpredictable changes with potentially negative effects on our business. In particular, given that most of our producers are located in the Midwestern and South/Southeastern region of Brazil, any adverse weather conditions in those regions could materially and adversely affect us.

Our producers' activities may be affected by a variety of disasters, including destruction of farms and crops by fire and other natural disasters or events, and theft of grains or fertilizers and other supplies for their businesses. Our producers may also be invaded by social movements, such as the Rural Landless Workers Movement (*Movimento dos Trabalhadores Rurais sem Terra*), or MST. Any disaster or other event affecting the ability of our producers to deliver the agreed grain yield could materially and adversely affect us.

Furthermore, our producers' current and future crops may be exposed to plagues and diseases, which can affect our grain supply. Monitoring and combating plagues and diseases requires constant investment, which increases our costs. For example, the crops of certain producers in the state of Mato Grosso have been inflicted with Asian soybean rust (*ferrugem asiática*). As a result, the grain yield per hectare in the state of Mato Grosso fell in areas affected by the soybean rust. New plagues and/or the mutation or spread of presently-existing types of plagues and diseases may negatively affect, damage or even completely destroy our producers' crops. The origination and spread of plagues and diseases may occur if other agricultural producers do not follow applicable health and environmental regulations, which is beyond our control. If our producers fail to exterminate or control a given plague or disease, their crops could be threatened or even completely destroyed and we may be unable to originate enough grains to meet our supply obligation, forcing us to cover our contracts in the spot market at unfavorable prices, which could have a material adverse effect on us.

Agriculture is inherently a seasonal business, which may have an adverse effect on our revenues and our financial condition.

Our revenues are derived from the agricultural business and consequently are tied directly to crop cycles and, thus, are seasonal in nature. Our operating results vary significantly between the planting and harvesting periods of each crop, which cause fluctuations in our cash flow as a result of disparities between our revenue stream and fixed expenses. In addition, seasonality creates limited windows of opportunity for our producers to complete required tasks at each stage of crop cultivation. Should events such as adverse weather or transportation interruptions occur during these seasonal windows, we may face the possibility of reduced revenue without an opportunity to recover until the following crop's planting.

We face strong international and domestic competition.

We have numerous competitors at each stage of the agribusiness value chain, some of which are larger than us and have greater financial resources than we do. When we originate products we compete against companies such as ADM, Bunge, BR Foods, Cargill, Corn Products and Glencore, among others, to purchase agricultural products from producers. Competition at this stage is primarily based on price. When we distribute and sell agricultural products we compete against some of these same corporations, as well as regional and national distributors. The market for these products is highly price-competitive and sensitive to product substitution. Competition is based on price, logistics, service offerings and geographic location. Competition could cause us to lose market share, exit certain lines of business, or reduce prices, each of which could adversely affect our business, financial condition and operating results.

Furthermore, we face strong worldwide competition in each of our markets with regard to our products. The global market for agricultural products is highly competitive and is also sensitive to changes in industrial capacity, production inventories and world economic cycles. These factors, individually or in the aggregate, could have a significant effect on our products' selling prices and, as a result, on our profitability. Since our products are agricultural commodities, they compete in the international markets almost exclusively based on price. Furthermore, many agricultural producers in other countries receive subsidies that do not exist in Brazil. These subsidies may allow producers to have lower production costs than ours and/or enable them to endure price reduction and operating losses for longer periods than our producers would be able to endure.

In addition, our business model employs a barter system whereby we provide fertilizer and pesticides to our producers in exchange for a certain grain yield. We often enter into arrangements with chemical manufacturers for the supply of these pesticides. When we enter into these arrangements, the chemical manufacturer often sells its agreed grain yield to us in order to take advantage of our logistics and trading platforms. Though no chemical manufacturers have entered into the logistics and trading segments, if one or more were to do so, we would enter into direct competition with them, which could result in a loss in market share and changes to our business model which could have a material adverse affect on us.

Our products are sold to a few customers with strong bargaining power.

Almost all of our originated products are sold to a few customers, which acquire large portions of our production and thus have strong bargaining power. For example, in the 2008/2009 crop year, our top two soybean off-takers, Bunge and ADM, acquired approximately 60.0% of our soybean production and our top two corn off-takers, Corn Products and BR Foods, acquired approximately 76.8% of our corn production. The agricultural commodities buyers market is highly concentrated, and we cannot assure you that it will not become even more concentrated. Any problem at any of our principal off-takers could have a material negative effect on us. In addition, the strong competition existing between the agriculture industry in the domestic and international markets further increases the bargaining power of our customers.

Two of our principal costs, fertilizer and fuel, are subject to price fluctuations. Changes in the price of such inputs resulting from market concentration or fluctuations in commodity prices could have a material negative effect on us.

Among our principal costs are fertilizers and transport, representing approximately 18.7% and 19.9% of our net revenues in 2009, respectively. We purchase the fertilizer that we supply to our producers in exchange for grain yields. We contract semi-trailer trucks from 10 trucking companies at fixed prices per truck to transport the grain to our leased and owned storage facilities and then ultimately to the clients' desired destination.

Fertilizer products are derived from three major nutrients: potash, phosphate and nitrogen. The worldwide fertilizer market is concentrated. There are limited resources of potash around the world with Canada, Russia and Belarus being the most important sources. While potash is a scarce resource, phosphate is more available, but all major exporters are located in the northern region of Africa (Morocco, Algeria and Tunisia) and in the United States. In Brazil, Companhia Vale do Rio Doce, or Vale, is the major producer of both potash and phosphates. Vale operates the only potash mine in Brazil, responsible for approximately 10% of total potash consumption in Brazil, while the remaining 90% is imported from Canadian, Russian and Belorussian producers in descending order. Vale has recently acquired the two largest producers of phosphates and nitrogen fertilizers in Brazil, Fertilizantes Fosfatados S.A. – Fosfertil and Bunge Participações e Investimentos S.A. – BPI. The consolidation of the fertilizer market in Brazil or abroad may result in price increases, which could reduce our operational margins if the prices of soybean and corn do not increase in a corresponding amount and thereby adversely affect us.

We enter into arrangements to rent our semi-trailer trucks prior to each crop season for a fixed price, which includes the cost of fuel. Although the trucking company assumes the price risk of fuel, the rental cost is influenced in large measure by the price of fuel and expected volatility. The fuel supply market in Brazil is dominated by Petróleo Brasileiro S.A., or Petrobras, the Brazilian national oil company. Petrobras operates approximately 92% of Brazil's total refining capacity and supplies almost all of the refined product needs of third-party wholesalers. Only approximately 9.5% of Brazilian diesel consumption, the fuel used by our rented trucks, is imported, and Petrobras is the largest importer. Although fuel prices in Brazil are not regulated, Petrobras is able to drive its prices due to its dominant position in the entire oil production, refining and distribution chain. If Petrobras increases the price of diesel and the prices of soybean and corn do not increase in a corresponding amount, we could be adversely affected.

Furthermore, the price of both fuel and fertilizer are linked to worldwide commodity prices. Events outside or inside Brazil may cause severe price fluctuations in either commodity, which could materially adversely affect us.

International trade dependency, government policies affecting trade flows, fluctuations in market prices for our products and fluctuations in the value of the real in relation to the U.S. dollar could adversely affect us.

Brazil's current agricultural production capacity is greater than its domestic market for agricultural products. Approximately 40% of our sales to our off-takers were destined for the export market in 2009. The adoption of measures by a given country or region, such as restrictions, quotas or a suspension of imports could substantially affect the export volume of the industry and, consequently, our volume of exports and operating results. If the competitiveness of our products in one or more of our significant markets were to be affected by any one of these events, we may have problems reallocating our products to other markets on comparable terms, we could be adversely affected.

The ability of Brazilian products to compete effectively in international markets depends on many factors beyond our control, including:

- the volatility of international prices, subject to global demand and supply;
- weather conditions;
- business strategies adopted by other companies in the agricultural sector; changes in the agricultural subsidy levels of certain important producers (mainly the United States and the European Union), changes in the trade barriers of certain important consumer markets (mainly China), as well as the adoption of other government policies affecting industry market conditions and prices, such as taxes, tariffs, duties and import or export restrictions;
- international trade disputes, particularly at the World Trade Organization; and
- supply and demand for competing commodities and substitutes.

In addition, foreign exchange fluctuations, particularly of the Brazilian *real* against the U.S. dollar, may significantly affect our operating results given that: (1) the fertilizers we finance to our producers and the fuel used in our transportation activities are traded internationally and international price variations affect their prices in Brazil; (2) soybean and corn prices are defined based on prices prevalent on the CBOT; and (3) most markets are served by several suppliers from different countries and competitiveness of farm products abroad may increase in relation to ours in light of the appreciation of the Brazilian currency in relation to the U.S. dollar. Fluctuation of the *real* in relation to the U.S. dollar could impact our export revenues, our sales in U.S. dollars in the Brazilian market and our financial expenses and operating costs, which may adversely affect us.

Inefficiencies and interruptions in the transportation, warehousing and export pipeline could have a material negative impact on our business.

One of the main disadvantages of the Brazilian agriculture industry is the location of the most important plantation areas, including our producers' farms in the states of Mato Grosso, Mato Grosso do Sul and Goiás, which are approximately 2,000 km from the ports of Santos and Paranaguá. Access to transportation and port infrastructure is essential for the growth of Brazilian agriculture as a whole and specifically for our operations. Improvements in transportation infrastructure that require large investments are necessary to enable our products to be more accessible to export terminals at competitive prices. We cannot guarantee that the government or the private sector will make such investments.

A significant portion of Brazil's agricultural production is currently transported by trucks, a significantly more expensive means of transportation than the railway transportation available in the United States and other countries that produce agricultural commodities. Since dependence on highway transportation increases our costs, our ability to compete in the global agricultural market may be jeopardized, despite the infrastructure transportation projects presently being contemplated or that are underway. We enter into arrangements to rent semi-trailer trucks from 10 trucking companies at fixed prices per truck to transport the grain to our leased and owned storage facilities and then ultimately to the clients' desired destination. We do not have long term arrangements with any of these trucking companies; if any of them would fail to provide the contracted trucks during the harvest time, our ability to transport the grains and meet our supply obligations could be jeopardized and we could be adversely affected. As we use short-term arrangements to meet a fixed amount of freight delivery, and we may experience difficulty in the future in hiring these transporters on reasonable terms or may not have contracted sufficient transport capacity, which may negatively affect us. For example, in the 2008/2009 crop year a shortage in warehousing in our sector increased our freight capacity needs above the levels that for which we had contracted, resulting in higher freight costs. In addition, a disruption in the roads we use could adversely impact our origination, transportation, and distribution operations, and ultimately could adversely affect us.

We are highly dependent on an extensive network of owned and leased warehouses and equipment used for the storage of corn, soybeans and soy products that we originate. We do not have long term contracts with such warehouses. If we are unable to secure locations to store our grains, we could face difficulties in the distribution of our products and could be adversely affected.

In addition, we could be affected by strikes of port employees or customs agents, sanitary inspection agents and other government agents at the Brazilian ports from which we export our products. In the past three years, for example, inspectors from the Ministry of Agriculture and Farming have engaged in strikes or work stoppages that have delayed the export of agricultural products. A widespread or protracted strike among any of these workers in the future could adversely affect our business. As a result of these and other factors, we may not be able to rely on efficient transportation to bring our products to our principal markets in an efficient manner, which could adversely affect us.

Some of the warehouses we use do not have certain required permits and might have certain encumbrances and/or liens. In addition, we do not have written agreements for some of the warehouses we use.

In order to occupy and operate a building, we are required to obtain a certificate of occupancy (*Habite-se*) issued by the municipal authorities. Furthermore, for each of our warehouses and the warehouses we rent from third parties we must maintain the following licenses for regular operation: (i) an operating permit (*Alvará e Licença de Uso e Funcionamento*), issued by the relevant municipal authorities; and (ii) a designation of inspection permit (*Auto de Vistoria do Corpo de Bombeiros*), issued by the local fire department. Some of our warehouses and the warehouses we rent from third parties do not yet have one or more of those permits. Lack of these permits may result in sanctions ranging from fines to demolition of the building if it was erected unlawfully, or the closure of such warehouses. If sanctions are imposed on any of our warehouses and/or the warehouses we rent from third parties, especially if any are closed, we may be materially and adversely affected.

In addition, we were not able to obtain updated real estate title certificates related to our warehouses and the warehouses we rent from third parties. As a result, there is no assurance that these warehouses are not subject to liens and/or encumbrances. If our warehouses have liens and/or encumbrances, we might cease to own these warehouses, which could have a material adverse effect on us. Furthermore, if the warehouses we rent from third parties have liens and/or encumbrances, we might have to stop operating in these warehouses, which could have a material adverse effect on our business.

Moreover, we do not enter into written agreements with respect to some of the warehouses we rent from third parties. As a result, there is no assurance that we will operate in these warehouses for a determined period. If the third parties that own such warehouses decide to stop doing business with us, we might have difficulties to find warehouses with similar characteristics to those we currently use. This could force us to make considerable investments, which could adversely impact our business and have a material adverse effect on us.

Environmental regulations affecting the agricultural industry could adversely affect our business, financial condition and operating results.

Our business activities in Brazil are subject to extensive federal, state and municipal laws and regulations concerning environmental protection, which imposes on originators, its producers and off-takers various environmental obligations, such as environmental licensing requirements, minimum standards for the release of effluents, use of agrochemicals, management of solid waste, protection of certain areas, and need of a special authorization for the use of water, among others. The failure to comply with such laws and regulations may subject the violator to administrative fines of up to R$50 million, mandatory interruption of activities and criminal sanctions, in addition to the obligation to cure and pay environmental and third-party damage compensation, without any caps. In addition, Brazilian environmental law adopts a joint and several and strict liability system for environmental damages, which makes the polluter liable even in case it is not negligent and would make us jointly and severally liable for the obligations of our producers or off-takers, to the extent we are considered polluters. To the extent that we are subject to environmental liabilities, any costs we may incur to rectify possible environmental damage would lead to a reduction in the financial resources which would otherwise remain at our disposal thus causing an adverse impact on our business.

Although our business activities do not require that we obtain environmental licenses, we can be held jointly liable for environmental damages that may be caused by the originators, its producers and off-takers. In addition, we can be fined by the environmental agencies. As mentioned above, Brazilian law adopts the strict liability system for environmental damages and anyone who is part of environmental damages concerning the production supply chain (from the rural producers, originators, to the wholesaler to the retailer, or all of them) may become liable.

As environmental laws and their enforcement become increasingly stringent, our expenses for complying with environmental requirements could increase in the future. Furthermore, the possible implementation of regulatory acts or the adoption of other measures could cause the amount and frequency of our expenditures on environmental preservation to vary significantly compared to present estimates. Any unplanned future expenses could force us to reduce other strategic investments and, consequently, negatively affect us.

Our producers may sell the agreed grain yield to third parties and we may be unable to recover the collateral or enforce the security interests securing our financings.

Our producers may sell a portion or the entirety of the grain yield subject to the CPR to a third party instead of delivering it to us. In the majority of our barter financings, we have security interests only over the grain yield. In case we cannot trace the collateral, we may be unable to recover it, and in such event we would need to buy products in the spot market to perform under our contracts with our off-takers. Furthermore, the lack of collateral on the defaulted yield grain would increase the chances of not being paid by the producer.

Our security interests (both on the grain yield and on the land) must be registered in Brazilian official registries. In addition, when we obtain mortgage on the land, there are two ways of creating the security interest – either in the CPR debt instrument or in a separate instrument. In either case, a public deed is required as well as registration in one additional registry. Any defect or delay in the process could result in unperfected security interests.

When we provide inputs jointly with a chemical manufacturer, both of us receive a first priority CPR for our respective contribution. Since, however, fertilizer is applied to crop in advance of chemicals and because it represents proportionally more of the crop input cost, it is a common practice in our industry for the originator's CPR to be registered prior to that of the chemical manufacturer. As a result of such common practice, our CPR is always registered first, which gives us priority on the grain yield secured by the CPRs. We cannot ensure, however, that chemical manufacturers will continue to follow such common practice and that such common practice will not be changed in the future. In the event a chemical manufacturer registers its CPR prior to ours, our security interests in the grain yield secured by our CPR will be subordinated to those of the chemical manufacturer.

In addition, we are exposed to the risk of our producer's financial condition. The CPRs and mortgages held by us as part of these transactions may be insufficient to fully protect us from loss. In the event that our producers default on their delivery of grain to us or we cannot satisfactorily enforce our security interests, we would be required to recognize the associated bad debt expense, which could materially adversely affect us.

Our producers use genetically modified, or GMO, soybean seeds. Risks associated with GMO products are still unclear.

The majority of our producers' soybean crops are GMO. Production, marketing and consumption of GMOs are still controversial. The controversy mainly concerns whether the GMOs should be sold and to what extent, and how, GMOs should be labeled. Current science is unable to define either the probability of unintended events or the consequences of the sale and consumption of GMOs. However, absence of evidence is not evidence of absence of risk. If the general public were to believe that GMOs cause a risk to human health, we could face a reducing market for our products. Further, if GMOs do cause damage to human health or to the environment, governments and the public could try to hold participants of the agricultural chain liable for the damages, and it is likely the largest participants, such as us, would be more exposed to litigation than smaller agents, such as our producers. If rejection of GMOs becomes widespread or if GMOs cause damage to human health or to the environment, we could be negatively affected.

We depend on members of our senior management and on our ability to recruit and retain qualified professionals to implement our strategy.

We depend on members of our senior management and other qualified professionals to implement our business strategies. Efforts to recruit and to retain professionals, including members of management and our agronomist team, may result in significant additional expenses, which could adversely affect us. In addition, the loss of key professionals may adversely affect our ability to implement our strategy.

We do not own the registration of the trademark "Ceagro" in Brazil.

We have five trademark registration requests pending before the Brazilian National Institute of Industrial Property (*Instituto Nacional da Propriedade Industrial*), or the INPI, including the trademark "Ceagro." These trademark requests are still under review by the INPI and the registration of three of them were challenged by third parties. We cannot predict when these requests will be decided by the INPI and there is no assurance that once decided such requests will be granted in favor of us. See "Business – Intellectual Property"

If we do not succeed in registering these trademarks with the INPI in Brazil, we might among other measures, have to cease to use these trademarks, including "Ceagro." This could force us to make considerable investments to develop other trademarks related to our activities, which could adversely impact our business and have a material adverse effect on us. In addition, if we do not succeed in registering our trademarks with the INPI in Brazil and do not cease to use the trademark "Ceagro," we may also be subject to judicial and administrative proceedings filed by the holders of such trademarks, which could result in significant losses to us and have a material adverse effect on our business.

Changes in Brazilian accounting practices in effect as of January 1, 2010, relating to the process of convergence to International Financial Reporting Standards and new accounting practices adopted by the authorities may adversely affect us.

We prepare our financial statements in accordance with Brazilian GAAP, which differs in certain significant respects from U.S. GAAP and IFRS. As a result, the financial information presented in this offering memorandum may differ significantly from financial statements prepared in accordance with U.S. GAAP, IFRS or the accounting standards of other countries. We have made no attempt to identify or to quantify the impact of those differences.

The enactment of Law No. 11,638 on December 28, 2007, and of Law No. 11,941 on May 27, 2009, which amended the Brazilian Corporation Law, changed certain accounting policies under Brazilian GAAP. The main purpose of these laws was to introduce new accounting rules to facilitate the convergence of Brazilian GAAP to IFRS, and to allow the CFC to adopt, in whole or in part, new accounting rules and procedures issued by entities that study and release accounting principles, rules and standards. Part of this new regulation has already been approved. For more information about the principal changes introduced by Law No. 11,638 and Law No. 11,941 as they relate to our financial statements, see note 2 to our audited consolidated financial statements, included elsewhere in this offering memorandum.

Under regulations adopted by the CVM, we will be required to present consolidated financial statements prepared in accordance with IFRS as of, and for the year ending December 31, 2010, with comparative figures for 2009. Changes introduced to Brazilian GAAP as from January 1, 2010, are expected to be significant. New accounting practices may materially affect our financial statements and future financial results, including adversely impacting our ability to repay the notes.

Risks Relating to Brazil

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This involvement, as well as Brazilian political and economic conditions, could adversely affect us.

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policy and regulations. The Brazilian government's actions to control inflation and implement macroeconomic policies have often involved increases in interest rates, changes in tax policies, wage and price controls, currency devaluations, capital controls and limits on imports, among other measures. We may be adversely affected by changes in policies or regulations, or by other factors such as:

- economic and social stability;
- interest rates;
- currency fluctuations;
- inflation;
- liquidity of domestic financial and capital markets;
- exchange controls and restrictions on remittances abroad;
- changes to the regulatory framework governing our industry;
- tax policies and laws; and
- other political, diplomatic, social and economic developments in or affecting Brazil.

In the past, the performance of the Brazilian economy has been adversely affected by periods of political turmoil in the country. Historically, political crisis and scandals affected the confidence of investors and of the general public and compromised the development of the country's economy and the market price of securities issued or guaranteed by Brazilian companies. We cannot predict what policies will be adopted by the Brazilian government and whether such policies will adversely affect the Brazilian economy as a whole.

As a result, uncertainty over the upcoming presidential elections in October 2010, and whether the Brazilian government will implement changes in policies or rules affecting these or other factors, may contribute to economic uncertainties in Brazil and to heightened volatility in the Brazilian securities markets and securities issued abroad by Brazilian issuers.

Developments and the perception of risk in other countries, especially in the United States and emerging market countries may adversely affect the market price of Brazilian securities, including the market value of the notes, and may restrict our access to international capital markets.

The market value of securities of Brazilian companies is affected to varying degrees by economic and market conditions in other countries, including the United States and other Latin American and emerging market countries. Although economic conditions in these countries may differ significantly from economic conditions in Brazil, investors' reactions to developments in these other countries may have an adverse effect on the market value of securities of Brazilian issuers. Crises in the United States and other emerging market countries or economic policies of other countries may diminish investor interest in securities of Brazilian issuers. Any of these factors could adversely affect the market price of securities of Brazilian issuers and restrict our ability to access the international capital markets and finance our operations in the future on terms acceptable to us or at all.

The global financial crisis has had significant consequences for Brazil, such as stock and credit market volatility, unavailability of credit, higher interest rates, a general slowdown of the world economy, volatile exchange rates and inflationary pressure, among others, which have adversely affected and may continue, directly or indirectly, to adversely affect the price of securities issued by Brazilian companies, including the market price of the notes.

Government efforts to combat inflation may hinder the growth of the Brazilian economy and could harm our business and the market value of the notes.

In the past, Brazil has experienced extremely high inflation rates and, consequently, adopted monetary policies that resulted in some of the highest interest rates in the world. Inflation rates in Brazil, as measured by the General Market Price Index (*Índice Geral de Preços – Mercado*) or IGP-M, were 12.4% in 2004, 1.2% in 2005, 3.8% in 2006, 7.4% in 2007 and 9.8% in 2008, although Brazil experienced a deflation rate of 1.7% in 2009. From the beginning of 2004 through March 2010, the Special System for Settlement and Custody (*Sistema Especial de Liquidação e Custódia*), or the SELIC rate, the most widely-measured interest rate, varied between 8.75% and 19.75% per year. As of June 30, 2010, the SELIC rate was 10.25%.

Inflation and the measures adopted by the Brazilian government to control it, principally through the Brazilian Central Bank, have, and may in the future, significantly affect the Brazilian economy and our business. Strict monetary policies through correspondingly high interest rates may restrict economic growth and the availability of credit in Brazil. Conversely, more lenient government and monetary policies through corresponding decreased interest rates may lead to increases in inflation rates and, as a result, economic uncertainty and the need for additional government interventions and significant increases in interest rates, which may negatively affect our business.

In addition, if Brazil experiences high inflation in the future, our costs may increase and our operating and net margins may decrease. Inflationary pressures may also curtail our ability to access foreign financial markets and may lead to further government intervention in the economy, including the introduction of government policies that may adversely affect the overall performance of the Brazilian economy, which in turn could materially and adversely affect our operations and the market value of the notes.

Furthermore, our financial expenses are affected by changes in the interest rates. As of June 30, 2010, we had R$47.3 million that was subject to the Interbank Deposit Certificate rate (*Certificado de Depósito Interbancário*), or CDI rate. The CDI rate has fluctuated significantly in the past in response to the expansion or contraction of the Brazilian economy, inflation and Brazilian government policies, among other factors. A significant increase in this interest rate could adversely affect our financial expenses and negatively affect our financial performance.

Exchange rate instability may adversely affect us.

The Brazilian currency has during the last decades experienced frequent and substantial variations in relation to the U.S. dollar and other foreign currencies. Between 2000 and 2002, the *real* devalued significantly against the U.S. dollar, reaching an exchange rate of R$3.53 per US$1.00 at the end of 2002. Between 2003 and mid-2008, the *real* appreciated significantly against the U.S. dollar due to the stabilization of the macro-economic environment and a strong increase in foreign investment in Brazil, with the exchange rate reaching R$1.56 per US$1.00 in August 2008. In the context of the crisis in the global financial markets since mid-2008, the *real* devalued 31.9% against the U.S. dollar over the year 2008 and reached R$2.33 per US$1.00 at year end 2008. On June 30, 2010, the exchange rate was R$1.8015 per US$1.00.

Devaluation of the *real* against the U.S. dollar could create inflationary pressures in Brazil and cause increases in interest rates, which could negatively affect the growth of the Brazilian economy as a whole. This may adversely affect us by curtailing access to foreign financial markets and prompting government intervention, including recessionary governmental policies. Devaluation of the *real* against the U.S. dollar can also, as in the context of the current economic slowdown, lead to decreased consumer spending, deflationary pressures and reduced growth of the economy as a whole. On the other hand, appreciation of the *real* relative to the U.S. dollar and other foreign currencies could lead to a deterioration of the Brazilian foreign exchange current accounts, as well as dampen export-driven growth. Depending on the circumstances, either devaluation or appreciation of the *real* could materially and adversely affect the growth of the Brazilian economy and our business.

Changes in Brazilian tax laws may have an adverse impact on the taxes applicable to a disposition of the notes and may materially and adversely affect us.

Capital gains generated outside Brazil as a result of a transaction between two non-residents of Brazil involving assets located in Brazil are subject to income tax in Brazil, according to article 26 of Law No. 10,833, enacted on December 29, 2003. As the notes are offered, sold and listed outside Brazil, we have been advised by our Brazilian counsel that they do not believe that the notes fall within the definition of assets located in Brazil for purposes of Law No. 10,833, and accordingly, gains on the sale or the disposition of the notes made outside Brazil are not subject to Brazilian taxes. However, given that this legislation is not entirely clear and the absence of judicial guidance in respect thereof, we cannot assure investors that this interpretation of the law will prevail in the courts of Brazil. If income tax is deemed to be due, any related gain may be subject to income tax in Brazil at a rate of 15.0%, or 25.0% if the seller of the notes is located in a tax haven jurisdiction (as defined in the "Taxation – Brazilian Taxation" section). Investors should note that there is no existing tax treaty between Brazil and the United States.

Furthermore, the Brazilian government frequently implements changes to tax regimes that affect us and our customers. These changes include changes in prevailing tax rates and, on occasion, enactment of temporary taxes which the proceeds are earmarked for designated governmental purposes. Some of these changes may result in increases in our tax payments, which can materially and adversely impact industry profitability and increase the prices of our products, restrict our ability to do business in our existing and target markets and could cause our financial results to suffer. There can be no assurance that we will be able to maintain our prices and projected cash flow and profitability following increases in Brazilian taxes applicable to us.

Brazil's foreign exchange policy may affect our ability to make money remittances outside Brazil in respect of the guarantee.

Under Brazilian regulations, Brazilian companies are not required to obtain authorization from the Central Bank in order to make payments in U.S. dollars outside Brazil under guarantees in favor of foreign persons, such as the holders of the notes. We cannot assure you that these regulations will continue to be in force at the time we may be required to perform our payment obligations under the guarantee. If these regulations or their interpretation are modified and an authorization from the Central Bank is required, we would need to seek an authorization from the Central Bank to transfer the amounts under the guarantee out of Brazil or, alternatively, make such payments with funds held by us outside Brazil. We cannot assure you that such an authorization will be obtained or that such funds will be available. If we are unable to obtain such authorization, we may be unable to make payments to noteholders in U.S. dollars and we may need to seek other lawful mechanisms to effect payment of amounts due under the notes. However, we cannot assure you that other remittance mechanisms will be available in the future, and even if they are available, we cannot assure you that payment on the notes would be possible through such mechanisms.

Brazilian bankruptcy laws may be less favorable to investors than bankruptcy and insolvency laws in other jurisdictions.

If we are unable to pay our indebtedness, including our obligations under the notes, then we may become subject to bankruptcy proceedings in Brazil. The bankruptcy laws of Brazil currently in effect are significantly different from, and may be less favorable to creditors than, those of certain other jurisdictions. In addition, in the event of our bankruptcy, all of our debt obligations, including the guarantee of the notes, which are denominated in foreign currency, will be converted into *reais* at the prevailing exchange rate on the date of declaration of our bankruptcy by the court. We cannot assure investors that such rate of exchange will afford full compensation of the amount invested in the notes plus accrued interest.

In addition, under Brazilian law, the obligations of the Guarantor under the guarantee are subordinated to certain statutory preferences, including claims for salaries, wages, secured obligations, social security, taxes, court fees, expenses and costs. In the event of the Guarantor's liquidation, such applicable statutory preferences will have preference over any other claims, including claims by any holder of the notes. Prior to the issuance of the notes, the Issuer had no debt outstanding.

Payments under the notes are subject to our obtaining certain governmental authorizations.

The issuance of the notes is subject to certain registrations with the Central Bank, namely (i) registration of the main financial terms under the relevant Declaratory Registry of Financial Operations (*Registro Declaratório de Operações Financeiras*), or ROF, on the Information System of the Central Bank, which will be obtained prior to any such issuance, and (ii) registration of the schedule of payments in connection with any such issuance, which shall occur after the entry of the related proceeds into Brazil. In addition, further authorization from the Central Bank will be required to enable us to remit payments abroad in foreign currency under the notes other than scheduled payments of principal, interest, costs and expenses contemplated by the relevant ROF or to make any payment provided for in such ROF on a date after the 120th day from the payment dates scheduled therein. There can be no assurance that any such special Central Bank authorization would be obtained or that if such authorization is obtained, such authorization would be obtained on a timely basis.

Risks Relating to the Notes and the Guarantee

Our indirect controlling shareholder may have interests that differ from your interests as a noteholder.

Mr. Antonio Carlos Gonçalves Jr. and his family directly and indirectly own 100.0% of our equity interests and 100.0% of our voting interests. As a result, Mr. Gonçalves is and will be able to effectively control the election of our executive officers, determine the outcome of substantially all actions requiring shareholder approval and shape our corporate and management policies. So long as Mr. Gonçalves continues to own a significant amount of the outstanding shares of our common stock, he will continue to be able to effectively control our decisions, including expansion plans, marketing strategies, product offerings and other significant corporate decisions and transactions.

The interests of Mr. Gonçalves may not coincide with yours as a holder of notes. For example, Mr. Gonçalves may have an interest in undertaking expansions, acquisitions, divestitures, financings and other actions that, in his judgment, could enhance his equity investments, even though those actions might involve risks to you as a holder of the notes. See "Management and Controlling Shareholder."

Any reduction in our credit ratings could materially and adversely affect our business, financial condition, liquidity or ability to raise capital, and operating result.

It is possible that our current ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. Specifically, if Fitch or S&P were to downgrade our long-term rating, our borrowing costs would increase, which could adversely affect our ability to attract potential investors and our funding sources could decrease.

Judgments by Brazilian courts enforcing our obligations under the notes are payable only in Brazilian reais.

If proceedings were brought in the courts of Brazil seeking to enforce our obligations under the guarantee, we would not be required to discharge our obligations in a currency other than *reais*. Any judgment obtained against us in Brazilian courts in respect of any payment obligations under the guaranty will be expressed in *reais* equivalent to the U.S. dollar amount of such payment at the exchange rate (i) on the date of actual payment, (ii) the date on which such judgment is rendered, or (iii) the actual due date of the obligations, as published by the Central Bank. There can be no assurance that such rate of exchange will afford you full compensation of the amount invested in the notes plus accrued interest.

We cannot assure you that a judgment of a U.S. court for liabilities under U.S. securities laws would be enforceable in Brazil, or that an original action can be brought in Brazil against the Issuer or the Guarantor for liabilities under U.S. securities laws.

The Issuer and the Guarantor are corporations organized under the laws of Brazil. All of the directors of the Issuer and Guarantor, and some of the advisors named herein reside in Brazil or elsewhere outside the United States, and all or a significant portion of the assets of such persons may be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States or other jurisdictions outside Brazil upon such persons, or to enforce against such persons judgments predicated upon the civil liability provisions of the U.S. federal securities laws or the laws of such other jurisdictions. In addition, it may not be possible to bring an original action in Brazil against the Issuer or the Guarantor for liabilities under applicable securities laws. Furthermore, as most of our assets are located in Brazil, any action for enforceability of the guarantee would likely need to be validated by the courts of Brazil. We cannot assure you that such judicial validation would be obtained in a timely manner or at all. See "Enforcement of Judgments and Service of Process."

We cannot assure investors that an active trading market for the notes will develop.

The notes constitute a new issue of securities, for which there is no existing market. Although we have applied to admit the notes to listing on the Irish Stock Exchange, we cannot provide investors with any assurances that the application will be accepted. Further, no assurance can be provided regarding the future development of a market for the notes, the ability of holders of the notes to sell their notes, or the price at which such holders may be able to sell their notes. If an active trading market were to develop, the notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, our operating results and financial condition, prospects for other companies in our industry, political and economic developments in and affecting Brazil, the risk associated with Brazilian issuers of similar securities and the market for similar securities. If an active trading market for the notes does not develop or is interrupted, the market price and liquidity of the notes may be materially and adversely affected.

The guarantee may not be enforceable.

The guarantee may not be enforceable under Brazilian law. While Brazilian law does not prohibit the granting of guarantees, in the event that the Guarantor becomes subject to a reorganization proceeding or to bankruptcy, the guarantee, if granted up to two years before the declaration of bankruptcy, may be deemed to have been fraudulent and declared void, based upon the Guarantor being deemed not to have received fair consideration in exchange for such guarantee. Therefore, the guarantee by the Guarantor should be granted in exchange for fair and adequate consideration from the Issuer in order for the guarantee by the Guarantor to be valid and enforceable. In addition, under Brazilian law, a guarantee is considered accessory to the underlying or principal obligation and the nullity of the principal obligation causes the nullity of the accessory obligation. Therefore, in case our underlying obligation under the notes or the indenture is declared null, the guarantee would, under Brazilian law, be deemed to be null as well.

The notes are subject to transfer restrictions.

The notes have not been registered under the Securities Act or the securities laws of any U.S. state or any other jurisdiction, and, unless so registered, may not be offered, sold or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. In addition, we have not authorized any offer of notes to the public in the United Kingdom within the meaning of the Regulations. Accordingly, the notes may not lawfully be offered or sold to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which do not and will not result in an offer to the public in the United Kingdom within the meaning of the Financial Services and Markets 2000, or FSMA. See “Notice to Investors.”

Use of Proceeds

We estimate that the net proceeds from the sale of the notes, after deducting certain expenses and commissions, will be US$94.2 million.

We intend to use the net proceeds of this offering to extend our debt maturity profile by refinancing shorter maturity indebtedness, for working capital, for general corporate purposes, as well as depositing an amount equal to a semi-annual interest payment into the Debt Service Reserve Account. See “Description of the Notes.”

Exchange Rates

The Brazilian foreign exchange system allows for the purchase and sale of foreign currency and the international transfer of *reais* by any person or legal entity, regardless of the amount, subject to certain regulatory procedures.

Since 1999, the Central Bank has allowed the U.S. dollar-*real* exchange rate to float freely, and, since that time, the *real*/U.S. dollar exchange rate has fluctuated considerably. The *real* devalued against the U.S. dollar by 52.3% in 2002. Although the *real* appreciated 18.2%, 8.1%, 11.8%, 8.7% and 17.2% against the U.S. dollar in 2003, 2004, 2005, 2006 and 2007, respectively, in 2008, as a result of the international financial and economic crisis, the *real* devalued against the U.S. dollar by 32.0%. On December 31, 2008, the *real*/U.S. dollar exchange rate was R$2.34 per US$1.00. In 2009, as the international economy began to recover from the crisis, the *real* again appreciated against the U.S. dollar by 25.5%. On June 30, 2010, the *real*/U.S. dollar exchange rate was R$1.8015 per US$1.00.

In the past, the Brazilian government has implemented various economic plans and utilized a number of exchange rate policies, including sudden devaluation, periodic mini-devaluation during which the frequency of adjustments ranged from a daily to a monthly basis, floating exchange rate systems, exchange controls and dual exchange rate markets. We cannot predict whether the Central Bank or the Brazilian government will continue to let the *real* float freely or intervene in the exchange rate market by returning to a currency band system or otherwise. The *real* may depreciate or appreciate substantially against the U.S. dollar.

The following tables set forth the selling rate, expressed in *reais* per U.S. dollar (R$/US$) for the periods indicated, as reported by the Central Bank:

	Exchange Rates of *Reais* per US$1.00			
	Period - End	Average(1)	High	Low
Year ended December 31,				
2005	2.3407	2.4341	2.7621	2.1633
2006	2.1380	2.1770	2.3711	2.0586
2007	1.7713	1.9483	2.1556	1.7325
2008	2.3370	1.8375	2.5004	1.5593
2009	1.7412	1.9946	2.4218	1.7024
Month				
April 2010	1.7306	1.7566	1.7806	1.7306
May 2010	1.8167	1.8132	1.8811	1.7315
June 2010	1.8015	1.8065	1.8658	1.7663
July 2010	1.7572	1.7696	1.8006	1.7525
August 2010	1.7560	1.7596	1.7731	1.7489
September 2010	1.6942	1.7187	1.7441	1.6942
October 2010 (through October 19, 2010)	1.6868	1.6733	1.6882	1.6554

Source: Central Bank
(1) Calculated as the average of the daily exchange rates during the specific period.

As of October 19, 2010, the exchange rate for U.S. dollars was R$1.6868 per US$1.00.

Capitalization

The following table sets forth our long-term and short-term indebtedness, shareholders' equity and total capitalization (defined as the sum of short-term and long-term indebtedness and shareholders equity). Our total capitalization is presented on an actual and adjusted basis, to reflect the issuance of the notes in this offering. The information set forth below in the column heading "Actual" is derived from our consolidated financial statements as of June 30, 2010, prepared in accordance with Brazilian GAAP and included elsewhere in this offering memorandum. The information is adjusted to reflect in the column "As adjusted," the issuance of the notes in this offering in the aggregate principal amount of US$100.0 million.

You should read this table in conjunction with "Presentation of Financial and Other Information," "Summary Financial and Operating Information," "Selected Financial and Operating Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and notes thereto included in this offering memorandum.

Solely for the convenience of the reader, *real* amounts as of June 30, 2010 have been translated into U.S. dollars at the selling exchange rate as reported by the Central Bank on June 30, 2010, of R$1.8015 to US$1.00. The U.S. dollar equivalent information should not be construed to imply that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate.

	As of June 30, 2010			
	Actual		As Adjusted	
	(in R$ millions)	(in US$ millions)	(in R$ millions)	(in US$ millions)
Short-term debt				
Short-term debt	26.5	14.7	—	—
Total short-term debt:	**26.5**	**14.7**	**—**	**—**
Long-term debt				
Long-term debt	47.3	26.2	180.3	100.1
Total long-term debt	**47.3**	**26.2**	**180.3**	**100.1**
Shareholders' equity				
Paid-in capital	40.6	22.5	40.6	22.5
Retained earnings	80.3	44.6	80.3	44.6
Total shareholders' equity	**120.9**	**67.1**	**120.9**	**67.1**
Total capitalization	**194.7**	**108.1**	**301.2**	**167.2**

Selected Financial and Operating Information

The tables below present a summary of our consolidated financial and operating information as of and for the periods indicated. You should read this information in conjunction with our audited consolidated financial statements and related notes included elsewhere in this offering memorandum and with the sections entitled "Presentation of Financial and Other Information," "Summary Financial and Operating Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our consolidated financial statements were prepared in accordance with Brazilian GAAP, which differs in significant respects from U.S. GAAP and IFRS.

The following financial information is included elsewhere in this offering memorandum:

- **Years ended December 31, 2008 and 2009:** Our consolidated financial statements as of and for the year ended December 31, 2008 and 2009, which were audited by Boucinhas, were prepared in accordance with Brazilian GAAP in force as of that date and reflect the amendments proposed by Law No. 11,638 and Law No. 11,941.
- **Six-month periods ended June 30, 2009 and 2010:** Our consolidated interim financial statements as of and for the six-month periods ended June 30, 2009 and 2010, which were subject to a limited review by Boucinhas, as indicated in their report, were prepared in accordance with Brazilian GAAP, which includes the new accounting rules introduced by Law No. 11,638/07 and Law No. 11,941.

We have translated some of the *real* amounts included in this offering memorandum into U.S. dollars. The exchange rate used to translate such amounts as of and for the six-month period ended June 30, 2010 was R$1.8015 to US$1.00, which was the commercial selling rate at closing for the purchase of U.S. dollars in effect on June 30, 2010 as reported by the Central Bank. The U.S. dollar equivalent information included in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate. See "Exchange Rates" for more detailed information regarding the translation of *reais* into U.S. dollars.

Statement of Income

	As of and for the year ended December 31,			As of and for the six-month period ended June 30,		
	2008	2009	2009	2009	2010	2010
	(Audited) (in R$ million)		(in US$ million)	(Unaudited) (in R$ million)		(in US$ million)
Income statement data:						
Gross revenues	**703.1**	**752.0**	**417.4**	**530.4**	**487.3**	**270.5**
Sales in domestic market	516.4	440.2	244.3	310.2	259.0	143.8
Sales in foreign market	186.8	311.8	173.1	220.2	228.3	126.7
Deductions from gross revenue	**(41.7)**	**(32.1)**	**(17.8)**	**(24.0)**	**(29.8)**	**(16.5)**
Returns	(0.5)	(0.3)	(0.2)	—	—	—
Sales taxes	(41.2)	(31.8)	(17.7)	(23.9)	(29.7)	(16.5)
Net revenues	**661.4**	**719.8**	**399.6**	**506.5**	**457.6**	**254.0**
Cost of goods sold	(523.9)	(529.6)	(294.0)	(355.0)	(311.6)	(173.0)
Gross profit	**137.6**	**190.2**	**105.6**	**151.4**	**145.9**	**81.0**
Operating (expenses) income	**(116.6)**	**(156.4)**	**(86.8)**	**(114.3)**	**(118.8)**	**(65.9)**
Selling expenses	(110.0)	(149.4)	(82.9)	(107.0)	(113.0)	(62.7)
General and administrative	(5.5)	(6.2)	(3.4)	(4.4)	(3.8)	(2.1)
Financial income (expense), net	0.3	0.1	0.1	(1.6)	(1.9)	(1.0)
Other operating expenses	(1.3)	(1.0)	(0.5)	(1.3)	(0.1)	—
Profit before tax	**21.0**	**33.8**	**18.8**	**37.2**	**27.1**	**15.1**
Income tax and social contribution	(7.1)	(11.5)	(6.4)	(9.3)	(9.2)	(5.1)
Income tax	(5.2)	(8.4)	(4.7)	(6.9)	(6.8)	(3.8)
Social contribution	(1.9)	(3.0)	(1.7)	(2.4)	(2.4)	(1.4)
Net income	**13.9**	**22.3**	**12.4**	**27.8**	**17.9**	**9.9**

Balance Sheet

	As of and for the year ended December 31			As of and for the six-month period ended June 30,		
	2008	2009	2009	2009	2010	2010
	(Audited) (in R$ million)		(in US$ million)	(Unaudited) (in R$ million)		(in US$ million)
Balance sheet data:						
Current assets	**56.3**	**109.9**	**61.0**	**190.0**	**169.3**	**94.0**
Cash and Equivalents	1.8	3.6	2.0	25.4	8.6	4.8
Marketable securities	1.3	2.6	1.4	37.3	11.7	6.5
Trade accounts receivable from clients	34.0	67.3	37.4	72.9	48.8	27.1
Inventories	8.7	8.6	4.8	46.8	38.7	21.5
Taxes Recoverable	3.3	3.6	2.0	3.2	4.2	2.3
Advances to suppliers	7.2	24.1	13.4	4.4	57.2	31.8
Non-current assets	**28.1**	**28.7**	**16.0**	**30.2**	**29.7**	**16.5**
Long-term	**14.5**	**14.5**	**8.1**	**14.5**	**14.5**	**8.1**
Marketable securities	14.5	14.5	8.1	14.5	14.5	8.1
Property, plant and equipment	**13.4**	**14.1**	**7.8**	**15.5**	**15.0**	**8.3**
Intangible assets	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**—**
Total assets	**84.3**	**138.6**	**77.0**	**220.2**	**199.0**	**110.5**
Current liabilities	**5.5**	**23.0**	**12.8**	**105.2**	**30.8**	**17.1**
Loans and financing	3.2	17.3	9.6	25.9	26.5	14.7
Suppliers	1.3	4.5	2.5	71.6	3.0	1.6
Salaries, provisions and social contributions	0.6	0.7	0.4	0.6	0.6	0.3
Taxes payable	0.4	0.5	0.3	4.3	0.8	0.5
Advances to clients	—	—	0.0	2.8	—	—
Non-current liabilities	**28.2**	**42.6**	**23.7**	**36.5**	**47.3**	**26.2**
Long-term liabilities	**28.2**	**42.6**	**23.7**	**36.5**	**47.3**	**26.2**
Loans and financing	28.2	42.6	23.7	36.5	47.3	26.2
Shareholders' equity	**50.7**	**73.0**	**40.5**	**78.5**	**120.9**	**67.1**
Paid in capital	10.6	10.6	5.9	10.6	40.6	22.5
Capital reserve	—	—	0.0	—	—	—
Retained earnings	40.0	62.4	34.6	67.9	80.3	44.6
Total liabilities and shareholders' equity	**84.3**	**138.6**	**77.0**	**220.2**	**199.0**	**110.5**

Other Financial and Operational Data

	Year ended December 31,		Six-month period ended June 30,	
	2008	2009	2009	2010
	(Audited)		(Unaudited)	
	(in R$ million)			
Financial data				
Gross revenue	703.1	752.0	530.4	487.3
Soybean	380.8	382.2	323.0	297.8
Corn	174.3	173.8	103.7	97.5
Other	148.0	196.0	103.8	92.1
Net revenue	661.4	719.8	506.5	457.6
Net income	13.9	22.3	27.8	17.9
EBITDA(1)	21.1	33.8	38.9	29.1
EBITDA Margin	3.2%	4.7%	7.7%	6.4%
Cash and cash equivalents(2)	13.5	17.7	72.8	32.1
Net debt(3)	17.8	42.3	(10.4)	41.6
Net debt/EBITDA(1)(3)	1.3x	1.6x	(0.3)x	1.4x

(1) EBITDA is used as a measure of performance by our management. Our EBITDA is calculated based on the definition issued by CVM Resolution 01/2007, consisting of the sum of income before net financial result, income tax and social distribution, goodwill and depreciation and amortization. Our EBITDA should not be considered as a measure of financial performance in accordance with Brazilian GAAP, U.S. GAAP or IFRS nor should it be considered individually, as an alternative to net income, as a measure of operational performance, as an alternative to operating cash flows, or as a measure of our liquidity. Other companies may calculate EBITDA based on a method different from ours.

(2) Includes the current market value of long-term marketable securities. The market value of long-term marketable securities was R$10.5 million on December 31, 2008, R$11.5 million on December 31, 2009, R$ 10.1 million on June 30, 2009 and R$11.7 million on June 30, 2010.

(3) Net debt is calculated as the sum of (i) short term debt *plus* (ii) long term debt, *minus* the sum of (x) cash *plus* (y) cash equivalents *plus* (z) the market value of long-term marketable securities.

	Crop year(1)			
	Full Crop Year 2007/2008	Full Crop Year 2008/2009	Up to June 30, 2009	Up to June 30, 2010
	(tons)			
Operating Data:				
Sales				
Soybean	385,000	550,000	465,000	494,000
Corn	257,000	450,000	269,000	278,000

(1) Due to characteristics inherent to our industry, our producer's production period is a crop year. The crop year for each product is directly linked to the climate of the regions where we operate during the planting, development and harvest process for the relevant crop. Crop year results are reflected in our financial statements in more than one fiscal year. A large part of crop year revenues occur within the fiscal year when the harvest is conducted, while the remainder of the revenue is recorded in the following fiscal year. See "Presentation of Financial and Other Information."

EBITDA Reconciliation

The following table sets forth a reconciliation of our EBITDA to net income for each of the periods presented:

	Year ended December 31,		Six-month period ended June 30,	
	2008	2009	2009	2010
	(Audited)		(Unaudited)	
	(in R$ millions)			
Financial data:				
Net income	13.9	22.3	27.8	17.9
Income tax and social contribution	7.1	11.5	9.3	9.2
Financial results	(0.3)	(0.1)	1.6	1.9
Amortization of goodwill	—	—	—	—
Depreciation	0.3	—	0.1	0.1
Non-operating income (expenses)	—	—	—	—
EBITDA(1)	21.1	33.8	38.9	29.1
EBITDA Margin	3.2%	4.7%	7.7%	6.4%

(1) EBITDA is used as a measure of performance by our management. Our EBITDA is calculated based on the definition issued by CVM Resolution 01/2007, consisting of the sum of income before net financial result, income tax and social distribution, goodwill and depreciation and amortization. Our EBITDA should not be considered as a measure of financial performance in accordance with Brazilian GAAP, U.S. GAAP or IFRS nor should it be considered individually, as an alternative to net income, as a measure of operational performance, as an alternative to operating cash flows, or as a measure of our liquidity. Other companies may calculate EBITDA based on a method different from ours.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The discussion below is based on, and should be read together with, our audited and unaudited consolidated financial statements and related notes as of and for the years ended December 31, 2008 and 2009 and our consolidated financial statements for the period ended June 30, 2009 and 2010 which were subjected to a limited review by Boucinhas, beginning on page F-1 of this offering memorandum, as well as "Presentation of Financial and Other Information," "Selected Financial and Operating Information," and other financial data appearing elsewhere in this offering memorandum.

All the financial information included in this offering memorandum has been extracted from our annual and quarterly consolidated financial statements prepared in accordance with Brazilian GAAP, as described in "Presentation of Financial Information." Brazilian GAAP differs significantly in material respects from U.S. GAAP and IFRS.

This section contains discussions regarding estimates and forward-looking statements that involve risks and uncertainties. Our actual financial results may differ significantly from those discussed in these estimates and forward-looking statements as a result of various factors, including, without limitation, those described in "Forward-Looking Statements" and "Risk Factors."

Overview

We believe we are the largest corn originator and among the largest soybean originators in Brazil in terms of sales revenue in 2009. We are actively involved in all stages of the grain production chain, including the financing and origination, storage, logistics and commercialization of corn, soybean and soy products. We conduct our origination activities through a unique barter model under which we finance mid-size corn and soybean producers in Brazil through the supply of fertilizer and pesticides, in exchange for a contracted portion of the producer's crop yield and a secured claim of at least 100% and usually 130% of this crop yield. The crop inputs we provide to producers are vital to their success and, we believe, enable producers to maximize crop yield.

We currently employ a team of 61 agronomists who work closely with these producers, providing technical expertise while monitoring planting and harvest to both maximize crop yield and ensure delivery of our contracted yield. At harvest, we provide logistics, storage and delivery services, transporting yield from the producer to local off-takers or Brazil's principal water ports, located in Santos and Paranaguá. We also give producers the option to sell us the remaining portion of their harvested yield that has not already been committed in order to take advantage of our logistics and trading platform.

We believe our emphasis on ensuring a diverse producer base and the strength of our relationships with producers, coupled with favorable geographic agricultural advantages, enables us to minimize risks related to individual producers, weather and climate variances. To ensure our supply, we are focused on building long-term relationships with producers by supplying crop inputs and technical advice to help them maximize their grain yield and grow their businesses. We have direct long-term relationships with and currently finance over 380 active producers. The producers which constitute our supply network are located across the midwestern states of Mato Grosso, Mato Grosso do Sul and Goiás as well as the southern and southeastern states of Paraná and São Paulo. The average term of our relationship with our producers is greater than five years, and no single producer represents more than 2% of our total annual origination. This diversity, in combination with our monitoring practices, has resulted in zero defaults in grain delivery over the past four-and-one-half years. In addition, Brazil has the climatic advantage of offering producers a year-round harvest. Accordingly, a producer who decides to plant either soybean or corn during the summer harvest can plant an additional corn harvest during the South American winter. Therefore, in addition to the protection provided by the dispersion of the producer base over a large geographic region, our participation in both soy and corn results in relatively steady cash flows throughout the year and avoids over-reliance on one harvest's crop yield.

Our commitment to ensuring timely delivery of high quality corn, soybean and soy products, including soybean meal and oil, to our clients has made us an important supplier for leading global off-takers. Upon the execution of a contract with a producer, we minimize commodity price risk by immediately entering into supply contracts with global commodity traders, or off-takers, including ADM, Bunge, BR Foods, Cargill, Corn Products and Glencore, among others, to whom we promise to deliver the grain yield owed to us by the producer. We may also enter into standard hedge contracts in the global commodity markets to the extent we find necessary to further protect us from commodity price risks. Approximately 40% of our sales are destined for export, half of which are exported by us to our off-takers outside of Brazil and half of which are exported by these off-takers from Brazil to other markets. We believe our focus on consistent, long-term results and growth as well as our strong client and producer relationships have positioned us to capitalize on the rapidly growing grain production capacity of Brazil, which is expected to increase by over 35% through 2019 according to the FAO/OECD Agricultural Outlook.

Principal Factors Affecting Our Results of Operations

Our operations are affected mainly by (i) commodities prices, (ii) freight costs, (iii) the Brazilian economic environment, particularly variations in the Brazilian *real* and U.S. dollar exchange rate, and (iv) weather conditions and productivity levels that may influence the crop yield of our producers.

Commodity prices

Soybean is an agricultural commodity that is traded in international markets and its price, and therefore, our results of operations, are directly affected by its trading prices on the CBOT. These trading prices reflect the global supply and demand for agricultural products, which are affected by weather, technological, commercial and economic conditions, as well as governmental policies. Our prices in *reais* reflect exchange rate variations, increasing whenever the Brazilian currency depreciates against the U.S. dollar. On the other hand, our corn origination is priced and traded in domestic regional markets in *reais*. The prices for our corn sales are generally referenced to trading prices on the BM&FBOVESPA. The trading prices for our corn is influenced by, among other factors, the Brazilian and global economy, weather and the openness of export markets for Brazilian corn.

The following table sets forth the historical evolution of average prices for our principal products in the periods indicated:

	Soybean Price c/bu CBOT			
	Period - End	Average	High	Low
		(in US$)		
Year ended December 31,				
2008	972.25	1,232.82	1,658.00	783.50
2009	1,039.75	1,031.00	1,267.00	848.50
Period ended June 30,				
2009	1,226.25	1,036.44	1,267.00	848.50
2010	948.50	955.91	1,052.25	908.00

	Corn Price c/bu CBOT			
	Period - End	Average	High	Low
		(in US$)		
Year ended December 31,				
2008	396.25	527.24	754.75	293.50
2009	414.50	373.94	449.50	300.50
Period ended June 30,				
2009	347.75	391.67	449.50	343.50
2010	354.25	362.72	423.00	325.00

	Corn Price R$/60 kg CEPEA/ESALQ			
	Period - End	Average	High	Low
		(in R$)		
Year ended December 31,				
2008	21.29	25.55	33.08	20.14
2009	20.14	21.02	24.32	18.79
Period ended June 30,				
2009	21.66	22.04	24.32	20.35
2010	18.74	18.79	20.40	17.97

Soybean

The average soybean price on the Chicago Mercantile Exchange, or CME, was US$12.33 per bushel in 2008 and US$ 10.31 per bushel in 2009, while decreasing slightly to US$ 9.56 per bushel in the six-month period ended June 30, 2010. In 2008 and 2009, as a result of strong soybean demand and the competition for farming areas between grains and oilseeds due to the increase in production of corn-based ethanol in the United States and a significant rise in demand from China and other developing countries, soybean prices increased significantly above average historical levels.

Corn

The average corn price on the BM&FBOVESPA was R$25.55 per 60 kg bag in 2008, R$21.02 per 60 kg bag in 2009 and R$18.79 per 60 kg bag in the six-month ended June 30, 2010. The elevated corn prices over the last three years were primarily due to the increased production of corn-based ethanol in the United States and the reduction in cereal inventories. Beginning in June 2009, corn prices

began to fall as a result of decreased demand and as a result of a decrease in oil prices, which make alternative corn-based fuels, such as ethanol, less attractive. In the Brazilian market, corn prices are based on national and regional demand and supply conditions. The recent increase in the corn price on the international market has enabled corn exports from Brazilian producers, changing the price formation dynamics by decreasing the corn supply in the domestic Brazilian market.

Transportation Costs

Logistics and transportation costs represent a significant portion of our operating expenses. Certain fluctuations in the supply and demand for transportation are beyond our control. For example, in the first six months of 2010, freight costs increased significantly due to a spike in demand for transportation services that resulted from a shortage in storage capacity. These fluctuations impact our margins and profitability.

Brazilian Economic Environment

As substantially all of our business is located in Brazil, our results of operations and financial condition are directly affected by the performance and development of the Brazilian economy and, in particular, changes in inflation rates, interest rates, government policies, foreign exchange rates and tax policies. In addition, as our products are exported and affected by global commodity prices, we are also affected by international trade and global economic conditions.

During the last 16 years, since the implementation of the *real* economic plan and, more significantly, since Brazil's current administration took office in January 2003, the Brazilian economy has experienced greater stability, and the macroeconomic environment has significantly improved. Since 2005, annual inflation rates were within the government's target rates. Between January 2007 and March 2010, the *real* appreciated 16.5% against the U.S. dollar; the unemployment rate decreased from 9.3% to 7.6%, according to IPEA; international reserves increased from US$90.4 billion to US$244.0 billion and net public debt as compared to GDP decreased from 44.6% to 42.4%.

In 2008, Brazil's credit rating was upgraded to investment grade by Standard & Poor's and Fitch Ratings. During the second semester of 2008, global economic conditions worsened due to the global financial crisis that originated in the U.S. real estate market and spread throughout the world. The immediate effect on the Brazilian economy was a decrease in economic growth prospects and a 45.9% depreciation of the *real* against the U.S. dollar between August and October 2008 (from R$1.57/US$1.00 on August 4, 2008 to R$2.29/US$1.00 on October 10, 2008). The market price of shares of Brazilian companies was also adversely affected by the crisis, resulting in a 48.9% depreciation of the BM&FBOVESPA index between May 19, 2008 and December 30, 2008. The Central Bank adopted a monetary tightening policy, and increased the Special System of Clearance and Custody rate (*Sistema Especial de Liquidação e Custódia*), or SELIC rate to 13.75% on December 2008.

In 2009, however, the Brazilian economy was less significantly affected by the global financial crisis. Despite the expected slowdown in Brazilian GDP growth in 2009, macroeconomic indicators improved. The Focus report of the Central Bank, which was released on June 25, 2010, reported an expected growth of 7.13% in Brazilian GDP in 2010, and estimated growth in Brazilian GDP of 4.5% in 2011. Additionally, solid macroeconomic indicators and greater economic stability have allowed the Central Bank to continue to reduce interest rates, and the SELIC rate reached its historical low of 8.75% in August 2009.

The following table illustrates several of the economic indicators mentioned above for the periods indicated:

	Year ended December 31,			Six-month period ended June 30,
	2007	2008	2009	2010
GDP	5.7%	5.1%	(0.2)%	8.9%
Inflation (IGP-M)(1)	7.7%	9.8%	(1.7)%	5.6%
Inflation (IPCA)(2)	4.5%	5.9%	4.3%	3.1%
Reference Rate (Taxa Referencial)	1.4%	1.6%	0.7%	0.4%
SELIC Rate	11.3%	13.8%	8.8%	10.3%
TJLP Rate(3)	6.3%	6.3%	6.0%	6.0%
Appreciation (depreciation) of the *real* in relation to the US$	17.2%	(31.9)%	25.5%	(4.4)%
Foreign exchange rate at end of period (R$/US$)	R$ 1.77	R$ 2.34	R$ 1.74	R$ 1.80
Average foreign exchange rate (R$/US$)(4)	R$ 1.93	R$ 1.84	R$ 1.99	R$ 1.80

Sources: Central Bank, FGV, IBGE, and the Brazilian OTC Clearing House (*Central de Custódia de Liquidação Financeira de Títulos*).

(1) General market price index, as reported by the Getúlio Vargas Foundation (*Fundação Getúlio Vargas*), or FGV.
(2) National consumer price index, as reported by the FGV.
(3) The long-term interest rate (*Taxa de Juros de Longo Prazo*), or TJLP, represents the year-end interest rate used by BNDES for long-term financing.
(4) Average exchange rate during the period.

Effects of Variations of the Brazilian Real and U.S. Dollar Exchange Rate

Our results of operations and financial condition have been and will continue to be affected by the volatility of the Brazilian *real* against the U.S. dollar. For further information on historical exchange rate information, see "Exchange Rates."

A substantial portion of our net revenue is denominated in U.S. dollars, given that the prices of our products are quoted on international exchanges and in U.S. dollars. One-hundred percent of our soybean prices are determined in U.S. dollars, while all of our corn prices are determined in *reais*. In the event of depreciation or appreciation of the *real* against the U.S. dollar, our revenues will be affected, and may increase or decrease in monetary terms. See "–Hedging Obligations."

Weather Conditions and Productivity Levels

Weather conditions affect our results of operations because they directly influence the planting and harvesting of soy and corn, as well as affect the crop yield obtained by producers. In years with unfavorable weather conditions, including periods of drought, heavy rainfall, frost or extended cold, crop yields may be substantially affected. We seek to mitigate this risk by only financing, through the barter model, a share up to 40% of the producer's grain yield.

Critical Accounting Policies

Set forth below is a discussion of the critical accounting policies we adopt in preparing our audited consolidated financial information, and which require our management to make estimates and assumptions based on our experience and several other factors which we deem reasonable and material.

Our critical accounting policies are those that we consider material in determining our financial condition and results of operations, and reflect estimates and assumptions based on management's judgment about future events and uncertainties. Significant assets and liabilities influenced by these estimates and assumptions include the residual value of property and equipment, intangible and deferred charges, provision for impairment of assets, allowance for doubtful accounts, provision for contingencies, valuation of financial instruments, and other assets and liabilities. Settlement of transactions involving these estimates may result in amounts different from the estimates recorded in the financial statements due to the uncertainties inherent in the estimate process. The discussion below provides additional information on some of the estimates and assumptions we use.

Assessment of Earnings and Recognition of Income

Our operational earnings are assessed under the accrual accounting system. Income from the sale of products is listed in the earnings when all inherent risks and benefits of the products have been transferred to the buyer. Income is not listed if its realization is significantly uncertain.

Specifically in the case of grains, the agreements usually entered into are forward sale contracts. The transaction price depends on the calculation formula and on the variables stated in the respective agreements, and may vary according to the market circumstances up to the future date of delivery and settlement of the agreement. The price may also be adjusted by other factors such as moisture content and other technical properties of the grains. Income is effectively listed when the grains are delivered. The amount of income is measured and recorded in accordance with the terms of the agreement.

Transactions Denominated in Foreign Currency

Monetary assets and liabilities denominated in foreign currency are converted into Brazilian *reais* through the exchange rate applicable on the transaction date. Gains and losses resulting from updates to these assets and liabilities are recorded as financial revenues or financial expenses in the earnings reports on the periods in which they occurred.

Inventories

Agricultural product inventories are measured at acquisition cost. For agricultural products, a provision for inventory adjustment at market value is made when production cost is higher than realization value. Realization value is the estimated sale price during the normal course of business, less the estimated costs required to sell the product.

Depreciation of property, plant and equipment

We recognize our expenses relating to the depreciation of fixed assets by the straight-line method. We periodically revise the useful life of the assets on the basis of existing facts and circumstances, which, given the nature of our business, requires a considerable degree of judgment. Should we be required to make a significant change in the assumptions used, our depreciation and amortization expenses, our losses from obsolescence and the carrying amount of our fixed and deferred assets could be materially different.

On each of June 30, 2010 and 2009, as well as December 31, 2009 and 2008, we revised the book value of our assets, aiming to identify possible circumstances that would require a recovery test for certain assets or cash-generating unit. Recoverable value is the net sale value or value in use, whichever is higher. There was no evidence that the book values of the fixed assets might be higher than the respective recoverable values.

Provisions for Contingencies

We record provisions for contingencies when it is probable that we will be required to pay for a potential liability. In estimating contingent liabilities with respect to legal proceedings, we consult with our external and internal legal counsel and analyze possible results, taking into account applicable litigation and settlement strategies. Our management has established a provision for contingencies derived from its analysis of proceedings that represent probable losses.

Principal Components of Our Statements of Income

Gross Revenue

Our gross revenue primarily derives from the origination and sale of soybean and corn, and is recognized when all risks and benefits inherent to the product are transferred to the purchaser. Our other revenues consist primarily of broker sales of soybean and corn purchased by us and sold to off-takers.

Sales Taxes and Returns

Our sales taxes and returns consist of deductions corresponding to sales cancellations, rebates and taxes accruing on revenues.

Cost of Goods Sold

Our cost of goods sold consists of fertilizers, pesticides, herbicides, insecticides, storage leasing contracts, labor, and depreciation and amortization. We often purchase fertilizers, pesticides, herbicides and insecticides in exchange for future production, through forward sale contracts to be settled through the future delivery of a predetermined quantity of soybean and corn.

Operating Expenses

Our operating expenses consist primarily of (i) general and administrative expenses, such as personnel, management's compensation, offices and certain storage facilities, travel expenses and communications; and (ii) selling expenses, which include costs with freight, storage, sorting of products, and other related expenses.

Tax Expenses

Our tax expenses include taxes and contributions not directly related to the sale of our products, including the Soybean Support Fund (*Fundo de Apoio à Cultura da Soja*), or Facs, which is a tax and contribution paid to maintain benefits and tax exemptions in connection with the sale of soybean, as well as the Federal Rural Land Tax (*Imposto Territorial Rural*).

Net Financial Income (Loss)

Our net financial income (loss) includes gains from financial investments, foreign exchange gains and losses, interest received, interest expenses, taxes accruing on financial transactions (such as the Temporary Contribution on Financial Transactions *(Contribuição Provisória sobre Movimentações Financeiras)*, or CPMF, in effect until December 31, 2007, and the Tax on Foreign Exchange Transactions *(Imposto sobre Operações de Crédito, Câmbio e Seguro, ou relativas a Títulos ou Valores Mobiliários)*, or IOF/Exchange), banking expenses and discounts granted.

Income Tax and Social Contribution

We determine our income in accordance with the real profit regime, which may reach, on aggregate, the maximum tax rate of 34.0% of the income ascertained in this company, as follows: (i) income tax, calculated at the rate of 15.0% on taxable income for the year; (ii) addition to income tax, accruing on the portion of taxable income exceeding R$240,000 per year, calculated at the rate of 10.0%; (iii) social contribution on net income, calculated at the rate of 9.0%, and (iv) deferred income tax and social contribution, recorded at the rates above on temporary differences, tax loss and negative basis for social contribution tax. According to current Brazilian tax laws, to assess the income tax and social contribution on net profit pertaining to the fiscal years ended on December 31, 2009 and 2008, companies can choose to apply the Transitory Tax System – RTT, which enables legal entities to eliminate the balance sheet effects of Law 11,638/07 and MP 449/08 through records entered in the Real Profit Assessment Ledger – LALUR or auxiliary controls, without any modification to the accounting records. The Company adhered to the RTT system upon delivery of its Corporate Income Tax Statement – DIPJ for the calendar year 2008.

Six-month Period Ended June 30, 2010 Compared to the Six-month Period ended June 30, 2009

The table below shows a summary of our statement of income for the periods indicated and the variances among those periods and as a percentage of net revenue.

	Six months ended June 30,				Variation
	2009	% of Net Revenue	2010	% of Net Revenue	2Q2009/ 2Q2010
	(in million of reais, except percentages)				
Gross revenue	**530.4**	**104.7**	**487.3**	**106.5**	**(8.1)**
Sales to the domestic market	310.2	61.3	259.0	56.6	(16.5)
Sales destined for export	220.2	43.5	228.3	49.9	3.7
Deductions from gross revenue	**(24.0)**	**(4.7)**	**(29.8)**	**(6.5)**	**24.3**
Returns and discounts	—	—	—	—	15.1
Taxes on revenue	(23.9)	(4.7)	(29.7)	(6.5)	24.3
Net revenue	**506.5**	**100.0**	**457.6**	**100.0**	**(9.7)**
Cost of goods sold	(355.0)	(70.1)	(311.6)	(68.1)	(12.2)
Gross profit	**151.4**	**29.9**	**145.9**	**31.9**	**(3.6)**
Selling expenses	(107.0)	(21.1)	(113.0)	(24.7)	5.6
General and administrative expenses	(4.4)	(0.9)	(3.8)	(0.8)	(13.7)
Net Financial income (expenses), net	(1.6)	(0.3)	(1.9)	(0.4)	18.5
Other Operating Expenses	(1.3)	(0.3)	(0.1)	—	(89.9)
Income from operations before income tax and social contribution	**37.2**	**7.3**	**27.1**	**5.9**	**(27.0)**
Income tax and social contribution	(9.3)	(1.8)	(9.2)	(2.0)	(1.1)
Net income	**27.8**	**5.5**	**17.9**	**3.9**	**(35.7)**

Gross revenue

Our gross revenue decreased by 8.1%, from R$530.4 million for the six-month period ended June 30, 2009, to R$487.3 million for the corresponding period in 2010. This decrease was primarily attributable to the 18.0% appreciation of the *real* against the U.S. dollar, a 7.8% decrease in soy prices and a 7.4% decrease in corn prices during the first six months of 2010 against the comparable period of 2009. That was partly offset by an increase in the volume of soy and corn sold, which increased from 465,000 and 269,000, respectively, for the six-month period ended June 30, 2009 to 494,000 and 278,000, respectively, in the corresponding period in 2010.

Sales to the domestic market

Our revenues from sales to the domestic market decreased by 16.5%, from R$310.2 million for the six-month period ended June 30, 2009 to R$259.0 million for the corresponding period in 2010. As a percentage of our net revenue, sales to the domestic market across the periods fell by 4.7 percentage points, from 61.3% to 56.6%. In addition to the above-mentioned factors, the decrease in revenue from domestic sales was also influenced by a greater percentage of sales destined to the export market.

Sales destined for export

Our revenues from sales destined for export increased 3.7%, from R$220.2 million for the six-month period ended June 30, 2009 to R$228.3 million for the corresponding period in 2010. As a percentage of our net revenue, sales destined for export across the periods rose by 6.4 percentage points, from 43.5% to 49.9%.

Deductions from gross revenue

Our deductions from gross revenue increased by 24.3%, from R$24.0 million for the six-month period ended June 30, 2009 to R$29.8 million for the corresponding period in 2010. As a percentage of our net revenue, deductions from gross revenue across the periods rose by 1.8 percentage points, from 4.7% to 6.5%. The increase in deductions from gross revenue was primarily attributable to (i) an increase in corn sales destined for human consumption, which carries the PIS/COFINS taxes at a rate of 9.25%; and (ii) a greater percentage of origination directly from producers, as opposed to origination from agricultural cooperatives. In Brazil, the first purchaser from the producers is responsible for paying a value-added tax of 2.3% on the originated grains.

Net revenue

For the above-mentioned reasons, our net revenue decreased 9.7%, from R$506.5 million for the six-month period ended June 30, 2009 to R$457.6 million for the corresponding period in 2010.

Cost of goods sold

Our cost of goods sold decreased by 12.2%, from R$355.0 million for the six-month period ended June 30, 2009 to R$311.6 million for the corresponding period in 2010. As a percentage of our net revenue, cost of goods sold across the periods fell by 2.0 percentage points, from 70.1% to 68.1%. The decrease in costs of goods sold was primarily attributable to the appreciation of the *real* against the U.S. dollar and a reduction in global fertilizer prices which track commodity prices. In addition, we originated a greater amount of grains from producers, as opposed to from agricultural cooperatives, in which we benefit from higher margins.

Gross profit

As a result of the above-mentioned factors, our gross profit decreased 3.6%, from R$151.4 million for the six-month period ended June 30, 2009 to R$145.9 million for the corresponding period in 2010. As a percentage of our net revenue, gross profit across the periods rose by 2.0 percentage points, from 29.9% to 31.9%.

Selling, general and administrative, and financial expenses

Selling, general and administrative, and financial expenses increased by 3.9%, from R$114.3 million for the six-month period ended June 30, 2009, to R$118.8 million for the corresponding period in 2010. As a percentage of our net revenue, such expenses across the periods increased by 3.4 percentage points, from 22.6% to 26.0%. This increase was primarily due to the below-mentioned factors.

Selling expenses

Selling expenses increased 5.6%, from R$107.0 million for the six-month period ended June 30, 2009, to R$113.0 million for the corresponding period in 2010. The increase was primarily attributable to a rise in transportation costs resulting primarily from a shortage of storage space after the 2009 harvest, forcing us to contract additional trucking services above and beyond the transportation services with which we have fixed contracts.

General and administrative expenses

General and administrative expenses decreased by 13.7%, from R$4.4 million for the six-month period ended June 30, 2009, to R$3.8 million for the corresponding period in 2010. The main reason for this decrease was the implementation of cost-saving measures throughout the company, including with respect to our information and technology systems.

Financial expenses (income), net

Our financial expenses increased by 18.5%, from R$1.6 million for the six-month period ended June 30, 2009, to R$1.9 million for the corresponding period in 2010. The main reason for this increase was an increase in borrowing costs from our financings for working capital.

Income from operations before tax and social contribution

As a result of the above-mentioned factors, income from operations before tax and social contribution decreased by 27.0%, from R$37.2 million for the six-month period ended June 30, 2009, to R$27.1 million for the corresponding period in 2010. As a percentage of our net revenue, income from operations before tax and social contributions across the periods decreased 1.4 percentage points, from 7.3% to 5.9%.

Income tax and social contribution

Income tax and social contribution remained stable, decreasing 1.1%, from R$9.3 million for the six-month period ended June 30, 2009, to R$9.2 million for the corresponding period in 2010. This was primarily attributable to our upfront payment of certain taxes due in the second semester of 2010 in the six-month period ended June 30, 2010.

Net income

As a result of the above-mentioned factors, our net income decreased 35.7%, from R$27.8 million for the six-month period ended June 30, 2009, to R$17.9 million for the corresponding period in 2010. As a percentage of our net revenue, net income across the periods fell by 1.6 percentage points, from 5.5% to 3.9%.

Year Ended December 31, 2009 Compared to the Year Ended December 31, 2008

The table below shows a summary of our statement of income for the periods indicated and the variances among those periods and as a percentage of total net revenue.

	Year ended Dec 31,				Variation
	2008	% of Net Revenue	2009	% of Net Revenue	2008/ 2009
	(in million of reais, except percentages)				
Gross revenue	**703.1**	**106.3**	**752.0**	**104.5**	**6.9**
Sales to the domestic market	516.4	78.1	440.2	61.2	(14.7)
Sales destined for export	186.8	28.2	311.8	43.3	66.9
Deductions from gross revenue	**(41.7)**	**(6.3)**	**(32.1)**	**(4.5)**	**(22.9)**
Returns and discounts	(0.5)	(0.1)	(0.3)	(0.0)	(31.4)
Taxes on revenue	(41.2)	(6.2)	(31.8)	(4.4)	(22.8)
Net revenue	**661.4**	**100.0**	**719.8**	**100.0**	**8.8**
Cost of goods sold	(523.9)	(79.2)	(529.6)	(73.6)	1.1
Gross profit	**137.6**	**20.8**	**190.2**	**26.4**	**38.3**
Selling expenses	(110.0)	(16.6)	(149.4)	(20.8)	35.8
General and administrative expenses	(6.8)	(1.0)	(7.2)	(1.0)	5.5
Financial expenses	0.3	—	0.1	—	(51.3)
Income from operations before income tax and social contribution	**21.0**	**3.2**	**33.8**	**4.7**	**60.8**
Income tax and social contribution	(7.1)	(1.1)	(11.5)	(1.6)	60.8
Net income	**13.9**	**2.1**	**22.3**	**3.1**	**60.8**

Gross revenue

Our gross revenue increased by 6.9%, from R$703.1 million in 2008, to R$752.0 million in 2009. In 2009, we sold 550,00 tons of soy and 450,000 tons of corn, increases of 42.9% and 75.1% over the 385,000 tons of soy and 257,000 corn sold in 2008, respectively. This increase was primarily attributable to the increase in the volume of soy and corn sold and a depreciation of the *real* against the U.S. dollar of 8.7% during 2009 compared to 2008, which was almost entirely offset by a 17.7% decrease in soy prices and a 29.1% decrease in corn prices.

Sales to the domestic market

Our revenues from sales to the domestic market decreased by 14.7%, from R$516.3 million in 2008, to R$440.1 million in 2009. As a percentage of our net revenue, sales to the domestic market for this period fell by 16.9 percentage points, from 78.0% in 2008 to 61.1% in 2009. In addition to the above-mentioned factors, the decrease in revenue from domestic sales was significantly influenced by a readjustment of the domestic and international markets after the financial crisis. In 2008, our sales to the domestic market represented a disproportional amount of our historic revenue as a result of continued strong domestic demand contrasted by weakened international demand.

Sales destined for export

Our revenues from sales destined for export increased 66.9%, from R$186.7 million in 2008, to R$311.7 million in 2009. As a percentage of net revenue, sales destined for export for this period increased by 15.1 percentage points, from 28.2% in 2008 to 43.3% in 2009.

Deductions from gross revenue

Our deductions from gross revenue decreased by 22.9%, from R$41.7 million in 2008 to R$32.1 million in 2009, primarily attributable to the significant increase in exports as a percentage of total revenues, which are tax free. As a percentage of net revenue, deductions from gross revenue for this period fell by 1.8 percentage points, from 6.3% in 2008 to 4.5% in 2009.

Net revenue

As a result of the above-mentioned factors, our net revenue increased 8.8%, from R$661.4 million in 2008, to R$719.8 million in 2009.

Cost of goods sold

Our cost of goods sold remained stable, increasing by 1.1%, from R$523.9 million in 2008, to R$529.6 million in 2009. As a percentage of net revenue, cost of goods sold fell by 5.6 percentage points, from 79.2% in 2008 to 73.6% in 2009.

Gross profit

Our gross profit increased 38.3%, from R$137.5 million in 2008, to R$190.2 million in 2009. As a percentage of net revenue, gross profit increased by 5.6 percentage points, from 20.8% in 2008 to 26.4% in 2009. The improvement in our gross profit margin was primarily due to an increased amount of origination from producers located farther from ports, which require greater transportation costs. Because the transportation costs are higher for producers located farther from the ports, the cost to acquire producers' grains, whether through barter or direct purchase, is lower.

Selling, general and administrative, and financial expenses

Selling, general and administrative, and financial expenses increased by 34.2%, from R$116.5 million in 2008, to R$156.5 million in 2009. This increase was primarily due to the below-mentioned factors.

Selling expenses

Selling expenses increased 35.8%, from R$110.0 million in 2008, to R$149.4 million in 2009. As a percentage of net revenue, selling expenses increased by 4.2 percentage points, from 16.6% in 2008 to 20.8% in 2009. This increase was primarily attributable to an increase in volume of soy and corn sold and a greater percentage of grains originated in regions farther from the ports, which increased transportation costs.

General and administrative expenses

General and administrative expenses increased by 5.5%, from R$6.8 million in 2008, to R$7.2 million in 2009, primarily due to an increase in information technology expenditures. As a percentage of net revenue, general and administrative expenses remained stable at 1.0 percentage point, in 2008 and 2009.

Financial income (expense), net. Our financial expenses increased 5.6%, from R$3.0 million in 2008, to R$3.2 million in 2009. As a percentage of net revenue, financial expenses remained constant in 2008 and 2009. The increase was due to an increased volume of financing to fund working capital needs.

Income from operations before tax and social contribution

As a result of the above-mentioned factors, income from operations before tax and social contribution increased by 60.8%, from R$21.0 million in 2008, to R$33.8 million in 2009. As a percentage of net revenue, income from operations before tax and social contributions rose by 1.5 percentage points, from 3.2% in 2008 to 4.7% in 2009.

Income tax and social contribution

Income tax and social contribution increased 60.8%, from R$7.1 million in 2008, to R$11.4 million in 2009. This increase resulted from the higher income from operations before income tax and social contribution. As a percentage of net revenue, income tax and social contribution rose 0.5 percentage point, from 1.1% in 2008 to 1.6% in 2009.

Net income

As a result of the above-mentioned factors, our net income increased 60.8%, from R$13.9 million in 2008, to R$22.3 million in 2009. This increase is primarily attributable to higher commodity prices and global demand for soybean following the global financial crisis.

Liquidity and Capital Resources

Sources and Uses of Funds

Our financial condition and liquidity is and will continue to be influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- the level of our outstanding indebtedness and the interest we are obligated to pay on this indebtedness, which affect our net financial expenses;
- prevailing domestic and international interest rates, which affects our debt service requirements; and
- changes in exchange rates, including fluctuations in the rate of Brazilian *rea*l against the U.S. dollar which impact our working capital requirements and our cash flow.

Our cash needs have traditionally consisted of (i) working capital requirements, (ii) leasing of storage facilities and cargo transport, and (iii) servicing of our indebtedness. Our sources of liquidity have traditionally consisted of (i) cash flows from our operations, (ii) short and long-term loans, and (iii) capital contributions.

	Year ended December 31,		For the six-month period ended June 30,	
	2008	2009	2009	2010
	(Audited)		(Unaudited)	
	(in million of *reais*)			
Cash flow from operating activities:				
Net income for the period	**13.9**	**22.3**	**27.8**	**17.9**
Adjustments to reconcile net income to cash provided by operating activities	**2.6**	**2.5**	**0.1**	**0.1**
Non cash (capitalized) interest	2.3	2.4	—	—
Depreciation and amortization	0.3	—	0.1	0.1
(Increase) decrease in assets	**(24.0)**	**(50.5)**	**(74.2)**	**(45.2)**
Trade accounts receivable	(23.9)	(33.3)	(38.9)	18.6
Inventories	(4.5)	—	(38.1)	(30.1)
Taxes recoverable	(0.2)	(0.3)	0.1	(0.6)
Advances to suppliers	4.6	(16.9)	2.7	(33.1)
(Increase) decrease in liabilities	**(0.5)**	**3.4**	**77.0**	**(1.4)**
Suppliers and contractors	0.4	3.1	70.3	(1.5)
Other	(0.9)	0.2	6.7	0.2
Cash flow from operating activities	**(8.0)**	**(22.2)**	**30.8**	**(28.6)**
Cash flow from investment activities:				
Long-term investments	(14.5)	—	—	—
Addition to fixed assets	(1.1)	(0.8)	(2.2)	(1.0)
Addition of intangible assets	—	—	—	—
Cash flow from investment activities	**(15.6)**	**(0.8)**	**(2.2)**	**(1.0)**
Cash flow from financing activities:				
Loans and financing raised	28.0	26.1	31.0	13.8
Repayment of loans and financing	(8.5)	—	—	30.0
Cash flow from financing activities	**19.5**	**(26.1)**	**31.0**	**43.8**
Increase (decrease) in cash and cash equivalents	**(4.2)**	**3.1**	**59.6**	**14.2**
Opening balance – cash and cash equivalents	7.3	3.1	3.1	6.2
Closing balance – cash and cash equivalents	**3.1**	**6.2**	**62.7**	**20.4**

Cash Flow Used in Operating Activities

We had net cash flows used in operating activities of R$28.6 million in the six-month period ended June 30, 2010, compared to R$30.8 million in the corresponding period in 2009. This change in cash flows between periods was attributable primarily to (i) a reduction in net income in the first six months of 2010; (ii) an increase in advances to suppliers to purchase fertilizers given favorable market prices for fertilizers; and (iii) a reduction in trade accounts payable to avoid unfavorable interest rates on the payable amounts, which was partly offset by (i) a reduction in inventory; (ii) a reduction in accounts receivable as a result of a shortening in the financing term to clients.

We had net cash flows used in operating activities of R$22.2 million in 2009, compared to R$8.1 million in 2008. This increase in cash outflows during 2009 was attributable primarily to (i) an increase in advances to suppliers due to greater working capital needs; (ii) increase in accounts receivable to take advantage of attractive financing terms to clients, which was partly offset by (i) an increase in net income; and (ii) an increase in accounts payable in the ordinary course of business.

Cash Flow Used in Investing Activities

We had net cash flows used in investing activities of R$1.0 million in the six-month period ended June 30, 2010, compared to R$2.2 million in the corresponding period in 2009. We had net cash flow used in investing activities of R$0.8 million in 2009, compared to R$15.6 million in 2008. The change in cash flows used in investing activities between 2009 and 2008 was primarily attributable to the purchase of long-term Brazilian government treasury bonds to take advantage of favorable market rates.

Cash Flow from Financing Activities

We had net cash flows from financing activities of R$43.8 million in the six-month period ended June 30, 2010, compared to net cash flows from financing activities of R$31.0 million in the same period in 2009. This variation was attributable primarily to a R$30.0 million capital contribution in April 2010, which was partly offset by a relative decrease in proceeds raised from debt. We had net cash flows from financing activities of R$26.1 million in 2009, compared to R$19.5 million in the same period in 2008, attributable primarily to the repayment of loans in 2008.

Working Capital

We define working capital as current assets (excluding cash and cash equivalents) minus current liabilities (excluding short-term debt). As of June 30, 2010, we had adjusted working capital of R$138.5 million (54 days of annualized net revenue), compared to R$84.8 million as of June 30, 2009 (30 days of annualized net revenue).

We had working capital of R$86.8 million as of December 31, 2009 (43 days of net revenue) compared to adjusted working capital of R$50.8 million as of December 31, 2008 (28 days of net revenue).

Our working capital balances fluctuate based on seasonal needs, volume of grains originated, and market pricing conditions of fertilizers. See "– Seasonality."

Indebtedness

As of June 30, 2010, the total amount of our indebtedness was R$73.7 million. As of June 30, 2010, 91.5% of our indebtedness was denominated in Brazilian *reais*, and the rest was denominated in U.S. dollars.

Short-term indebtedness

Our short-term indebtedness increased by 2.3%, from R$25.9 million as of June 30, 2009 to R$26.5 million as of June 30, 2010. Our short-term indebtedness consists of short term loans and financings, and any portion of our long-term indebtedness maturing in less than twelve months. All of our short-term indebtedness, R$26.5 million as of June 30, 2010, is secured by receivables in our CPRs and promissory notes issued by us and guaranteed per *aval* by Antonio Carlos Gonçalves Jr. and Christine Crothers Gonçalves.

Long-term indebtedness

Our long-term indebtedness increased 29.6%, from R$36.5 million as of June 30, 2009 to R$47.3 million as of June 30, 2010, as a result of an increase in debt financing to meet working capital needs. All of our long-term indebtedness, R$47.3 million as of June 30, 2010, is secured by receivables in our CPRs and guaranteed by our indirect controlling shareholder, Antonio Carlos Gonçalves Jr., and our subsidiary Ceagro Exportadora e Importadora Ltda.

Contractual Obligations

The table below summarizes the maturity profile of our material contractual and financial obligations as of June 30, 2010:

	Payments due			
	Less than one year	One to three years	More than three years	Total
	(in R$ millions)			
Loans and financing	26.5	11.0	36.1	73.6
Operating leases	0.0	0.1	0.0	0.1

Financial Capacity

Based on our performance and operational cash flow generation indicators, our management believes we have the capacity to meet our short and medium-term commitments. It is our intention to pay off the principal amount of our short and long-term debt using our operating cash flow and part of the proceeds of the notes. See "Use of Proceeds."

Notwithstanding the above, in the event that additional resources beyond those provided by our operational cash flow are required, we intend to obtain such resources through bank loans or other financings to be evaluated and contracted by us, or by divestment of assets, in addition to further public offerings of our securities.

Off-Balance Sheet Transactions

As of the date of this offering memorandum, we had no off-balance sheet arrangements. We have no majority-owned subsidiaries that are not included in our consolidated financial statements, nor do we have any interests in, or relationships with, any subsidiaries that are not reflected in our consolidated financial statements.

Hedging Policies

As we contract our origination yields with our producers, we simultaneously sell the agreed grain yield to our clients through forward sale contracts, so that we fix our targeted margin and ensure our revenues will cover our costs and financial commitments. To the extent we do not sell such grain yield to our clients or local market pricing conditions are otherwise unfavorable, we hedge our exposure to commodity price risk for our transactions through over-the-counter instruments including call and put options and futures contracts negotiated in the CME or BM&FBOVESPA. We record these derivatives at fair value.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks arising in the normal course of our business. These risks are beyond our control and involve primarily the possibility that changes in exchange rates and in the prices of our main products may adversely affect the value of our financial assets and liabilities or future cash flows or earnings. Market risks consist of possible losses resulting from adverse changes in rates and market prices. We do not enter into hedging instruments for speculative purposes.

Risks Relating to the Prices of our Products

The majority of our revenue is derived from the origination and sale of soybean, the prices of which is typically denominated in U.S. dollars on international exchanges such as CME. Any long-term variation in these prices is associated with global conditions involving the supply and demand of soybean and may affect our margins and operating results. Based on soybean sales for 2009, a 10.0% variation in the market price of soybean would result in a variation of approximately R$38.2 million in our gross revenue.

The Brazilian market for corn does not fully reflect the behavior of corn prices in the international market and when it does, the price transfer between markets is not immediate. Accordingly, prices, especially short-term, are more contingent upon local supply and demand conditions. Considering our corn sales data for 2009, a 10.0% variation in the price quote of the product on the ESALQ index of the BM&FBOVESPA would result in a variation of R$17.4 million in our gross revenue.

We minimize short-term price risk, the risk between planting/origination and the sale to our off-takers by pre-selling 100% of the yield to our clients through forward sale contracts or through hedging obligations as described above, so that we fix our targeted margin and ensure our revenues will cover our costs and financial commitments.

Foreign Exchange Risk

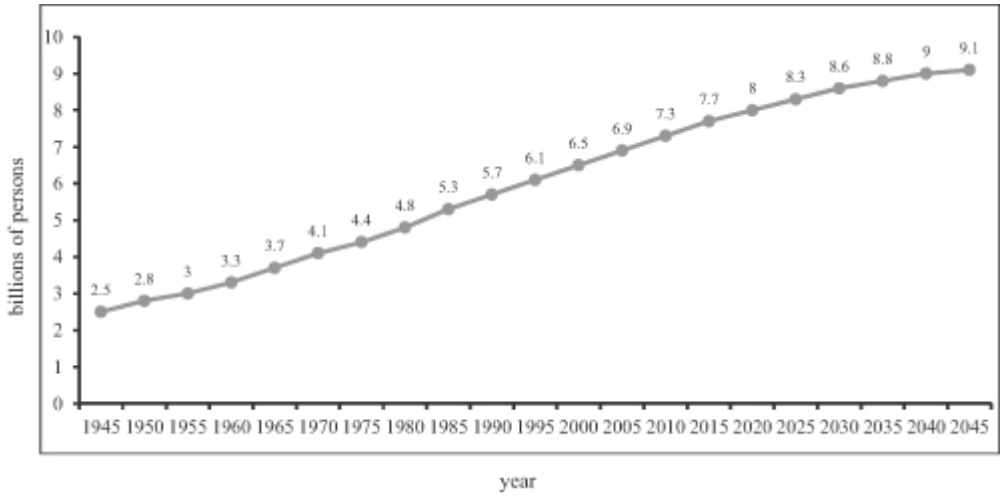
For the six-month period ending June 30, 2010 and the year ended December 31, 2009, 79.1% and 76.2%, respectively, of our sales were denominated in U.S. dollars. Therefore, we are exposed to exchange variation risks that may have a direct effect on our margin. Our exposure to the U.S. dollar is significantly offset by the portion of our costs tied to this currency. We constantly monitor the foreign exchange market to identify and evaluate our exposure to foreign exchange. When we deem it necessary and in order to reduce our exposure to foreign exchange, we enter into foreign exchange derivatives contracts. Our hedging policy is based on maintaining a minimum profit margin for our operations, which is an expression of the prices of our products and our production cost.

Interest Rate Risks

Our indebtedness bears interest at fixed and variable rates leading to an exposure to variations in the interest rates. Approximately R$26.6 million, or 36.1% of our outstanding indebtedness as of June 30, 2010, bore interest at a fixed rate and the remaining R$47.1 million, or 63.9%, bore interest at a variable rate. Interest rate risks consist of the impact on our financial results of an increase in the interest rate applicable to our variable-rate indebtedness tied to the Interbank Deposit Certificate (*Certificado de Depósito Interbancário*), or CDI. A hypothetical increase of 10.0% in the CDI rate would increase our financing costs on our indebtedness by R$0.6 million annually based on current interest rates.

According to the United Nations, the world's population will increase from the present population of 6.9 billion, as of 2010, to approximately 9.1 billion in 2050. This increase in the world population, combined with an expected improvement in per capita consumption, will contribute directly to an increase of consumption of food and energy globally.

World Population



Sources: United Nations Population Division, 2008 Revision

Global Agricultural Market

World population growth and economic growth is expected to lead to an increase in consumption of agricultural products, especially in developing countries. According to the FAO, the world's population is expected to grow by 2.2 billion people between 2010 and 2050, which represents more than a 30% increase over the world's current population. This number is smaller than the 3.3 billion increase seen over the last four decades, but still represents considerable growth.

An expected increase in world per capita income, particularly in countries with low per capita income at present, is also expected to drive an increase in global food consumption. Demand for cereals is expected to reach around 3 billion tons by 2050, an increase of approximately 43% from current levels.

Global Cereal Consumption

	Population (in millions)	Cereal consumption (in million tons)	Demand increase (%)	Consumption (Kg/person per day)
Current (2010)	6,800	2,197	—	1.20
Future (2050)	9,100	3,000	42.9%	0.90

Source: FAO, UN

In addition, many countries are promoting the use of agricultural products to produce energy in reaction to increasing oil prices. In the U.S., according to the USDA, 4,600 million bushels of corn will be used to produce ethanol during the 2010-2011 crop year. Additionally, corn planting for 2010 is expected to increase by 2.3 million acres from 2009 to 88.8 million acres. This higher consumption of corn in the U.S. has driven a worldwide increase in corn prices.

The Brazilian Agricultural Market

We believe that Brazil has the capacity to gain a greater share of the global food and biofuel market, as it has competitive advantages compared to other world agricultural producers. This competitive advantage results from favorable environmental factors, including the country's climatic diversity, abundance of land available for cultivation, soil quality and flat topography, among other factors.

Brazil is one of the world leaders in production and export of a number of agricultural products in terms of volume. As of 2010, Brazil is the largest producer and exporter of coffee, sugar cane, orange juice and beans; the largest exporter of beef and poultry; the second largest producer and exporter of soybean; the second largest exporter of soybean meal and oil; the third largest exporter of corn and hog and the fifth largest exporter of cotton. According to FAO, over the next 10 years Brazil will lead the soybean exportation market, and, according to MAPA, Brazil has the potential to become a leading producer of biofuels produced with sugarcane and vegetable oils, in addition to cotton, corn, rice, fresh fruit, cocoa, Brazilian nuts, walnuts, hog and fish.

According to the Conab, a state-owned company related to MAPA, Brazil uses approximately 47.5 million hectares for agriculture in the 2010 crop. The following table sets forth the estimated planted area in Brazil that is dedicated to various crops:

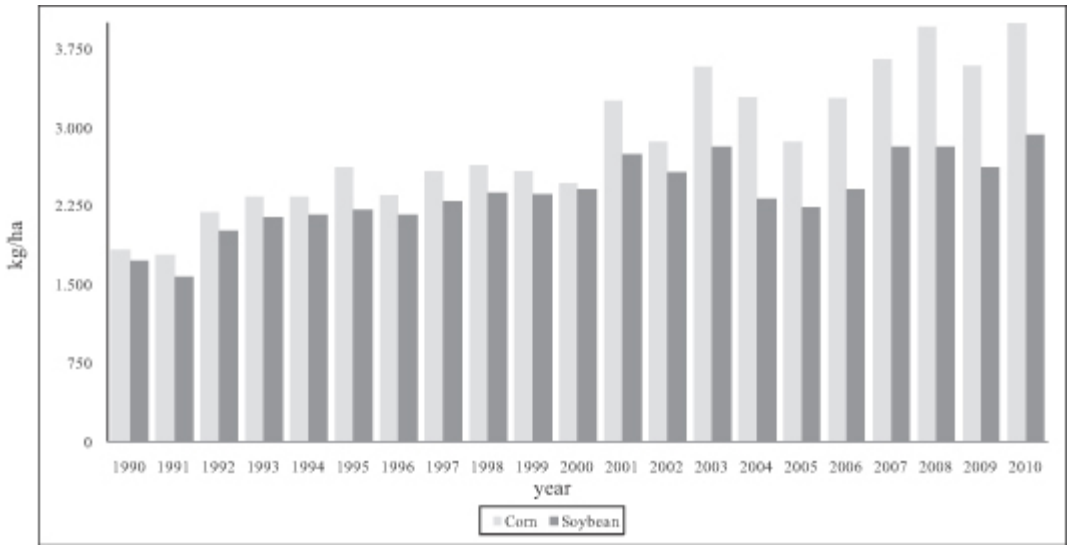
Estimated Cultivated Area in Brazil (in thousands of hectares)

	Harvest		Variation	
Product	**2008/2009**	**July 10**	**Percentage (%)**	**Absolute**
Cotton	843.2	835.7	(0.9)	(7.5)
Peanut	113.8	84	(26.2)	(29.8)
Rice	2,909.0	2,758.90	(5.2)	(150.1)
Beans	4,147.8	3,610.30	(13.0)	(537.5)
Sunflower	75.0	70.4	(6.1)	(4.6)
Castor bean	157.5	154.1	(2.16)	(3.4)
Corn	14,171.8	12,930.10	(8.8)	(1,241.7)
Soybean	21,743.1	23,468.80	7.9	1,725.7
Sorghum	846.1	690.9	(18.3)	(155.2)
Subtotal	**45,007.3**	**44,603.20**	**(0.9)**	**(404.1)**
Oats	111.2	119.1	7.1	7.9
Canola	30.9	30.9	—	—
Rye	4.7	4.4	(6.4)	(0.3)
Barley	79.3	73.7	(7.0)	(5.6)
Wheat	2,396.2	2,428.00	1.3	31.8
Triticale	75.7	67.5	(10.8)	(8.2)
Subtotal	**2,667.1**	**2,723.60**	**2.1**	**56.5**
Total	**47,674.4**	**47,326.80**	**(0.7)**	**(347.6)**

Source: Conab

Scientific and technological development, as well as modernization of rural activity, achieved through research and expansion of the fertilizer, herbicide, pesticide and machinery industries, also contributed to the transformation of Brazil into one of the world's key agricultural producers, according to the MAPA. The following graph shows the progression of corn and soybean yields in Brazil:

Commodity Yield Evolution (kg/ha)

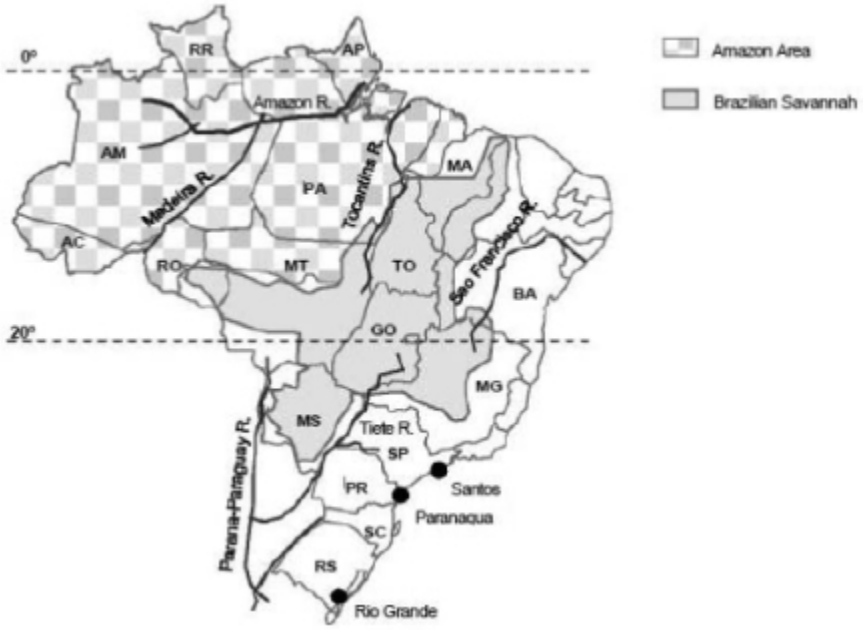


Source: Conab

Brazilian Agricultural Production

With its diversified climate, relatively flat topography, regular rainfall and abundant solar energy, Brazil has fertile and highly-productive land. The growth of soybean production in the savannah of the Brazilian Midwest is an example of the increase in production and potential of the Brazilian agricultural sector. This growth was largely achieved through the development of new technologies (fertilization and special varieties of seeds), the adoption of techniques for soil improvement and correction, as well as the cultivation of varieties of soybean species that are appropriate for the region's climate and soil.

The following map shows the principal Brazilian hydrographic basins, as well as the region that is covered by the savannah biome:



Source: IBGE

Environmental Factors

Temperature, rainfall volume, as well as soil type, topography and elevation are, among other factors, decisive in determining the viability of production and the potential financial returns for agribusiness.

Soybean

Soybean only reaches a high yield when there is a good water supply distributed throughout the entire crop cycle. Meteorological data provided by Somar Meteorologia shows that in Brazil, on average, particularly in the savannah, it rains more than in the United States and in Argentina, which partly explains why Brazilian yields in the savannah region have been greater than the average for those countries.

Corn

Corn is a crop that requires a great amount of water, especially during the flowering and grain swelling phases. The rainfall pattern has been a distinguishing factor for corn yields in the Brazilian savannah region. Because it rains more in the Brazilian savannah than in the United States and in Argentina and due to technological advances, the Brazilian savannah can attain yields similar to those achieved in the United States and in Argentina. Brazil's major competitive edge is that it presents climatic conditions that allow for a second harvest, unlike the United States and Argentina where this is not possible.

Competitive Production Cost

We believe that Brazil is one of the countries with the most competitive strengths for grain production because of several factors, including the existence of large land areas available at relatively reasonable prices when compared to similar farming areas in other countries, as well as favorable environmental factors, such as rainy seasons, rainfall levels and soil with high yield potential.

The use of certain technology, such as fertilization and soil correction techniques, as well as seed and seedling varieties that are more appropriate for certain climate and soil conditions, also contributes importantly to the country's competitiveness in the world's agricultural market.

Infrastructure

Brazilian transportation infrastructure needs to be improved significantly. Brazil has a long coastline with many seaports, but a significant part of agricultural exports are shipped through three principal ports in the country: Santos, Paranaguá and Rio Grande. The principal obstacle to growth in Brazil's export market is the freight cost, which is high, mainly due to weak transportation infrastructure. The weak transportation systems have resulted from insufficient public investment in the previous decades and the imbalance of the Brazilian transportation matrix, which relies heavily on highway transportation compared to other countries, as demonstrated in the following graph.

Reliance on highway transportation by country

Source: CIA Factbook 2010

Railway and waterway transportation present certain advantages for medium to long-distance routes. When compared to highway transportation, railway and waterway methods of transportation are superior in energy efficiency, environmental efficiency, operating costs and transportation capacity. Highway cargo transportation for medium to long-distance routes is considerably less efficient compared to the railway and waterway methods of transportation, particularly with respect to fuel consumption, emission of pollutants and transportation capacity.

In Brazil, initiatives to organize highway cargo transportation, such as determining procedures for registration and control of carriers, including transportation companies, cooperatives and independent carriers, and the resumption of bidding processes for new stretches of federal highways, as well as the establishment of Public-Private Partnerships (*Parcerias Público-Privadas*), or PPPs, for highway management, may contribute towards reducing the distortions and increasing competitiveness in highway transportation on medium to long-distance routes.

Furthermore, several projects intended to facilitate transportation of agricultural products to ports have recently been completed or are currently underway. For example, the Madeira-Amazonas waterway began operating in 1997, significantly improving transportation from the West to the mid-North of the country. The expansion of the North-South Carajás railway through a public-private partnership, and the privatization of the BR 163 highway connecting Cuiabá to the Port of Santarém, are two priority projects, according to the Brazilian Ministry of Transportation (*Ministério dos Transportes*).

In addition, the federal government has expressed interest in investing in Brazilian infrastructure, which we believe will contribute to growth of the transportation services industry. One example is the Brazilian government's second Program for Acceleration of Growth (*Programa de Aceleração do Crescimento*), or PAC 2, announced on March, 2010, which established the priority projects for logistics from 2010 to 2014, and that will be implemented with public and private funds.

The Brazilian government's estimate is that R$109 billion will be invested in all transportation systems between 2010 and 2014, as set forth in the table below. The plan provides for, among other measures, the recovery, duplication and construction of 75,553 km of highways, the construction of 9,672 km of railways, the recovery and modernization of 21 ports, and recovery and construction of 14 airports.

Transportation Method	2011-2014	Post 2014	Estimated Investment (in R$ billion)
Highways	48.4	2.0	50.4
Railways	43.9	2.1	46.0
Ports	4.8	0.3	5.1
Airports	3.0	—	3.0
Waterways	2.6	0.1	2.7
Merchant Marine	1.8	—	1.8
Total	**104.5**	**4.5**	**109.0**

Source: Brazilian Ministry of Planning (*Ministério do Planejamento*)

However, there is no way to ensure that the above-mentioned investments will be made, that the infrastructure projects proposed will be completed or that we will benefit from any such investments.

International Market for our Agricultural Products

Brazil enjoys a unique combination of favorable natural conditions and competitive advantages that have made it a major producer of commodities:

- *Favorable weather conditions*. Brazil's favorable weather, geographical and geological conditions provide it with highly fertile soil, stable temperature, adequate rain volumes, vast water resources and solar energy. All of these conditions qualify Brazil to be an important provider of world-quality grains. The natural conditions of the savannah of Midwestern Brazil (*cerrado*) make it a productive region for soy, corn and coffee. Finally, in some areas of Brazil it is possible to have two harvests of different crops in the same year (e.g. soy and corn, or corn and cotton), an advantage that is not found in most of Brazil's competitors and provides Brazilian producers with a better cost structure.
- *High growth potential*. Brazil is one of the few countries that still has large unexploited tracts of land for agricultural use. In the 2009/2010 crop year, according to USDA, Brazil originated only 7.7% of the world's grains exports, with the potential to account for a much larger share of the world's market. Also, the increasing domestic consumption of corn in the United States to produce ethanol has increased the opportunities for corn exporters, including Brazil.
- *Low production costs*. Brazil benefits from lower costs for commodities production as compared to many of its competitors because of the following factors: (1) favorable weather conditions, with lower irrigation needs; (2) availability of fertile lands at low costs; (3) good level of technological development; (4) economies of scale, due to the large volume of national production; and (5) low labor costs. These competitive advantages create a major opportunity for Brazil to satisfy the growing demand for agricultural products for food and biofuel needs.

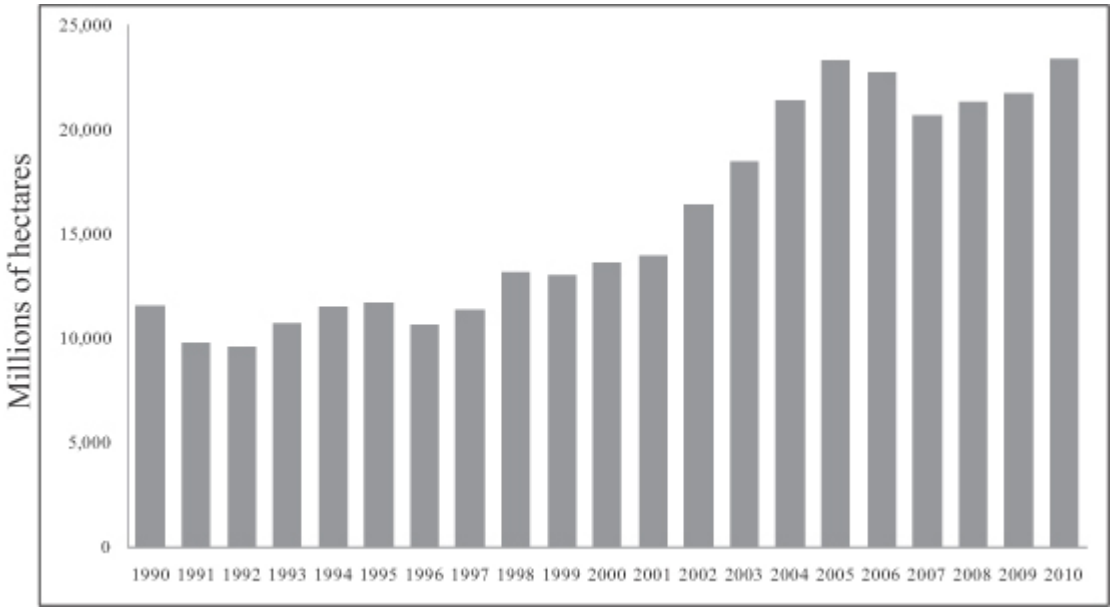
Soybean

Brazil is the world's second largest soybean producer with an estimated harvest of 68.7 million tons and 23.5 million hectares planted area for the 2009/2010 harvest, according to USDA. Soybean is the largest grain crop for Brazilian agribusiness in terms of volume production, according to Conab. Total global soybean production amounted to approximately 259.0 million tons in the 2009/2010 crop year, according to the USDA, with the world's largest soybean producers comprised of the United States, Brazil, Argentina and China. The global soybean production will increase 15% or 32 million tons, according to the projections for 2010.

According to the USDA, Brazil was the international market leader for soybean complex items (grain, bran and oil) for the 2009/2010 crop year, followed by the United States and Argentina. Brazil's 2009/2010 soybean production is forecast at a record 69.0 million tons, up 10.0 million or 11.0% from the prior crop year. Record soybean area was planted this year due to higher soybean prices and greater profit margins in comparison to corn.

Conab data indicates that between 1979/1980 and 2008/2009 soybean planted area in Brazil rose at a compound annual growth rate of 3.1% while production was growing at a compound annual growth rate of 4.6%. Yields beginning in the 1979/1980 crop year and ending in the 2009/2010 crop year have grown at a compound annual growth rate of 1.5%. The decade with the highest growth in this period was 1999/2000 through 2008/2009, when planted area in Brazil grew at a compound annual growth rate of 4.8%.

Brazilian Soybean Planted Area



Source: Conab

In recent decades, the production of soybean has significantly expanded in Brazil. Until the 1980s, soybean crops were concentrated in the states of the South Region (Rio Grande do Sul, Paraná and Santa Catarina). Due to the development of cultivar strains adapted to the soil and climate of the different regions of Brazil, soybean production has extended to the Midwest states of Mato Grosso, Mato Grosso do Sul, Goiás and the Federal District, as well as part of the Northeast Region (particularly the west of the state of Bahia and the south of the states of Maranhão and Piauí). This expansion is due, in part, to the development of research projects and innovative technologies to adapt the crop to tropical regions: new cultivar strains and pesticides, mechanization and direct planting techniques, among others.

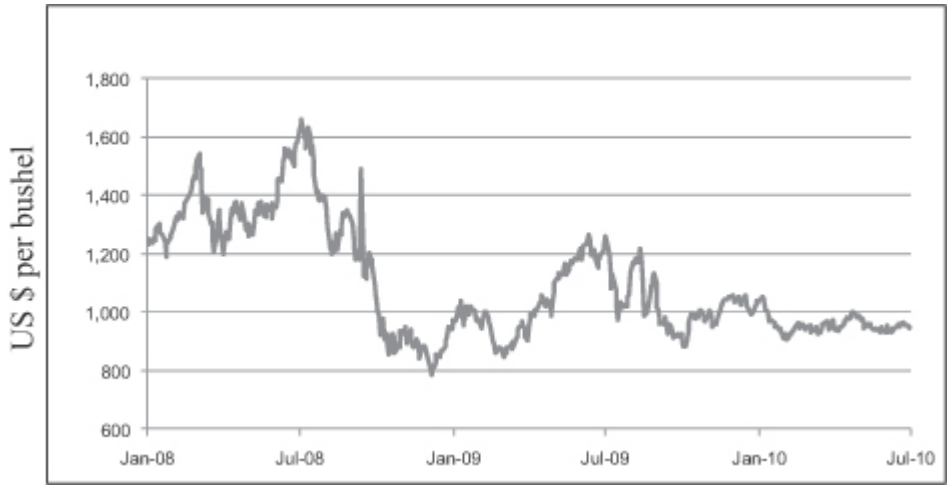
Soybean in grain form is supplied to crusher firms that process the product and obtain by-products such as oil and soybean bran, which are used in the food industry, for animal feed and biofuels, among other uses. Soybean is not a product that shows differentiation from one grower to another. It is typically a commodity with universal classification standards verifying only the physical aspects of the product, such as humidity, impurity, spoiled grains and presence of waste, among others.

With high oil prices, soybean and other grains have now become raw materials for energy production. In addition to high oil prices, the use of energy-producing commodities has some very important features favoring an increase in their consumption. These include environmental appeal, since biofuels are less polluting than fossil fuels, and the decreased dependence on oil producers and oil exporting countries.

Price

The CBOT soybean price is the benchmark for the global soybean market. As the second largest world producer and one of the leading exporters of the entire soybean complex (grain, bran and oil), Brazil's production can influence world soybean prices. The graph below shows CBOT soybean prices and variations since January 2008:

CBOT Soybean Price Evolution (c/bu)



Source: Bloomberg

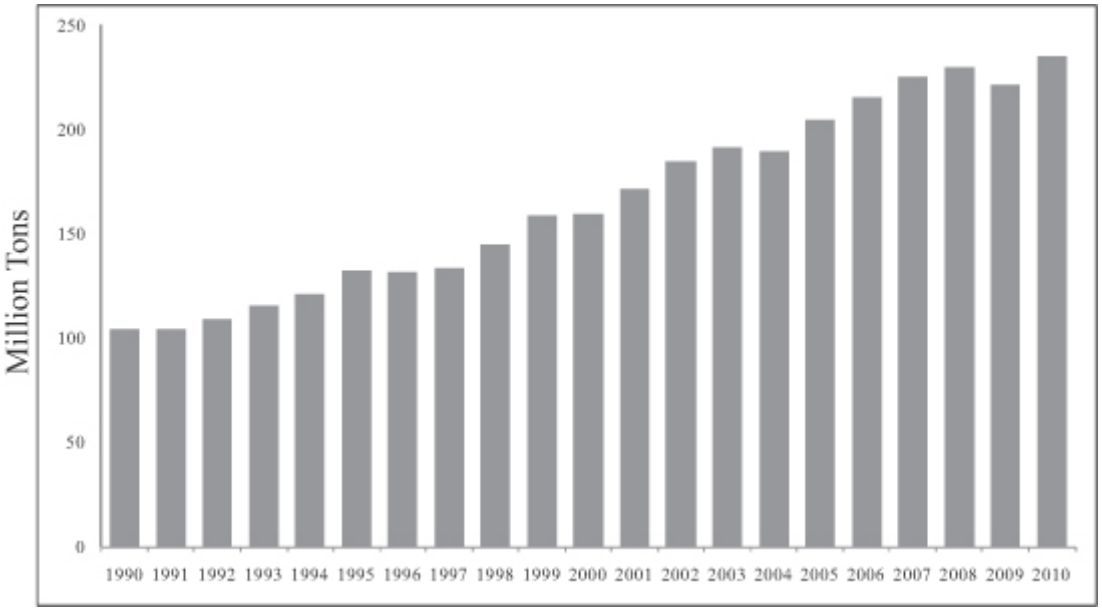
When oil prices are high, the use of agricultural products to produce energy is economically viable and this situation positively stimulates prices of the agricultural commodities related to this segment, especially soybean, corn, palm, canola, sunflower, and others. The use of soybean to produce biodiesel is a more recent development than the production of ethanol from corn and sugar cane, but it is increasingly considered to be economically viable and many countries have established programs for biodiesel production from soybean and other oleaginous crops.

On the other hand, production costs per unit of planted area for vegetable oils are higher than those for ethanol made from corn and sugarcane, so if oil prices were to experience a sustained decline, biodiesel may become less attractive as an alternative fuel more quickly than ethanol. However, many countries may be introducing programs for obligatory use of biodiesel, such as the one being introduced in Brazil, which requires the mixture of 5.0% of biodiesel in diesel oil consumed in Brazil, except for maritime diesel oil. This may encourage increased use of biodiesel on a global scale.

Together with demand for these commodities for producing energy, direct consumption of soybean and soybean derived products for human consumption and animal feed is also likely to rise consistently over the coming years. Rising world population plus higher per capita income and improved diet for the poorest populations are factors likely to boost consumption of foods, especially those richest in proteins and vegetable oils.

The graph below shows world demand for soybean for the periods indicated:

Global Consumption of Soybean



Source: USDA

Corn

Corn is used for both human and industrial consumption, with a majority of corn production utilized to feed birds and hogs. USDA statistics show that 158.78 million of hectares of corn will be grown worldwide in the 2010/2011 crop year for a total production of 826.1 million tons of corn, with Brazil accounting for 51.0 million tons. Brazil is the world's third largest corn producer in 2009/2010. Brazil's corn production has grown steadily over the last few decades.

Low average yields for corn in Brazil do not reflect the high level of technology now in use by many growers focusing on commercial crops. This is because averages are obtained by collecting data from many different regions in which crops may reflect different cultivation systems and uses for corn.

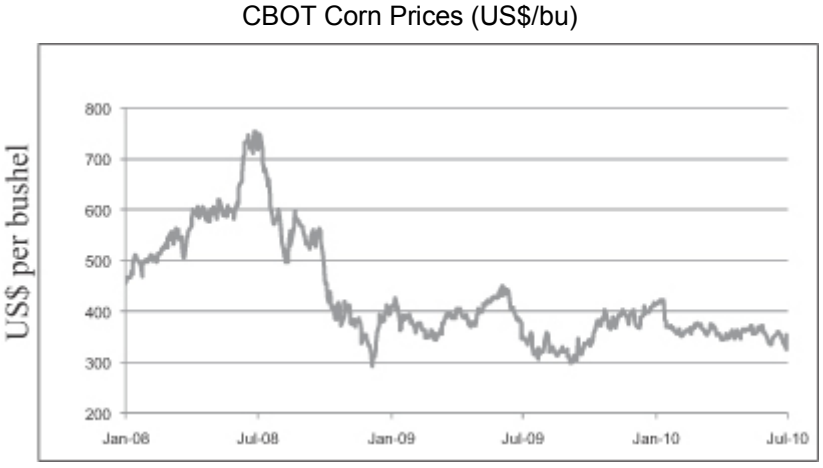
Corn production in Brazil has been characterized by its division into two planting seasons. Summer plantings, or the first harvest, take place at the traditional time of year, during the rainy period. In recent years, there has been more intensive cultivation of a second corn harvest altering some regions' shares of the total planted area in Brazil. This type of crop is usually planted after the main summer crop, almost always after early soybean, predominantly in the Midwest region and in the states of Paraná and São Paulo.

Price

The CBOT corn price is the world benchmark and reflects the main factors affecting world supply and demand. Corn price formation in the Brazilian market is based on domestic/regional supply and demand conditions. Brazil's market is a very regionalized one, especially given the lower value-added of corn, which means logistics costs have a strong impact on pricing and there is often no correlation between local and CBOT prices.

However in relation to FOB price formation for export trade, pricing benchmarks are the future contracts traded on CBOT, plus a port differential that may be positive or negative, depending on local and international supply and demand conditions. Specific logistics costs per unit are deducted to obtain the price out of the port.

The graph below sets for the CBOT corn price for the periods indicated:



Source: Bloomberg

Rising world population, plus higher world per capita income and improved diets for the poorest populations, are likely to boost world demand of meat and, as a result, of corn as well. Together with this source of demand, the use of corn to make ethanol in the United States particularly is leading to accelerated growth of demand for corn. The USDA estimates that consumption of corn used to make ethanol in the United States will be 4.6 billion bushels for the 2010/11 crop year.

Higher world demand for corn may open up important export markets for Brazilian producers. In addition, the domestic marketplace for animal feed is an increasing competitive segment, so Brazilian corn growers may have an unprecedented opportunity for growth at rewarding prices on both international and domestic markets.

The Brazilian Constitution establishes that protection of the environment is a fundamental human right, stating that an ecologically balanced environment is a common good and an essential element for a healthy life. In so doing, the Brazilian Constitution charged the federal, state (including the federal district) and all municipal governments with the authority and duty to prevent pollution in any shape or form, as well as to preserve forests, fauna and flora, therefore preserving the environment as a whole. The federal and the state governments (including the federal district) have also been granted authority to legislate on the protection of forests, fauna and fishing activities, nature preservation, soil and natural resources, and environmental protection and pollution control. Additionally, cities are entitled to legislate on environmental matters of local interest.

Law No. 9,605, dated February 12, 1998, provides for administrative and criminal sanctions for activities harmful to the environment carried out by individuals or legal entities. Individuals (including managers of legal entities) who have contributed to the practice of illegal environmental activities may be arrested if considered their active act on it.

In addition, Brazilian regulation foresees the need for municipal authorization for establishments engaged in the activity of storage. The absence of such authorization may result in fines to the company or closure of the storage establishments by local sanitary agency.

Environmental licensing

Pursuant to Law No. 6,938, dated August 31, 1981, and the National Environmental Council (*Conselho Nacional do Meio Ambiente*), or CONAMA, Resolution No. 237, dated December 19, 1997, prior environmental licensing is required for human activities that use natural resources or are considered actually or potentially polluting. According to applicable regulation issued by CONAMA, the Government may issue three types of licenses or permits, namely:

1. *Previous license*. A prior license is granted in the preliminary phase of the undertaking or activity, approving its location and conception, attesting to the environmental feasibility and laying down the basic and conditioning requirements to be met in the forthcoming phases of its implementation;

2. *Installation permit*. An installation permit authorizes the installation of the undertaking or activity in accordance with the specifications contained in the plans, programs and designs approved, including the measures of environmental control and other conditioning factors which constitute a determinant reason; and

3. *Operating permit*. An operating permit authorizes the operation of the activity or undertaking, after verification of the actual fulfillment of the contents of the prior licenses, with the measures of environmental control and conditioning factors determined for the operation.

Federal licensing is required in cases where activities are carried out in the territorial sea or in more than one state, the responsible agency for such license is the Brazilian Institute of the Environment and Natural and Renewable Resources (*Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis*). In addition, other potentially polluting activities, depending on the level and dimension of impacts, may be required to be licensed by the State agencies or Municipal environment agencies.

The Brazilian Federal Constitution establishes that whoever is responsible for any conduct or activity that violates environmental regulations or causes damage to the environment will be held liable (a) in the administrative sphere, subject to warning, fines of up to R$50 million and interruption of manufacturing and sale of products, including temporary suspension or shutdown of the polluting activities, among other administrative sanctions imposed by the environmental control and inspection authorities pursuant to law, in addition to being prevented from entering into contracts with the government and losing tax benefits and incentives; (b) in the civil sphere, subject to the obligation to remedy any damage caused to the environment regardless of fault (strict liability) or to pay damages whenever such reparation or remediation is unfeasible; and (c) in the criminal sphere, subject to the application of penalties restricting independence or rights and imposing fines.

Administrative, civil and criminal liabilities are cumulative. Hence, the application of an administrative sanction for violation of environmental rules does not release the offender from its obligation to remedy or to indemnify the damage whenever such offense has adversely affected the environment. Likewise, the application of administrative sanctions and the duty of reparation does not rule out the application of a penalty restricting independence or rights, if the corresponding offense falls within the realm of criminal law.

Legal reserves and permanent preservation areas

Under the Brazilian Forestry Code, Law No. 4,771, dated September 15, 1965, every rural property in Brazil is required by law to maintain a legal environmental reserve.

A legal reserve is defined by law as an area required for sustainable use of natural resources, preservation and ecological process rehabilitation, as well as for preservation of biodiversity and as shelter for the native fauna and flora. In the southern, southeastern and northeastern regions of Brazil, where the *Mata Atlântica* (Rain forest) is found, legal reserves comprise a minimum of 20.0% of each property; in the midwestern region of Brazil, where the savannah is found, legal reserves comprise a minimum of 35.0% of the property land; and in the Amazon region, legal reserves comprise a minimum of 80.0% of the land. Legal reserves are permanent and require annotation under the property registration with the real estate registry officer with jurisdiction over the region where the

property is located. In addition, the law permits compensation for the legal reserve to be obtained elsewhere, either on one's own land or a third-party property of equivalent ecological value, located within the same minor basin area and state, provided the minimum percentage of legal reserve applying to each particular region is observed.

Moreover, permanent preservation areas ("APP"), either government-owned or privately owned, limit property rights on account of the environmental function attributed to land under the Brazilian Constitution (article 170, VI, of the 1988 Constitution). CONAMA Resolution No. 302 dated March 20, 2002, sets forth that APP have the "environmental function of preserving water resources, the landscape, geological stability, biodiversity, gene migration of both fauna and flora, as well as of protecting the soil and the well-being of human population." Permanent preservation areas comprise forests and other vegetation and the flora within the area (main provision of articles 2 and 3 of the Brazilian Forestry Code), as well as the fauna, soil, air and water resources (Laws Nos. 4,771/1965 and 7,803/1989 and CONAMA Resolution No. 303 dated March 20, 2002).

Business

Overview

We believe we are the largest corn originator and among the largest soybean originators in Brazil in terms of sales revenue in 2009. We are actively involved in all stages of the grain production chain, including the financing and origination, storage, logistics and commercialization of corn, soybean and soy products. We conduct our origination activities through a unique barter model under which we finance mid-size corn and soybean producers in Brazil through the supply of fertilizer and pesticides, in exchange for a contracted portion of the producer's crop yield and a secured claim of at least 100% and usually 130% of this crop yield. The crop inputs we provide to producers are vital to their success and, we believe, enable producers to maximize crop yield.

We currently employ a team of 61 agronomists who work closely with these producers, providing technical expertise while monitoring planting and harvest to both maximize crop yield and ensure delivery of our contracted yield. At harvest, we provide logistics, storage and delivery services, transporting yield from the producer to local off-takers or Brazil's principal water ports, located in Santos and Paranaguá. We also give producers the option to sell us the remaining portion of their harvested yield that has not already been committed in order to take advantage of our logistics and trading platform.

We believe our emphasis on ensuring a diverse producer base and the strength of our relationships with producers, coupled with favorable geographic agricultural advantages, enables us to minimize risks related to individual producers, weather and climate variances. To ensure our supply, we are focused on building long-term relationships with producers by supplying crop inputs and technical advice to help them maximize their grain yield and grow their businesses. We have direct long-term relationships with and currently finance over 380 active producers. The producers which constitute our supply network are located across the midwestern states of Mato Grosso, Mato Grosso do Sul and Goiás as well as the southern and southeastern states of Paraná and São Paulo. The average term of our relationship with our producers is greater than five years, and no single producer represents more than 2% of our total annual origination. This diversity, in combination with our monitoring practices, has resulted in zero defaults in grain delivery over the past four-and-one-half years. In addition, Brazil has the climatic advantage of offering producers a year-round harvest. Accordingly, a producer who decides to plant either soybean or corn during the summer harvest can plant an additional corn harvest during the South American winter. Therefore, in addition to the protection provided by the dispersion of the producer base over a large geographic region, our participation in both soy and corn results in relatively steady cash flows throughout the year and avoids over-reliance on one harvest's crop yield.

Our commitment to ensuring timely delivery of high quality corn, soybean and soy products, including soybean meal and oil, to our clients has made us an important supplier for leading global off-takers. Upon the execution of a contract with a producer, we minimize commodity price risk by immediately entering into supply contracts with global commodity traders, or off-takers, including ADM, Bunge, BR Foods, Cargill, Corn Products and Glencore, among others, to whom we promise to deliver the grain yield owed to us by the producer. We may also enter into standard hedge contracts in the global commodity markets to the extent we find necessary to further protect us from commodity price risks. Approximately 40% of our sales are destined for export, half of which are exported by us to our off-takers outside of Brazil and half of which are exported by these off-takers from Brazil to other markets. We believe our focus on consistent, long-term results and growth as well as our strong client and producer relationships have positioned us to capitalize on the rapidly growing grain production capacity of Brazil, which is expected to increase by over 35% through 2019 according to the FAO/OECD Agricultural Outlook.

We have grown steadily over the past five years through organic expansion. Our growth results principally from increasing our participation in the grain yield production of our current producers through the provision of additional crop inputs, thus securing more grain yield from these producers. In the 2008/2009 crop year, we originated approximately 550,000 tons of soy and 450,000 tons of corn, representing growth of 42.9% and 75.1%, respectively, over our 2007/2008 origination of 385,000 tons of soy and 257,000 tons of corn. In the 2009/2010 crop year, we expect to originate and sell 700,000 tons of soy and 600,000 tons of corn, representing expected growth of approximately 27.3% and 33.3% over 2008/2009.

The following tables set forth certain selected financial and operating data for the periods indicated:

	Year ended December 31,		Six-month period ended June 30,	
	2008	2009	2009	2010
	(Audited)		(Unaudited)	
	(in R$ million)			
Financial data				
Gross revenue	703.1	752.0	530.4	487.3
Soybean	380.8	382.2	323.0	297.8
Corn	174.3	173.8	103.7	97.5
Other	148.0	196.0	103.8	92.1
Net revenue	661.4	719.8	506.5	457.6
Net income (loss)	13.9	22.3	27.8	17.9
EBITDA(1)	21.1	33.8	38.9	29.1
Cash and cash equivalents(2)	13.5	17.7	72.8	32.1
Net debt(3)	17.8	42.3	(10.4)	41.6
Net debt/EBITDA(1)/(3)	0.8x	1.3x	(0.3)x	1.4x

	Crop year(4)			
	Full Crop Year 2007/2008	Full Crop Year 2008/2009	Up to June 30, 2009	Up to June 30, 2010
	(tons)			
Operating Data				
Sales				
Soybean	385,000	550,000	465,000	494,000
Corn	257,000	450,000	269,000	278,000

(1) EBITDA is used as a measure of performance by our management. Our EBITDA is calculated based on the definition issued by CVM Resolution 01/2007, consisting of the sum of income before net financial result, income tax and social distribution, goodwill and depreciation and amortization. Our EBITDA should not be considered as a measure of financial performance in accordance with Brazilian GAAP, U.S. GAAP or IFRS nor should it be considered individually, as an alternative to net income, as a measure of operational performance, as an alternative to operating cash flows, or as a measure of our liquidity. Other companies may calculate EBITDA based on a method different from ours. See "Selected Financial and Operating Information – EBITDA Reconciliation."

(2) Includes the current market value of long-term marketable securities. The market value of long-term marketable securities was R$10.5 million on December 31, 2008, R$11.5 million on December 31, 2009, R$ 10.1 million on June 30, 2009 and R$11.7 million on June 30, 2010.

(3) Net debt is calculated as the sum of (i) short-term debt *plus* (ii) long-term debt, *minus* the *sum* of (x) cash *plus* (y) cash equivalents *plus* (z) the market value of long-term marketable securities.

(4) Due to characteristics inherent to our industry, our producer's production period is a crop year. The crop year for each product is directly linked to the climate of the regions where we operate during the planting, development and harvest process for the relevant crop. Crop year results are reflected in our financial statements in more than one fiscal year. A large part of crop year revenues occur within the fiscal year when the harvest is conducted, while the remainder of the revenue is recorded in the following fiscal year. See "Presentation of Financial and Other Information."

Our operations encompass all phases of the grain production chain and can be broken down as follows:

Supplying crop inputs and contracting for grain

We provide fertilizer and, in a minority of our origination transactions, pesticides to our producers, which together represent approximately 69% to 75% of soy production costs and 62% to 70% of corn production costs, in exchange for a contracted portion of the producer's grain yield. In exchange for the crop inputs provided, the producer is contractually obligated to provide to us a specific portion of crop based on a conversion ratio determined by us. This conversion ratio is based on the current market price of the crop and the total cost of the inputs. Once we have contractually agreed on the conversion ratio, we simultaneously lock in the price of the grain by entering into supply contracts with the off-takers at fixed prices based on trading prices on the Chicago Board of Trade, or CBOT, for soybean. In the case of corn, we enter into contracts with off-takers or enter into standard hedge contracts on the BM&FBOVESPA. We do not provide cash financing to producers.

Our contracted yield amounts are backed by a Rural Credit Certificate (*Cédula de Produto Rural*), or CPR, that provides us with the right to receive the promised grain yield and a first priority lien on at least 100% and usually 130% of the agreed grain yield. During the weeks leading up to planting, we deliver bags of fertilizer to the individual plots of land, as opposed to centrally to the producer, in order to ensure that the fertilizer is applied to the area of land on which the producer will plant the grain yield over which we have a CPR. Under our business model, when establishing a new relationship with a producer, we typically secure our rights with an additional mortgage on the producer's land. We may also secure our rights with an additional mortgage based on our credit assessment of certain producers.

When we arrange for a chemical manufacturer to provide pesticides, the chemical manufacturer usually sells its agreed grain yield to us at a discount in order to take advantage of our logistics and trading platform. This purchase from the chemical manufacturer allows us to increase our volumes and margin associated with an individual producer at a decreased level of risk because this purchase is made with recourse against the chemical manufacturer which, as a result, serves as a guarantor to the producer's obligation to deliver the agreed grain yield.

When we provide inputs jointly with a chemical manufacturer, both we and the manufacturer receive a CPR which we register to perfect the security interest with respect to our contribution. Since, however, fertilizer typically is applied to crops in advance of chemicals and because it represents proportionally more of the crop input cost, it is a common practice in our industry for the originator's CPR to be registered prior to that of the chemical manufacturer. As a result, our CPRs with the security attached are typically registered first, which gives us priority on the security and the underlying grain yield. We cannot ensure, however, that this common practice will continue to be observed. See "Risk Factors."

Monitoring of planting and harvest

In order to realize the production and delivery of our contracted grain yield and minimize the risk of disease and plagues, we monitor and regularly inspect the land, crops and activities of our producers. We employ a team of 61 agronomists that use specially-equipped vehicles, in addition to outsourced satellite tracking technology to monitor our production regions. All of our agronomists have agricultural degrees in addition to the training we provide. Our monitoring activities begin at planting and are carried out through the entire crop cycles, although the intensity of our monitoring activities changes according to the phase of the harvest. These monitoring activities, in combination with CPRs and our locking-in of grain prices, enable us to mitigate risks associated with grain production, delivery and commodity price fluctuations.

Storage and shipping logistics

We currently have 540,000 tons of leased and 105,000 tons of owned storage capacity. Before each crop season begins, we arrange freight services to transport our contracted grain yield to our leased and owned storage facilities and then ultimately to the off-taker's desired destination. We first deliver the grains to our silo storage facilities where, prior to accepting the grains, we inspect it to ensure that the grain's quality meets the standards required by the final off-takers. If these requirements are not met, we refuse that grain and the producer is required to deliver replacement grains. In order to manage our transportation needs, we enter into agreements each crop season with trucking operators. We rent semi-trailer trucks from 10 trucking companies at fixed prices which are in turn factored into the conversion ratio when we contract with a producer. These transportation arrangements give us the capability to deliver products to customers located in areas outside the major international ports or to deliver products to customers on a flexible schedule in the quantities demanded. We also have arrangements with Brazil's principal export ports, Santos and Paranaguá, for the on-site storage of grains. We have a full-time staff dedicated to administering our shipping and storage logistics platform.

Trading and sales to off-takers: In order to ensure that we maintain our close relationship with our off-takers, we employ full-time trading teams at our headquarters and our various satellite offices. Our trading desks negotiate and match the supply from producers with demand from our off-takers. When conditions are favorable, our trading desk also brokers purchase and sale orders between producers and off-takers in the spot market. If necessary, we hedge our positions in the futures market, so we are never exposed to the risks associated with open positions. We do not engage in speculative activities with our trading.

Our Competitive Strengths

We believe that our principal competitive strengths are:

Strong producer and off-taker relationships enabling us to take advantage of high-growth market: Our breadth of producer relationships, over 380 active producers as of June 30, 2010, and commitment to ensuring grain delivery to our clients has made us a critical supplier to leading global off-takers, including ADM, Bunge, BR Foods, Cargill and Glencore, among others. We believe we are well-positioned to take advantage of the rapidly growing grain production capacity of Brazil, which is expected to triple in size by 2050, according to Conab. According to the FAO/OECD Agricultural Outlook for 2010 to 2019, Brazil is projected to be the fastest growing agricultural sector globally, with an expected increase in production capacity of over 40% through 2019. According to this report, the increase in production capacity is expected to be met or outpaced by global grain demand, particularly as a result of rising demand in developing countries, which is expected to underpin international commodity markets and prices over the outlook period.

Unique Business Model: We conduct our origination activities through a unique barter model whereby we finance mid-size corn and soybean producers in Brazil through the supply of crop inputs in exchange for a contracted portion of the producer's crop yield. Unlike large barter-originators, we believe that our integrated business model that combines technical expertise, flexibility, and logistics and transportation platform allows us to better serve mid-sized producers, a segment which offers higher margins than large commodity producers. Our strong origination operations in Brazil, coupled with our logistics expertise that serves a global customer base, also provides us with a competitive advantage in satisfying both existing demand as well as the anticipated growth in demand for oilseeds by the South American and global biofuels market.

Reduced cash flow volatility: Our generation of consistent cash flow is largely a result of our business model which has reduced the cash flow volatility inherent in agricultural operations. Key factors driving our consistent cash flow generation include: (1) the origination of multiple crops with different harvest times spread across the crop year; (2) our customer diversity with no one producer accounting for over 2% of our supply and our top ten producers account for less than 10%; (3) the geographic diversity of producers, which are spread across five states and multiple agricultural regions in Brazil; (4) our risk management practices which include immediately locking in prices for our originated grain yield with off-takers or in the futures market; and (5) the quality and size of our off-takers which are primarily global commodity players with which we have long standing relationships and an excellent payment track record. We believe these factors reduce our cash flow volatility and better spread working capital investments and revenues throughout different months of the year, while our pricing strategies allow us to secure price floors, limiting downside risk, while giving us the flexibility to take advantage of any upswings in the market. For more information, please see "Business – Material Agreements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Extensive logistics network: We have an extensive network of owned and leased warehouses and equipment used for the storage of corn, soybeans and soy products that we originate. These facilities allow us to store products securely, to monitor product quality efficiently and to manage our inventories to take advantage of changes in prices and demand for particular products. We may take advantage of situations where the local spot market price and the futures price of a commodity diverge, referred to as 'basis'. In order to capture the basis efficiently, a commodity broker must have sufficient stored grains and the capacity to deliver such grains to the location with favorable price conditions. When we sell grains to take advantage of basis, we always do so in a hedged manner – the grains that we will deliver into the futures contract already belong to us and are stored in our warehouses. Additionally, to meet our storage needs, we often contract with our principal off-takers, including ADM, Bunge and Glencore, to store the grain we are selling to them at their respective storage facilities. This arrangement saves us significant capital expenses as these off-takers do not charge any fees for the physical storage of the grains we sell to them, but instead only charge us rental. This allows us to offer these off-takers more flexible terms, payment times and logistics solutions, while at the same time providing us more flexibility in the allocation of our working capital.

Our Strategies

To achieve our goals, we employ the following strategies:

Deepen existing relationships with current producers. We intend to build on our strong relationships and business platform by increasing our supply crop input to, and grain yield from, our current producers. We believe there is significant room for growth with producers with whom we already have established relationships. Today, with our available capital and based on our risk management and diversification policy, we only finance a certain percentage of our current producers' capital needs through our barter model. As we increase our available capital, we intend to increase the percentage of our producers' capital needs that we finance through our barter financing transactions.

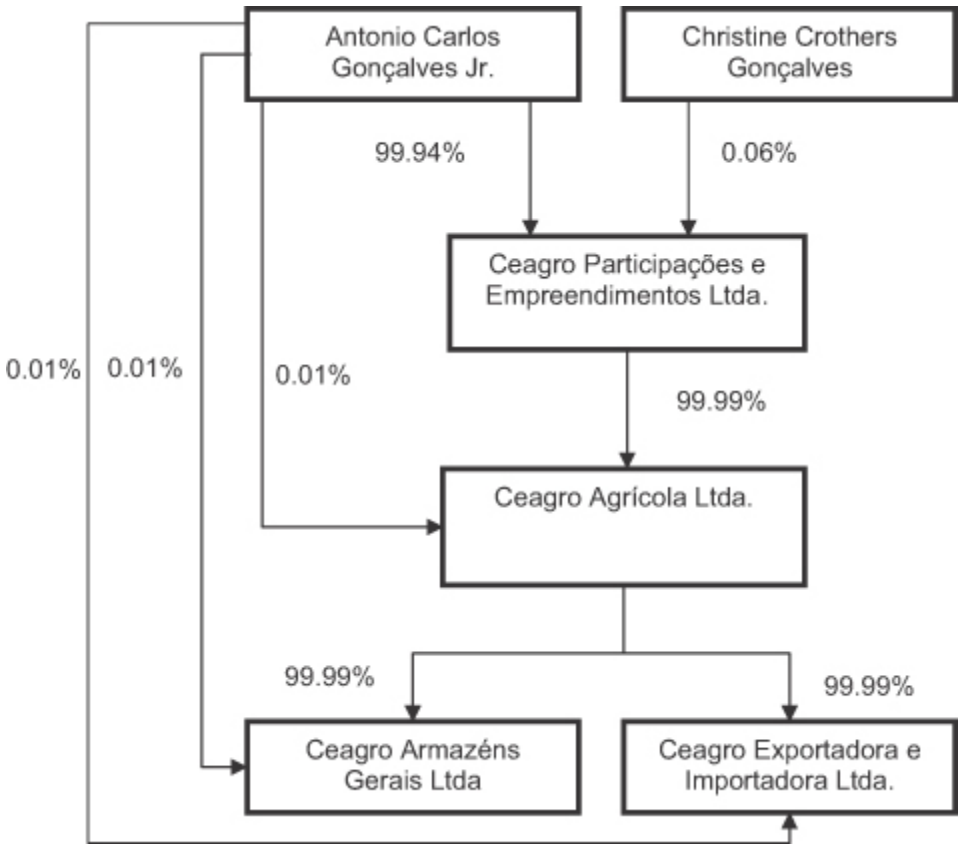
Increase our participation in transactions in which we partner with chemical producers. Currently, approximately 60% of our sales are derived from transactions in which we arrange for a chemical manufacturer to supply pesticides to the producer. When entering into these arrangements, the chemical manufacturer frequently sells its agreed grain yield to us in order to take advantage of our logistics and trading platform. This purchase from the chemical manufacturer allows us to increase our volumes and margins associated with an individual producer at a decreased level of risk because we already maintain a relationship with and monitor the producer. These arrangements with the chemical manufacturer also give us increased access to their client base.

Increase operational efficiency as we increase our customer and producer base. As we continue to grow, we will seek to benefit from greater economies of scale that will result from our expanding base of both suppliers and customers. We believe that our expanded operations will result in increased operational efficiency. We recently integrated SAP software into our operating platform and intend to continue to improve our logistics systems by streamlining transportation of the agricultural products we originate and developing operational benchmarks for each segment of our operations. We also utilize outside consultants to help us monitor and control our costs as we expand our operations. We expect these steps to enable us to reduce our overall operating costs and to increase our margins.

Optimize capital structure and extend debt profile. We plan to optimize our capital structure following this offering by increasing our long-term funding and reducing our reliance on shorter-term financing. The extension of our debt profile will allow for additional working capital investments and will also enable us to hold our production for sale at more favorable off-season terms.

Corporate Structure

The diagram below shows the structure of our corporate group as of the date of this offering memorandum:



Additional Information

Our headquarters are located at Rua Antonio Lapa 280, 8th floor, Campinas, São Paulo. Our Investor Relations Officer is Roberto G. Barreiro, and he may be contacted by phone at +55 (19) 3202-5256, fax at + 55 (19) 3254-0960 or by email at roberto.barreiro@ceagro.com. The information contained on our website or that can be accessed through it is not included by reference in this offering memorandum.

Corporate History

We were founded in 1987 as Ceagro Corretora de Mercadorias, brokering commodity transactions for end consumers on a commission-based model at São Paulo's Grain Exchange (*BCSP – Bolsa de Cereais de São Paulo*). On April 30, 1991 we became Ceagro Agrícola Ltda., a commodity trading company primarily focused on corn and soybean. We developed a strong relationship with Matosul Agro Industrial Ltda., buying and commercializing all of their corn production destined to the state of São Paulo.

In 1997, Matosul was acquired by Cargill. Antonio Carlos Goncalves Junior, our principal shareholder, who was also a shareholder of Matosul, signed a non-compete agreement with Cargill for 5 years in the states of Mato Grosso and Mato Grosso do Sul, the main areas where Matosul conducted its activities. During the years of the non-compete agreement, we expanded our presence in the states of Goiás, Paraná and São Paulo, in both soy and corn.

In 2002, with the end of our non-compete agreement with Cargill, we expanded into Mato Grosso and Mato Grosso do Sul. During this period, the CPR was enhanced as a credit instrument with new legislation that was passed. This allowed a significant increase in the overall financing capacity of the agricultural sector. In 2004, we further developed our business model by migrating to a barter model. In 2009, we achieved record gross revenues of R$752.0 million, positioning us as the largest corn originator and amongst the largest soy originators in Brazil.

We are registered under the São Paulo Board of Trade (*Junta Comercial do Estado de São* Paulo) under No. 35210143699.

Our Producers and their Production

In the 2008/2009 crop year, we originated approximately 550,000 tons of soybean and 450,000 tons of corn, representing growth of 42.9% and 75.1%, respectively, over our 2007/2008 origination of 385,000 tons of soybean and 257,000 tons of corn across the Midwest states of Mato Grosso, Mato Grosso do Sul and Goiás and the South/Southeastern states of Paraná and São Paulo. The soybean crop that we originate is intended for purchase by our off-takers in grain form or after crushing in the form of soybean oil and soybean meal. The corn that we originate is sold domestically in grain form. Our principal off-takers include ADM, Bunge, BR Foods, Cargill, Corn Products and Glencore, among others.

The tables below show our sales and commercialized volumes in the last two crop years for each one of our principal crops.

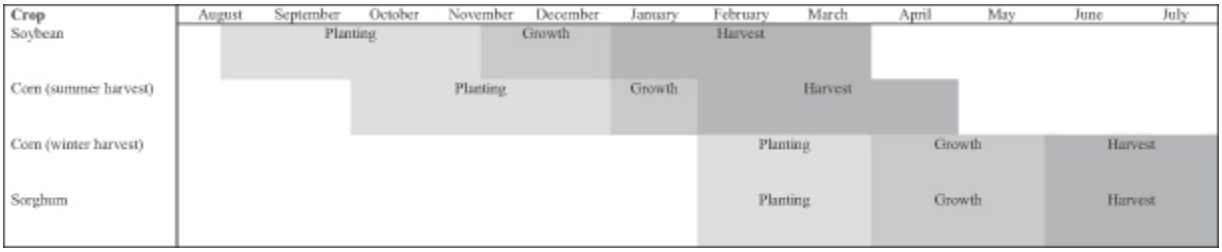
	Year ended December 31,		Six-month period ended June 30,	
	2008	2009	2009	2010
	(Audited) (in R$ millions)		(Unaudited)	
Financial data				
Gross operating revenue				
Sales to domestic market	516.4	440.2	310.2	259.0
Sales to foreign market	186.8	311.7	220.2	228.3

	Crop year(1)			
	Full Crop Year 2007/2008	Full Crop Year 2008/2009	Up to June 30, 2009	Up to June 30, 2010
			(tons)	
Operating Data				
Sales				
Soybean	385,000	550,000	465,000	494,000
Corn	257,000	450,000	269,000	278,000

(1) Due to characteristics inherent to our industry, our producer's production period is a crop year. The crop year for each product is directly linked to the climate of the regions where we operate during the planting, development and harvest process for the relevant crop. Crop year results are reflected in our financial statements in more than one fiscal year. A large part of crop year revenues occur within the fiscal year when the harvest is conducted, while the remainder of the revenue is recorded in the following fiscal year. See "Presentation of Financial and Other Information."

The production process is directly related to the climate conditions and rainfall patterns on our producers' farms and the resulting cycles of our producers' crops, which define the periods for planting and harvesting the crops that we commercialize. The diversification of the crops that we commercialize, and the distribution of our producers within the states of Mato Grosso, Mato Grosso do Sul, Goias, Parana and São Paulo, allow us to plan and implement a strategic and cost-efficient system of originating throughout the year, including a second harvest for our producers in the state of Mato Grosso. In the descriptions following the table, we illustrate the specific crop cycle for each of our principal crops.

The table below shows the crop year for each one of our producers' crops:



Soybean

In the fiscal years ended December 31, 2008 and 2009, soybean and soybean derivatives represented 54% and 51% of our total gross revenue, respectively. In the six-month periods ended June 30, 2009 and 2010, soybean and soybean derivatives represented 61% and 61% of our gross revenue, respectively. In 2008, we sold approximately 86% of our soybean yield to international trading companies, such as ADM, Bunge and Cargill, which generally export approximately 40% of our production. The remainder of the soybean yield was sold to large and medium-sized crushing companies, such as BR Foods, Cocamar, Cooperativa Aurora and COAMO – Agroindustrial Cooperativa, which process the soybean and sell the by-products in the domestic and export markets. In 2009, our three principal customers acquired approximately 80% of our total soybean sales.

The price of soybean is set in large part by the CBOT, and local supply and demand conditions may affect the price of soybean in Brazil. The period for sale and billing of soybean and soybean derivatives is from January to November. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Industry Overview."

The crop year for soybean is completed during the summer harvest. The planting of soybean takes place between mid-August through late November. In January, our producers begin harvesting and preparing for delivery, which lasts through April. The treatment of soybean includes the drying, cleaning and separation of the grain which results in products that are standardized for the market. Upon completion of treatment, we pick up the soybean production from our producers and store them at our leased and owned storage facilities strategically located near our principal production centers. We hire third-party contractors for the delivery and storage of the soybean harvest.

Corn

In the fiscal years ended December 31, 2008 and 2009, corn represented 25% and 23% of our total gross revenue, respectively. In the six-month periods ended June 30, 2009 and 2010, corn represented 20% and 20% of our gross revenue, respectively. In 2008, we sold approximately 91% of our corn to Corn Products and BR Foods. In 2009, the corresponding percentage sold to these two clients was 77%.

The price of corn is set by the market, which is in large part reflected by the BM&FBOVESPA and the ESALQ domestic market based near Campinas and is determined by the price quote minus our freight cost. The period for sale and billing of corn is year round. In addition, the Brazilian government acts to stabilize and establish floors for the price of corn in the Brazilian market. For further information, see "Industry Overview."

The crop year for corn has a winter and a summer harvest in the states of Paraná, Goiás and São Paulo and a winter harvest only in the states of Mato Grosso and Mato Grosso do Sul. The planting of corn for the summer harvest takes place from October through December. In February, we begin harvesting and preparing for delivery, which lasts through late April. For the winter harvest, our producers begin planting the crop in February and March and harvest from June to August.

Sorghum

In each of the fiscal years ended December 31, 2008 and 2009, sorghum represented 1% of our total gross revenue. In the six-month periods ended June 30, 2009 and 2010, sorghum represented 1% and 1% of our gross revenue, respectively. We typically sell our sorghum to cattle feedlots and pork producers. Our principal sorghum clients include Bravo Beef, Marfrig, and JBS.

The price of sorghum is set by the corn market and is typically equal to 80% of going corn prices. The period for sale and billing of sorghum is year round. For further information, see "Industry Overview."

The crop year for sorghum is completed during the winter harvest. For the winter harvest, our producers begin planting the crop in February and March and harvest from June to August.

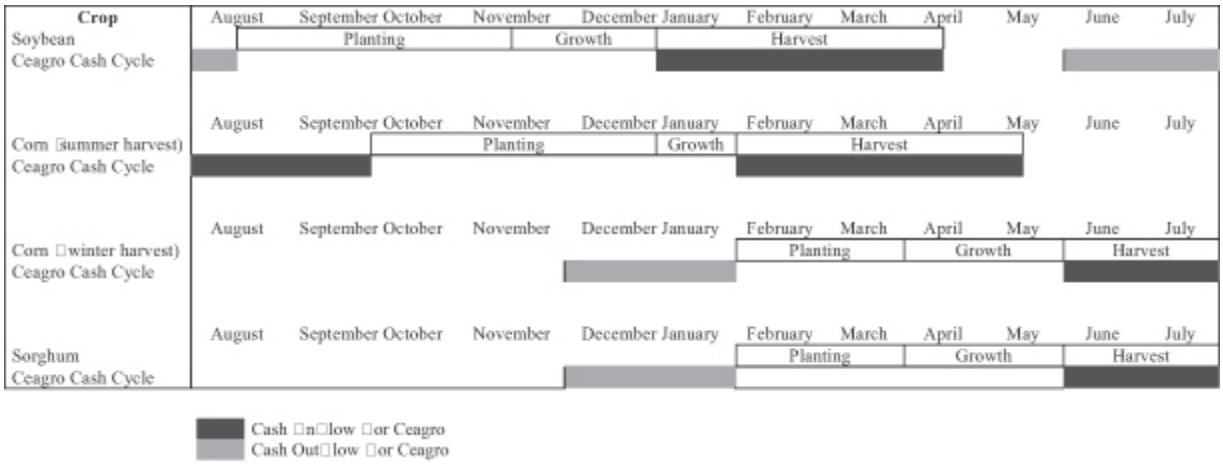
Fertilizer

The remaining portion of our revenue was represented by sales of fertilizer. This portion of revenue corresponds to the crop supply input of the barter model where we supply fertilizer for an agreed upon grain yield.

Origination Process

Grain origination begins with the delivery of fertilizer and pesticides, to the producer in exchange for an agreed upon grain yield. Once the growing season begins, we provide support and crop monitoring for them during the growing season and during harvest and transport of the product to our warehouses. This approach generates a margin spread between a product's price at the port and its total origination cost (price paid to the producer, logistics costs and taxes).

The table below shows our business cycle:



Purchase of fertilizer and other agricultural inputs

The origination process begins with the purchase and delivery of fertilizer and pesticides to the producer. Those two products alone generally represent from 69% to 75% for soybean and 62% to 72% of the variable production costs, fertilizer representing 39% to 49% for soybean and 42% to 56% for corn. The producer is responsible for covering the remaining production costs which includes the purchase of seeds, fuel and labor. During the weeks leading up to planting, we deliver the supply inputs to individual plots of land, as opposed to centrally to the producer, in order to ensure that the inputs are applied to the area of land in which we have collateral.

In exchange for the inputs provided, the producer is contractually obligated to provide us with a certain grain yield based on a conversion ratio determined by us based on the current market price of that grain and the total cost of the inputs. Once we have contractually agreed on the yield amount, including any amount purchased from the chemical manufacturer, we immediately lock in the price of the grain by contracting for delivery with our off-takers. By locking in current prices based on grain prices and input costs, we insulate ourselves from price risks both in the purchase of the inputs and in the ultimate sale of the grain to the off-taker.

Demand for fertilizer and other agricultural inputs is affected by economic conditions, production volumes, agricultural commodity prices and international prices for fertilizer. The pricing of this segment is strongly impacted by raw material prices, since a significant amount of fertilizer and other inputs are imported, as well as the cost to transport these elements to the producers. The market price for both fertilizers and pesticides fluctuates daily, so we monitor price and negotiate their purchase during the months leading up to planting. For more information regarding associated risks, please see "Risk Factors" and "Industry Overview."

Fertilizer. We negotiate and purchase in cash the fertilizer from top-tier Brazilian suppliers, such as Mosaic, Bunge, Fertipar and Heringer. In 2009, we purchased substantially all of our fertilizer from Mosaic and Bunge. We maintain an accounts payable balance of roughly 60 days for fertilizer purchases, though we generally have up to 120 days to pay. The average cost of fertilizer in the state of Mato Grosso for the 2009/2010 crop year ranged from R$385/hectare to R$ 492/hectare.

Pesticide. We have two different strategies for our pesticide and herbicide supply obligations. In a minority of our origination transactions, we purchase the pesticides and herbicides in cash from the chemical manufacturers. In 2009, we purchased our pesticides from DVA, Milenia and NuFarm. We maintain an accounts payable balance of roughly 90 to 120 days for pesticide purchases. The average cost of pesticides in the state of Mato Grosso for the 2009/2010 crop year ranged from R$263/hectare to R$362/hectare.

In the majority of our origination transactions, we partner with various chemical manufacturers who provide the pesticides. Under this model, the producers contact the local distributors of the large chemical manufacturers. In turn, those large chemical manufacturers consolidate the orders from the local distributors and then contact us to provide the fertilizer for those producers.

When we partner to provide the inputs, the chemical manufacturers often sell their agreed grain yield to us in order to take advantage of the logistics and trading platform that we provide. We believe the chemical manufacturers choose Ceagro because of our long-standing relationship and because we provide cash liquidity for their agreed grain yield positions.

Collateral

In addition to the agreed grain yield, we receive from the producers a CPR that provides us with the right to receive the promised grain yield and a first priority lien on at least 100% and usually 130% of the agreed grain yield. When establishing a new relationship with a producer, we typically secure our rights with an additional mortgage on the producer's land. We may also secure our rights with an additional mortgage based on our credit assessment of certain producers. When we provide inputs jointly with a chemical manufacturer, both of us receive a CPR usually backed by a security interest for our respective contribution. Since, however, fertilizer is applied to crop in advance of chemicals and because it represents proportionally more of the crop input cost, it is a common practice in our industry for the originator's CPR to be registered prior to that of the chemical manufacturer. As a result, our CPR with the security attached is typically registered first, which gives us priority on the security and the underlying grain yield. Below is a description of the two forms of guarantee:

Rural Credit Certificate (Cédula do Produto Rural). The CPR is a debt instrument existing under Brazilian law No. 8,929, dated August 22, 1994. It represents a commitment by a rural producer to deliver specified agricultural products at a future date. There are three types of CPRs: (i) physical CPR, where payment occurs through delivery of actual agricultural products; (ii) financial CPR, where payment occurs through transfer of funds in the equivalent value of the agricultural products; and (iii) export CPR, which can be used only in export transactions and incorporates international commercial terms. CPRs can be issued for a variety of commodity and agricultural products, including coffee, soy, corn, sugarcane, cotton, timber and live cattle. The most common creditors of CPRs are trading companies, input and fertilizer companies and agricultural cooperatives.

Mortgage. Under the Brazilian law, mortgage is a "in rem" right of guarantee by virtue of which, as a security for payment of a certain obligation, the debtor or a third party grants to the creditor a lien on a property, such as real estate, railroads, ships and aircrafts, among others. A public deed is generally required for mortgages deeds where the value of the property is thirty times higher than the Brazilian minimum wage. However, mortgages created under a CPR are not subject to this requirement. The mortgage must be registered with the real estate registry office where the real estate is registered. If the secured debt is not repaid, the creditor can obtain a judicial order to sell the mortgaged property and be reimbursed for the amount secured by the mortgage. Any insufficiencies remain owed by the debtor as unsecured debt.

Monitoring of the Production

In order to ensure the production and delivery of the bushels and minimize the risk of disease and plagues, we employ an extensive monitoring and inspection system of our producers. We employ 61 full-time agronomists that use specially-equipped vehicles in addition to satellite tracking technology to monitor our production regions. All of our field experts have agricultural degrees in addition to training by Ceagro. The monitoring activities begin at planting and are carried out through harvest, although the level of our monitoring activities changes according to the phase of the crop cycle. The guarantees, monitoring and locking-in of grain prices serve to minimize production and price risk.

Planting. Our control procedures during the planting season consist of the delivery of the fertilizer to the specific planting areas of our producers and the subsequent monitoring of its usage. We deliver fertilizer to the specific planting areas in order to ensure that the fertilizer is used in planting and is not resold by the producers. Within 15 to 20 days of delivery, our field experts visit and assess the specific planting area to ensure that the fertilizer has been properly applied.

Growing Season: During the growing season, our monitoring activities serve to ensure the development of the crops and to detect and prevent disease and plagues from affecting the harvest. During the growing season, we utilize our field experts and satellite monitoring technology to ensure that the crop growth of our producers is consistent with the growth of surrounding producers. If the crops of a certain producer lag behind the results of surrounding producers, we visit the producers to determine the potential causes of the abnormal growth and to work with the producer to address the issue. Further, during the growing season we regularly visit our producers to detect the onset of diseases and plagues. Because plagues and diseases generally begin on the outer portion of the crop field and work inward, visual inspections are effective in the early detection and prevention of diseases.

Harvest: Harvest marks the peak of activity for our agronomists and monitoring activities. With the advancement of industrial harvesting techniques, producers are capable of harvesting large quantities of crop in a short period of time. Our monitoring activities serve to ensure that our guaranteed yield is properly harvested and destined to delivery to us or our off-takers. We employ a combination of field inspections, satellite monitoring and accounting in order to sure the proper delivery of the harvest.

Logistics

Our logistics business unit coordinates storage and transportation services for our origination and distribution units, as well as for third-parties. We maintain a logistics desk in our headquarters of six people to administer our shipping and storage logistics platform.

Before each crop season begins, we enter into take-or-pay freight service contracts to deliver the supply inputs to our producers, as well as to transport the grain to our leased and owned storage facilities and then ultimately to the clients' desired destination. We rent semi-trailer trucks from 10 trucking companies at fixed prices per truck. We first deliver the grain to our silo storage facilities where we inspect the grain to ensure proper quality. This is a reliable and non-capital intensive way of meeting our distribution needs.

We currently lease 12 warehouses with a total of 540,000 tons of leased storage capacity and own two warehouses that have a total of 105,000 tons of storage capacity. The 540,000 tons of leased storage space are leased from Bunge and are located in the states of Mato Grosso, Mato Grosso do Sul, Goiás and Bahia. We can increase our storage needs with Bunge by up to 100,000 tons. Under our contract with Bunge, we must pay for all leased space, except for the grain delivered to Bunge, for which we do not have to pay the storage fees. Our two warehouses are located in the state of São Paulo. Storage contracts are typically 5 year terms; of the total Ceagro has leased, 540,000 tons expire in 2013 and 100,000 tons expire in 2015. Contracts are typically renewed one year prior to maturity.

The map below shows our principal trucking routes for shipping soybean and corn throughout Brazil:

Logistics Corridors	Ceagro's Inland Logistics
	• Main ports for soy and corn coming from the states of Mato Grosso and Mato Grosso do Sul are Santos and Paranaguá • Ceagro contracts mainly truck freights to transport the commodities to Santos (40% of total) and Paranaguá (60 % of total) ports • Railroad Transportation is available in select portions, especially from Alto Araguaia and Dourados

At present, the majority of our exports are destined to the Asian markets while the remainder is destined to the European markets. Approximately 40% of our soybean products are exported through the port of Santos while 60% are exported through the port of Paranaguá. Approximately 65% of our corn products are exported through the port of Santos while 35% of our corn products are exported through the port of Paranaguá.

Sales

In order to ensure that we minimize price risk for our business and to maintain our strong relationship with our off-takers, we employ 10 salespeople at our headquarters and satellite offices through the states in which we operate. Our trading desks match and negotiate the supply from our producers with the demand of our off-takers. In pricing and selling of our products, we have prioritized limiting our exposure to price volatility. In order to limit such exposure, we have developed a pricing system by which we immediately sell the agreed yield from our producers the day we fix the contracts with them.

Soybean. In order to sell our products, we first look to sell to our clients but in the event we are not able to sell the full amount of our grain yield to our off-taker clients, we enter into forward sales contracts with respect to the unsold balance through the CBOT. Those future positions enable us to set a price floor for our products. That is, in the event of a rise in prices we often liquidate our future sales position and sell to our customers. In the event prices continue to decrease, we maintain our future put option and sell at that price.

Our policy for soybean price hedging may consist of entering into forward sales contracts, which are often used and involves the physical sale of soybean with prices that are fixed or to be fixed for future delivery. Normally our period of sales can begin up to one year prior to commencement of the harvest. Generally, we sell most of our soybean prior to the commencement of the harvest. The billing period normally goes from the month of January (with the beginning of the harvest in the state of Mato Grosso) to the month of November of the same year.

Corn and Sorghum. The prices for corn and sorghum are determined as described above. The principal difference in our sale of these products as opposed to soybean is that we do not enter into future sales contracts for the sale of these two products.

Broker/dealer. We also broker sale orders between producers and off-takers in the spot market. We use three trading platforms in our spot market operations: (i) our trading desk, (ii) *Ceagro Online*, and (iii) *Ceagro 24horas*. The main difference between the three trading platforms is the settlement and payment period and the spreads charged. In line with market practice, our trading desk settles and pays spot market sales within seven days. Our two innovative market platforms, *Ceagro Online* and *Ceagro 24horas*, which we created in 2006, operate with much shorter settlement and payment terms. For *Ceagro Online* and *Ceagro 24horas*, we settle and pay our trading positions on the same day or within 24 hours, respectively. We believe we are the only market participant that offers such short settlement and payment options.

Property, Plant and Equipment

Fixed Assets

Our principal fixed assets consist of our two grain storage facilities located in the State of São Paulo with a storage capacity of 105,000 tons, the vehicles used by our agronomists in their monitoring activity and our satellite offices.

The table below provides a summary of our consolidated fixed assets:

		As of December 31,	
	Depreciation Rates (%)	2009	2008
		(in R$ thousands)	
Buildings and Constructions	10%	10,817	10,693
Improvements in third-party properties	10%	553	553
Ongoing PP&E	—	2,262	2,262
Other fixed assets	10%	2,119	1,465
Accumulated depreciation		(1,512)	(1,423)
Total		**14,239**	**13,550**

Leased Assets

Our principal leased assets are the 12 warehouse facilities that have a total storage capacity of 540,000 tons located in the states of Mato Grosso, Mato Grosso do Sul, Goiás and Paraná.

Material Agreements

Customers

The tables below list our principal customers, for the periods indicated, as well as the proportion of our sales that they represent:

Soybean

Customer – 2009 sales	Volume of sales (in tons)	Percentage (%)
Bunge	170,000	31%
ADM	160,000	29%
Cocamar	110,000	20%
BR Foods	60,000	11%
Cargill	50,000	9%
Total	**550,000**	**100%**

Customer – 2008 sales	Volume (in tons)	Percentage (%)
Bunge	170,000	44%
ADM	100,000	26%
Cargill	60,000	16%
Cocamar	50,000	13%
Granol	5,000	1%
Total	**385,000**	**100%**

Corn

Customer – 2009 sales	Volume of sales (in tons)	Percentage (%)
Corn Products	205,000	46%
BR Foods	140,700	31%
AMBEV	62,500	14%
Bravo Beef	15,000	3%
Marfrig	3,000	1%
Other Cooperatives	23,800	5%
Total	**450,000**	**100%**

Customer – 2008 sales	Volume of sales (in tons)	Percentage (%)
Corn Products	121,500	46%
BR Foods	116,500	45%
Bravo Beef	10,000	4%
AMBEV	5,000	2%
Marfrig	3,000	1%
Others Cooperatives	1,000	5%
Total	**257,000**	**100%**

Suppliers

Producers. For the 2008/2009 crop year, none of our producers represented more than 2% of our grain yield and our top ten producers represented less than 10% of our grain yield. In line with market practice, we do not maintain long-term agreements with our producers, although our average relationship with our producers is greater than five years.

Fertilizer. We negotiate and purchase in cash the fertilizer from top-tier Brazilian suppliers, such as Mosaic, Bunge, Fertipar and Heringer. In 2009, we purchased 41% of our fertilizer from Mosaic and 32% of our fertilizer from Bunge with the remaining percentage purchased from other suppliers. We maintain an accounts payable balance of roughly 60 days for fertilizer purchases, though we generally have up to 120 days to pay. The average cost of fertilizer in the state of Mato Grosso for the 2009/2010 crop year ranged from R$385/hectare to R$492/hectare.

The tables below list our principal fertilizer suppliers for the periods indicated.

Fertilizer Supplier – 2009	Cost (in R$ millions)	Percentage
Mosaic	54.9	41%
Bunge	42.8	32%
Fertipar	24.8	19%
Heringer	11.7	9%
Total	**134.3**	**100%**

Fertilizer Supplier – 2008	Cost (in R$ millions)	Percentage
Mosaic	66.5	56%
Bunge	37.0	31%
Fertipar	8.5	7%
Heringer	6.1	5%
Total	**118.1**	**100%**

Chemicals

For the majority of our chemical needs, we source from chemical manufacturers which own patents and proprietary molecules. The principle chemical manufactures are Syngenta, Bayer, BASF, FMC, Dupont and Monsanto. Syngenta, FMC and Bayer are our main chemical suppliers representing 51% of our chemical purchases in 2009.

We also purchase chemicals from generic chemical manufacturers. In 2009 crop year, we purchased 60% of our generic chemical needs from DVA, and 20% from each of Milenia and NuFarm.

We maintain an accounts payable balance of roughly 90 to 120 days for pesticide purchases. The average cost of pesticides in the state of Mato Grosso for the 2009/2010 crop year ranged from R$263/hectare to R$362/hectare.

The tables below list our principal pesticide suppliers for the periods indicated.

Agrochemical Supplier – 2009	Cost (in R$ millions)	Percentage
Syngenta	11.2	27%
FMC	5.6	13%
Bayer	4.8	11%
Others	20.8	49%
Total	**42.4**	**100%**

Agrochemical Supplier – 2008	Cost (in R$ millions)	Percentage
Syngenta	6.8	23%
FMC	3.2	11%
Bayer	2.4	8%
Others	17.1	58%
Total	**29.5**	**100%**

Freight

Before each crop season begins, we enter into take-or-pay freight service arrangements to transport the grain to our leased and owned storage facilities and then ultimately to the clients' desired destination. We contract semi-trailer trucks from 10 trucking companies at fixed prices per truck.

The top three freight providers represent 40% of our total freight costs and provide us services in all states where we operate. The remaining 60% of our freight costs are diversified across several companies which have a more regional focused presence. Our freight cost in 2009 was R$143.2 million and in 2008 was R$105.5 million.

We believe we maintain excellent relationships with our suppliers.

Research and Development

We do not have material research and development costs.

Seasonality

Throughout the year, our working capital needs vary significantly depending on the harvest period of soy and corn in Brazil, where we originate all of our commercial products. Changes in the harvest periods, resulting from unfavorable weather or financial restrictions on the producers, have a direct impact on our inventory levels, advances to producers, loans and sales volume during the year.

Competition

The grain origination market in Brazil is highly competitive. For large producers, those with a plantable area of greater than 10,000 hectares, we compete directly with the large grain originators such as Cargill, Bunge, ADM, Glencore, Dreyfus, Nobel Grain, Multi Grain and Clarion. For producers with up to 10,000 hectares of plantable area, our main competitors are Caramuru, Coamo, Cocamar and Cooperativa Lar, as well as agricultural cooperatives generally. For the portion of our business model where we jointly provide supply inputs with chemical manufacturers, we do not believe we have any significant competitors.

Domestic and International Markets

As of the date of this offering memorandum, we conducted the entirety of our activities within Brazil, and thus our business depends directly on the domestic market. However, since 40% of our products are exported by us directly or by our off-takers, we are affected by international trade and global economic conditions, especially worldwide prices of soybean and corn.

Domestically, the main factor influencing our business is Brazil's economic growth rate, in addition to the costs of fuel, fertilizer and pesticides. For more information on the domestic influences on the prices of fuel and our supply inputs, see "Risk Factors" and "Management's Discussion and Analysis of Our Financial Condition and Results of Operations."

Environmental Aspects

Environmental regulation

Our business is subject to extensive environmental legislation at the federal, state and municipal levels, enforced by courts and government agencies. Any breach of the applicable legislation, or any environmental damage, could lead to civil, administrative, or criminal liability indirectly as a result of the activities of our third party service providers.

Under the Environmental Crimes Act (Federal Law No. 9605/1998), the government has the authority to charge a company, including its management, with environmental crimes, punishable by arrest and criminal sanctions, including suspension or prohibition of business activities, loss of benefits and fines. Such environmental crime includes offenses with regard to pollution, damage to protected vegetation and operation of regulated activities without the required permits or without compliance with the permit's conditions. To the extent of their involvement and according to the joint and strict liability system adopted in Brazil, our officers, managers and other agents and representatives may be also subject to penalties as a result of environmental offenses with respect to our company. Additionally, the Environmental Crimes Act may disregard the corporate veil of the violating entity, in the event that such status prevents the payment of compensation for damages.

Violations of environmental law may also lead to administrative penalties, such as fines up to R$50 million (which may be doubled or tripled in cases of recurring violation), as well as temporary or permanent suspension of business activities, irrespective of whether actual environmental damage resulted from such violation. Operating a business without the required license, or in violation of the license conditions or applicable regulations, is punishable by fines of R$500 to R$10.0 million.

Additionally, lack of compliance with environmental laws can result in the suspension of financing and disqualification for certifications and, consequently, loss of market share.

Under civil law, environmental damage is subject to strict liability, both directly and indirectly, and thus compensatory damages can be required even from representatives and agents participating indirectly in the activities of the violator. This means that the obligation to repair any environmental damage may affect all of those directly or indirectly involved, regardless of proof of an agent's guilt.

Environmental licensing and registration

Brazilian environmental law requires the licensing and periodic renewal, both in the case of initial installation and operation, as well as expansion or alteration, of businesses that cause or may potentially cause pollution or any other environmental damage.

Environmental permits and license requirements must comply with a three-stage licensing process, consisting of (i) the Previous License, granted during the planning stage of such activities and subject to approval regarding location, conceptual design, environmental feasibility, and other basic requirements; (ii) the Installation License, which authorizes installation of activities in accordance with specifications stated in plans, programs and projects approved by the authorities; and (iii) the Operating License, which authorizes the operation of activities, after the fulfillment of certain conditions, including the adoption of environmental impact control procedures.

Activities considered to have significant environmental impact are subject to a Preliminary Environmental Impact Report and the associated Environmental Impact Assessment (EIA/RIMA), as well as the subject to the implementation of mitigating measures and compensation for environmental impacts, including the allocation of up to 0.5% of total expenditures, depending on the impact, to the maintenance of protected areas.

The continued validity of the above-mentioned licenses is dependent upon compliance with conditions set by the issuing entity. Operating without a license or not in compliance with the license conditions, regardless whether the potential impact has actually occurred, subjects the operator to administrative penalties such as fines, which at the federal level may reach R$10.0 million (and may be doubled or tripled for recurring violation), as well as discontinuation of operations.
Delays or refusals by environmental licensing agencies in issuing or renewing these licenses, or any inability to meet requirements posed by such agencies in the course of the environmental licensing process, may adversely affect, or, even prevent, the installation, expansion or operation, of a business activities. Also, in some cases previously determined, the law established the need of an activity registration at the federal and sometimes state agencies, which the absence of compliance can result in fines up to R$9.000,00 per quarter and the impossibility of obtaining a Debt Negative Certification. However, at present our company does not engage in any activity in need of licensing or registration with the environmental agencies.

Conservation areas

Federal Law No. 9,985/00 introduced the National System of Conservation Areas. Conservation areas are natural areas protected by the public authority on the federal, state or municipal level, for the purpose of conservation. Examples of conservation areas include ecological and biological reserves, national parks, environmental protection areas (APA), and national forests. Any activities located within conservation areas are subject to certain regulatory approvals and requirements.

Also the Forest Code establishes the institutes of Legal Reserve (*Reserva Legal, or "RL"*) and Permanente Protection Areas *(Área de Preservação Permanente, or "APP")* as conservation areas for biodiversity purposes. The RL is a percentage of property that cannot be touched, which can range from 20% up to 80%, depending of the property location. The APP applies to specifically situated plots of land, such as lowlands, hilltops and high slope hills, among others, that if existing on the property must be preserved or its use subject to certain regulatory approvals and requirements.

Crops located in these protection areas are subject to criminal and administrative penalties such as fines, obstruction of the areas and their respective activity, and civil liability with the need to recover or recompose the areas. Considering the strict liability system, a provider's non-compliance with the law can affect our business. Also collateral that does not comply with these obligations may have execution problems and/ or less value.

Environmental proceedings

Our company is not subject in environmental administrative proceedings, civil investigations and inspections initiated by public prosecutors, or judicial claims regarding environmental issues.

Environmental policy

Our basic principles for environmental policy are: (i) commitment to comply with environmental legislation; (ii) continuous improvement of environmental performance; (iii) pursuing proper procedures for handling and disposal of waste and emergency response; (iv) communication and collaboration with interested parties; and (v) heightening awareness among employees, partners and suppliers.

Insurance

We have insurance coverage on the vehicles we own. We do not have insurance coverage for our facilities and transportation of goods. We believe that our insurance coverage is adequate and consistent with the usual practices adopted by other companies operating in the Brazilian origination market. However, we cannot guarantee that the coverage set forth in our insurance policies will be sufficient to protect us from all losses and damages that may occur. If our insurance coverage should prove to be insufficient, the need to supplement the amount we receive to cover loss and damages would not adversely affect our business.

Intellectual Property

In Brazil, title to a trademark is only acquired once its valid registration has been issued by the INPI. The holder of a trademark has the right to its exclusive use throughout Brazil for an initial term of ten years, renewable for additional ten-year terms. During the registration process, the person requesting the trademark merely has an expectation of the right to use the trademark to identify its products or services.

We own applications for five trademarks in Brazil for three different activities. Three of our trademark applications are currently being challenged by a third party and INPI has not published its decision on the registration of such trademarks yet. The others applications are waiting for any claim from third parties or waiting for INPI's final decision. This process may take years in Brazil. However, we have the right to use these trademarks until INPI issues its final decision on the matter.

We are aware of a company named Ceagro Agronegócios S.A., which has a similar corporate purpose as ours and is currently operating in some of the states that we also operate. Ceagro Agronegócios S.A. has also applied for three trademarks with the INPI involving the "Ceagro" name. We have challenged two of these; the third has been adjourned by INPI. INPI has not yet decided on our challenges.

We have notified Ceagro Agronegócios S.A. to stop using the Ceagro trademark in the states where we operate. Ceagro Agronegócios S.A has replied stating it has prior trademark registration. We responded to their reply stating that Ceagro Agronegócios S.A. has no registration of the trademark and that the alleged prior use was connected to an inactive company. As a result of this dispute, we are considering filing a lawsuit for damages. See "Risk Factors."

Information Technology

We utilize a comprehensive information technology system that integrates our operating and risk management platforms. Our primary information management system, SAP, coordinates all of our human resources, accounting, tax and finance requirements. Our tailor-made agribusiness risk management system was developed by FC Stone.

Risk Management

We view corporate risk management as a strategic decision-making tool enabling senior management and personnel to cope efficiently with uncertainty and to maintain stability in our operating results.

Our risk management strategy focuses on: (i) hedging and minimizing commodity price risk; (ii) minimizing production and producer risk; (iii) evaluating transportation cost and logistics; (iv) assessing the management quality and financial capacity of our business partners; (v) monitoring financial and operating ratios; and (vi) improving allocation of capital to maximize shareholder value.

During the last five years, our management has developed and promoted a business philosophy based on an integrated vision focused on the principles of corporate governance, risk management and compliance. These three pillars provide the basis for efficient leadership of the organization, at the desired level of risk exposure, in order to achieve our strategic objectives.

Implementation of Risk Management

Effective implementation of risk management is a continuous process, based on a holistic approach focused around the following four dimensions:

- *Methodology:* the starting point for implementing risk management and the most technical part of the process. Involves correctly identifying and understanding the most significant sources of uncertainty, and quantifying risks using carefully selected criteria, as well as building and updating statistical models to forecast traffic, and generating strategies to address key risk factors;
- *Resources:* the process of properly training and allocating our human and technological resources in order to implement effectively and efficiently our risk-management procedures;
- *Organization*: the structures, policies and procedures that guide officers' decision-making, based on rules defined by the board of directors, and the corporate risk management executive committee, including the reviewing and documenting of financial guidelines, policies and contingency plans; and
- *Culture:* involves the development of a strong risk-management-oriented culture, including specific training for key personnel at different organizational levels.

Employees and Benefits

As of June 30, 2010, we had 164 permanent employees. The following table sets forth the number of our permanent employees by main category of activity:

	As of December 31,		As of June 30,
	2008	2009	2010
Administrative	42	49	51
Transport	11	14	15
Storage	43	38	23
Sales and Trading	9	12	14
Field Monitoring	34	45	61
Total	**139**	**158**	**164**

We believe that we have good relations with our employees and the unions that represent them, and we have not experienced a strike in recent years.

Our total average monthly payroll was R$266,000 for 2009, which includes remuneration for vacations and bonuses. We offer our employees, including our executive officers, various benefits, which are determined in accordance with the employee's position in our company. Benefits include a comprehensive health care plan, meal and transportation vouchers, maternity leave, educational scholarships and housing assistance.

Compensation Policy

We establish goals and performance metrics for our employees on a regional basis. These metrics are tied to (i) origination volume (ii) profitability targets and (iii) business performance.

We hire third party contractors to supply specific needs in the monitoring and performance of the grain cycle. These include agronomists and temporary work force for warehouses. This allows us to efficiently adequate workforce needs to the crop season.

Legal and Administrative Proceedings

We are party to certain legal and administrative proceedings, which we believe arise from the normal course of our business. We determine the amount to be provisioned in respect of these proceedings based on an evaluation of the likelihood of loss, classified as probable, possible or remote, by our outside counsel. Provisions are made only for those losses deemed probable. Pursuant to the opinion of outside counsel, we have not established any provisions for our present legal and administrative proceedings.

The table below sets forth the aggregate amount of our labor, tax and civil proceedings which likelihood of loss has been classified as possible as of June 30, 2010. Certain of the values below are indicative only and have not been revised for inflation adjustments.

	As of June 30, 2010
	(in R$ millions)
Labor	—
Tax	2.3
Civil	1.9
Total	**4.2**

Labor Proceedings

As of June 30, 2010, we were party to one labor claim which likelihood of loss has been classified as possible, in an aggregate amount of approximately R$20,000.

Tax Proceedings

As of June 30, 2010, we were party to five tax claims which likelihood of loss has been classified as possible, in an aggregate amount of approximately R$2.3 million.

Civil Proceedings

As of June 30, 2010, we were party to seven civil claims which likelihood of loss has been classified as possible, in an aggregate amount of approximately R$1.9 million.

Management and Controlling Shareholder

We are a *sociedade por quotas de responsabilidade limitada*, a Brazilian limited liability company in which ownership interests are represented by quotas. Our quotas are indirectly wholly-owned by the Gonçalves family through their equity interests in the Guarantor. For a description of the risks related to our ownership structure, see "Risk Factors – Risks Relating to the Notes and the Guarantee."

Ownership

We have one class of 40,611,020 quotas, all of which are issued and outstanding, representing a fully paid-in social capital of R$40,611,020.00 as of the date of this offering memorandum.

The following table sets forth, as of the date of this offering memorandum, information regarding the beneficial ownership of our quotas.

Quotaholder	Quotas	% of Total
Ceagro Participações e Empreendimentos Ltda.	40,611,019	99.99
Antonio Carlos Gonçalves Jr.	1	0.01

We are owned and controlled indirectly by the Gonçalves family. Mr. Antonio Carlos Gonçalves holds an ownership interest corresponding to 99.94% of our total quotas and his wife, Mrs. Christine Crothers Gonçalves, holds an ownership interest corresponding to the remaining .06% of our quotas. Such quotas are held by Mr. and Mrs. Gonçalves through a holding company, Ceagro Participações e Empreendimentos Ltda., which is the Guarantor of the notes.

The Guarantor

Ceagro Participações e Empreendimentos Ltda. was registered with the board of trade (*junta comercial*) of São Paulo on June 30, 2010, under No. 35.2.2451601-8. Its registered office is located in the city of Campinas, State of São Paulo, at Rua Rua Antônio Lapa, 280, 8º floor, Cambuí, 13025-240, telephone number +55 (19) 3202-5256, fax number +55 (19) 3254-0960. Antonio Carlos Gonçalves Júnior is the president and only officer of the Guarantor. Aside from holding the quotas of the Issuer, the Guarantor has no other activities.

Shareholders' Agreements

As of the date of this offering memorandum, there are no shareholders' agreements in force.

Management

As a Brazilian *sociedade por quotas de responsabilidade limitada*, we are not obligated by law to have a formal Board of Directors (*Conselho de Administração*) or a Board of Executive Officers (*Diretoria*). Our by-laws (*contrato social*), however, provide that our general management shall be conducted by Antonio Carlos Gonçalves Jr. We employ Mr. Roberto Barreiro to oversee our day-to-day operations. Our management, as of the date of this offering memorandum, is set forth below.

Name	Position	Age
Antonio Carlos Gonçalves Jr.	President	46
Roberto G. Barreiro	Chief Executive Officer and Chief Financial Officer	40
Luis Flavio Araujo	Member of Board of Directors and Business Manager	40
Clederson Alavarse Zambom	Logistics' Regional Manager	30
Elen Cristina da Rocha	Treasury Manager	25

Antonio Carlos Gonçalves Jr. Mr. Gonçalves holds a degree in economics from *Pontifícia Universidade Católica de Campinas*, and a degree in business from *Fundação Getúlio Vargas*. His previous business experience includes positions held as partner and commercial executive officer of Matosul – a leading company in the agrosector in Midwestern Brazil – from 1989 to 1997. Mr. Gonçalves has over 20 years of experience in agribusiness in Brazil, and started his career working for leading companies such as Cargill and Grupo ABC – Algar. He was the co-founder of Ceagro in 1991 and has been the company´s president since then.

Roberto G. Barreiro. Mr. Barreiro holds a degree in economics from *Pontifícia Universidade Católica de São Paulo* and a law degree from *Universidade Paulista*. His previous business experience includes positions held as business executive officer at Banco Safra S/A, at Banco Santos S/A, and at Bank Boston. Mr Barreiro has been working in the financial department at Ceagro since 2005, and

has been active in the areas of investor and market relations, and management. Mr. Barreiro is the current Chief Executive Officer and Chief Financial Officer of Ceagro.

Luis Flavio Araujo. Mr. Araujo holds a degree in business from *Universidade Presidente Antonio Carlos (UNIPAC)* and is currently pursuing an MBA from *CEPEA ESALQ USP*. His previous business experience includes positions held as business manager at *Embrafor e Atacado Rio Pomba*- a commodity company – and consultant at *Promex* and *JV Médic*, both companies in the Biotechnology business. Mr. Araujo has been working at Ceagro's business department since 2007 where he is responsible for maintenance of supplier and client relationships, and company logistics). Mr. Araujo is also our Business Manager.

Clederson Alavarse Zambom. Mr. Zambom holds a degree in production engineering from *Universidade Estadual de Maringá* and a MBA in Agrobusiness from *Escola Superior de Agricultura Luiz de Queiroz ESALQ/USP*. Mr. Zambom has been working in Ceagro's logistics department since 2007, and has been working in the commercial department since 2008. He is the current Logistics' Regional Manager.

Elen Cristina da Rocha. Ms. Rocha holds a degree in accounting from *Universidade Paulista (UNIP).* Ms. Rocha has been working in Ceagro's financial department since 2008. She is the current Treasury Manager.

Judicial and Administrative Proceedings against the Members of Our Management

There is no unfavorable decision in any judicial or administrative proceeding against any member of our management.

Compensation

The total compensation paid to our management in the years ended December 31, 2008 and 2009 was R$471,600 and R$481,200, respectively.

Agreements with Our Management

We have not entered into any material agreement or obligation with any of the members of our management.

Family Relationship between Our Management and Our Controlling Shareholder

Mr. Antonio Carlos Gonçalves Jr., our President and indirect controlling shareholder, is married to Mrs. Christine Crothers Gonçalves, the indirect sole minority shareholder.

Related Party Transactions

We only participate in transactions with related parties on an arms-length basis and in accordance with fair market prices and conditions, pursuant to the terms of the Brazilian Corporate Law.

Transactions with related parties are subject to the applicable provisions of Law No. 10,406 of January 10, 2002, as amended, or the Brazilian Civil Code, and Article 115 of the Brazilian Corporate Law, which states that any shareholder or director in a shareholders' meeting or board or directors' meeting, as the case may be, will not vote on resolutions regarding: (i) the valuation report of assets intended for contribution to our capital stock; (ii) the approval of such shareholder's or director's own report as a manager of the company; and (iii) any matter in which such shareholder or director is personally interested or has an interest that conflicts with ours.

We have no material agreement with related parties.

Description of the Notes

This description of the notes is intended to be an overview of the material provisions of the Notes and the Indenture. This description of the notes is not complete and is subject to, and qualified in its entirety by reference to, the provisions of the Indenture and the Notes. Copies of the Indenture and specimen Notes may be obtained upon request to the Trustee or the paying agents at the addresses set forth under "General Information." We urge you to the read the Indenture because it, and not this description, defines your rights as Noteholders. You can find the definitions of certain terms used in this description under "– Certain Definitions." Certain defined terms used in this description but not defined in "– Certain Definitions" have the meaning assigned to them in the Indenture.

For purposes of this section of the offering memorandum, references to the "Issuer" and "Ceagro" refer only to Ceagro Agrícola Ltda. and not to its subsidiaries.

General

Ceagro Agrícola Ltda. (the "Issuer") will issue US$100,000,000 of 10.75% Senior Secured Notes due 2016 (the "Notes") under an indenture to be dated as of October 27, 2010 (the "Indenture"), among the Issuer, Ceagro Participações e Empreendimentos Ltda. (the "Guarantor"), The Bank of New York Mellon, as trustee (the "Trustee"), registrar, paying agent, transfer agent and U.S. collateral agent (the "U.S. Collateral Agent"), The Bank of New York Mellon Trust (Japan) Ltd., as principal paying agent (the "Principal Paying Agent"), and The Bank of New York Mellon (Brazil), as Brazilian collateral agent (the "Brazilian Collateral Agent" and, collectively with the U.S. Collateral Agent, the "Collateral Agents").

The Notes:

- are senior secured obligations of the Issuer and, to the extent not secured by the Collateral (as hereinafter defined), rank pari passu in right of payment with all existing and future senior unsecured obligations of the Issuer;
- are effectively senior to all unsecured Indebtedness of the Issuer to the extent of the value of the Collateral;
- to the extent not secured by the Collateral, are effectively junior to the Issuer's existing and future secured obligations, to the extent of the value of the collateral securing such obligations;
- are secured by a first priority security interest in the Collateral;
- are unconditionally Guaranteed, on a senior secured basis, by the Guarantor;
- are issued in an aggregate principal amount of US$100,000,000 in minimum denominations of US$100,000 and integral multiples of US$1,000 in excess thereof;
- will mature on May 16, 2016 (the "Maturity Date");
- will become unconditionally Guaranteed, on a senior unsecured basis, by any future Significant Subsidiary; and
- will be represented by one or more registered notes in global form and may be exchanged for notes in definitive form only in limited circumstances.

Principal, Maturity and Interest

The Notes will bear interest at a fixed rate of 10.75% per annum (the "Note Rate"), except for interest on unpaid principal after the Maturity Date and interest on any overdue interest, which will accrue at the Note Rate plus 1% per annum. Interest on the Notes will be paid semi-annually in arrears on May 16 and November 16 of each year (each, an "Interest Payment Date"), commencing on May 16, 2011, to the Noteholders registered as such as of the close of business in New York on the day preceding the Interest Payment Date, except that default interest paid more than 15 days after the applicable Interest Payment Date will be paid to the Noteholders registered as such on a special record date fixed by the Issuer. Interest on the Notes will be computed on the basis of a 360 day year of twelve 30 day months.

In order to provide for the payment of interest on the Notes as the same shall become due and payable, the U.S. Collateral Agent shall transfer or cause to be transferred to the Principal Paying Agent from the Collection Account on the Business Day immediately preceding each Interest Payment Date, an amount equal to the Debt Service Amount. In the event of a shortfall in the Collection Account, payments will be made as described below under "Accounts."

Payment of the principal amount of the Notes, together with accrued and unpaid interest thereon, will be made on the Maturity Date to the person in whose name the Note is registered as of the close of business in New York on the day preceding the Maturity Date. Payments in respect of Global Notes will be paid by wire transfer of immediately available funds to the account specified by the Noteholders, and payments in respect of certificated Notes will be paid by U.S. dollar check drawn on, or, if requested by a Noteholder holding at least US$1.0 million principal amount of Notes outstanding as of the date set for such payment, by transfer to a U.S. dollar account maintained by the payee with a bank in New York City.

If any payment date is not a Business Day, then payment of the interest, principal additional amount or redemption amount payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay).

Note Guarantee

The Guarantor has fully and unconditionally Guaranteed, on a secured basis, as primary obligor and not merely as surety, the performance and full and punctual payment when due, whether at maturity, by acceleration or otherwise, of all obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of, any premium or interest on or Additional Amount in respect of the Notes, expenses, indemnification or otherwise, on the terms set forth in the Indenture by executing the Indenture (the "Note Guarantee").

The obligations of the Guarantor under the Note Guarantee will be limited to the extent necessary to prevent the Note Guarantee from constituting a fraudulent conveyance under applicable law. By virtue of this limitation, the Guarantor's obligation under the Note Guarantee could be significantly less than amounts payable with respect to the Notes, or the Guarantor may have effectively no obligation under the Note Guarantee. See "Risk Factors – Risks Relating to the Notes and the Guarantee – The guarantee may not be enforceable."

If, at any time following the issue date of the Notes, the Issuer shall establish or acquire a Significant Subsidiary, or any existing Subsidiary of the Issuer shall become a Significant Subsidiary, each such future Significant Subsidiary of the Issuer will be required to become a guarantor under the Indenture. References herein and in the Indenture to "the Guarantor" shall, unless the context requires otherwise, be deemed to include each such Significant Subsidiary that becomes a guarantor under the Indenture.

The Issuer's existing or future Subsidiaries that are not Significant Subsidiaries will not be guarantors of the Notes. The Notes and the Guarantees will be structurally subordinated to all of the existing and future liabilities of the existing and future Subsidiaries of the Issuer that are not guarantors of the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, such non-guarantor Subsidiaries will pay the holders of their debt and trade creditors before they will be able to distribute any of their assets to the Issuer or the Guarantor.

The Note Guarantee will be released:

- in respect of the Guarantor, in connection with any sale or other disposition of all or substantially all the assets of the Guarantor (including by merger or consolidation) if the sale or disposition is in compliance with the Indenture; or
- upon satisfaction and discharge or defeasance of the Indenture as provided under the captions "– Satisfaction and Discharge" and "– Defeasance."

Restricted and Unrestricted Subsidiaries

As of the Closing Date, all of the Issuer's Subsidiaries will be "Restricted Subsidiaries." However, under the circumstances described under the definition of "Unrestricted Subsidiary," the Issuer will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture and will not be guarantors of the Notes.

Ranking

The Notes will be secured obligations of the Issuer and will be senior in right of payment to all existing and future unsecured obligations of the Issuer to the extent of the Collateral provided in respect of the Notes, subject to bankruptcy and other similar laws affecting the enforcement of creditors' rights generally.

Collateral

The due and punctual payment of the principal of, and interest, if any, on and Additional Amounts with respect to the Notes when and as the same shall be due and payable, whether on an Interest Payment Date, at maturity, by acceleration, repurchase, redemption or otherwise, and interest on the overdue principal of, interest, if any, on and Additional Amounts with respect to the Notes and performance of all other obligations of the Issuer and the Guarantor to the Noteholders or the Trustee under the Indenture and the Notes, according to the terms thereunder, are and will be secured by a first priority lien and security interest in:

- the Collection Account;
- the Debt Service Reserve Account; and
- all issued and outstanding quotas of capital stock of the Issuer (collectively, the "Collateral").

If an Event of Default occurs and is continuing, and at any time after a declaration of acceleration has been made with respect to the Notes by the Trustee or Noteholders holding at least the required proportion in aggregate principal amount of the Notes, the Trustee, on behalf of the Noteholders, in addition to any rights or remedies available to it under the Indenture, will be entitled to take such actions as the Trustee deems advisable to protect and enforce its rights in the Collateral, including, without limitation, the institution of

foreclosure proceedings in accordance with the Collateral Documents and applicable law. The Trustee will apply the proceeds received by it from any foreclosure of the Collateral: (i) first, to pay the expenses of such foreclosure and fees and other amounts then payable to the Trustee and the U.S. Collateral Agent and the Brazilian Collateral Agent under the Indenture and the Collateral Documents; and (ii) thereafter, to pay ratably the principal of, interest and premium, if any, on the Notes. The Trustee may agree, without notice to any Noteholder, with the written consent of Noteholders holding a majority in aggregate principal amount of the Notes then outstanding, to modify or waive any term or provision under the Collateral Documents; provided, that the consent of each Noteholder affected thereby shall be required to the extent that any such modification, amendment or waiver would terminate, or deprive any Noteholder of the benefit of, the Liens created by the Collateral Documents on any of the Collateral.

Accounts

The Issuer shall establish the Debt Service Reserve Account for the Notes. The Debt Service Reserve Account will be held by the U.S. Collateral Agent and pledged in favor of the Trustee for the benefit of the Noteholders pursuant to the Account Control Agreement. At all times while any Notes are outstanding, the Issuer shall maintain the Debt Service Amount on deposit in the Debt Service Reserve Account, provided, however, that following a transfer of funds from the Debt Service Reserve Account to the Principal Paying Agent in accordance with the terms of the Indenture, during the period of 60 days following such withdrawal, either (i) the Debt Service Reserve Account shall be replenished to reach the Debt Service Amount with amounts paid into the Collection Account, as further described below or (ii) the Issuer may, and on the final day of such period shall be required to, deposit in the Debt Service Reserve Account the amount necessary for the balance of the Debt Service Reserve Account to equal the Debt Service Amount.

The Issuer shall establish the Collection Account for the Notes. The Collection Account will be held by the U.S. Collateral Agent in the name of the Issuer and pledged in favor of the Trustee for the benefit of the Noteholders pursuant to the Account Control Agreement. At all times while any Notes are outstanding, the Issuer shall instruct each Off-taker to make all payments of Export Receivables to the Collection Account. The Trustee shall apply all amounts received in the Collection Account in the following manner:

(a) during the period from the Closing Date (in respect of the first interest period) or an Interest Payment Date to, but excluding, the date which is 45 days prior to the next succeeding Interest Payment Date:

(i) if the balance in the Debt Service Reserve Account is equal to the Debt Service Amount, any amounts paid into the Collection Account shall be immediately transferred to the Issuer, or

(ii) if the balance in the Debt Service Reserve Account is less than the Debt Service Amount, all amounts paid into the Collection Account shall be immediately transferred to the Debt Service Reserve Account until the balance in the Debt Service Reserve Account is equal to the Debt Service Amount; and

(b) during the period from the date which is 45 days prior to an Interest Payment Date to, but excluding, such Interest Payment Date, all amounts paid into the Collection Account shall be retained in the Collection Account for payment of the Debt Service Amount on such Interest Payment Date, provided, however, that, if:

(i) the balance in the Debt Service Reserve Account is less than the Debt Service Amount, all amounts paid into the Collection Account shall be immediately transferred to the Debt Service Reserve Account until the balance in the Debt Service Reserve Account is equal to the Debt Service Amount and thereafter such amounts shall, subject to (ii) of this paragraph (b), be retained in the Collection Account, or

(ii) the balance of each of the Debt Service Reserve Account and the Collection Account is equal to the Debt Service Amount, any amount in the Collection Account in excess of the Debt Service Amount shall be immediately transferred to the Issuer.

In the event that, on the date which is 15 days prior to an Interest Payment Date, the balance in the Collection Account is less than the Debt Service Amount, the U.S. Collateral Agent shall notify the Trustee of such shortfall, and the Trustee shall request the Issuer to transfer to the Collection Account funds in an amount equal to such shortfall. In the event that, on the date which is seven days prior to the such Interest Payment Date, the balance in the Collection Account is less than the Debt Service Amount, the U.S. Collateral Agent shall transfer or cause to be transferred to the Collection Account from the Debt Service Reserve Account on such date an amount equal to such shortfall.

Listing

The Issuer has applied for admission of the Notes to the official list of the Irish Stock Exchange and trading on the Global Exchange Market of the Irish Stock Exchange in accordance with its rules.

Additional Amounts

The Issuer and the Guarantor will make all payments of principal and interest on the Notes and other amounts, if any, without withholding or deducting any present or future taxes, penalties, fines, duties, assessments or other governmental charges of any nature (collectively, the "Taxes") imposed by Brazil or by the jurisdictions of any additional paying agents, or, in each case, any political subdivision or governmental authority of those jurisdictions having power to tax (each, a "Taxing Jurisdiction") unless such additional withholding or deduction is required by law. If the Issuer, the Guarantor or any paying agent is required by law to withhold or deduct any such Taxes, except as provided below, the Issuer will pay the Noteholders any additional amounts necessary to ensure that they receive the same amount as they would have received without such withholding or deduction (the "Additional Amounts"). The foregoing obligation to pay Additional Amounts will not apply to or in respect of:

- any Taxes which would not have been imposed but for the existence of any present or former connection between a Noteholder or beneficial owner (or between a fiduciary, settlor, beneficiary, member or shareholder of such Noteholder or beneficial owner, if such Noteholder or beneficial owner is an estate, a trust, a partnership or a corporation), on the one hand, and a Taxing Jurisdiction, on the other hand other than merely holding the Notes or the Guarantees or receiving payments thereon (such as citizenship, nationality, residence, domicile, or existence of a business, a permanent establishment, a dependent agent, a place of business or a place of management present or deemed present within the Taxing Jurisdiction);
- any Taxes which would not have been imposed but for the failure of the Noteholder or beneficial owner to comply with any certification, identification or other reporting requirements concerning its nationality, residence, identity or connection with the Taxing Jurisdiction, if (1) compliance is required by applicable law, regulation, administrative practice or treaty as a precondition to exemption from all or a part of the Taxes, (2) the Noteholder or beneficial owner is able to comply with those requirements without undue hardship and (3) the Issuer has given all Noteholders at least 30 days' prior notice that they will be required to comply with such requirements;
- any Taxes which would not have been imposed but for the failure of the Noteholder to present (where presentation is required) its Note within 30 days after the Issuer has made available to the Noteholder a payment of principal or interest; provided that the Issuer will pay Additional Amounts to which a Noteholder would have been entitled had the Note owned by such Noteholder been presented on any day (including the last day) within such 30 day period;
- any estate, inheritance, gift, value added, excise, transfer, personal property, use or sales Taxes or any similar Taxes;
- any Tax that is payable otherwise than by deduction or withholding from payments on the Notes;
- any withholding or deduction imposed on a payment on the Notes to an individual and that is required to be made pursuant to any European Union directive on the taxation of savings implementing the conclusions of the Economic and Financial Council of Ministers of the member states of the European Union (ECOFIN) Council meeting of November 26 27, 2000 or any law implementing or complying with that directive;
- any Taxes which would have been avoided by such Noteholder by presenting the relevant Note (if presentation is required) to, or requesting that such payment be made by, another paying agent located in a member state of the European Union; or
- any combination of the above.

In addition, no Additional Amounts shall be paid with respect to any payment to any Noteholder who is a fiduciary or a partnership or other than the sole beneficial owner of such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner of such Notes would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly.

The Issuer will make any required withholding or deduction and remit the full amount withheld or deducted to the relevant taxing authority in accordance with applicable law. The Issuer will furnish to the Trustee, within 30 days after the date of payment of any such Taxes, certified copies of tax receipts or other documentation reasonably satisfactory to the Trustee evidencing that payment. Upon request, copies of those receipts or other documentation, as the case may be, will be made available to the Noteholders.

The Issuer will pay any stamp, administrative, court, documentary, excise, sales, use, value added or property Taxes arising in a Taxing Jurisdiction in connection with the issuance of the Notes.

The obligations to make payments of Additional Amounts with respect to principal, interest or other amounts payable on the Notes will survive any termination, defeasance or discharge of the Notes and the Indenture.

The Issuer will appoint and maintain a paying agent in a member state of the European Union that is not obliged to withhold or deduct tax in respect of payments on the Notes pursuant to Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive (so long as there is such a member state).

Restrictive Covenants

Limitation on Restricted Payments

(1) The Issuer will not, and will not permit any Restricted Subsidiary, directly or indirectly, to:

(a) declare or pay any dividend or make any other distribution on or in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any Restricted Subsidiary of the Issuer) or similar payment to the direct or indirect holders of its Capital Stock except dividends or distributions payable solely in the form of its Capital Stock (other than Disqualified Stock) and except dividends or distributions payable to the Issuer or any Restricted Subsidiary (and, if such Restricted Subsidiary has shareholders other than the Issuer or any other Restricted Subsidiary, to its other shareholders on a pro rata basis);

(b) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer held by Persons other than the Issuer or another Restricted Subsidiary (other than a purchase, redemption, retirement or other acquisition for value that would constitute a Permitted Investment);

(c) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than (x) Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or Indebtedness of the Issuer owing to and held by a Restricted Subsidiary, as permitted under paragraph (2)(a) of the covenant "– Limitation on Indebtedness" or (y) the purchase, repurchase, redemption, defeasance or other acquisition of Subordinated Obligations made in anticipation of satisfying a sinking fund obligation, a principal installment or a final maturity, in each case, due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition); or

(d) make any Investment (other than a Permitted Investment) in any Person;

(the actions described in clauses (a) through (d) above being herein referred to as "Restricted Payments" and each, a "Restricted Payment"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(i) an Event of Default will have occurred and be continuing;

(ii) the Issuer could not Incur at least US$1.00 of Indebtedness under the Net Debt to EBITDA Ratio test set forth in the first paragraph of the covenant described under the caption "– Limitation on Indebtedness" after giving effect, on a pro forma basis, to such Restricted Payments; or

(iii) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made subsequent to the Closing Date would exceed the sum of, without duplication:

(A) 50% of the aggregate amount of Consolidated Net Income accrued during the period (treated as one accounting period) from the beginning of the first fiscal quarter after the issue date to the end of the most recent fiscal quarter for which financial statements are available prior to the date of such Restricted Payment (or, in case such Consolidated Net Income is a loss, minus 100% of such loss); plus

(B) the aggregate Net Cash Proceeds, and the Fair Market Value of any property, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock) or other capital contributions subsequent to the Closing Date (other than Net Cash Proceeds received from an issuance or sale of such Capital Stock to a Restricted Subsidiary of the Issuer); plus

(C) if the Issuer or any Restricted Subsidiary makes an Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, an amount equal to the Issuer's or such Restricted Subsidiary's existing Investment in such Person; provided that any amount added pursuant to this clause (C) shall not exceed the amount of such Investment previously made and treated as a Restricted Payment; provided, however, that no amount will be included under this clause (C) to the extent it is already included in Consolidated Net Income; plus

(D) the amount by which Indebtedness of the Issuer or any Restricted Subsidiary is reduced on the Issuer's balance sheet or the balance sheet of any Restricted Subsidiary, in each case, upon the conversion or exchange (other than for Indebtedness held by the Issuer or any Restricted Subsidiary) subsequent to the Closing Date of any such Indebtedness convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Issuer (less the amount of any cash or the Fair Market Value of other property distributed by the Issuer or any Restricted Subsidiary upon such conversion or exchange); plus

(E) the amount equal to the net reduction of Investments (other than Permitted Investments) made by the Issuer or any Restricted Subsidiary in any Person resulting from (1) repurchases or redemptions of such Investment by such Person, proceeds realized upon the sale of such Investment, repayments of loans or advances or other transfers of assets (including by way of dividend or distribution) by such Person to the Issuer or any Restricted Subsidiary or (2) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each case as provided in the

definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Issuer or any Restricted Subsidiary in such Unrestricted Subsidiary; provided that any amount added pursuant to this clause (E) shall not exceed the amount of such Investment previously made and treated as a Restricted Payment; provided, however, that no amount will be included under this clause (E) to the extent it is already included in Consolidated Net Income; plus

(F) 100% of any dividends received by the Issuer or any of its Restricted Subsidiaries from an Unrestricted Subsidiary; provided, however, that no amount will be included under this clause (F) to the extent it is already included in Consolidated Net Income.

(2) The provisions of clause (1) above will not prohibit:

(a) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Capital Stock, Disqualified Stock or Subordinated Obligations made by exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Issuer (other than Disqualified Stock and other than Capital Stock issued or sold to a Restricted Subsidiary of the Issuer); provided, however, that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the Net Cash Proceeds from such sale of Capital Stock, to the extent such Net Cash Proceeds are used for such purchase, repurchase, redemption, defeasance, acquisition or retirement, will be excluded from clause (1)(d)(iii)(B) of this covenant;

(b) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations made by exchange for, or out of the proceeds of the substantially concurrent sale of, Subordinated Obligations that are permitted to be Incurred pursuant to the covenant described under "–Limitation on Indebtedness" below; provided, however, that such purchase, repurchase, redemption, defeasance or other acquisition or retirement for value will be excluded in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(c) so long as no Default of Event of Default has occurred and is continuing, any purchase or redemption of Subordinated Obligations of the Issuer from Net Available Cash to the extent permitted under "– Limitation on Sale of Assets."

(d) dividends paid within 60 days of the declaration if at such date of declaration such dividend would have complied with this covenant; provided, however, that the payment or declaration, but not both the payment and the declaration, of such dividend will be included in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(e) the declaration or payment of the Minimum Legally Required Dividends; provided, however, that such payment shall be included in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(f) so long as no Default or Event of Default has occurred and is continuing:

(i) the purchase, redemption or other acquisition, cancellation or retirement for value of Capital Stock, or options, warrants, equity appreciation rights or other rights to purchase or acquire Capital Stock of the Issuer or any Restricted Subsidiary of the Issuer held by any existing or former employees or management of the Issuer or any Subsidiary of the Issuer or their assigns, estates or heirs; provided that such redemptions or repurchases pursuant to this clause will not exceed US$5 million in the aggregate during any calendar year; provided, however, that such payment shall be included in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above; and

(ii) loans or advances to employees or directors of the Issuer or any Subsidiary of the Issuer the proceeds of which are used to purchase Capital Stock of the Issuer, in an aggregate amount not in excess of US$2 million at any one time outstanding; provided, however, that such payment shall be included in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(g) repurchases of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible securities if such Capital Stock represents a portion of the exercise price thereof; provided, however, that such repurchases shall be excluded from subsequent calculations of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(h) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations at a purchase price not greater than (a) 101% of the principal amount or accreted value, as applicable, of such Subordinated Obligations and accrued and unpaid interest thereon in the event of a change of control or (b) 100% of the principal amount or accreted value, as applicable, of such Subordinated Obligations and accrued and unpaid interest thereon in the event of an asset sale, in connection with any change of control offer or asset sale offer required by the terms of such Subordinated Obligations, but only if: (i) in the case of a change of control, the Issuer has first complied with and fully satisfied its obligations under the covenant described under the caption "– Repurchase Option of the Noteholders upon Change of Control", including, without limitation, the making and the settlement of the offer to purchase the Notes; or (ii) in the case of an asset sale, the Issuer has first complied with and fully satisfied its obligations under the covenant described above under the caption "– Limitation on Sales of Assets", including, without limitation, the making and the settlement of the offer to purchase the Notes; provided, however, that such repurchases shall be included in subsequent calculations of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above; and

(i) Restricted Payments in an amount not to exceed US$15 million; provided, however, that any payments made pursuant to this clause 2(i) shall not, individually or in the aggregate, exceed US$7.5 million in any period of four consecutive fiscal quarters; provided, further, however, that such payments shall be excluded from the calculations of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above.

The amount of all Restricted Payments (other than cash) shall be the Fair Market Value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred, issued, purchased, repurchased, redeemed, retired, defeased or otherwise acquired by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

Limitation on Indebtedness

(1) The Issuer will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness; provided, however, that the Issuer or any Restricted Subsidiary may Incur Indebtedness if on the date of such Incurrence and after giving effect thereto and the application of the proceeds therefrom, the Issuer's Net Debt to EBITDA Ratio would not be greater than 3.25 to 1.0.

(2) Notwithstanding clause (1) above, the Issuer or any Restricted Subsidiary may Incur the following Indebtedness:

(a) intercompany Indebtedness between or among the Issuer and any Restricted Subsidiary or between or among Restricted Subsidiaries; provided, however, that:

(i) if the Issuer is the obligor on such Indebtedness Incurred and such Indebtedness is in an aggregate principal amount in excess of US$20 million, such Indebtedness must be expressly subordinated to the Notes and the Note Guarantee in priority of payment; and

(ii) any subsequent issuance or transfer of Capital Stock or any other event that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary and any sale or other transfer of any such Indebtedness to a Person that is neither the Issuer nor a Restricted Subsidiary will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (a);

(b) Indebtedness:

(i) represented by the Notes and the Note Guarantee;

(ii) outstanding on the Closing Date;

(iii) consisting of Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (b) or the foregoing paragraph (1), or clause (d) or (h) below; or

(iv) consisting of Guarantees of any Indebtedness permitted under this covenant;

(c) Indebtedness in respect of bankers' acceptances, deposits, promissory notes, letters of credit, self-insurance obligations, performance, surety, appeal or similar bonds, completion guarantees and reimbursement obligations regarding workers' compensation claims;

(d) Purchase Money Obligations, Capitalized Lease Obligations and Attributable Debt Incurred (whether prior to or within 365 days after) to finance the acquisition, construction or improvement of real or personal property or to acquire Capital Stock of a Person in a Related Business and Indebtedness of the Issuer or any Restricted Subsidiary Incurred in connection with the acquisition of a Person by, or a consolidation or merger of a Person into, the Issuer or any Restricted Subsidiary, and any refinancing thereof, in an aggregate principal amount at any one time outstanding not to exceed US$15 million pursuant to this clause (d);

(e) Hedging Obligations of the Issuer or any Restricted Subsidiary in the ordinary course of business or directly related to Indebtedness permitted to be Incurred by the Issuer or any Restricted Subsidiary pursuant to the Indenture and, in any event, not entered into for speculative purposes;

(f) Indebtedness of the Issuer or any Restricted Subsidiary to the extent that the net proceeds thereof are promptly deposited to defease or to satisfy and discharge the Notes in accordance with the Indenture;

(g) Indebtedness of the Issuer or any Restricted Subsidiary consisting of take-or-pay obligations contained in supply agreements in the ordinary course of business;

(h) Indebtedness of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Restricted Subsidiary was acquired by the Issuer (other than Indebtedness Incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary of, or was otherwise acquired by, the Issuer); provided, however, that on the date that such Restricted Subsidiary is acquired by the Issuer, the Issuer would have been able to incur US$1.00 of additional Indebtedness pursuant to clause (1) above after giving effect to the Incurrence of such Indebtedness pursuant to this clause (h);

(i) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or letters of credit, surety bonds or performance bonds securing any obligations of the Issuer or any Restricted Subsidiary pursuant to such agreements, in each case, Incurred or assumed in connection with the disposition of a business, assets or Capital Stock of a Restricted Subsidiary; provided that, in the case of a disposition, the maximum aggregate liability in respect of such Indebtedness will at no time exceed the gross proceeds actually received by the Issuer or such Restricted Subsidiary in connection with such disposition; and

(j) in addition to Indebtedness Incurred pursuant to clauses (a) through (h) above, Indebtedness of the Issuer and its Restricted Subsidiaries in an aggregate principal amount at any time outstanding not to exceed US$20 million.

(3) Neither the Issuer nor the Issuer may Incur Indebtedness that is subordinate in right of payment to other Indebtedness of the Issuer or the Issuer unless such Indebtedness is also subordinate in right of payment to the Notes or the Note Guarantee on substantially identical terms; provided, however, that no Indebtedness will be deemed to be subordinated in right of payment to any other Indebtedness solely by virtue of being unsecured or by virtue of being secured on a senior or subordinated basis.

(4) For purposes of determining compliance with this covenant, if an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, the Issuer, in its sole discretion, may classify, and from time to time divide and/or reclassify, an item of Indebtedness in more than one of the types of Indebtedness described above.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a non-U.S. currency will be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred or, in the case of revolving credit Indebtedness, first committed; provided that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a non-U.S. currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Liens

(1) Except as provided for under the Indenture and the other Collateral Documents, the Issuer shall not, and shall not permit any of its Subsidiaries to, create or permit to exist any Lien on the Collateral.

(2) The Issuer will not, and will not permit any Restricted Subsidiary to, issue, assume or Guarantee any Indebtedness secured by a Lien (the "Initial Lien") upon any property or assets of the Issuer or any Restricted Subsidiary without effectively providing that the Notes together with, if the Issuer so determines, any other Indebtedness or obligations then existing or thereafter created or, in respect of Liens on any property or assets of the Issuer, the Note Guarantee, shall be secured equally and ratably with or prior to such Indebtedness for so long as such Indebtedness shall be so secured; (provided, however, that any Lien created for the benefit of the Noteholders (and, if applicable, holders of such other Indebtedness or obligations) pursuant to the foregoing shall provide by its terms that such Lien will be automatically and unconditionally released and discharged upon release and discharge of the Initial Lien, except that the foregoing provisions shall not apply to, without duplication (the "Permitted Liens"):

(a) Liens which secure Indebtedness owing by any Restricted Subsidiary to the Issuer or to one or more Restricted Subsidiaries and/or by the Issuer to one or more Restricted Subsidiaries, if any;

(b) Liens on any property or assets acquired from a Person which is merged with or into the Issuer or any Restricted Subsidiary, or any Liens on the property or assets of any Person or other entity existing at the time such Person or other entity becomes a Restricted Subsidiary and, in either such case, is not created in connection with or in anticipation of any such transaction; provided that such Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary;

(c) any Lien on any property or assets existing at the time of acquisition thereof and which is not created in connection with or in anticipation of such acquisition; provided that such Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary;

(d) Liens for taxes, assessments, governmental charges, levies or claims which are not yet due or thereafter can be paid without penalty or are being contested in good faith by appropriate proceedings or the period within which such proceedings may be initiated has not expired;

(e) pledges or deposits in connection with workers' compensation laws, unemployment insurance laws or similar legislation, or good faith deposits, letters of credit and performance, surety, appeal or similar bonds in connection with bids, tenders, contracts (other than for payment of Indebtedness) or leases to which the Issuer or any Restricted Subsidiary is a party, or deposits for the payment of rent, or deposits to secure public or statutory obligations or for contested taxes or import or customs duties, in each case incurred in the ordinary course of business;

(f) Liens imposed by law, such as landlords', carriers', warehousemen's and mechanics' Liens and other similar Liens, on the property or assets of the Issuer or any Restricted Subsidiary in the ordinary course of business and securing payment of obligations that are due in less than 60 days or are being contested in good faith by appropriate proceedings;

(g) easements, rights of way, restrictions, minor defects or irregularities in title and other similar charges or encumbrances not interfering in any material respect with the business of the Issuer;

(h) Liens arising solely by virtue of any statutory or common law provision relating to bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided, however, that such deposit account is not a dedicated cash collateral account and is not intended by the Issuer or any Restricted Subsidiary to provide collateral to such depository institution;

(i) judgment Liens not giving rise to an Event of Default so long as such Lien is bonded in accordance with applicable law and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(j) Liens in existence on the Closing Date;

(k) Liens securing Hedging Obligations permitted under clause (2)(e) of the covenant described under "– Limitation on Indebtedness;"

(l) leases, licenses, subleases and sublicenses of assets (including, without limitation, real property and intellectual property rights) that do not materially interfere with the ordinary conduct of business of the Issuer or any of its Restricted Subsidiaries;

(m) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(n) Liens securing Indebtedness incurred pursuant to Section (2)(d) of the covenant described under "– Limitation on Indebtedness"; provided that such Liens extend only to the assets purchased or financed with such Indebtedness and any improvements on or additions to such assets;

(o) any Lien on the Capital Stock of an Unrestricted Subsidiary;

(p) Liens created to Guarantee or otherwise secure Indebtedness in an aggregate principal amount not to exceed 15% of Consolidated Net Tangible Assets;

(q) Liens created pursuant to the Collateral Documents; and

(r) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the clauses (b), (c), (j), (n) and (q) above and this clause (r) or of any Indebtedness secured thereby and any Refinancing Indebtedness in respect thereof; provided that the principal amount of Indebtedness so secured shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement (plus premiums, interest and reasonable expenses incurred in connection therewith), and that such extension, renewal or replacement Lien shall be limited to all or part of the property which secured the Lien extended, renewed or replaced (plus improvements on or additions to such property).

Limitation on Sales of Assets

(1) The Issuer will not, and will not permit any Restricted Subsidiary to, make any Asset Disposition unless the following conditions are met:

(a) The Asset Disposition is for Fair Market Value;

(b) At least 75% of the consideration consists of all or part of any of the following, received at closing, (i) cash and Temporary Cash Investments or (ii) Additional Assets;

(c) Within 365 days after the receipt of any Net Available Cash from an Asset Disposition, the Net Available Cash is used:

- to permanently repay Indebtedness, other than Subordinated Obligations, of the Issuer or of any of its Restricted Subsidiaries, in each case owing to a Person other than the Issuer or any Restricted Subsidiary;
- to acquire all or substantially all of the assets of a Related Business, or a majority of the Voting Stock of another Person that thereupon becomes a Restricted Subsidiary engaged in a Related Business, or to make capital expenditures or otherwise acquire long-term assets that are to be used in a Related Business; or
- to acquire Additional Assets for the Issuer or its Restricted Subsidiaries;

(d) The Net Available Cash of an Asset Disposition not applied pursuant to paragraph (c) above within 365 days of the Asset Disposition shall constitute "Excess Proceeds." Excess Proceeds of less than US$15 million (or the equivalent thereof at the time of determination) will be carried forward and accumulated. When accumulated Excess Proceeds equals or exceeds US$15 million, the Issuer must, and the Issuer shall cause the Issuer to, within 30 days, apply such Excess Proceeds to make an Offer (as defined in clause (2) below).

Upon completion of the Offer, the Issuer shall be entitled to use any remaining proceeds for any corporate purposes to the extent permitted under the Indenture.

For the purposes of this clause:

(1)(a) the assumption by the transferee of Indebtedness (other than Subordinated Obligations) of the Issuer or a Restricted Subsidiary and the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition will be deemed to be cash, and (b) instruments or securities received by the Issuer or any of its Restricted Subsidiaries from the transferee that are converted into cash within 90 days of the closing shall also be considered to be cash received at closing.

(2)(a) If the Asset Disposition that requires the purchase of the Notes pursuant to clause (d) above, the Issuer will make an offer (an "Offer") to purchase Notes, at a purchase price, in U.S. dollars, of 100% of their principal amount plus accrued and unpaid interest (including Additional Amounts, if any) thereon, to, but excluding, the date of purchase and (b) if the aggregate purchase price of the Notes tendered pursuant to the Offer exceeds the Net Available Cash allotted to their purchase, the Issuer shall select the Notes to be purchased on a pro rata basis but in round denominations, which in the case of the Notes will be denominations of US$1,000 and integral multiples of US$1,000 in excess thereof (it being understood that no Noteholder shall, as a result of such purchase, hold less than the minimum denomination).

(3) The Issuer will comply, to the extent applicable, with the requirements of Section 14(e)-1 of the Exchange Act and any other applicable securities laws or regulations and any exchange or DTC rules in connection with any repurchase of Notes pursuant to this covenant. To the extent that the provisions of any applicable (i) securities laws or regulations or (ii) exchange or DTC rules conflict with provisions of this covenant, the Issuer will comply with the applicable laws, regulations and rules and will not be deemed to have breached its obligations under this covenant by virtue thereof.

Limitation on Transactions with Affiliates

The Issuer will not, and will not permit any Restricted Subsidiary to, enter into any transaction (or series of related transactions) with any Affiliates, including any Investment, either directly or indirectly (an "Affiliate Transaction"), unless (i) such transaction or series of related transactions are on terms no less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could have been obtained in a comparable arm's-length transaction with an unrelated third party; and (ii) the Issuer delivers to the Trustee (a) with respect of any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$2 million, an Officer's Certificate stating that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by the management of the Issuer; and (b) with respect of any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$10 million, an opinion as to the fairness to the Issuer or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized standing.

The preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "– Limitation on Restricted Payments";

(2)(i) any issuance or sale of Capital Stock (other than Disqualified Stock) of the Issuer or any Restricted Subsidiary or (ii) any investment in securities of the Issuer or any of its Restricted Subsidiaries so long as in each case the investment is being offered generally to other investors who are not Affiliates of the Issuer or any Restricted Subsidiary on the same or more favorable terms;

(3) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements and other compensation arrangements, options to purchase Capital Stock of the Issuer, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits plans and/or indemnity provided on behalf of officers and employees approved by the Board of Directors of the Issuer;

(4) any transaction between the Issuer and a Restricted Subsidiary or between Restricted Subsidiaries so long as either (i) such transaction is solely for the benefit of the Issuer or (ii) no officer, director or beneficial holder of more than 5% or more of any class of Capital Stock of the Issuer shall beneficially own any Capital Stock of any such Restricted Subsidiary (other than directors' qualifying shares); and

(5) the existence of, and the performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of, any agreement to which the Issuer or any of its Restricted Subsidiaries is a party as of or on the Closing Date and described in the offering memorandum, as these agreements may be amended, modified, supplemented, extended or renewed from time to time; provided, however, that any future amendment, modification, supplement, extension or renewal entered into after the Closing Date will be permitted to the extent that its terms are no less favorable in any material respect, taken as a whole, to the Issuer and its Restricted Subsidiaries than the terms of the agreements in effect on the Closing Date.

Limitation on Sale and Lease-Back Transactions

The Issuer will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Lease-Back Transaction unless:

(1) pursuant to the provisions of the covenant described under "– Limitation on Indebtedness" above, the Issuer or such Restricted Subsidiary would be entitled to Incur Indebtedness in a principal amount equal to or exceeding the Attributable Debt in respect of such Sale and Lease-Back Transaction; and

(2) pursuant to the provisions of the covenant described under "– Limitation on Liens" above, the Issuer or such Restricted Subsidiary would be entitled to Incur a Lien to secure such Indebtedness,

in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Issuer or any Restricted Subsidiary;

(2) pay any Indebtedness owed to the Issuer or any Restricted Subsidiary;

(3) make loans or advances to the Issuer or any Restricted Subsidiary; or

(4) transfer any of its properties or assets to the Issuer or any Restricted Subsidiary.

The preceding restrictions will not apply to encumbrances or restrictions:

(i) existing under or by reason of applicable law or governmental rule, regulation or order;

(ii) existing with respect to any Person, or to the property of any Person, at the time the Person is acquired by the Issuer or any Restricted Subsidiary and, in each case, is not created in connection with or in anticipation of any such transaction; provided that such Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary;

(iii) in the case of clause (4) above:

(a) that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license or other contract or contractual right;

(b) contained in mortgages, pledges or other security agreements permitted under the Indenture securing Indebtedness of the Issuer or a Restricted Subsidiary to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements; or

(c) imposed by Purchase Money Obligations for property acquired in the ordinary course of business or by Capitalized Lease Obligations permitted under the Indenture on the property so acquired, but only to the extent that such encumbrances or restrictions restrict the transfer of the property so acquired;

(iv) imposed with respect of a Restricted Subsidiary (or any of its property or assets) pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restrictions) pending the closing of such sale or disposition;

(v) existing on the Closing Date; or

(vi) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement effecting a refunding, replacement or refinancing of, or amendment or modification to, Indebtedness Incurred pursuant to an agreement referred to in clause (ii) and (v) of this paragraph or this clause (vi); provided, however, that such encumbrance or restriction is no less favorable in any material respect, taken as a whole, to the Issuer and its Restricted Subsidiaries than the encumbrances and restrictions contained in such agreements that are being replaced, amended or modified.

Guarantees by Significant Subsidiaries

If, at any time, any Restricted Subsidiary of the Issuer constitutes a Significant Subsidiary, then the Issuer shall promptly cause such Significant Subsidiary to Guarantee, on a senior unsecured basis, all of the obligations of the Issuer under the Notes and the Indenture by executing a supplemental indenture.

Notwithstanding the foregoing, each Guarantee of the Notes will be limited to the maximum amount that (1) would not render such Significant Subsidiary's obligations subject to avoidance under applicable law, including applicable fraudulent conveyance laws or (2) would not result in a breach or violation by such Significant Subsidiary of any agreement to which it is party in existence on the Closing Date.

Consolidation, Merger, Conveyance, Sale or Lease

Nothing contained in the Indenture prevents the Issuer from consolidating with or merging into another Person or conveying, transferring or leasing all or substantially all of the Issuer's properties and assets to any Person; provided that,

(a) either: (x) the Issuer is the continuing Person; or (y) the Person formed by such consolidation or into which the Issuer is merged or the Person which acquires by conveyance or transfer, or which leases, all or substantially all of the Issuer's properties and assets (determined on a consolidated basis for the Issuer and its Restricted Subsidiaries) is a Person (the "Successor Company") organized and existing under the laws of Brazil or the United States, any State thereof or the District of Columbia or any other country that is a member of the European Union or the Organization for Economic Co-operation and Development on the Closing Date, and expressly assumes by supplemental indenture, executed and delivered to the Trustee, in form as set forth in the Indenture or as otherwise reasonably satisfactory to the Trustee, all of the obligations of the Issuer under the Indenture and the Note Guarantee;

(b) immediately after giving effect to such transaction on a pro forma basis (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been issued by such Person at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(c) immediately after giving effect to such transaction, either (i) the Issuer, or the Successor Company, could Incur at least an additional US$1.00 of Indebtedness under clause (1) of the covenant described under "– Limitation on Indebtedness" above or (2) the Net Debt to EBITDA Ratio of the Issuer, or the Successor Company, would be less than or equal to the Net Debt to EBITDA Ratio of the Issuer immediately prior to giving effect thereto; and

(d) the Issuer has delivered to the Trustee an Officer's Certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture complies with the Indenture and that all conditions precedent therein relating to such transaction have been complied with.

The Issuer will not permit any Significant Subsidiary to consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, all or substantially all of its assets to any Person (other than the Issuer or any Restricted Subsidiary) unless:

(1)(x) the resulting, surviving or transferee Person (if not the Issuer or such Significant Subsidiary) shall be a Person organized and existing under the laws of the jurisdiction under which the Significant Subsidiary was organized or under the laws of Brazil or the United States, any State thereof or the District of Columbia or any other country that is a member of the European Union or the Organization for Economic Co-operation and Development; and (y) such surviving Person (if not the Issuer or such Significant Subsidiary) shall expressly assume by supplemental indenture, executed and delivered to the Trustee, in form as set forth in the Indenture or as otherwise reasonably satisfactory to the Trustee, all of the obligations of the Issuer under the Notes and the Indenture;

(2) immediately after giving effect to such transaction or transactions on a pro forma basis (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been issued by such Person at the time of such transaction), no Default or Event of Default shall have occurred and be continuing; and

(3) the Issuer delivers to the Trustee an Officer's Certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance, transfer or lease complies with the Indenture and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture complies with the Indenture and that all conditions precedent therein relating to such transaction have been complied with.

Limitation on Business Activity of Guarantor

Ceagro Participações e Empreendimentos Ltda. shall not engage at any time in any transaction or business activity (other than the transaction contemplated in the Indenture and the Collateral Documents), acquire or dispose of any asset, create any Subsidiary (other than the Issuer) or Incur any Indebtedness, other than the Note Guarantee.

Suspension of Covenants

If on any date following the Closing Date:

(1) the Notes have been assigned an Investment Grade Rating by any two Rating Agencies; and

(2) no Default shall have occurred and be continuing,

then, beginning on that day and subject to the provisions of the following paragraph, the covenants specifically listed under the following captions will automatically, without any notice of any kind to the Noteholders, be suspended (and the Issuer and its Subsidiaries will have no obligation or liability whatsoever with respect to such covenants):

(a) "– Limitation on Restricted Payments";

(b) "– Limitation on Indebtedness";

(c) "– Limitation on Sales of Assets";

(d) "– Limitation on Transactions with Affiliates";

(e) "– Limitation on Sale and Lease-Back Transactions";

(f) "– Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries"; and

(g) clause (c) of the covenant "– Consolidation, Merger, Conveyance, Sale or Lease".

Clauses (a) through (g) above are collectively referred to as the "Suspended Covenants."

If, during any period in which the Suspended Covenants are suspended, the Notes cease to have an Investment Grade Rating assigned by at least two Rating Agencies, the Suspended Covenants will thereafter be reinstated and be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the Notes subsequently attain an Investment Grade Rating by any two Rating Agencies (in which event the Suspended Covenants will again be suspended for such time that the Notes maintain an Investment Grade Rating by any two Rating Agencies); provided, however, that no Default or breach or violation of any kind will be deemed to exist under the Indenture, the Notes and the Note Guarantee with respect to the Suspended Covenants (whether during the period when the Suspended Covenants were suspended or thereafter) based on, and none of the Issuer, the Guarantor or any Restricted Subsidiaries will bear any liability (whether during the period when the Suspended Covenants were suspended or thereafter) for, any actions taken or events occurring after the Notes attain an Investment Grade Rating by any two Rating Agencies and before any reinstatement of the Suspended Covenants as provided above, or any actions taken at any time (whether during the period when the Suspended Covenants were suspended or thereafter) pursuant to any contractual obligation arising prior to the reinstatement, regardless of whether those actions or events would have been permitted if the applicable Suspended Covenant had remained in effect during such period.

Optional Redemption due to a Tax Event

On any Interest Payment Date, the Issuer may redeem the Notes in whole, but not in part, following the occurrence of a Tax Event at the Base Redemption Price.

In the case of a Tax Event, the Issuer is required, prior to exercising the right of redemption, to deliver to the Trustee notice together with a written legal opinion of counsel of recognized standing selected by the Issuer or in a form satisfactory to the Trustee confirming that the Issuer is entitled to exercise such right of redemption.

If the Issuer exercises its option to redeem the Notes upon the occurrence of a Tax Event, the Issuer will give the Trustee (and so long as the Notes are listed on the Irish Stock Exchange and trading on the Global Exchange Market and the rules of that exchange so require, publish in English on the Regulated News Service on the website of the Irish Stock Exchange (www.ise.ie) via the Company Announcements Office), notice of redemption not less than 45 nor more than 60 days prior to the proposed Redemption Date (unless a shorter period of time is agreed upon) and the Noteholders written notice not less than 30 nor more than 60 days prior to the Redemption Date.

Notices to be given to Noteholders of a Global Note will be given only to DTC in accordance with its applicable policies as in effect from time to time. Notices to be given to Noteholders of Notes not in global form will be sent by mail to the respective addresses of the Noteholders as they appear in the Trustee's records, and will be deemed given when mailed. Neither the failure to give notice to a particular Noteholder, nor the defect in a notice given to a particular Noteholder, will affect the sufficiency of any notice given to another Noteholder.

Notice of redemption will be given in accordance with the procedures described in the Indenture. If the redemption price in respect of any Notes is improperly withheld or refused and is not paid by the Issuer, interest on the Notes will continue to be payable until the redemption price is paid in full.

For the avoidance of doubt, the Notes shall not be deemed repaid and cancelled unless and until the Trustee or the paying agent (on behalf of the Noteholders) shall have received the applicable payment in full.

Reports

The Issuer shall provide the Trustee and, upon request, the Noteholders:

(i) within 150 days following the end of each fiscal year of the Issuer after the Closing Date, the audited annual consolidated financial statements (including the notes thereto) of the Issuer with a level of detail similar to the annual financial statements included in this offering memorandum prepared in accordance with Brazilian GAAP and presented in the English language, and a report thereon by the Issuer's independent registered public accounting firm; and

(ii) within 75 days following the end of the first three fiscal quarters in each fiscal year of the Issuer beginning with the quarter ending after the Closing Date, all quarterly consolidated financial statements (including the notes thereto) of the Issuer with a level of detail similar to the quarterly financial statements included in this offering memorandum, prepared in accordance with Brazilian GAAP and presented in the English language.

In addition, the Issuer will furnish to the Noteholders and to prospective investors, upon request of such Noteholders or prospective investors, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes are not freely tradable under the Securities Act.

For so long as any of the Notes are outstanding, the above information will be made available at the Corporate Trust Office of the Trustee and the specified offices of each other paying agent. For so long as the Notes are listed on the Irish Stock Exchange and trading on the Global Exchange Market and the rules of such exchange so require, the above information will also be made available at the offices of the Listing Agent.

Repurchase Option of the Noteholders upon Change of Control

If a Change of Control occurs, each Noteholder will have the right to require the Issuer to repurchase all or any part (in denominations of US$1,000 and integral multiples thereof (it being understood that no Noteholder shall, as a result of such repurchase, hold less than the minimum denomination)) of that Noteholder's Notes pursuant to such Change of Control Offer (as defined below) on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a "Change of Control Payment" in U.S. dollars equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased, to, but excluding, the date of purchase (subject to the right of the Noteholders of record on the relevant record date to receive interest and Additional Amounts, if any, on the relevant Interest Payment Date).

No later than 30 days following any Change of Control, the Issuer will make a "Change of Control Offer" by notice to each Noteholder in accordance with the provision set out under "– Notices" below, offering to repurchase the Notes on the date specified in the notice (the "Change of Control Payment Date"), which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the Indenture and described in such notice. For so long as the Notes are listed on the Irish Stock Exchange for trading on the Global Exchange Market and the rules of the exchange so require, the Issuer will cause notices of redemption to also be published as described in "– Notices" below.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other applicable securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any applicable securities laws or regulations or any exchange or DTC rules conflict with provisions of this covenant, the Issuer will comply with such applicable laws, regulations and rules will not be deemed to have breached its obligations under this covenant by virtue of its compliance with such provisions.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agents an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered, if applicable, to the Trustee for cancellation the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased.

The paying agents will promptly mail to each Noteholder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Noteholder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

Except as set forth herein, the provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Noteholders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements, set forth in the Indenture, that are applicable to a Change of Control Offer required to be made by the Issuer and such third party purchases all Notes properly tendered and not withdrawn under the Change of Control Offer; or (ii) a notice of redemption for all outstanding Notes has been given pursuant to the Indenture unless and until there is a default in payment of the applicable redemption price.

Subject to applicable law, a Change of Control Offer may be made in advance of a Change of Control and conditioned upon the occurrence of such Change of Control if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

Purchases of Notes by the Issuer

The Issuer, or any of its Affiliates may purchase any Notes in the open market or otherwise at any price. In determining whether Noteholders holding any requisite principal amount of Notes have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Notes owned by or on behalf of the Issuer, or any of its Affiliates, and known by a Responsible Officer of the Trustee to be so owned, will be deemed not outstanding for purposes thereof. The Issuer may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered pursuant to the Indenture which the Issuer may have acquired in any manner whatsoever.

Events of Default

The following events will each be an Event of Default (an "Event of Default") under the terms of the Notes and the Indenture:

(1) default for 15 days in payment of any interest or default for 30 days in payment of any Additional Amounts on the Notes when the same becomes due and payable;

(2) default in payment of principal of or premium, if any, on the Notes when the same becomes due and payable, upon optional redemption due to a Tax Event, upon required purchase, upon declaration of acceleration or otherwise;

(3) failure of the Collateral or any portion thereof to constitute a perfected first priority security interest in favor of the Trustee on behalf of the Noteholders;

(4) failure by the Issuer to comply with the provisions described under "– Restrictive Covenants – Consolidation, Merger, Conveyance, Sale or Lease";

(5) default in the performance, or breach, of any other covenant or obligation of the Guarantor or any Restricted Subsidiary in the Indenture and (other than the obligation to replenish any shortfall in the Debt Service Reserve Account on the date which is 60 days following a withdrawal therefrom, as described under "– Accounts") continuance of such default or breach for a period of 60 consecutive days or more after written notice specifying such default or breach is given to the Issuer and the Guarantor by the Trustee or to the Issuer, the Guarantor and the Trustee by Noteholders holding at least 25% in aggregate principal amount of the Notes;

(6) in respect of three consecutive Interest Payment Dates or a total of five Interest Payment Dates, an amount is withdrawn from the Debt Service Reserve Account in accordance with the terms of the Indenture for the purposes of the payment of the Debt Service Amount, and the Issuer or Guarantor does not, within the period of 10 days immediately following such withdrawal, deposit the amount in the Debt Service Reserve Account necessary for the balance of the Debt Service Reserve Account to equal the Debt Service Amount;

(7) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness by the Issuer, the Guarantor or any Restricted Subsidiary (or the payment of which is Guaranteed by the Issuer, the Guarantor or any Significant Subsidiary) whether such Indebtedness or Guarantee now exists, or is created after the Closing Date, if that default (i) is caused by a failure to pay principal of, or interest or premium (or Additional Amounts) on such Indebtedness within any applicable grace period (a "Payment Default") or results in the acceleration of such Indebtedness prior to its Stated Maturity; and (ii) the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates US$15 million or more;

(8) the Notes or the Note Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or the Issuer, the Guarantor or any Person acting on behalf of the Issuer or the Guarantor shall contest the enforceability thereof in writing or in a pleading in any court of competent jurisdiction or similar body;

(9) any final judgment or order for the payment of money in excess of US$15 million or its equivalent in other currencies at the time of determination (to the extent not covered by insurance as acknowledged in writing by the insurer) is rendered against the Issuer, the Guarantor or any Restricted Subsidiary and such judgment or order is not paid (whether in full or if there is a failure to pay installments in accordance with the terms of the judgment aggregating in excess of US$15 million) or otherwise discharged and remains unstayed for a period of 60 days after such judgment becomes final and non-appealable; and

(10) certain events of bankruptcy, insolvency or reorganization of the Issuer, the Guarantor or any Significant Subsidiary.

The Guarantor and the Issuer will deliver to the Trustee, within 10 Business Days after obtaining actual knowledge thereof, written notice of any Default or Event of Default that has occurred and is still continuing, its status and what action the Issuer and the Guarantor are taking or proposing to take in respect thereof. In the absence of any such notice of Default or Event of Default from the Guarantor or the Issuer, the Trustee shall not be deemed to have notice or be charged with knowledge of any Default or Event of Default. The Indenture provides that the Trustee may withhold notice to the Noteholders of any Default or Event of Default (except in payment of principal of, or interest or premium and Additional Amounts, if any, on the Notes) if the Trustee in good faith determines that it is in the interest of the Noteholders to do so.

The Indenture provides that, if an Event of Default (other than an Event of Default involving a bankruptcy, insolvency or similar event in respect of the Issuer, the Guarantor or any Restricted Subsidiary) with respect to the Notes specified therein occurs and is continuing, either the Trustee or Noteholders holding at least 25% in aggregate principal amount of the Notes, by written notice to the Issuer and the Guarantor (and to the Trustee if notice is given by the Noteholders), may declare the principal amount of (and interest on) all the Notes to be due and payable immediately. The Indenture provides that if an Event of Default involving a bankruptcy, insolvency or other similar event in respect of the Issuer, the Guarantor or any Restricted Subsidiary occurs, the principal amount of (and interest on) all the Notes will be immediately due and payable without notice or any other act on the part of the Trustee or any Noteholder.

If the Issuer and the Guarantor cure all Defaults or such Defaults have been waived (except the nonpayment of principal of and accrued interest or premium (and Additional Amounts) on Notes) and certain other conditions are met, such declaration may be rescinded and annulled by Noteholders holding not less than a majority in aggregate principal amount of the Notes. In addition, past Defaults with respect to the Notes may be waived by Noteholders holding not less than a majority in aggregate principal amount of the Notes except (i) a Default in the payment of principal of or premium, if any or interest and Additional Amounts, if any, on any Note or (ii) in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of each Noteholder.

In the case an Event of Default referred to in clause 7 above occurs and is continuing, such Event of Default will be automatically rescinded or annulled if the Payment Default and/or the acceleration of the Indebtedness referred to therein is remedied, cured or waived within 60 days after the Payment Default and/or acceleration in respect of such Indebtedness; provided that neither the Trustee nor any Noteholder shall be prevented from taking any action permitted under the Indenture in respect of the Event of Default prior to the remedy, cure or waiver of the Indebtedness referred to therein.

Subject to the provisions of the Indenture, in case an Event of Default occurs or is continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Noteholders, unless such Noteholders shall have offered to the Trustee security or indemnity satisfactory to the Trustee. Subject to such provision for indemnification, the Noteholders holding a majority in principal amount of the Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Notes; provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall determine that the action so directed conflicts with any law or the provisions of the Indenture or if the Trustee shall determine that such action would be prejudicial to Noteholders not taking part in such direction.

No Noteholder shall have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless:

- such Noteholder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Notes;
- the Noteholders holding not less than 25% in principal amount of the outstanding Notes shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee thereunder;
- such Noteholder or Noteholders have offered to the Trustee indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;
- the Trustee for 30 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- no direction inconsistent with such written request has been given to the Trustee during such 30-day period by the Noteholders holding a majority in principal amount of the outstanding Notes,

it being understood and intended that no one or more of such Noteholders shall have any right in any manner whatsoever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other of such Noteholders, or to obtain or to seek to obtain priority or preference over any other of such Noteholders or to enforce any right under the Indenture, except in the manner therein provided and for the equal and ratable benefit of all such Noteholders.

Notwithstanding any other provision of the Indenture, each Noteholder shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and interest (and Additional Amounts), if any, on any Note held by it and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Noteholder.

Modification of the Indenture

Changes Not Requiring Approval

The Issuer, the Guarantor and the Trustee may, without the consent of the Noteholders, modify the Indenture and the Collateral Documents for certain specific purposes, including, among other things, pledging additional collateral, curing ambiguities, defects or inconsistencies or including any other provisions with respect to matters or questions arising under the Indenture and the Collateral Documents, so long as that correction or added provision will not adversely affect the interests of the Noteholders in any material respect.

Changes Requiring Approval

In addition, the Indenture and any Collateral Document may be modified by the Issuer, the Guarantor and the Trustee, with the consent of Noteholders holding a majority in aggregate principal amount of the Notes then outstanding, including waiver of past default or compliance with any provision (other than any action, change or amendment affecting or in connection with the covenant in "– Restrictive Covenants – Consolidation, Merger, Conveyance, Sale or Lease," which requires the consent of Noteholders holding no less than $66^{2}/_{3}\%$ in aggregate principal amount of the Notes outstanding). However, no modification may, without the consent of the Noteholder of each outstanding Note affected thereby:

- change the maturity of any payment of principal of or any installment of interest on any Note;
- reduce the principal amount or the rate of interest, or change the method of computing the amount of principal or interest payable on any date;
- reduce the amount payable upon the redemption of any Note, the times at which any Note may be redeemed or, once notice of redemption has been given, the time at which it must thereupon be redeemed;
- change any place of payment where the principal of or interest on the Notes is payable;
- change the coin or currency in which the principal of or interest on the Notes is payable;
- impair the right of the Noteholders to institute suit for the enforcement of any payment on or after the date due;
- release any Collateral or modify or change any provision of the Collateral Documents or the Note Guarantee in a manner adverse to the Noteholders;
- reduce the percentage in principal amount of the outstanding Notes, the consent of whose Noteholders is required for any modification of or waiver of compliance with any provision of the Indenture or defaults under the Indenture and their consequences; or
- modify the provisions summarized in this paragraph.

After an amendment described in the preceding paragraph, the Issuer is required to give notice to the Noteholders briefly describing the amendment. However, the failure to give that notice to all the Noteholders, or any defect in the notice, will not affect the validity of the amendment.

A meeting of the Noteholders may be called by the Trustee at any time. The Issuer or the Noteholders of at least 10% in aggregate principal amount of the outstanding Notes may call a meeting if the Issuer or said Noteholders have requested the Trustee in writing to call such a meeting and the Trustee has not given notice of such a meeting within 20 days of receiving the request. Notices of meetings must include the time and place of the meeting and a general description of the action proposed to be taken at the meeting and must be given not less than 30 days nor more than 60 days before the date of the meeting, except that notices of meetings reconvened after adjournment must be given not less than 10 days nor more than 60 days before the date of the meeting. At any meeting, the presence of Noteholders holding Notes in an aggregate principal amount sufficient to take the action for which the meeting was called will constitute a quorum. Any modifications to or waivers under the Indenture or the Notes will be conclusive and binding on all Noteholders, whether or not they have given their consent (unless required under the Indenture) or were present at any duly held meeting.

Notes owned by the Issuer, the Guarantor or any of their respective Affiliates, and known by a Responsible Officer of the Trustee to be so owned, will not be considered outstanding for the purpose of determining whether the requisite aggregate principal amount of Notes has concurred in any request, demand, notice, consent or waiver under the Indenture.

It is not necessary for the Noteholders to approve the particular form of any proposed modification of the Indenture or any Collateral Document, but it is sufficient if that consent approves the substance of the proposed modification.

Defeasance

The Issuer or the Guarantor, as the case may be, may, at its option at any time, defease the obligations of the Issuer with respect to the Notes and all obligations of the Guarantor with respect to the Note Guarantee by "legal defeasance" or "covenant defeasance." In general, upon legal defeasance, the Issuer will be deemed to have paid and discharged all its Indebtedness under the Notes and to have satisfied all of its obligations under the Notes and the Indenture except that the following will survive: (1) the rights of the Noteholders to receive payments of principal of and interest on the Notes (including any Additional Amounts) when the payments are due, (2) the Issuer's obligations relating to the transfer and exchange of Notes, the payment of Additional Amounts, maintenance of a paying agent and a note registrar and certain other matters specified in the Indenture and (3) the rights, powers, trusts, duties, immunities and indemnities of the Trustee.

In addition, through covenant defeasance, the Issuer or the Guarantor, as the case may be, may defease the obligations of the Issuer with respect to the Notes and all the obligations of the Guarantor under the covenants described above under the caption "– Restrictive Covenants," other than the covenants described under "– Consolidation, Merger, Conveyance, Sale or Lease" (provided that clause (c) of such covenant shall no longer apply) and certain covenants relating to the deposit of amounts to pay principal and interest on the Notes, actions with respect to paying agents, the return of unclaimed monies and other matters. Following covenant defeasance, the Issuer and the Guarantor may cease to comply with any defeased covenant.

In order to exercise either legal defeasance or covenant defeasance, the Issuer must satisfy the following conditions:

- the Issuer or the Guarantor must irrevocably deposit with the Trustee cash in: (i) U.S. dollars; or (ii) U.S. Government Obligations; or (iii) a combination thereof, in an amount sufficient, in the opinion of an internationally recognized firm of independent public accountants, to pay and discharge the principal of and each installment of interest on the Notes in accordance with the terms of the Indenture and the Notes;
- no Event of Default, or event which with notice or lapse of time or other conditions would become an Event of Default (other than a Default or Event of Default resulting from a failure to comply with "– Restrictive Covenants – Limitation on Indebtedness" as a result of the borrowing of the funds required to effect such deposit), has occurred and is continuing on the date of the deposit and, with respect to the liquidation, bankruptcy, insolvency and other events described in the ninth bullet point under "– Events of Default," at any time during the period ending on the day after the longest applicable preference period relating to that deposit expires;
- the Issuer or the Guarantor must deliver to the Trustee either a ruling received from each relevant taxing authority (covering each Taxing Jurisdiction), or an opinion of counsel, to the effect that payment of amounts deposited in trust with the Trustee will not be subject to future Taxes or other governmental charges imposed by such Taxing Jurisdiction, except to the extent that Additional Amounts in respect thereof have been deposited in trust with the Trustee;
- such defeasance will not result in a breach or violation of any other agreement or instrument to which the Issuer, the Guarantor or any Significant Subsidiary is a party or by which the Issuer, the Guarantor or any Significant Subsidiary is bound;
- such defeasance will not result in the trust arising from that deposit constituting an investment company as defined under the U.S. Investment Company Act of 1940, as amended;
- the Issuer or the Guarantor has delivered a certificate stating that the deposit was not made by the Issuer or the Guarantor with the intent of preferring the Noteholders over any other creditors of the Issuer, the Guarantor or any Subsidiary of the Guarantor or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer or others;
- the Issuer or the Guarantor has delivered to the Trustee an opinion of counsel stating that the funds so deposited will not be subject to (i) any rights of any other holders of Indebtedness of the Issuer or the Guarantor and (ii) avoidance under applicable bankruptcy laws; and
- the Issuer or the Guarantor has delivered a certificate and an opinion of counsel stating that all the conditions to defeasance have been complied with.

Satisfaction and Discharge

The Notes will be deemed to be paid for all purposes under the Indenture, and the obligations of the Issuer under the Notes and the obligations of the Guarantor under the Note Guarantee will be deemed to have been satisfied and discharged if the following conditions are met, among others:

- the principal and all amounts due and payable on the Notes have become due and payable; and
- the Issuer or the Guarantor has irrevocably deposited money in trust with the Trustee that will be sufficient to pay when due all the principal of and interest on the Notes to maturity or redemption.

The Indenture will cease to be of further effect when:

- either (1) all the Notes have been delivered to the Trustee for cancellation (other than destroyed, lost or stolen Notes that have been replaced or paid in accordance with the Indenture and Notes that are deemed to have been paid as described in the preceding paragraph) or (2) all Notes that have not been delivered to the Trustee for cancellation have been deemed to have been paid as described in the preceding paragraph;
- all other amounts due and payable under the Indenture have been paid; and
- the Issuer has delivered to the Trustee a certificate and an opinion of counsel stating that the conditions to satisfaction and discharge of the Indenture have been complied with.

Notwithstanding the satisfaction and discharge of the Notes and/or the Indenture, the Issuer's obligations under specified provisions of the Indenture relating to the transfer and exchange of Notes, payment of Additional Amounts, maintenance of a paying agent and a note registrar and certain other matters specified in the Indenture will survive.

Form and Registration

The Notes will be represented by Regulation S Global Notes (as defined below) and Restricted Global Notes (as defined below) (each sometimes referred to herein as a "Global Note" and together referred to herein as the "Global Notes").

Notes sold outside the United States in reliance on Regulation S will be represented by one or more Global Notes in definitive, fully registered form without interest coupons (collectively, "Regulation S Global Notes") and will be deposited with the Trustee, as custodian for DTC, and registered in the name of DTC or its nominee for the accounts of Euroclear and Clearstream (as indirect participants in DTC).

Notes sold in reliance on Rule 144A under the Securities Act initially will be represented by one or more Global Notes in definitive, fully registered form without interest coupons (collectively, "Restricted Global Notes") and will be deposited with the Trustee, as custodian for DTC and registered in the name of DTC or its nominee. Restricted Global Notes will be subject to certain restrictions on transfer and will bear a legend to that effect as described under "Notice to Investors."

For more information about the form of the Notes and their clearance and settlement, see "Form of the Notes."

Replacement of Notes

If any note becomes mutilated, destroyed, lost or stolen, the Issuer will execute and, upon the Issuer's request, the Trustee will authenticate and deliver a new note of like tenor, interest rate and principal amount in exchange and substitution for that note, so long as the Noteholder delivers to the Issuer, the note registrar and the Trustee satisfactory evidence of its ownership and of the destruction, loss or theft of the note and provides such security or indemnity as they may require to hold them harmless. However, if a mutilated, destroyed, lost or stolen note has become or is about to become due and payable, the Issuer may pay the outstanding amounts due under the note instead of issuing a new note. Mutilated or defaced Notes must be surrendered before replacements will be issued. The Issuer may require that the Noteholder pay any Taxes or other expenses in connection with the replacement of the note.

Transfer and Exchange

A Noteholder may transfer or exchange the Notes in accordance with the Indenture. The registrar and the Trustee may require a Noteholder to furnish appropriate endorsements and transfer documents in connection with a transfer of the Notes. Noteholders will be required to pay all taxes due on transfer. The Issuer will not be required to transfer or exchange any Note selected for redemption. In addition, the Issuer will not be required to transfer or exchange any Note on the day preceding any date on which a portion of the Notes is to be redeemed.

The Trustee

The Bank of New York Mellon is the Trustee under the Indenture. The address of the Trustee is care of The Bank of New York Mellon at 101 Barclay Street, Floor 4E, New York, New York 10286.

The Indenture contains provisions for the indemnification of the Trustee and for its relief from responsibility. The obligations of the Trustee to any Noteholder are subject to the immunities and rights set forth in the Indenture.

The Issuer and its Affiliates may from time to time enter into banking, trust or other transactions with the Trustee and its Affiliates in the ordinary course of business.

The Trustee and its Affiliates may hold Notes in their own names.

Paying Agents; Transfer Agents; Registrar

The Issuer has initially appointed the Trustee as paying agent, transfer agent and note registrar and has appointed The Bank of New York Mellon Trust (Japan) Ltd. as the principal paying agent. The Issuer has further appointed the Trustee as U.S. Collateral Agent and The Bank of New York Mellon (Brazil) as Brazilian Collateral Agent. The Issuer may at any time appoint other paying agents, transfer agents and note registrars. However, the Issuer will at all times maintain a paying agent in New York until the Notes are paid.

The address of the principal paying agent is Fukoku Siemei Building, 6th Floor, 2 2 2 Uchisaiwai cho, Chiyoda ku, Tokyo 100 8580, Japan.

Notices

Each of the Issuer and the Guarantor will give notice to the Trustee promptly, and in any event within ten days after it becomes aware, of the occurrence of any Event of Default under the Indenture or event that, with the giving of notice, lapse of time or other conditions, would become an Event of Default.

The Issuer will provide, on a quarterly basis within the time limits specified for the delivery of financial statements as described under "– Reports," a compliance certificate stating that each of the Issuer and the Guarantor has fulfilled its respective agreements under the Indenture and that no Event of Default or event that, with the giving of notice, lapse of time or other conditions, would become an Event of Default has occurred during that period or, if one or more have actually occurred, specifying those events and what actions have been taken and will be taken with respect to each such event.

If a Responsible Officer of the Trustee has actual knowledge of an Event of Default or an event that, with the giving of notice, lapse of time or other conditions, would become an Event of Default, the Trustee will give notice of that event to the Noteholders within 30 days after it is actually known to the Trustee. The Trustee may withhold notice to the Noteholders of such an event (except the non-payment of principal or interest) if its board of directors or a committee of its trust officers determines in good faith that withholding notice is in the interests of the Noteholders.

Whenever the Indenture requires notice to the Noteholders, such notice will be given by the Trustee (unless the Indenture specifies otherwise):

- by first class mail, postage prepaid, to the address of each Noteholder as it appears in the note register; and
- so long as the Notes are listed on the Irish Stock Exchange and the rules of that exchange so require, by publication in English on the Regulated News Service on the website of the Irish Stock Exchange (www.ise.ie) via the Company Announcements Office.

Notice will be deemed to have been validly given on the date of physical delivery, mailing or publication, as the case may be.

Prescription

Claims against the Issuer or the Guarantor (if any) for payment in respect of the Notes shall be prescribed and become void unless made within a period of six years from the appropriate payment date.

Governing Law

The Indenture, the Notes and the Account Control Agreement are governed by the laws of the State of New York. The Pledge Agreement is governed by the laws of Brazil.

Jurisdiction

Each of the Issuer and the Guarantor has consented to the non-exclusive jurisdiction of any court of the State of New York or any U.S. federal court sitting in the Borough of Manhattan, The City of New York, and any appellate court from any of those courts. As long as any of the Notes remain outstanding, the Issuer and the Guarantor will at all times have an authorized agent in The City of New York, upon whom process may be served in any legal action or proceeding arising out of or relating to the Indenture or any Note. Service of process upon such agent and written notice of such service mailed or delivered to the Issuer or the Guarantor shall to the extent permitted by law be deemed in every respect effective service of process upon the Issuer and the Guarantor in any such legal action or proceeding. Each of the Issuer and the Guarantor will appoint CT Corporation System as its agent for such purpose, and covenants and agrees that service of process in any suit, action or proceeding may be made upon it at the office of such agent at 111 Eighth Avenue, New York, New York 10011 (or at such other address or at the office of such other authorized agent as the Issuer may designate by written notice to the Trustee).

Currency Rate Indemnity

The U.S. dollar is the sole currency of account for the Notes and payment for all sums payable by the Issuer and the Guarantor under the Notes and the Note Guarantee, respectively, including damages. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the Issuer's or the Guarantor's winding-up or dissolution or otherwise) by a Noteholder with respect to any amount due to it under the Notes or the Note Guarantee will constitute a discharge to the Issuer or the Guarantor, respectively, only to the extent that the Noteholder is able to purchase with the amount it receives or recovers the relevant amount in U.S. dollars (or if it is not practicable to make a purchase of U.S. dollars on that date, on the first date on which it is practicable to do so). If the amount in U.S. dollars is less than the amount expressed to be due to the Noteholder, the Issuer or the Guarantor, as applicable, will indemnify the Noteholder against any loss sustained as a result. In any event, the Issuer or the Guarantor, as applicable, will indemnify the Noteholder against the cost of any such purchase.

For the purposes of the preceding paragraph, it will be sufficient for the Noteholder to certify in a satisfactory manner (indicating sources of information used) that it would have suffered a loss had it made an actual purchase of U.S. dollar with the amount it received or recovered in the other currency on the date it received or recovered that amount (or, if a purchase of U.S. dollars on that date had not been practicable, on the first date on which it would have been practicable, so long as the Noteholder certifies the need for the change of date).

These indemnities are a separate and independent obligation from the Issuer's and the Guarantor's other obligations, will give rise to a separate and independent cause of action, will apply regardless of any waiver or extension granted by the Noteholder and will continue in full force and effect in spite of any other judgment or order or the filing of any proof of claim in the winding-up of the Issuer or the Guarantor for a liquidated sum.

Certain Definitions

Set out below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for the full definition of all such terms as well as any other capitalized terms used herein for which no definition is provided. Unless the context otherwise requires, an accounting term not otherwise defined has the meaning assigned to it under and in accordance with Brazilian GAAP.

"Account Control Agreement" means the account control agreement, dated as of the date of the Indenture, among the Issuer, as grantor, The Bank of New York Mellon, as trustee, depository, U.S. collateral agent and securities intermediary, substantially in the form of Exhibit F to the Indenture.

"Additional Assets" means:

(1) any property or assets (other than Indebtedness and Capital Stock) to be used by the Issuer or a Restricted Subsidiary in a Related Business;

(2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or another Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary;

provided, however, that any such Restricted Subsidiary described in clause (2) or (3) above is primarily engaged in a Related Business.

"Affiliate Transaction" has the meaning given to it under "– Restrictive Covenants – Limitation on Transactions with Affiliates."

"Affiliates" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Asset Disposition" means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by the Issuer or any Restricted Subsidiary, including any disposition by means of a merger, consolidation, or similar transaction (each referred to for the purposes of this definition as a "disposition"), of:

(1) any shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Issuer or a Restricted Subsidiary);

(2) all or substantially all the assets of any division or line of business of the Issuer or any Restricted Subsidiary; or

(3) any other assets of the Issuer or any Restricted Subsidiary outside of the ordinary course of business of the Issuer or such Restricted Subsidiary,

provided, however, that Asset Disposition will not include:

(a) a disposition by a Restricted Subsidiary to the Issuer or another Restricted Subsidiary or by the Issuer to a Restricted Subsidiary;

(b) a Restricted Payment or a Permitted Investment;

(c) a disposition in the ordinary course of business of equipment or other assets or other property that is obsolete or uneconomical and no longer useful for the Issuer or any Restricted Subsidiary;

(d) the sale or discount of accounts receivable arising in the ordinary course of business;

(e) the lease of assets in the ordinary course of business;

(f) the disposition of all or substantially all of the assets of the Issuer in a manner permitted under the covenant described under "– Restrictive Covenants – Consolidation, Merger, Conveyance, Sale or Lease";

(g) the disposition of assets in a Sale-Leaseback Transaction, if permitted by the covenant described under "– Restrictive Covenants – Limitation on Sale and Lease-Back Transactions";

(h) any issuance of Disqualified Stock otherwise permitted under "– Restrictive Covenants – Limitation on Indebtedness; or

(i) the Incurrence of any Lien permitted by the covenant described under "– Restrictive Covenants – Limitation on Liens";

"Attributable Debt" means, with respect to a Sale and Lease-Back Transaction, as at the time of determination, the present value (discounted at the interest rate implicit in the Sale and Lease-Back Transaction) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale and Lease-Back Transaction (including any period for which such lease has been extended).

"Average Life" means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing:

(1) the sum of the products of the numbers of years (rounding to the nearest one-twelfth of one year) from the date of determination to the dates of each remaining scheduled principal payment (including the payment at final maturity) of such Indebtedness or redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment, by

(2) the sum of all such payments.

"Base Redemption Price" means (i) 100% of the aggregate principal amount, plus (ii) accrued and unpaid interest, if any, thereon through the Redemption Date, including Additional Amounts, if any.

"Board of Directors" means, with respect to any Person, the board of directors of such Person or any committee thereof duly authorized to act on behalf of the board of directors of such Person, or similar governing body of such Person, including any managing partner or similar entity of such Person.

"Brazil" means The Federative Republic of Brazil and any branch of power, ministry, department, authority or statutory corporation or other entity (including a trust) owned or controlled directly or indirectly by it or any of the foregoing or created by law as a public entity.

"Brazilian GAAP" means generally accepted accounting principles in Brazil, which are based on the Brazilian Corporation Law, the rules and regulations issues by the CVM and the accounting standards issued by the CPC, in each case as in effect from time to time.

"Business Day" means each day that is not a Saturday, Sunday or other day on which banking institutions in New York City, United States of America or São Paulo, Brazil are authorized or required by law to close.

"Capital Stock" of any Person means any and all quotas, shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock and partnership interests, but excluding any debt securities convertible into such equity.

"Capitalized Lease Obligation" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"Central Bank" means the Brazilian Central Bank (Banco Central do Brasil).

"Change of Control" means the occurrence of any of the following events:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) other than the Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of 50% or more of the voting power of the Issuer's outstanding Voting Stock;

(b) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, to any Person (including any "person" (as that term is used in Section 13(d) of the Exchange Act)) other than to the Permitted Holders; or

(c) the Issuer is liquidated or dissolved or adopts a plan of liquidation or dissolution other than in a transaction which complies with the provisions described under "– Restrictive Covenants – Consolidation, Merger, Conveyance, Sale or Lease".

"Change of Control Offer" has the meaning given to it under " – Repurchase Option of the Noteholders Upon Change of Control."

"Change of Control Payment" has the meaning given to it under "– Repurchase Option of the Noteholders Upon Change of Control."

"Change of Control Payment Date" has the meaning given to it under "– Repurchase Option of the Noteholders Upon Change of Control."

"Clearstream" means Clearstream Banking, société anonyme, Luxembourg and any successor thereof.

"Closing Date" means October 27, 2010.

"Collateral" has the meaning given to it under "– Collateral."

"Collateral Documents" means the Account Pledge Agreement and the Quota Pledge Agreement.

"Collection Account" means the collection account designated as such in the Account Control Agreement.

"Consolidated Adjusted EBITDA" means, for any period:

(1) Consolidated Net Income; plus

(2) consolidated current and deferred income tax and social contribution taxes of the Issuer and its Restricted Subsidiaries, if any; plus

(3) consolidated financial expenses of the Issuer and its Restricted Subsidiaries, if any; minus

(4) consolidated financial income of the Issuer and its Restricted Subsidiaries, if any; plus

(5) consolidated losses resulting from derivatives transactions of the Issuer and its Restricted Subsidiaries; plus

(6) any depreciation, depletion or amortization recorded by the Issuer and its consolidated Restricted Subsidiaries, if any; plus

(7) any losses recorded on the Issuer's consolidated income statement related to marking-to-market forward purchase and sale agreements of agricultural products of the Issuer and its Restricted Subsidiaries, if any; minus

(8) any gains recorded on the Issuer's consolidated income statement related to marking-to-market forward purchase and sale agreements of agricultural products of the Issuer and its Restricted Subsidiaries, if any;

as each such item is reported on the most recent four full fiscal quarters for which the relevant financial information is required to be delivered by the Issuer pursuant to the Indenture; provided, however, that:

(a) if, since the beginning of such period, the Issuer or any Restricted Subsidiary shall have made any Asset Disposition, the Consolidated Adjusted EBITDA for such period shall be reduced by an amount equal to the Consolidated Adjusted EBITDA (if positive) directly attributable to the assets that are the subject of such Asset Disposition for such period or increased by an amount equal to the Consolidated Adjusted EBITDA (if negative) directly attributable thereto for such period;

(b) if, since the beginning of such period, the Issuer or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Person that is merged with or into the Issuer or any Restricted Subsidiary (or any Person that becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business of the Issuer and its Restricted Subsidiaries, Consolidated Adjusted EBITDA for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition occurred on the first day of such period;

(c) if, since the beginning of such period, any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (a) or (b) above if made by the Issuer or a Restricted Subsidiary during such period, Consolidated Adjusted EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or acquisition of assets occurred on the first day of such period; and

(d) if the Issuer or any Restricted Subsidiary has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case, other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Net Debt to EBITDA Ratio, Consolidated Adjusted EBITDA for such period shall be calculated on a pro forma basis as if such discharge had occurred on the first day of such period and as if the Issuer or such Restricted Subsidiary has not earned the interest income actually earned during such period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness.

"Consolidated Net Income" means, for any period, the aggregate net income (or loss) for such period of the Issuer and its consolidated Restricted Subsidiaries, if any, determined on a consolidated basis in accordance with Brazilian GAAP.

"Consolidated Net Indebtedness" means consolidated Indebtedness of the Issuer and its Restricted Subsidiaries as set forth on the most recent consolidated annual or quarterly balance sheet of the Issuer and its Restricted Subsidiaries, minus the sum of Temporary Cash Investments, cash, cash equivalents and marketable securities of the Issuer and its Restricted Subsidiaries recorded as current assets on such most recent consolidated annual or quarterly balance sheet, all as determined on a consolidated basis. Pro forma effect shall be given to any Indebtedness Incurred (or repaid) since the most recently consolidated quarterly balance sheet of the Issuer.

To the extent that, in the calculation of the Net Debt to EBITDA Ratio, pro forma effect is to be given to an acquisition or disposition of a company, division or line of business, the pro forma calculation will be (i) based upon the most recent four full fiscal quarters for which the relevant financial information is available and (ii) determined in good faith by a financial or accounting officer of the Issuer.

"Consolidated Net Tangible Assets" means the aggregate amount of total assets of the Issuer and its Restricted Subsidiaries minus (a) all current liabilities of the Issuer and its Restricted Subsidiaries and (b) all goodwill of the Issuer and its Restricted Subsidiaries, all determined on a consolidated basis, based on the Issuer's most recent annual or quarterly balance sheet.

"Debt Service Reserve Account" means the reserve account designated as such in the Account Control Agreement.

"Debt Service Amount" means, on any date, the semi-annual interest payment payable in respect of the Notes on the Interest Payment Date immediately following such date (plus any interest payable on any prior Interest Payment Date but which remains unpaid).

"Default" means any event which is an Event of Default or which, after notice or passage of time or both, would be an Event of Default.

"Disqualified Stock" means, with respect to any Person, any Capital Stock that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event:

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock that is convertible or exchangeable solely at the option of the Issuer or a Restricted Subsidiary); or

(3) is redeemable at the option of the holder thereof, in whole or in part,

in each case on or prior to the date that is 91 days after the earlier of (a) of the Maturity Date or (b) the date on which there are no Notes outstanding; provided, however, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of a "change of control" or an "asset sale" shall not constitute Disqualified Stock if the "asset sale" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the provisions of the Indenture.

"DTC" means The Depository Trust Company and any successor thereof.

"Euroclear" means Euroclear Bank, S.A./N.V. and any successor thereof.

"Event of Default" has the meaning given to it under "– Events of Default."

"Exchange Act" means the United States Securities and Exchange Act of 1934, as amended.

"Export Receivables" means each account or payment intangible (each as defined in Article 9 of the Uniform Commercial Code) or similar obligation arising under any Sales Transaction in respect of the export sale of Products.

"Fair Market Value" of any property, asset, share of Capital Stock, other security, Investment or other item means, on any date, the fair market value of such property, asset, share of Capital Stock, other security, Investment or other item on that date as determined in good faith by the management of the Parent Guarantor.

"Fitch" means Fitch Ratings Ltd. and its successors.

"Global Notes" has the meaning given to it under "– Form and Registration."

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and any obligation, direct or indirect, contingent or otherwise, of any Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a correlative meaning.

"Guarantor" has the meaning given to it in "– General."

"Hedging Obligations" of any Person means the obligations of such Person under any agreement relating to any swap, option, forward sale, forward purchase, index transaction, cap transaction, floor transaction, collar transaction or any other similar transaction, in each case, for purposes of hedging or capping against (i) Brazilian inflation, interest rates, or currency price fluctuations, (ii) commodity prices or (iii) other risks in the ordinary course of business and not for speculative purposes.

"Incur" means issue, assume, Guarantee, incur or otherwise become liable for; provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such Person is merged or consolidated with the Issuer or becomes a Restricted Subsidiary of the Issuer (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time of such merger or consolidation or at the time it becomes a Restricted Subsidiary of the Issuer. The term "Incurrence" when used as a noun shall have a correlative meaning.

Neither the accretion of principal of a non-interest bearing or other discount security nor the capitalization of interest on Indebtedness shall be deemed the Incurrence of Indebtedness.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication):

(1) the principal in respect of indebtedness of such Person for borrowed money;

(2) the principal and premium, if any, in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of the face amount of letters of credit or other similar instruments;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (except trade payables and contingent obligations to pay earn-outs), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such services;

(5) all Capitalized Lease Obligations and all Attributable Debt of such Person;

(6) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock (but excluding, in each case, (i) any accrued dividends and (ii) any obligation that can only be satisfied solely in Capital Stock (other than Disqualified Stock);

(7) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of Indebtedness of such Person shall be the lesser of:

(a) the Fair Market Value of such asset at such date of determination; and

(b) the amount of such Indebtedness of such other Persons;

(8) to the extent not otherwise included in this definition, net obligations under all Hedging Obligations of such Person, to the extent such Hedging Obligations do not result from fluctuations in foreign currency exchange rates or interest rates or from changes in Brazilian inflation; and

(9) all obligations of the type referred to in clauses (1) through (8) above of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, Issuer or otherwise, including by means of any Guarantee.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to any contingent obligations, the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of such contingent obligations at such date, in each case, if and to the extent that such obligations would appear as a liability on the balance sheet of the specified Person. The amount of any Indebtedness as of any date will be (i) the accrued value thereof in the case of any Indebtedness issued with original issue discount; (ii) the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of other Indebtedness.

"Indenture" has the meaning given to it in "– General."

"Initial Lien" has the meaning given to it under "– Restrictive Covenants – Limitation on Liens."

"Interest Payment Date" has the meaning given to it in "– Principal, Maturity and Interest."

"Investment" in any Person means any direct or indirect advance, loan (other than advances to customers or suppliers in the ordinary course of business that are recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of the applicable lender) or other extension of credit (including by way of Guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person; provided that none of the following will be deemed to be an Investment: (1) Hedging Obligations entered into in the ordinary course of business and in compliance with the Indenture, (2) endorsements of negotiable instruments and documents in the ordinary course of business and (3) an acquisition of assets, Capital Stock or other securities by the Issuer or a Subsidiary for consideration to the extent such consideration consists of ordinary shares of the Issuer. For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "– Restrictive Covenants – Limitation on Restricted Payments":

(1) Investment shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that, upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(a) the Issuer's Investment in such Subsidiary at the time of such redesignation, minus

(b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer.

"Investment Grade Rating" means a rating equal to or higher than (i) BBB- by Fitch and/or S&P and (ii) Baa3 by Moody's.

"Issuer" has the meaning given to it in "– General."

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Maturity Date" has the meaning given to it in "– General."

"Minimum Legally Required Dividend" means, for any Brazilian Person and any period, an amount equal to the sum of (a) the minimum dividend required to be distributed under applicable Brazilian law by such Person to holders of its Capital Stock during such period and (b) the minimum dividend required to be distributed to holders of Preferred Stock in such Person during such period so as to avoid such holders from acquiring or maintaining any voting rights under Brazilian law.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Available Cash" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case minus:

(1) all legal fees and expenses, title and recording tax expenses, accounting expenses, investment banking expenses, commissions and other fees and expenses Incurred, and all federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability, as a consequence of such Asset Disposition;

(2) all payments, including any prepayment premiums or penalties, made on any Indebtedness that is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) appropriate amounts to be provided by the seller as a reserve against any liabilities associated with the property or other assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"Net Cash Proceeds" with respect to any issuance or sale of Capital Stock or sale or other disposition of any Investment, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and expenses actually Incurred in connection with such issuance or sale and net of taxes paid or payable in connection with such issuance, sale or disposition.

"Net Debt to EBITDA Ratio" means at any date (i) Consolidated Net Indebtedness divided by (ii) Consolidated Adjusted EBITDA, for the period of four consecutive fiscal quarters ending on or most recently prior to such date for which financial statements are available.

"Noteholder" means, in respect of each Note, the Person in whose name the Note is registered on the registrar's book.

"Note Guarantee" has the meaning given to it in "– Note Guarantee."

"Note Rate" has the meaning given to it in "– Principal, Maturity and Interest."

"Notes" has the meaning given to it in "– General."

"Offer" has the meaning given to it under "– Restrictive Covenants – Limitation on Sales of Assets."

"Officer's Certificate" means a certificate signed by an Officer (as defined in the Indenture) of the Issuer, the Guarantor or any other Restricted Subsidiary, as the case may be, delivered to the Trustee.

"Off-taker" means, in respect of any Export Receivables, the party obliged to pay such Export Receivables to the Issuer or any Affiliate thereof.

"Permitted Financial Institution" means any of Banco do Brasil S.A., Banco Bradesco S.A., Itaú Unibanco S.A., Banco Santander S.A., any Affiliate of any of the foregoing, or any other Brazilian bank with a local rating of A (or equivalent) or higher from S&P, Fitch or Moody's.

"Permitted Holders" means Antônio Carlos Gonçalves Júnior and Christine Crothers Gonçalves.

"Permitted Investment" means:

(1) an Investment by the Issuer or any Restricted Subsidiary in the Issuer or any Restricted Subsidiary;

(2) an Investment by the Issuer or any Restricted Subsidiary in another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary or becomes a Restricted Subsidiary; provided, however, that such Person's primary business is a Related Business;

(3) Temporary Cash Investments;

(4) any Investment acquired from a Person which is merged with or into the Issuer or any Restricted Subsidiary, or any Investment of any Person existing at the time such Person becomes a Restricted Subsidiary and, in either such case, is not created in connection with or in anticipation of any such transaction;

(5) stocks, obligations or securities received in settlement of (or foreclosure with respect to) debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of a debtor;

(6) any Investment existing on the Closing Date;

(7) Hedging Obligations permitted under clause (2)(e) of the covenant described under "– Restrictive Covenants – Limitation on Indebtedness";

(8) Guarantees of Indebtedness permitted under the covenant described under "– Restrictive Covenants – Limitation on Indebtedness";

(9) Investments which are made exclusively with Capital Stock of the Issuer (other than Disqualified Stock);

(10) any acquisition and holding of (a) Brazilian federal and state tax credits acquired solely to pay amounts owed by the Issuer or any Restricted Subsidiary to Brazilian tax authorities, when authorized by law and (b) discounted obligations of any Brazilian governmental authority acquired solely to pay tax amounts owed by the Issuer or any Restricted Subsidiary to such Brazilian governmental authority, when authorized by law;

(11) Investments made as a result of the receipt of non-cash consideration from an Asset Disposition that was made in compliance with the covenant described in "– Restrictive Covenants – Limitation on Sales of Assets";

(12) receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Issuer or any such Restricted Subsidiary deems reasonable under the circumstances;

(13) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(14) Investments in connection with pledges, deposits, payments or performance bonds made or given in the ordinary course of business in connection with or to secure statutory, regulatory or similar obligations, including obligations under health, safety or environmental obligations;

(15) repurchases of the Notes and the Note Guarantee; and

(16) additional Investments having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (16) that are at the time outstanding, not to exceed US$20 million at the time of such Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value).

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Pledge Agreement" has the meaning given to it under "– Collateral Documents."

"Preferred Stock," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Principal Paying Agent" has the meaning given to it in "– General."

"Products" means corn, corn products, soybean and soy products, including soybean meal and oil, sold by the Issuer or any Affiliate thereof.

"Purchase Money Obligations" means Indebtedness:

(1) consisting of the deferred purchase price of an asset, conditional sale obligations, obligations under any title retention agreement and other purchase money obligations, in each case where the maturity of such Indebtedness does not exceed the anticipated useful life of the asset being financed; and

(2) Incurred to finance the acquisition by the Issuer or a Restricted Subsidiary of such asset, including construction, additions and improvements;

provided, however, that such Indebtedness is Incurred within 360 days before or after the acquisition by the Issuer or such Restricted Subsidiary of such asset.

"Quota Pledge Agreement" means the quota pledge agreement, dated as of the date of the Indenture, among the Guarantor, as pledgor, and The Bank of New York Mellon (Brazil), as Brazilian Collateral Agent, and the other parties named therein, substantially in the form of Exhibit G to the Indenture.

"Rating Agency" means Fitch, Moody's and S&P.

"*Real*," "*Reais*" or R$" means the lawful currency of Brazil.

"Redemption Date" means the date of redemption of the Notes pursuant to the terms and conditions of the indenture.

"Refinance" means, in respect of any Indebtedness, to refinance, extend (including pursuant to any defeasance or discharge mechanism), renew, refund, repay, replace, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means Indebtedness that is Incurred to Refinance any Indebtedness of the Issuer or any Restricted Subsidiary (including Indebtedness that Refinances Refinancing Indebtedness); provided, however, that:

(1) the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced;

(2) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being Refinanced;

(3) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being Refinanced (plus premiums, interest and reasonable expenses incurred in connection therewith); and

(4) if the Indebtedness being Refinanced is a Subordinated Obligation, such Refinancing Indebtedness is subordinated in right of payment to the Notes at least to the same extent as the Indebtedness being Refinanced;

provided, further, that Refinancing Indebtedness shall not include Indebtedness of the Issuer or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary.

"Regulation S Global Notes" has the meaning given to it under "– Form and Registration."

"Related Business" means any business conducted by the Issuer and the Restricted Subsidiaries on the Closing Date and any business reasonably related, incidental, ancillary or complementary thereto.

"Responsible Officer of the Trustee" means any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular matter and who shall have direct responsibility for the administration of the Indenture.

"Restricted Global Notes" has the meaning given to it under "– Form and Registration."

"Restricted Payment" has the meaning given to it under "– Restrictive Covenants – Limitation on Restricted Payments."

"Restricted Subsidiary" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary. For the avoidance of doubt, the Issuer shall be a Restricted Subsidiary and shall not be permitted to become an Unrestricted Subsidiary.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc., and its successors.

"Sale and Lease-Back Transaction" means any arrangement with any Person (other than the Issuer or a Restricted Subsidiary), or to which any such Person is a party, providing for the leasing to the Issuer or a Restricted Subsidiary for a period of more than three years of any property or assets, which property or assets have been or are to be sold or transferred by the Issuer or such Restricted Subsidiary to such Person or to any other Person (other than the Issuer or a Restricted Subsidiary) to which funds have been or are to be advanced by such Person on the security of the leased property or assets.

"Sales Transaction" means each transaction (which may be formed by exchange of letters, e-mail, other electronic communication or other correspondence (including purchase orders)) entered into between the Issuer (or any other Person on its behalf) and an Off-taker (or any other Person on its behalf) for the export sale of Products, the purchase price of which is payable in US Dollars; provided that such Sales Transaction shall not be subject to any embargos, sanctions or comparable restrictions of any kind issued by the United Nations.

"SEC" means the United States Securities and Exchange Commission or any successor agency from time to time.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Senior Indebtedness" means all unsubordinated Indebtedness of the Issuer or of any Restricted Subsidiary, whether outstanding on the Closing Date or Incurred thereafter.

"Shortfall" has the meaning given to it in "– Principal, Maturity and Interest."

"Significant Subsidiary" means any Restricted Subsidiary that would be a "Significant Subsidiary" of the Issuer within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC (as if the Issuer were a "registrant" as used therein).

"Stated Maturity" means, with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the final payment of principal of such Indebtedness is due and payable, including, with respect to any principal amount which is then due and payable pursuant to any mandatory redemption provision, the date specified for the payment thereof (but excluding any provision providing for the repurchase of any such Indebtedness upon the happening of any contingency unless such contingency has occurred).

"Subordinated Obligation" means any Indebtedness that is subordinate or junior in right of payment to the Notes and Note Guarantees pursuant to a written agreement.

"Subsidiary" means any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by the Issuer or one or more Subsidiaries.

"Successor Company" has the meaning given to it in "– Restrictive Covenants – Consolidation, Merger, Conveyance, Sale or Lease."

"Suspended Covenants" has the meaning given to it in "– Suspension of Covenants."

"Tax Event" means a determination by the Issuer that on the next Interest Payment Date the Issuer or the Guarantor would, for reasons outside its control, be obligated to pay Additional Amounts in excess of Additional Amounts which the Issuer would be obligated to pay if payments of interest under the Notes were subject to withholding or deduction at a rate of (a) 15% in case of any Taxes imposed by Brazil, (b) 25% in case of Taxes imposed by Brazil on amounts paid to residents of countries in which income is either tax-exempt or subject to an income tax rate capped at 20% or where the laws of that country or location impose restrictions on the disclosure of (i) shareholding composition; or (ii) the ownership of the investment; or (iii) the beneficial ownership of income paid to non-resident persons, pursuant to Law No. 9,779, dated January 19, 1999, or (c) the applicable tax rate in effect with respect to any other jurisdiction in which a paying agent is located on the date the Issuer appoints such paying agent and, in each such case, the Issuer cannot avoid such circumstance by taking reasonable measures.

"Taxes" has the meaning given to it under "– Additional Amounts."

"Taxing Jurisdiction" has the meaning given to it under "– Additional Amounts."

"Temporary Cash Investments" means any of the following:

(1) Brazilian r*eais*, United States dollars, or money in other currencies received in the ordinary course of business that are readily convertible into United States dollars;

(2) any investment in direct obligations of the United States or any agency thereof or obligations Guaranteed or insured by the United States or any agency thereof;

(3) investments in demand deposits, time deposit accounts, certificates of deposit and money market deposits (collectively, "Deposit Accounts") issued by a bank or trust company that is organized under the laws of the United States, any state thereof or any foreign country recognized by the United States (in all events not excluding Brazil) having capital, surplus and undivided profits aggregating in excess of US$500 million (or the foreign currency equivalent thereof) and whose long-term debt is rated "A" (or such similar equivalent rating, including similar equivalent ratings in foreign countries) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act);

(4) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (2) above entered into with a bank meeting the qualifications described in clause (3) above;

(5) investments in commercial paper maturing not more than 365 days after the date of acquisition issued by a corporation (other than an Affiliate of the Issuer) organized and in existence under the laws of the United States, Brazil or any other foreign country recognized by the United States with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P (or such similar equivalent rating, including similar equivalent ratings in foreign countries);

(6) investments in securities with maturities of twelve months or less from the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's (or such similar equivalent rating);

(7) investments in securities with maturities of twelve months or less from the date of acquisition issued or fully Guaranteed by the Federative Republic of Brazil;

(8) certificates of deposit, banker's acceptances and time deposits issued or Guaranteed by or placed with, and money market deposit accounts issued or offered by, any Brazilian or United States office of any Permitted Financial Institution;

(9) certificates of deposit, banker's acceptances and time deposits maturing within one year from the date of acquisition thereof issued or Guaranteed by or placed with, and money market deposit accounts issued or offered by, any other Brazilian bank or Brazilian branch of an OECD Bank; provided that (i) the aggregate amount of investments permitted under this clause (9) with any single bank and its Affiliates does not at any time exceed US$100 million, (ii) the aggregate amount of all investments permitted under this clause

(8) does not at any time exceed US$500 million and (iii) the local investment grade rating of such Brazilian bank or Brazilian branch of an OECD bank is AA or higher by S&P or Aa or higher by Moody's; and

(10) investments in money market funds substantially all the assets of which are comprised of investments of the types described in clauses (1) through (9) above.

"Total Assets" means the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis, as shown on the most recent annual or quarterly consolidated balance sheet of the Issuer.

"Trustee" has the meaning given to it in the first paragraph of this Description of the Notes and any of its successors under the Indenture.

"United States" means the United States of America.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the management of the Issuer in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

The management of the Issuer may designate any Restricted Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary of the Issuer) to be an Unrestricted Subsidiary pursuant to clause (1) above; provided, however, that each of the following conditions shall have been met as of the date of such designation:

(a) such Subsidiary has total consolidated assets of US$50,000 or less;

(b) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of or have any Investment in, or own or hold any Lien on any property of, the Issuer or any Restricted Subsidiary of the Issuer that is not a Subsidiary of the Subsidiary to be so designated;

(c) all the Indebtedness of such Subsidiary and its Subsidiaries shall, at the date of designation, and will at all times thereafter, consist of Non-Recourse Debt;

(d) such designation and the Investment of the Company in such Subsidiary complies with "Restrictive Covenants—Limitation on Restricted Payments;"

(e) such Subsidiary, either alone or in the aggregate with all other Unrestricted Subsidiaries, does not operate, directly or indirectly, all or substantially all of the business of the Issuer and its Subsidiaries;

(f) such Subsidiary is a Person with respect to which neither the Issuer not any of its Restricted Subsidiaries has any direct or indirect obligation:

(i) to subscribe for additional Capital Stock of such Person; or

(ii) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operations results; and

(g) on the date such Subsidiary is designated an Unrestricted Subsidiary, such Subsidiary is not a party to any agreement, contract, arrangement, or understanding with the Issuer or any Restricted Subsidiary with terms substantially less favorable to the Company than those that might have been obtained from Persons who are not Affiliates of the Company.

provided, further , that immediately after giving effect to such designation:

(i) such designation shall be deemed an Incurrence of Indebtedness by a Restricted Subsidiary in the amount of the total consolidated assets of such Unrestricted Subsidiary and such designation shall only be permitted if such Indebtedness is permitted under "– Restrictive Covenants – Limitation on Indebtedness"; and

(ii) no Event of Default shall have occurred and be continuing.

Any such designation of a Subsidiary as a Restricted Subsidiary, and any such designation of a Subsidiary as an Unrestricted Subsidiary pursuant to clause (1) above, by the management of the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"Voting Stock" of a Person means all classes of Capital Stock of such Person then outstanding that are entitled (without regard to the occurrence of any contingency) to vote in the election of management of such Person, but excluding such classes of Capital Stock or other interests that are entitled, as a group in a separate cast, to appoint one director of such Person as representative of the minority shareholders.

Taxation

The following discussion summarizes certain Brazilian, U.S. federal income and European Union tax considerations that may be relevant to you if you invest in the notes. This summary is based on laws and regulations now in effect in Brazil, laws, regulations, rulings and decisions now in effect in the United States, and a directive of the European Union, in each case which may change. Any change could apply retroactively and could affect the continued validity of this summary.

This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your tax advisors about the tax consequences of holding the notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

Brazilian Taxation

The following discussion is a general description of certain Brazilian tax aspects of the notes applicable to an individual, entity, trust or organization resident or domiciled outside Brazil ("Non-Resident Holder") and does not purport to be a comprehensive description of the tax aspects of the notes.

The following discussion is based on the federal tax laws of Brazil as in effect on the date hereof, is subject to any change in Brazilian law that may come into effect after such date, and is applicable to us. The information set forth below is intended to be a general description only and does not address all possible tax consequences relating to an investment in the notes and is not applicable to all categories of investors, some of which may be subject to special rules. The discussion below does not address any tax consequences under the tax laws of any state or locality of Brazil.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN ORDER TO VERIFY THEIR PARTICULAR SITUATIONS AND CONSEQUENCES RELATING TO THE PURCHASE OF THE NOTES, INCLUDING, WITHOUT LIMITATION, THE CONSEQUENCES OF THE RECEIPT OF INTEREST AND THE SALE, REDEMPTION OR REPAYMENT OF THE NOTES.

Payments made by the Issuer under the Notes

Generally, non-Brazilian residents are taxed in Brazil when their income is derived from Brazilian sources. The applicability of Brazilian taxes with respect to payments on the notes will depend on the origin of such payments and on the domicile of the beneficiaries thereof.

In this sense, interest payable by the Issuer to a Non-Resident Holder is generally subject to withholding income tax at the rate of 15%, unless: (i) another lower rate is provided for in an applicable tax treaty between Brazil and the other country; or (ii) the Non-Resident Holder is domiciled in a Favorable Tax Jurisdiction (i.e., a country or location which does not impose any income tax or which imposes it a maximum rate lower than 20% or where the laws impose restrictions on the disclosure of ownership composition or securities ownership – see "Discussion on Tax Jurisdiction") and the notes are redeemed, liquidated or converted prior to 96 months, in which case the applicable rate is 25%. In case the notes are redeemed, liquidated or converted prior to 96 months, the difference of rates from 15% to 25% in relation to payments made prior to the Non-Resident Holder becoming located in a Favorable Tax Jurisdiction may be charged from the Issuer together with fine and interest.

Capital Gains

Capital gains generated outside Brazil as a result of transaction between two non-residents of Brazil with assets located in Brazil are subject to income tax in Brazil, according to article 26 of Law No. 10,833, enacted on December 29, 2003. Based on the fact that the notes are issued and registered abroad and, thus, the notes will not fall within the definition of assets located in Brazil for purposes of Law No. 10,833, gains on the sale or other disposition of the notes made outside Brazil by a Non-Resident Holder to another non-Brazilian resident should not be subject to Brazilian taxes. Notwithstanding, considering the general and unclear scope of this legislation and the absence of judicial guidance, in respect thereof, we cannot assure prospective investors that such interpretation of this law will prevail in the courts of Brazil.

In case the notes are deemed to be located in Brazil, gains realized by a Non-Resident Holder, from the sale or other disposition of the notes to a non-resident in Brazil or to a resident in Brazil, may be subject to income tax in Brazil at a rate of 15% or 25% if such Non-Resident Holder is located in a Favorable Tax Jurisdiction, unless a lower rate is provided for in a tax treaty between Brazil and the country where the Non-Resident Holder is domiciled.

Discussion on Favorable Tax Jurisdiction

Law No. 11,727, of June 23, 2008, enlarged the concept of Favorable Tax Jurisdiction by introducing the "privileged tax regime." Pursuant to Law No. 11,727, a jurisdiction or locality will be considered a "privileged tax regime" if: (1) it does not tax income or taxes it at a maximum rate lower than 20%; (2) it grants tax advantages to a non-resident entity or individual (a) without the requirement to carry out a substantial economic activity in the country or in the territory or (b) conditioned upon the non-exercise of a substantial economic activity in the country or in the territory; (3) it does not tax or taxes foreign sourced income at a maximum rate lower than 20%; or (4) it restricts the ownership disclosure of assets and ownership rights or restricts disclosure about economic

transactions carried out. In addition, on June 4, 2010, Brazilian tax authorities enacted the Normative Instruction No. 1.037 listing (i) the countries and jurisdictions considered Favorable Tax Jurisdictions, and (ii) the privileged tax regimes. Although we believe that the best interpretation of the current tax legislation could lead to the conclusion that the above mentioned "privileged tax regime" concept should apply solely for purposes of Brazilian transfer pricing and thin capitalization rules, it is still not clear whether such broader definition of Favorable Tax Jurisdiction will also apply to a Non-Resident Holder.

We recommend prospective investors to consult their own tax advisors from time to time about the changes implemented by Law No. 11,727 and by any Brazilian tax law or regulation with respect to the concept of Favorable Tax Jurisdiction. If the Brazilian tax authorities determine that payments made to a Non-Resident Holder will benefit from a "privileged tax regime", the withholding income tax rate applicable to such payments could be assessed at a rate up to 25%.

Other Tax Considerations

Tax on Foreign Exchange Transactions ("IOF/ Exchange") may apply in case payments are made from Brazil. Pursuant to Decree No. 6,306, of December 14, 2007, the conversion of foreign currency into Brazilian *reais* and the conversion of Brazilian *reais* into foreign currency are subject to the IOF/Exchange.

Currently, the IOF/Exchange rate is 0.38% for most foreign exchange transactions, including foreign exchange transactions in connection with payments under the guarantee by a Brazilian Guarantor to Non-Resident Holders. Additionally, the rate is 5.38% for the conversion of foreign loans with a term of 90 days or less into Brazilian currency. Other rates may apply to specific transactions. In any case, the federal Government may increase the current IOF/Exchange rate at any time up to a maximum rate of 25%. Any such new rate would only apply to future foreign exchange transactions.

The same Decree defines the Tax on Transactions Involving Bonds and Securities ("IOF/Bonds"), which may be imposed on any transactions involving bonds and securities, even if these transactions are performed on Brazilian stock, futures or commodities exchanges. The rate of IOF/Bonds with respect to transactions of bonds is currently zero, although the Federal Executive Branch is allowed to increase such rate up to 1.5% rate per day, but only with respect to future transactions.

Stamp, Transfer and Other Similar Taxes

Generally, there are no stamp, transfer or other similar taxes in Brazil with respect to the transfer, assignment or sale of the notes outside Brazil, nor any inheritance, gift or succession tax applicable to the ownership, transfer or disposition of the notes, except for gift and inheritance taxes imposed by some Brazilian states on gifts and bequests by individuals or entities not domiciled or residing in Brazil to individuals or entities domiciled or residing within such states.

THE ABOVE DESCRIPTION IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL BRAZILIAN TAX CONSEQUENCES RELATING TO THE OWNERSHIP OF NOTES. PROSPECTIVE PURCHASERS OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

Certain United States Federal Income Tax Considerations

To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that any discussion of tax matters set forth in this offering memorandum was written in connection with the promotion or marketing of the transactions or matters addressed herein and was not intended or written to be used, and cannot be used by any prospective investor, for the purpose of avoiding tax-related penalties under federal, state or local tax law. Each prospective investor should seek advice based on its particular circumstances from an independent tax advisor.

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of notes as of the date hereof. Except where noted, this summary deals only with notes that are held as capital assets by a U.S. holder (as defined below) who acquires the notes upon original issuance at their initial offering price. As used herein, a "U.S. holder" means a beneficial owner of the notes that is for United States federal income tax purposes any of the following:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, administrative pronouncements, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. We have not

sought any rulings from the Internal Revenue Service (the "IRS") or an opinion of counsel with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions. This summary does not address all aspects of United States federal income taxes and does not deal with foreign, state, or local or other tax considerations that may be relevant to U.S. holders in light of their personal circumstances. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws. For example, this summary does not address:

- tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark to market method of accounting for their securities, financial institutions, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities for United States federal income tax purposes, tax-exempt entities or insurance companies;
- tax consequences to persons holding the notes as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;
- tax consequences to holders of the notes whose "functional currency" is not the United States dollar;
- tax consequences to certain United States expatriates;
- alternative minimum tax consequences, if any; or
- any state, local or foreign tax consequences.

If a partnership (including any entity classified as a partnership for United States federal income tax purposes) holds our notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our notes, you should consult your own tax advisors.

If you are considering the purchase of notes, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you of the ownership of the notes, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

Stated Interest

Stated interest on the notes generally will be taxable to you as ordinary interest income at the time it is received or accrued, depending on your method of accounting for United States federal income tax purposes. In addition to interest on the notes (which includes any Brazilian tax withheld from the interest payments you receive), you will be required to include as ordinary interest income any additional amounts paid in respect of such. Brazilian tax withheld. For United States federal income tax purposes, you will be treated as having received the amount of Brazilian taxes withheld by us and as then having paid over the withheld taxes to the Brazilian taxing authorities. As a result of this rule, the amount included in gross income for United States federal income tax purposes by you with respect to a payment of interest, plus any additional amounts with respect thereto, will be greater than the amount of cash actually received (or receivable) by you from us with respect to the payment. You may be entitled to deduct or credit such tax withheld, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your foreign taxes for a particular tax year). Stated interest on a note (including any additional amounts paid) generally will be considered foreign source income and, for purposes of the United States foreign tax credit, generally will be considered passive category income. You will generally be denied a foreign tax credit for foreign taxes imposed with respect to the notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

Sale, Exchange and Retirement of Notes

Upon the sale, exchange, retirement, redemption, or other taxable disposition of a note, you generally will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, retirement, redemption or other taxable disposition (less an amount equal to any accrued and unpaid stated interest, which amount will be taxable as interest income to the extent not previously included in income) and the adjusted tax basis of the note. Your adjusted tax basis in a note will, in general, be your cost for that note. Any gain or loss will be capital gain or loss and will generally be treated as United States source gain or loss. Consequently, you may not be able to claim a credit for any Brazilian tax imposed upon a disposition of a note unless such credit can be applied (subject to applicable limitation) against tax due on other income treated as derived from foreign sources. Capital gains of non-corporate holders derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

New Legislation Related to Surtax on Unearned Income

For taxable years beginning after December 31, 2012, newly enacted legislation is scheduled to impose a 3.8% tax on the "net investment income" of certain U.S. holders who are citizens and resident aliens, and on the undistributed "net investment income" of certain United States estates and trusts. Among other items, "net investment income" generally would include interest on the notes and net gain from the sale, exchange, retirement or other taxable disposition of the notes, less certain deductions.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to certain payments of interest paid on the notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a note paid to you (unless, in each case, you are an exempt recipient). Backup withholding may apply to such payments if you fail to provide a taxpayer identification number or a certification that you are not subject to backup withholding or if you are subject to backup withholding because you failed to report in full dividend and interest income.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the IRS.

Newly enacted legislation requires certain U.S. holders to report information with respect to their investment in notes not held through a custodial account with a U.S. financial institution to the IRS. Investors who fail to report the required information could become subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of this new legislation on their investment in notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of notes. Prospective purchasers of notes should consult their own tax advisors concerning the tax consequences of their particular situations.

European Union Savings Directive (Directive 2003/48/EC)

The Council of the European Union, or the EU, adopted a directive on the taxation of savings income (Directive 2003/48/EC). From July 1, 2005, each member state of the EU is required to provide to the tax authorities of the other member states information regarding payments of interest (or other similar income) paid by persons within its jurisdiction to individual residents of such other member states, except that Luxembourg and Austria will instead operate a withholding system in relation to such payments until such time as the EU is able to enter into satisfactory information exchange agreements with several non-EU countries. In addition, the Council entered into an agreement with Switzerland pursuant to which Switzerland agreed to impose withholding tax on non-Swiss source interest payments paid by persons within its jurisdiction to individual residents of the EU and share a portion of the revenue with the recipients' countries of residence.

Certain United States ERISA Considerations

The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. Section 406 of ERISA and Section 4975 of the Code , prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction.

A party in interest or a disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code and the prohibited transaction itself may have to be rescinded. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any notes (or interests thereon) are acquired by a Plan with respect to which we or the Initial Purchaser or any of its respective affiliates are a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to cause the plan to acquire and hold notes and the circumstances under which such decision is made. There can be no assurance that any exemption will be available with respect to any particular transaction involving the notes, or that, if an exemption is available, it will cover all aspects of any particular transaction. By its purchase of any notes, the purchaser thereof will be deemed to have represented and agreed either that: (i) it is not and for so long as it holds notes will not be (and is not acquiring the notes directly or indirectly with the assets of a person who is or while the notes are held will be) a Plan, an entity or account whose underlying assets include the assets of a Plan, or a governmental or other employee benefit plan which is subject to any U.S. federal, state or local law, or foreign law, that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (ii) its purchase and holding of the notes will not result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of such a governmental or other employee benefit plan, any such substantially similar U.S. federal, state or local law, or foreign law) for which an exemption is not available. Similarly, each transferee of any notes, by virtue of the transfer of such notes to such transferee, will be deemed to have represented and agreed either that: (i) it is not and for so long as it holds notes will not be (and is not acquiring the notes directly or indirectly with the assets of a person who is or while the notes are held will be) a Plan, an entity or account whose underlying assets include the assets of a Plan, or a governmental or other employee benefit plan which is subject to any U.S. federal, state or local law, or foreign law, that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (ii) its purchase and holding of the notes will not result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of such a governmental or other employee benefit plan, any such substantially similar federal, state or local law, or foreign law) for which an exemption is not available.

Governmental plans and certain church and various other plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to state or other federal or foreign laws that are substantially similar to ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before causing any such plans to purchase and hold any notes.

The foregoing discussion is general in nature and not intended to be all-inclusive. Any Plan fiduciary who proposes to cause a Plan to purchase and hold any notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such investment will not constitute or result in a prohibited transaction or any other violation of an applicable requirement of ERISA or the Code.

The sale of notes to a Plan is in no respect a representation by us or the Initial Purchaser that such an investment meets all relevant requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Plan of Distribution

Subject to the terms and conditions set forth in the purchase agreement, dated on or about October 20, 2010, we have agreed to sell to Jefferies & Company, Inc., as Initial Purchaser, and the Initial Purchaser has agreed to purchase from us, the entire principal amount of the notes offered by this offering memorandum.

The purchase agreement provides that the obligations of the Initial Purchaser are subject to certain conditions precedent such as the receipt by the Initial Purchaser of officers' certificates and legal opinions and approval of certain legal matters by its counsel. The purchase agreement provides that the Initial Purchaser will purchase all of the notes if any of them are purchased. Under the purchase agreement, we and the Guarantor have agreed to indemnify the Initial Purchaser and its controlling persons jointly and severally against certain liabilities in connection with this offering, including liabilities under the Securities Act, and to contribute to payments that the Initial Purchaser may be required to make in respect of those liabilities.

The Initial Purchaser has advised us that it proposes to resell the notes (a) to "qualified institutional buyers," or QIBs, within the meaning of Rule 144A under the Securities Act, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. Following the closing of the offering, the indenture will permit transfers of notes to "accredited investors" (as defined in Regulation D of the Securities Act), among others, subject to compliance with applicable law.

In connection with sales outside the United States, the Initial Purchaser has agreed that it will not offer, sell or deliver the notes to, or for the account or benefit of, U.S. persons (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering or the date the notes were originally issued. The Initial Purchaser will send to each dealer to whom its sells such notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, with respect to notes initially sold pursuant to Regulation S, until 40 days after the commencement of the offering, an offer or sale of such notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

The notes will initially be offered at the price indicated on the cover page of this offering memorandum. After the initial offering of the notes, the offering price and other selling terms of the notes may be changed at any time without notice.

Transfer Restrictions & Liquidity

The offering of the notes has not been registered under the Securities Act or qualified for sale under the securities laws of any U.S. state or any jurisdiction outside the United States. Accordingly, the notes will be subject to significant restrictions on resale and transfer as described under "Notice to Investors." The notes will constitute a new class of securities with no established trading market. We do not intend to apply for the notes to be listed on any securities exchange or to arrange for any of the notes to be quoted on any automated quotation system, except for the Irish Stock Exchange. The Initial Purchaser has advised us that, following the completion of this offering, it currently intends to make a market in the notes as permitted by applicable laws and regulations. However, the Initial Purchaser is not obligated to do so, and the Initial Purchaser may discontinue any market making activities with respect to the notes at any time in its sole discretion. Accordingly, no assurance can be given that a liquid trading market will develop for the notes, that you will be able to sell any of the notes held by you at a particular time or that the prices that you receive when you sell will be favorable. Each purchaser of the notes, by its purchase of the notes, will be deemed to have made certain acknowledgements, representations, warranties and agreements as set forth under "Notice to Investors."

No Sales of Similar Securities

We have agreed that we will not, without the prior written consent of the Initial Purchaser, during the period beginning after the date of this offering memorandum and continuing until the date that is 90 days after the date of the closing of this offering, not to offer, sell, contract to sell or otherwise dispose of, except as provided hereunder, any securities of the Company that are substantially similar to the notes.

Stabilization

The Initial Purchaser has advised us that, pursuant to Regulation M under the Securities Exchange Act of 1934, as amended, certain persons participating in the offering may engage in transactions, including overallotment, stabilizing bids, syndicate covering transactions or the imposition of penalty bids, which may have the effect of stabilizing or maintaining the market price of the notes at a level above that which might otherwise prevail in the open market. Overallotment involves syndicate sales in excess of the offering size, which creates a syndicate short position. A stabilizing bid is a bid for the purchase of notes on behalf of the Initial Purchaser for the purpose of fixing or maintaining the price of the notes. A syndicate covering transaction is the bid for or the purchase of notes on behalf of the Initial Purchaser to reduce a short position incurred by the Initial Purchaser in connection with the offering. A penalty bid is an arrangement permitting the Initial Purchaser to reclaim the selling concession otherwise accruing to a syndicate member in connection with the offering if the notes originally sold by such syndicate member are purchased in a syndicate covering transaction and therefore have not been effectively placed by such syndicate member. Neither we nor the Initial Purchaser makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. The Initial Purchaser is not obligated to engage in these activities and, if commenced, any of the activities may be discontinued at any time.

Electronic Distribution

An offering memorandum in electronic format may be made available by e-mail or through other online services maintained by the Initial Purchaser or its affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. The Initial Purchaser may agree with us to allocate a specific number of notes for sale to online brokerage account holders. Any such allocation for online distributions will be made by the Initial Purchaser on the same basis as other allocations. Other than the offering memorandum in electronic format, the information on the Initial Purchaser's web site and any information contained in any other web site maintained by the Initial Purchaser is not part of the offering memorandum, has not been approved and/or endorsed by us or the Initial Purchaser and should not be relied upon by investors.

Affiliations

The Initial Purchaser or its affiliates from time to time may in the future provide investment banking, commercial lending and financial advisory services to us and our affiliates in the ordinary course of business. The Initial Purchaser and its affiliates, as applicable, will receive customary compensation and reimbursement of expenses in connection with such services.

Settlement

We expect to deliver the notes against payment for the notes on or about the date specified on the cover page of this offering memorandum, which will be the fifth business day following the date of the pricing of the notes. Since trades in the secondary market generally settle in three business days, purchasers who wish to trade notes on the date of pricing or the next succeeding four business days will be required, by virtue of the fact that the notes initially will settle T+5, to specify alternative settlement arrangements to prevent a failed settlement.

Brazil

The notes have not been and will not be issued nor placed, distributed, offered or negotiated in the Brazilian capital markets. The issuance of the notes has not been nor will be registered with the CVM. Any public offering or distribution, as defined under Brazilian laws and regulations, of the notes in Brazil is not legal without prior registration under Law No. 6,385/76, as amended, and Instruction No. 400, issued by the CVM on December 29, 2003, as amended. Documents relating to the offering of the notes, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of the notes to the public in Brazil. The notes will not be offered or sold in Brazil except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets regulated by Brazilian legislation.

Persons wishing to offer or acquire the notes within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

United Kingdom

This offering memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive ("Qualified Investors") that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

European Economic Area

In relation to each Member State of the EEA that has implemented the Prospectus Directive (each, a relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that relevant Member State (the "relevant implementation date"), an offer of notes described in this offering memorandum may not be made to the public in that relevant Member State prior to the publication of a prospectus in relation to the notes that has been approved by the competent authority in that relevant Member State or, where appropriate, approved in another relevant Member State and notified to the competent authority in that relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be offered to the public in that relevant Member State at any time:

- to any legal entity that is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- by the joint bookrunners to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the joint bookrunners for any such offer; or

- in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of notes described in this offering memorandum located within a relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For purposes of this provision, the expression an "offer to the public" in any relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each relevant Member State.

We have not authorized and do not authorize the making of any offer of notes through any financial intermediary on our behalf, other than offers made by the Initial Purchaser with a view to the final placement of the notes as contemplated in this offering memorandum. Accordingly, no purchaser of the notes is authorized to make any further offer of the notes on our behalf or of the Initial Purchaser.

Germany

The notes offered by this offering memorandum have not been and will not be offered to the public within the meaning of the German Sales Prospectus Act (*Verkaufsprospektgesetz*) or the German Investment Act (*Investmentgesetz*). The notes have not been and will not be listed on a German exchange. No sales prospectus pursuant to the German Sales Prospectus Act has been or will be published or circulated in Germany or filed with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or any other governmental or regulatory authority in Germany. This offering memorandum does not constitute an offer to the public in Germany and it does not serve for public distribution of the notes in Germany. Neither this offering memorandum, nor any other document issued in connection with this offering, may be issued or distributed to any person in Germany except under circumstances which do not constitute an offer to the public within the meaning of the German Sales Prospectus Act or the German Investment Act.

Italy

This offering has not been registered with the *Commissione Nazionale per le Società e la Borsa* (CONSOB) pursuant to Italian securities legislation. The notes offered by this offering memorandum may not be offered or sold nor may this offering memorandum or any other offering materials be distributed in the Republic of Italy unless such offer, sale or distribution is:

- made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of September 1, 1993 (Decree No. 385), Legislative Decree No. 58 of February 24, 1998, CONSOB Regulation No. 11971 or May 14, 1999 and any other applicable laws and regulations;
- made (i) to professional investors (*operatori qualificati*) as defined in Article 31, second paragraph of CONSOB Regulation No. 11422 of July 1, 1998, as amended (ii) in circumstances where an exemption from the rules governing solicitations to the public at large applies pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998 and Article 33, first paragraph, of CONSOB Regulation No. 11971 of May 14, 1999, as amended or (iii) to persons located in the Republic of Italy who submit an unsolicited request to purchase notes; and
- in compliance with all relevant Italian securities and tax laws and regulations.

Portugal

The notes may not be offered or sold in Portugal except in accordance with the requirements of the Portuguese Securities Code (*Código de Valores Mobiliários* as approved by the Decree-Law No. 486/99 of November 13, 1999) and the regulations governing the offer of securities issued pursuant thereto. Neither a public offer for subscription of the notes nor a public offer for the sale of the notes shall be promoted in Portugal.

Spain

The notes may not be offered or sold in the Kingdom of Spain by means of an offer as defined and construed by Spanish law and will not be offered, promoted or sold in the Kingdom of Spain except in accordance with the requirements of the Spanish Securities Market Law (*Ley del Mercado de Valores*) of July 28, 1988, as amended and restated, and Royal Decree No. 291/1992 on Issues and Public Offerings of Securities (*Real Decreto sobre Emisiones y Ofertas Públicas de Valores*), as amended and restated.

Switzerland

The notes may not and will not be publicly offered, distributed or re-distributed in or from Switzerland and neither this offering memorandum nor any other solicitation for investments in the notes may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations. This offering memorandum may not be copied, reproduced, distributed or passed on to others without the prior written consent of the Initial Purchaser. This offering memorandum is not a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations or a listing prospectus according to the Listing Rules of the SIX Swiss Exchange and may not comply with the information standards required thereunder. We will not apply for a listing of the notes on any Swiss stock exchange or other Swiss regulated market and this offering memorandum may not comply with the information required under the relevant listing rules.

Hong Kong

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

The offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the "SFA") and accordingly, the Initial Purchaser may not offer nor sell the notes pursuant to an offering nor make the notes the subject of an invitation for subscription or purchase, nor will the Initial Purchaser circulate or distribute this offering memorandum or and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the notes, whether directly or indirectly, to any person in Singapore other than under exemptions provided in the SFA for offers made (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) or any person, pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA.

Each holder of the notes should note that any subsequent sale of the notes acquired pursuant to an offer in this offering memorandum made under exemptions (a) or (b) above within a period of six months from the date of initial acquisition is restricted to (i) institutional investors (as defined in Section 4A of the SFA), (ii) relevant persons as defined in Section 275(2) of the SFA, and (iii) persons pursuant to an offer referred to in Section 275(1A) of the SFA.

Where the notes are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

> (1) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
>
> (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

Ireland

The Initial Purchaser has represented and agreed that: (a) it will not place the notes otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3, including, without limitation, Regulations 7 and 152 thereof or any codes of conduct issued in connection therewith, and the provisions of the Investor Compensation Act 1998; (b) it will not place the notes otherwise than in conformity with the provisions of the Central Bank Acts 1942 – 1999 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989; (c) it will not place the notes, or do anything in Ireland in respect of the notes, otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Irish Financial Services Regulatory Authority (the "Financial Regulator"); and (d) it will not place or otherwise act in Ireland in respect of the notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Financial Regulator.

Notice to Investors

The notes have not been registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except in accordance with an applicable exemption from the registration requirements thereof. Accordingly, the notes are being offered and sold only (1) to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in compliance with Rule 144A, or (2) outside the United States to non-U.S. persons in reliance upon Regulation S under the Securities Act. As used in this section, the terms "United States," "U.S. person" and "offshore transactions" have the meanings given to them in Regulation S.

Each purchaser of notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the Initial Purchaser as follows:

1. it is:
   - a qualified institutional buyer, is aware that the sale of the notes to it is being made in reliance on Rule 144A and is acquiring the notes for its own account or for the account of a qualified institutional buyer; or
   - not a U.S. person and is purchasing the notes outside the United States in compliance with Regulation S.
2. it understands that the notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that the notes have not been registered under the Securities Act.
3. if it is acquiring the notes in a sale made in reliance upon Rule 144A, it will not offer, resell, pledge or otherwise transfer notes prior to the date that is one year after the later of the original issue date of the notes and the last date on which we or any of our affiliates was the owner of that Security (or any predecessor of that Security) except:
   - to us;
   - inside the United States to a qualified institutional buyer in compliance with Rule 144A;
   - outside the United States to non-U.S. persons in offshore transactions in accordance with Rule 903 or Rule 904 of Regulation S;
   - to an "accredited investor" within the meaning of Rule 501 under the Securities Act that is acquiring the notes for its own account, or for the account of such an institutional accredited investor, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act;
   - in a transaction complying with Rule 144 under the Securities Act (if available); or
   - pursuant to an effective registration statement under the Securities Act,

   in each case in accordance with any applicable securities laws of any state of the United States and other jurisdictions. In addition, it will, and each subsequent holder is required to, notify any subsequent purchaser of those notes from it of the resale restrictions referred to above.
4. if it is acquiring the notes in a sale being made in reliance upon Rule 144A, it understands that the notes will, until one year after the later of the original issue date of the notes and the last date on which we or any of our affiliates was the owner of that Security (or any predecessor of that Security), unless otherwise agreed by us and the Security holder, bear a legend substantially to the following effect:

   "This security has not been registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction. Neither this security nor any interest or participation herein may be reoffered, sold, assigned, transferred, pledged, encumbered or otherwise disposed of in the absence of such registration or unless such transaction is exempt from, or not subject to, such registration.

   The holder of this security by its acceptance hereof (1) represents that (a) it is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) purchasing this security for its own account or for the account of one or more qualified institutional buyers or (b) it is an "accredited investor" within the meaning of Rule 501 under the Securities Act; (2) agrees to offer, sell or otherwise transfer such security, prior to the date (the "resale restriction termination date") which is one year after the later of the original issue date hereof and the last date on which the Issuer or any affiliate of the Issuer was the owner of this security (or any predecessor of such security), only (a) to the Issuer or any affiliate thereof, (b) pursuant to a registration statement that has been declared effective under the Securities Act, (c) for so long as the notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a "qualified institutional buyer," that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) pursuant to offers and sales that occur outside the United States in compliance with Rule 903 or 904 under Regulation S under the Securities Act, (e) to an "accredited investor" within the meaning of Rule 501 under the Securities Act that is acquiring the securities for its own account, or for the account of such accredited investor, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act or (f) pursuant to another available exemption

from the registration requirements of the Securities Act, in each case in accordance with all applicable securities laws of the states of the United States or any other applicable jurisdiction; and (3) agrees that it will deliver to each person to whom this security is transferred a notice substantially to the effect of this restrictive legend. This legend will be removed upon the request of the holder after the resale restriction termination date.

The resale restriction termination date will be the date:

(1) that is at least one year after the last original issue date hereof; and (2) on which the Issuer instructs the trustee that the legend (other than the first three paragraphs hereof) may be deemed removed from this security, in accordance with the procedures described in the Indenture relating to this security.

Prior to the registration of any transfer in accordance with the paragraph above, the Issuer reserves the right to require the delivery of such legal opinions, certifications or other evidence as may reasonably be required in order to determine that the proposed transfer is being made in compliance with the Securities Act and applicable state securities laws. No representation is made as to the availability of any exemption from the registration requirements of the Securities Act.

5. If it is acquiring the notes in a sale being made in reliance upon Regulation S, it understands that the notes will, until the expiration of a 40-day "distribution compliance period" within the meaning of Rule 903 of Regulation S, bear a legend substantially to the following effect:

6. **"This security has not been registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction, and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of U.S. persons except as set forth in the following sentence. By its acquisition hereof, the holder (1) represents that it is not a U.S. person, is not acquiring this security for the account or benefit of a U.S. person and is acquiring this security in an offshore transaction, (2) by its acceptance hereof, agrees to offer, sell or otherwise transfer such security only (a) to the Issuer or any affiliate thereof, (b) pursuant to a registration statement that has been declared effective under the Securities Act, (c) for so long as the notes are eligible for resale pursuant to Rule 144A under the Securities Act ("Rule 144A"), to a person it reasonably believes is a "qualified institutional buyer" as defined in Rule 144A that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A in a transaction meeting the requirements of Rule 144A, (d) pursuant to offers and sales that occur outside the United States in compliance with Rule 903 or 904 under Regulation S under the Securities Act, (e) to an "accredited investor" within the meaning of Rule 501 under the Securities Act that is acquiring the securities for its own account, or for the account of such accredited investor, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act or (f) pursuant to another available exemption from the registration requirements of the Securities Act, in each case in accordance with all applicable securities laws of the states of the United States or any other applicable jurisdiction and (3) agrees that it will deliver to each person to whom this security is transferred a notice substantially to the effect of this restrictive legend. This legend will be removed after 40 consecutive days beginning on and including the later of (a) the day on which the notes are offered to persons other than distributors (as defined in Regulation S) and (b) the date of the closing of the original offering. As used herein, the terms "offshore transaction," "United States" and "U.S. person" have the meanings given to them by Regulation S under the Securities Act.**

6. if it is a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, it agrees that until the expiration of a 40-day "distribution compliance period" within the meaning of Rule 903 of Regulation S under the Securities Act, no offer or sale of the notes shall be made by it to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902(o) of the Securities Act except to a qualified institutional buyer and in compliance with the applicable restrictions set forth in paragraph (4) above.

7. it acknowledges that the trustee will not be required to accept for registration of transfer any notes acquired by it, except upon presentation of evidence satisfactory to us that the restrictions set forth herein have been complied with.

8. it acknowledges that we and the Initial Purchaser will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or warranties deemed to have been made by its purchase of notes is no longer accurate, it will promptly notify us and the Initial Purchaser. If it is acquiring any notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

9. it will be deemed to have represented and agreed either that (i) it is not and for so long as it holds notes will not be (and is not acquiring the notes directly or indirectly with the assets of a person who is or while the notes are held will be) an a Plan, an entity or account whose underlying assets include the assets of a Plan , or a governmental or other employee benefit plan which is subject to any U.S. federal, state or local law, or foreign law, that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (ii) its purchase and holding of the notes will not result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of such a governmental or other employee benefit plan, any such substantially similar U.S. federal, state or local law, or foreign law) for which an exemption is not available. Similarly, each transferee of any notes, by virtue of the transfer of such notes to such transferee, will be deemed to have represented and agreed either that (i) it is not and for so long as it holds notes will not be (and is not acquiring the notes directly or indirectly with the assets of a person who is or while the notes are held will be) Plan, an entity or account whose underlying assets include the assets of Plan, or a governmental or other employee benefit plan which is subject to any U.S. federal, state or local law, or foreign law, that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (ii) its purchase and holding of the notes will not result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of such a governmental or other employee benefit plan, any such substantially similar federal, state or local law, or foreign law) for which an exemption is not available.

Listing and General Information

We have applied to the Irish Stock Exchange to have the notes admitted to the Official List and to trading on the Global Exchange Market, of the Irish Stock Exchange. We estimate that we will incur expenses of approximately €5,000 relating to the admission of the notes to the Official List and to trading on the Global Exchange Market, of the Irish Stock Exchange.

We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the notes. Except as disclosed herein, there has been no material adverse change in our prospects since our most recent audited financial statements as of and for the year ended December 31, 2009. The Guarantor has no historical financial statements because it was constituted on June 30, 2010, and since such date has had no operating activities. Except as disclosed herein, we and the Guarantor have not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) in the previous 12 months. For so long as the notes are listed on the Irish Stock Exchange, the following documents (or copies thereof), where applicable, may be inspected at our corporate headquarters in physical form: (a) the by-laws (*contrato social*) of the Issuer and Guarantor; (b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request; and (c) the historical financial information of the Issuer and its subsidiaries for each of the two financial years preceding such listing.

Legal Matters

The validity of the notes will be passed upon for us by Simpson Thacher & Bartlett LLP, who has acted as our United States counsel and, for certain matters of Brazilian law relating to the notes, by Buranello Passos Advogados, who has acted as our Brazilian counsel. Proskauer Rose LLP has acted as United States counsel to the Initial Purchaser and, for certain matters of Brazilian law relating to the notes, Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados, have acted as Brazilian counsel to the Initial Purchaser.

Independent Accountants

Our consolidated audited financial statements as of and for the years ended December 31, 2008 and 2009, included in this offering memorandum, have been audited by Boucinhas, Campos & Conti, independent accountants registered with Regional Council of Accounting (*Conselho Regional de Contabilidade*), under registration number 2SP 005528/O-2, as stated in their report appearing herein. Our consolidated unaudited financial statements as of and for the six-month periods ended June 30, 2009 and 2010, included in this offering memorandum, have been subject to limited review by Boucinhas, Campos & Conti, independent accountants, as stated in their report appearing herein. For more information, see "Presentation of Financial and Other Information."

Financial Advisor

Olimpia Partners Assessoria Ltda. acted as our financial advisor in connection with the offering of the notes. Olimpia Partners Assessoria Ltda. is not a not broker-dealer registered with the SEC and will not receive any allotment of or underwrite or sell notes.

Enforcement of Judgments and Service of Process

We are incorporated under the laws of Brazil. All of our assets and those of our controlling shareholder are located outside the United States. Most of our directors, officers and certain of our advisors named in this offering memorandum reside in Brazil. As a result, you may not be able to effect service of process upon us or these other persons within the United States or to enforce U.S. court judgments against us or these other persons to the extent that such actions are predicated upon civil liability provisions of the federal securities laws of the United States.

Brazilian counsel, Mattos Filho Veiga Filho Marrey Jr. and Buranello Passos Advogados, have advised that final conclusive judgments of United States courts for civil liabilities based upon the federal securities laws of the United States may be, subject to the requirements described below, enforced in Brazil. A judgment against us or the persons described above obtained outside Brazil would be enforceable in Brazil without reconsideration of the merits, upon confirmation of that judgment by the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*), or STJ. Such confirmation would occur if the foreign judgment:

- fulfills all formalities required for its enforceability under the laws of the jurisdiction where the foreign judgment is granted;
- is issued by a competent court after due service of process on us or sufficient evidence of our absence has been given as required under applicable law;
- is not subject to appeal;
- is authenticated by a Brazilian consular office with jurisdiction over the location where the foreign judgment is issued and is accompanied by a sworn translation into Portuguese; and
- is not contrary to Brazilian national sovereignty, public policy or public morality.

There can be no certainty that the confirmation will be obtained, that the process described above will be conducted in a timely manner or that Brazilian courts will enforce a judgment for violation of the United States securities laws with respect to the notes offered by this offering memorandum.

Our Brazilian counsel has further advised us that (i) original actions based on the federal securities laws of the United States may be brought in Brazilian courts and that, subject to applicable law, Brazilian courts may enforce civil liabilities in such actions against us, our directors and executive officers, and the advisors named in this offering memorandum; and (ii) the ability of a judgment creditor or the other persons named above to satisfy a judgment by attaching certain assets of ours is limited by provisions of Brazilian law, given that assets are located in Brazil.

A plaintiff (whether or not Brazilian) residing outside Brazil during the course of litigation in Brazil must provide a bond to guarantee court costs and legal fees if the plaintiff owns no real property in Brazil that could secure such payment. The bond must have a value sufficient to satisfy the payment of court fees and defendant's attorney fees, as determined by a Brazilian judge. This requirement does not apply to the enforcement of foreign judgments that have been duly confirmed by the STJ.

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Ceagro Agrícola Ltda.

Limited Review of the
Financial Statements
for the Periods Ended
June 30, 2010 and 2009

Independent Auditors' Limited Review Report

To
Shareholders and Officers of
Ceagro Agrícola Ltda.
Campinas – SP

1. We have performed a limited review of the quarterly consolidated balance sheets of Ceagro Agrícola Ltda. and its subsidiaries as of June 30, 2010 and 2009, as well as the income statements, statements of changes in shareholders' equity, and cash flow statements for the quarters and semester ended June 30, 2010 and 2009.

2. Our special review was conducted in accordance with audit standards established by IBRACON – Brazilian Independent Auditor Institute, alongside the Federal Accounting Council – CFC, and consisted mainly in the application of analytical revision procedures for financial data and verification of the criteria adopted in the development of the consolidated financial statements as of June 30, 2010 and 2009, as a result of inquiries and discussions with those responsible for the accounting and financial areas. Considering that our review did not represent an audit according to the Independent Auditing Standards for the financial statements, we are not expressing an opinion regarding the referred statements.

3. Based on our limited review, we are not aware of any significant changes that should be effected in the financial statements referred to in paragraph 1, for them to comply with the generally accepted accounting practices adopted in Brazil.

São Paulo, August 25, 2010.

BOUCINHAS, CAMPOS & CONTI
Auditores Independentes S/S
CRC 2SP 005528/O-2

JOÃO PAULO ANTONIO POMPEO CONTI
Accountant
CRC-1-SP 057611/O-0

Ceagro Agrícola Ltda.

Consolidated Balance Sheets
As of June 30, 2010 and 2009
(In thousands of R$)

Assets

	Consolidated	
	2010	2009
Current Assets	**169,310**	**190,032**
Cash and equivalents	8,643	25,440
Marketable securities	11,748	37,258
Trade accounts receivable from clients	48,775	72,908
Inventories	38,736	46,772
Taxes recoverable	4,194	3,205
Advances to suppliers	57,214	4,449
Non-Current Assets	**29,687**	**30,161**
Long-term	**14,511**	**14,511**
Marketable Securities	14,511	14,511
Property, Plant and Equipment	**15,037**	**15,500**
Intangible assets	**139**	**150**
Total Assets	**198,997**	**220,193**

The explanatory notes are an integral part of the financial statements.

Ceagro Agrícola Ltda.

Consolidated Balance Sheets – (Continued)
As of June 30, 2010 and 2009
(In thousands of R$)

Liabilities

	Consolidated	
	2010	2009
Current Liabilities	**30,817**	**105,208**
Loans and financing	26,479	25,911
Suppliers	2,964	71,647
Salaries, provisions and social contributions	560	590
Taxes payable	814	4,271
Advances to clients	—	2,789
Non-Current Liabilities	**47,268**	**36,490**
Long-term	**47,268**	**36,490**
Loans and financing	47,268	36,490
Shareholders' Equity	**120,912**	**78,495**
Paid in capital	40,611	10,610
Capital Reserve	20	20
Retained earnings	80,281	67,865
Total Liabilities and Shareholders' Equity	**198,997**	**220,193**

The explanatory notes are an integral part of the financial statements.

Ceagro Agrícola Ltda.

Consolidated Income Statement for the Semesters Ended on
June 30, 2010 and 2009
(In thousands of R$)

	Consolidado	
	2010	2009
Gross Revenues	**487,348**	**530,448**
Sales in domestic market	259,047	310,227
Sales in foreign market	228,301	220,221
Deductions from Gross Revenues	**(29,771)**	**(23,960)**
Returns	(84)	(73)
Sales Taxes	(29,687)	(23,887)
Net Revenues	**457,577**	**506,488**
Cost of goods sold	(311,642)	(355,045)
Gross Operating Profit	**145,935**	**151,443**
Operating Expenses/Revenues	**(118,796)**	**(114,269)**
Selling expenses	(113,027)	(106,985)
General and administrative	(3,776)	(4,374)
Financial income (expense), net	(1,857)	(1,567)
Other operating expenses	(136)	(1,343)
Profit Before Tax	**27,139**	**37,174**
Income Tax and Social Contribution	**(9,227)**	**(9,330)**
Income tax	(6,784)	(6,897)
Social contribution	(2,443)	(2,433)
Net Income	**17,912**	**27,844**
Number of shares outstanding	40,611,020	10,610,000
Net profit per share – In R$	0.44	2.62

The explanatory notes are an integral part of the financial statements.

Ceagro Agrícola Ltda.

Statement of Changes in Shareholders' Equity for the Semesters Ended on June 30, 2010 and 2009

(In thousands of R$)

Events	Paid in Capital	Capital Reserve	Retained Earnings	Total
Balances on December 31, 2008	**10,610**	**20**	**40,021**	**50,651**
Net income for the period	—	—	27,844	27,844
Balances on June 30, 2009	**10,610**	**20**	**67,865**	**78,495**
Changes in year	**—**	**—**	**27,844**	**27,844**
Balances on December 31, 2009	**10,610**	**20**	**62,369**	**72,999**
Capital increase	30,001	—	—	30,001
Net income for the period	—	—	17,912	17,912
Balances on June 30, 2010	**40,611**	**20**	**80,281**	**120,912**
Changes in year	**30,001**	**—**	**17,912**	**47,913**

The explanatory notes are an integral part of the financial statements.

Ceagro Agrícola Ltda.

Consolidated Cash Flow Statements for the Semesters Ended on June 30, 2010 and 2009

(In thousands of R$)

	2010	2009
Cash Flow from Operating Activities		
Net Income for the Period	**17,912**	**27,844**
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities	**110**	**120**
Depreciation and amortization	110	120
(Increase) Decrease in Assets	**(45,247)**	**(74,167)**
Trade accounts receivable	18,571	(38,875)
Inventories	(30,134)	(38,108)
Taxes recoverable	(563)	101
Advances to suppliers	(33,121)	2,715
Increase (Decrease) in Liabilities	**(1,352)**	**76,992**
Suppliers and contractors	(1,509)	70,320
Other	157	6,672
Cash Flow from Operating Activities	**(28,577)**	**30,789**
Cash Flow from Investment Activities		
Addition of fixed assets	(1,047)	(2,220)
Cash Flow from Investment Activities	**(1,047)**	**(2,220)**
Cash Flow from Financing Activities		
Loans and financing raised	13,801	31,032
Capital increase	30,001	—
Cash Flow from Financing Activities	**43,802**	**31,032**
Increase in Cash and Cash Equivalents	**14,178**	**59,601**
Opening balance – cash and cash equivalents	6,213	3,097
Closing Balance – Cash and Cash Equivalents	**20,391**	**62,698**

The explanatory notes are an integral part of the financial statements.

Note 1 – Operations

The Company was founded in 1991 and is headquartered at Rua Antonio Lapa, 280, in the municipality of Campinas, inland State of São Paulo. Its corporate purpose is:

a) selling, importing and exporting cereals, seeds, fertilizers, soil improvers, agricultural and animal products and their byproducts, animal feeds and key inputs;

b) providing services in drying, cleaning and purging of *in natura* seeds and cereals;

c) shipping agency in general;

d) commercial advisory and product storage, usually in the company's own facilities or through third parties;

e) processing and packing of agricultural products, including industrialization of agricultural products at the companies' own facilities and through third parties; and

f) acquiring interest in the capital and profits of other Brazilian or international companies by becoming a shareholder, debenture holder or beneficiary interest holder, permanently or temporarily, as a controller or minority interest holder.

The Company operates mainly focusing on the corn and soy markets. Accordingly, it has 8 branch offices located in the following regions:

- Maringá (PR)
- Itumbiara (GO)
- Dourados (MS)
- Paranaguá (PR)
- Cuiabá (MT)
- Campo Grande (MS)
- Cristalina (GO)
- Fortaleza (CE)

The Company's operations encompass all stages of the agribusiness industry: sourcing, production funding, key input acquisitions and replacements, storage, logistics and distribution. At the final stage, the grains are sold to the domestic and foreign markets.

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The consolidated financial statements were prepared and are being presented in a consolidated manner, in accordance with the accounting practices adopted in Brazil as per the accounting guidelines set forth in the Brazilian corporate laws, specifically Law 6,404/76, including the new provisions introduced, amended and revoked by Law 11,638 of December 28 2007 and by Provisional Measure 449 of December 3 2008, converted into Law 11,941 of May 27 2009. The aforementioned corporate law amendments represent the start of the convergence of Brazilian accounting practices with the International Financial Reporting Standards – IFRS issued by the International Accounting Standards Board – IASB.

Note 3 – Consolidation of Financial Statements

The consolidated accounts include the operations of Ceagro Agrícola Ltd. and the following subsidiaries:

	Interest	
Company	**Direct**	**Indirect**
Ceagro Exportadora e Importadora Ltda.	100%	—
Ceagro Armazém Ltda.	100%	—

The fiscal years of the subsidiaries included in the consolidation coincide with those of the parent, and the parent's accounting policies were applied uniformly at the consolidated companies and are consistent with the policies applied in the previous fiscal year.

The main consolidation procedures are:

- Elimination of intercompany asset and liability account balances among the consolidated companies;
- Elimination of ownership interests, reserves and accrued profits of consolidated companies;
- Elimination of income and expense balances, as well as unrealized profits, resulting from intercompany business;
- Assessment of taxes on unearned income, presented as deferred taxes in the consolidated balance sheet.

Note 4 – Significant Accounting Practices

The accounts are prepared in accordance with the significant accounting practices described below:

a) Assessment of earnings and recognition of income

The operational earnings are accounted for under the accrual accounting method. Income from the sale of products is recorded when all inherent risks and benefits of the products have been transferred to the buyer. Revenue is not recorded if its realization is significantly uncertain.

Specifically in the case of grains, the agreements usually entered into are forward sale contracts. The transaction price depends on the calculation formula and on the variables stated in the respective agreements, and may vary according to the market circumstances existing up to the future date of delivery and settlement of the agreement. The price may also be adjusted by other factors such as moisture content and other technical properties of the grains. Revenue is effectively recorded when the grains are delivered. The amount of revenue is measured and recorded in accordance with the terms of the agreement.

b) Transactions denominated in foreign currency

Monetary assets and liabilities denominated in foreign currency are converted into Brazilian currency (R$) through the exchange rate applicable on the transaction date. Gains and losses resulting from updates to these assets and liabilities are recorded as financial revenues or financial expenses in the income statements for the periods in which they occurred.

c) Financial instruments

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- ***Financial assets:*** Financial assets are classified in the categories below according to the purpose for which they were acquired or issued:

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Financial assets that do not qualify for categories i and ii above. They are measured at fair value on every balance sheet date. Interest, monetary restatements and exchange rate variations, when applicable, are recorded in the earnings whenever incurred. Variations resulting from differences between investment values updated as per contractual terms and assessed fair values are recorded as net equity in the adjustments to net worth account while the assets have not been realized, and are reclassified as earnings after realization, net of taxes.

The main financial assets recorded by the Company are: cash and cash equivalents, marketable securities, and trade accounts receivables from clients.

- ***Financial liabilities:*** financial liabilities are classified in the categories below according to the nature of the acquired or issued financial instruments.

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These include financial liabilities usually traded before expiration, liabilities initially designated at fair value through earnings, and derivatives, except those designated as hedge instruments. They are measured at fair value on every balance sheet date. Interest, monetary restatements, exchange rate variations, and variations resulting from assessment at fair value, when applicable, are recorded in earnings when they are incurred.

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The main financial liabilities recorded by the Company are: accounts payable to suppliers and loans and financing.

- ***Market value:*** The market value of financial instruments actively traded in organized markets is determined based on values quoted on the market on the date of balance sheet closing. If an active market does not exist, market value is determined using valuation techniques. These techniques include using recent market transactions between independent parties, referring to the market value of similar financial instruments, analyzing the discounted cash flows, or other valuation models.
- ***Hedging operations:*** Hedges are derivative financial instruments used for protection from risk exposure or to modify the characteristics of financial assets or liabilities, unrecognized firm commitments, highly probable transactions, or liquid investments in foreign operations. Hedge operations: (i) are highly correlated, as refers to changes in their market value in relation to the market value of the item being protected, both at the beginning and throughout the contractual lifetime (effectiveness between 80% and 125%); (ii) include documental identification of the operation, of the hedged risk, of the risk management process, and of the method used to assess effectiveness; and (iii) are considered effective in reducing the risk associated with the targeted exposure, and are classified and booked as hedge operations according to their nature:
- ***Fair value hedging:*** derivative financial instruments intended to compensate for risks resulting from exposure to variations in the hedged item's fair value. Hedged items and the respective related derivative financial instruments are booked as counter-entries to the pertinent income or expense account, in the period's earnings;
- ***Cash flow hedging:*** derivative financial instruments intended to compensate for variation in the entity's estimated future cash flow. Hedged items and the respective related derivative financial instruments are booked as follows: (i) the effective portion of the gain or loss from the hedge instrument is recorded in the equity adjustment account, in net equity; (ii) the non-effective portion of the gain or loss from the hedge instrument is recorded directly in the period's earnings; and
- ***Foreign investments hedging:*** derivative financial instruments intended to compensate for the effects of interest rate changes in the process of converting financial statements on investments abroad. Hedged items and the respective related derivative financial instruments are booked as follows: (i) the effective portion of the gain or loss from the hedge instrument is recorded in the equity adjustment account, in net equity; (ii) the non-effective portion of the gain or loss from the hedge instrument is recorded directly in the period's earnings.

  In the semesters ended on June 30, 2010 and 2009, the Company and its subsidiaries did not engage in complex operations involving derivatives.

d) Provision for doubtful debtor

The Company and its subsidiaries performed an assessment and concluded that there are no real and probable expectations of losses due to receivables from clients. Accordingly, no provision was created for doubtful debtor.

e) Inventories

Agricultural product inventories are measured at acquisition cost. For agricultural products, a provision for inventory adjustment at market value is made when production cost is higher than realization value. Realization value is the estimated sale price during the normal course of business, less the estimated costs required to sell the product.

f) Fixed assets

Recorded at acquisition, formation or construction cost. Depreciation is calculated by the linear method, at rates that take into account the estimated useful lifetime of the assets.

g) Intangible assets

Intangible assets are comprised basically of software usage licenses acquired from third parties and currently at the implementation stage, and are initially measured at acquisition cost, then discounted from accrued amortization. Amortizations are calculated by the linear method based on estimated useful lifetime. The book value of an intangible asset is revised due to loss of recoverable value if any events or changes in circumstances indicate that the book value will not be recovered.

h) Liabilities

A liability is recorded on the balance sheet when the Company has an obligation that is legally required or is undertaken as the result of a past event, and will likely require funds for settlement. Some liabilities involve uncertain time periods and values, and are estimated as they are incurred and recorded through provisions. Provisions are recorded based on the best estimates of the risk involved.

i) Income tax and social contribution on profits

Current and deferred income tax is calculated based on a 15% rate, plus 10% on taxable profit in excess of R$ 240 thousand.

Current and deferred social contribution is calculated based on a 9% rate on taxable profit.

According to current Brazilian tax laws, to assess the income tax and social contribution on net profit pertaining to the fiscal years ended on December 31, 2009 and 2008, companies can choose to apply the Transitory Tax System – RTT, which enables legal entities to eliminate the balance sheet effects of Law 11,638/07 and MP 449/08 through records entered in the Real Profit Assessment Ledger – LALUR or auxiliary controls, without any modification to the accounting records. The Company adhered to the RTT system upon delivery of its Corporate Income Tax Statement – DIPJ for the calendar year 2008.

j) Provisions

Provisions are recorded when the Company has a present obligation of a legal or non-formal nature, as a result of past events, and an outlay will likely be necessary to settle the obligation and enable a reliable estimate of the amount.

Contingent liabilities resulting from obligations related to labor, social security, taxes, contracts, operations, and administrative or judicial claims, as applicable, are provided for at their estimated value when loss is deemed probable.

k) Reduction of impaired assets to recoverable value

On June 30, 2010 and 2009, Company Management revised the book value of its assets, aiming to identify possible circumstances that would require a recovery test for certain assets or cash-generating unit. Recoverable value is the net sale value or value in use, whichever is higher. There was no evidence that the book values of the fixed assets might be higher than the respective recoverable values.

l) Accounting estimates

Accounting estimates are used to measure and recognize certain assets and liabilities recorded in the accounts of the Company and its subsidiaries. In the calculation of these estimates, the factors taken into account included experiences from past and current events, assumptions pertinent to future events, and other objective or subjective factors. The settlement of transactions involving these estimates might result in significantly different values from those recorded in the accounts, given the inherent imprecision of the estimation process. The Company revises its estimates and assumptions at least once per year.

Note 5 – Cash and Equivalents

	2010	2009
Cash	1	1
Banks	8,642	25,439
	8,643	**25,440**

Note 6 – Marketable Securities

	2010	2009
Current Assets		
Bank deposits (CDB DI)	11,748	37,258
Total Current Assets	**11,748**	**37,258**
Non-Current Assets		
Brazilian Treasury Bonds	14,511	14,511
Total Non-Current Assets	**14,511**	**14,511**
Total	**26,259**	**51,769**

The financial deposits recorded as current are comprised of investments in bank deposit certificates held at usual market rates, plus any profits yielded up to the balance sheet date.

The financial deposits recorded as noncurrent are comprised of investments in Brazilian treasury bonds recorded at cost value, with maturity in 2017. The aforementioned deposits are classified as held until maturity.

Note 7 – Trade Accounts Receivable

	2010	2009
Domestic market	25,850	43,016
Foreign market	22,925	29,892
	48,775	**72,908**

Note 8 – Inventories

	2010	2009
Corn inventory	38,736	46,772
	38,736	**46,772**

Note 9 – Recoverable Taxes

	2010	2009
ICMS	3,890	3,100
Others	304	105
	4,194	**3,205**

Note 10 – Advances to Suppliers

	2010	2009
Advances to producers	57,214	4,449
	57,214	**4,449**

Note 11 – Loans and Financing

Loans and financing are intended for investments and funding of activities. Fixed assets are pledged as collateral, and they are also guaranteed by the company's officers. Variable financial charges apply to the borrowed or financed values, after monetary restatements or exchange variations, as applicable. The financing operations are composed as follows:

Creditor	Maturity	Interest Rate	Balance on June/10
Short Term			
Banco Itau – Giro Pré	11/26/2010	1.28% per month	4,616
Banco Itau – Giro Pré	08/14/2010	1.23% per month	15,563
BCP VOYAGER – Export Prepayment	6/7/2010	14.5% per year	6,300
			26,479
Long Term			
BMW Leasing do Brasil	12/8/2011	1.38% per month	127
Banco Lemon	06/20/2011	135% of CDI	11,041
Incentivo – DTVM	06/30/2014	130% of CDI	6,000
Quatá Fundo de Investimentos	08/23/2015	125% of CDI	30,100
			47,268
Total			**73,747**

Note 12 – Paid in Capital

On June 30 2009, the subscribed and fully paid-in capital of R$ 40,611,020 (forty million six hundred and eleven thousand and twenty reais) comprised 40,611,020 (forty million six hundred and eleven thousand and twenty) shares, each with a par value of R$ 1.00.

Note 13 – Insurance

It is Company policy to hold insurance coverage for the fixed assets and inventories, at amounts deemed sufficient to cover potential claims. The risk assumptions were assessed by insurance consultants and are not part of the accounts audit scope; accordingly, the auditors will not issue an opinion on the contracted insurance values.

Ceagro Agrícola Ltda.

Financial Statements
for the Periods Ended
December 31, 2009 and 2008

Independent Auditors' Report

To
Shareholders and Officers of
Ceagro Agrícola Ltda.
Campinas – SP

1. We have audited the consolidated balance sheets of Ceagro Agrícola Ltda. as of December 31, 2009 and 2008, as well as the income statement and its subsidiaries, statements of changes in shareholders' equity, and cash flow statements for the fiscal years ended on those dates, prepared by the each of company's management. Our responsibility is to express an opinion on these accounts.

2. Our audits were conducted in accordance with audit standards applicable in Brazil. They encompassed: (a) planning of the auditing work, considering the relevance of balances, the volume of transactions, and the accounting and internal control systems of the Company and its subsidiaries; (b) test-based assessment of evidence and records that support the reported values and accounting information; and (c) evaluation of the most significant accounting practices and estimates adopted by management of the Company and its subsidiaries, in addition to an evaluation of how the accounts are presented as whole.

3. In our opinion, based on our audits the financial statements referred to in Paragraph 1 fairly represent, in all material respects, the individual and consolidated equity and financial position of Ceagro Agrícola Ltda. and its subsidiaries as of December 31, 2009 and 2008, as well as the results of their operations, the changes in shareholders' equity, and the cash flows for the fiscal years ended on those dates, in accordance with the accounting practices currently effective in Brazil.

São Paulo, June 2, 2010.

BOUCINHAS, CAMPOS & CONTI
Auditores Independentes S/S
CRC 2SP 005528/O-2

JOÃO PAULO ANTONIO POMPEO CONTI
Accountant
CRC-1-SP 057611/O-0

Ceagro Agrícola Ltda.

Consolidated Balance Sheets
As of December 31, 2009 and 2008
(In thousands of R$)

Assets

	2009	2008
Current Assets	**109,885**	**56,264**
Cash and equivalents	3,603	1,836
Marketable securities	2,610	1,261
Trade accounts receivable from clients	67,346	34,033
Inventories	8,602	8,664
Taxes recoverable	3,631	3,306
Advances to suppliers	24,093	7,164
Non-Current Assets	**28,750**	**28,061**
Long-term	**14,511**	**14,511**
Marketable securities	14,511	14,511
Property, Plant and Equipment	**14,100**	**13,400**
Intangible assets	**139**	**150**
Total Assets	**138,635**	**84,325**

The explanatory notes are an integral part of the financial statements.

Ceagro Agrícola Ltda.

Consolidated Balance Sheets – (Continued)
As of December 31, 2009 and 2008
(In thousands of R$)

Liabilities

	2009	2008
Current Liabilities	**23,029**	**5,462**
Loans and financing	17,339	3,157
Suppliers	4,473	1,327
Salaries, provisions and social contributions	703	575
Taxes payable	514	403
Non-Current Liabilities	**42,607**	**28,212**
Long-term	**42,607**	**28,212**
Loans and financing	42,607	28,212
Shareholders' Equity	**72,999**	**50,651**
Paid in capital	10,610	10,610
Capital reserve	20	20
Retained Earnings	62,369	40,021
Total Liabilities and Shareholders' Equity	**138,635**	**84,325**

The explanatory notes are an integral part of the financial statements.

Ceagro Agrícola Ltda.

Consolidated Income Statement for Fiscal Years Ended
on December 31, 2009 and 2008
(In thousands of R$)

	2009	2008
Gross Revenues	**751,958**	**703,108**
Sales in domestic market	440,196	516,354
Sales in foreign market	311,762	186,754
Deductions from Gross Revenues	**(32,139)**	**(41,696)**
Returns	(339)	(494)
Sales taxes	(31,800)	(41,202)
Net Revenues	**719,819**	**661,412**
Cost of goods sold	(529,571)	(523,859)
Gross Operating Profit	**190,248**	**137,553**
Operating Expenses/Income	**(156,446)**	**(116,536)**
Selling expenses	(149,407)	(110,013)
General and administrative	(6,190)	(5,457)
Financial income (expense), net	135	277
Other operating expenses	(984)	(1,343)
Profit Before Tax	**33,802**	**21,017**
Income Tax and Social Contribution	**(11,454)**	**(7,122)**
Income tax	(8,412)	(5,230)
Social contribution	(3,042)	(1,892)
Net Income	**22,348**	**13,895**
Number of shares outstanding	10,610,000	10,610,000
Net profit per share – In R$	2.11	1.31

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Ceagro Agrícola Ltda.

Statement of Changes in Equity for Fiscal Years Ended
on December 31, 2009 and 2008
(In thousands of R$)

Events	Paid in Capital	Capital Reserve	Retained Earnings	Total
Balances on December 31, 2007	**10,610**	**20**	**26,126**	**36,756**
Net income for the period	—	—	13,895	13,895
Balances on December 31, 2008	**10,610**	**20**	**40,021**	**50,651**
Changes in year	**—**	**—**	**13,895**	**13,895**
Balances on December 31, 2008	**10,610**	**20**	**40,021**	**50,651**
Net income for the period	—	—	22.348	22,348
Balances on December 31, 2009	**10,610**	**20**	**62,369**	**72,999**
Changes in year	**—**	**—**	**22,348**	**22,348**

The explanatory notes are an integral part of the financial statements

Ceagro Agrícola Ltda.

Consolidated Cash Flow Statements for Fiscal Years Ended on December 31, 2009 and 2008

(In thousands of R$)

	2009	2008
Cash Flow from Operating Activities		
Net Income for the Period	**22,348**	**13,895**
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities	**2,524**	**2,605**
Non cash (capitalized) interest	2,435	2,269
Depreciation and amortization	89	336
(Increase) Decrease in Assets	**(50,505)**	**(24,025)**
Trade accounts receivable	(33,313)	(23,892)
Inventories	62	(4,496)
Taxes recoverable	(325)	(188)
Advances to suppliers	(16,929)	4,551
Increase (Decrease) in Liabilities	**3,385**	**(525)**
Suppliers and contractors	3,146	391
Other	239	(916)
Cash Flow from Operating Activities	**(22,248)**	**(8,050)**
Cash Flow from Investment Activities		
Long-term investments	—	(14,511)
Addition of fixed assets	(751)	(1,096)
Addition of intangible assets	(27)	—
Cash Flow from Investment Activities	**(778)**	**(15,607)**
Cash Flow from Financing Activities		
Loans and financing raised	26,142	28,000
Repayment of loans and financing	—	(8,509)
Cash Flow from Financing Activities	**26,142**	**19,491**
Increase (Decrease) in Cash and Cash Equivalents	**3,116**	**(4,166)**
Opening balance – cash and cash equivalents	3,097	7,263
Closing Balance – Cash and Cash Equivalents	**6,213**	**3,097**

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Note 1 – Operations

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b) providing services in drying, cleaning and purging of *in natura* seeds and cereals;

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The main financial liabilities recorded by the Company are: accounts payable to suppliers and loans and financing.

- ***Market value:*** the market value of financial instruments actively traded in organized markets is determined based on values quoted on the market on the date of balance sheet closing. If an active market does not exist, market value is determined using valuation techniques. These techniques include using recent market transactions between independent parties, referring to the market value of similar financial instruments, analyzing the discounted cash flows, or other valuation models.
- ***Hedging operations:*** hedges are derivative financial instruments used for protection from risk exposure or to modify the characteristics of financial assets or liabilities, unrecognized firm commitments, highly probable transactions, or liquid investments in foreign operations. Hedge operations: (i) are highly correlated, as refers to changes in their market value in relation to the market value of the item being protected, both at the beginning and throughout the contractual lifetime (effectiveness between 80% and 125%); (ii) include documental identification of the operation, of the hedged risk, of the risk management process, and of the method used to assess effectiveness; and (iii) are considered effective in reducing the risk associated with the targeted exposure, and are classified and booked as hedge operations according to their nature:
- ***Fair value hedging:*** derivative financial instruments intended to compensate for risks resulting from exposure to variations in the hedged item's fair value. Hedged items and the respective related derivative financial instruments are booked as counter-entries to the pertinent income or expense account, in the period's earnings;
- ***Cash flow hedging:*** derivative financial instruments intended to compensate for variation in the entity's estimated future cash flow. Hedged items and the respective related derivative financial instruments are booked as follows: (i) the effective portion of the gain or loss from the hedge instrument is recorded in the equity adjustment account, in net equity; (ii) the non-effective portion of the gain or loss from the hedge instrument is recorded directly in the period's earnings; and
- ***Foreign investments hedging:*** derivative financial instruments intended to compensate for the effects of interest rate changes in the process of converting financial statements on investments abroad. Hedged items and the respective related derivative financial instruments are booked as follows: (i) the effective portion of the gain or loss from the hedge instrument is recorded in the equity adjustment account, in net equity; (ii) the non-effective portion of the gain or loss from the hedge instrument is recorded directly in the period's earnings.

In the fiscal years ended on December 31, 2009 and 2008, the Company and its subsidiaries did not engage in complex operations involving derivatives.

d) Provision for doubtful debtor

The Company and its subsidiaries performed an assessment and concluded that there are no real and probable expectations of losses due to receivables from clients. Accordingly, no provision was created for bad debt.

e) Inventories

Agricultural product inventories are measured at acquisition cost. For agricultural products, a provision for inventory adjustment at market value is made when production cost is higher than realization value. Realization value is the estimated sale price during the normal course of business, less the estimated costs required to sell the product.

f) Fixed assets

Recorded at acquisition, formation or construction cost. Depreciation is calculated by the linear method, at rates that take into account the estimated useful lifetime of the assets.

g) Intangible assets

Intangible assets are comprised basically of software usage licenses acquired from third parties and currently at the implementation stage, and are initially measured at acquisition cost, then discounted from accrued amortization. Amortizations are calculated by the linear method based on estimated useful lifetime. The book value of an intangible asset is revised due to loss of recoverable value if any events or changes in circumstances indicate that the book value will not be recovered.

h) Liabilities

A liability is recorded on the balance sheet when the Company has an obligation that is legally required or is undertaken as the result of a past event, and will likely require funds for settlement. Some liabilities involve uncertain time periods and values, and are estimated as they are incurred and recorded through provisions. Provisions are recorded based on the best estimates of the risk involved.

i) Income tax and social contribution on profits

Current and deferred income tax is calculated based on a 15% rate, plus 10% on taxable profit in excess of R$ 240 thousand.

Current and deferred social contribution is calculated based on a 9% rate on taxable profit.

According to current Brazilian tax laws, to assess the income tax and social contribution on net profit pertaining to the fiscal years ended on December 31, 2009 and 2008, companies can choose to apply the Transitory Tax System – RTT, which enables legal entities to eliminate the balance sheet effects of Law 11,638/07 and MP 449/08 through records entered in the Real Profit Assessment Ledger – LALUR or auxiliary controls, without any modification to the accounting records. The Company adhered to the RTT system upon delivery of its Corporate Income Tax Statement – DIPJ for the calendar year 2008.

j) Provisions

Provisions are recorded when the Company has a present obligation of a legal or non-formal nature, as a result of past events, and an outlay will likely be necessary to settle the obligation and enable a reliable estimate of the amount.

Contingent liabilities resulting from obligations related to labor, social security, taxes, contracts, operations, and administrative or judicial claims, as applicable, are provided for at their estimated value when loss is deemed probable.

k) Reduction of impaired assets to recoverable value

On December 31, 2009 and 2008, Company Management revised the book value of its assets, aiming to identify possible circumstances that would require a recovery test for certain assets or cash-generating unit. Recoverable value is the net sale value or value in use, whichever is higher. There was no evidence that the book values of the fixed assets might be higher than the respective recoverable values.

l) Accounting estimates

Accounting estimates are used to measure and recognize certain assets and liabilities recorded in the accounts of the Company and its subsidiaries. In the calculation of these estimates, the factors taken into account included experiences from past and current events, assumptions pertinent to future events, and other objective or subjective factors. The settlement of transactions involving these estimates might result in significantly different values from those recorded in the accounts, given the inherent imprecisions of the estimation process. The Company revises its estimates and assumptions at least once per year.

Note 5 – Cash and Equivalents

	2009	2008
Cash	4	1
Banks	3,599	1,835
	3,603	**1,836**

Note 6 – Marketable Securities

	2009	2008
Current Assets		
Bank Deposits (CDB DI)	2,230	1,261
Bank Deposits (COMP DI)	380	—
Total Current Assets	**2,610**	**1,261**
Non-Current Assets		
Brazilian Treasury Bonds	14,511	14,511
Total Non-Current Assets	**14,511**	**14,511**
Total	**17,121**	**15,772**

The financial deposits recorded as current are comprised of investments in bank deposit certificates held at usual market rates, plus any profits yielded up to the balance sheet date.

The financial deposits recorded as noncurrent are comprised of investments in Brazilian treasury bonds recorded at cost value, with maturity in 2017. The aforementioned deposits are classified as held until maturity. The market trading values of the aforementioned treasury bonds on December 31, 2009 and 2008 are R$ 11,480 thousand and R$ 10,448 thousand, respectively.

Note 7 – Trade Accounts Receivable

	2009	2008
Domestic market	39,424	24,993
Foreign market	27,922	9,040
	67,346	**34,033**

Note 8 – Inventories

	2009	2008
Corn inventory	8,602	8,664
	8,602	**8,664**

Note 9 – Recoverable Taxes

	2009	2008
ICMS	3,051	3,249
Others	580	57
	3,631	**3,306**

Note 10 – Advances to Suppliers

	2009	2008
Advances to producers	24,093	7,164
	24,093	**7,164**

Note 11 – Property, Plant and Equipment

	Depreciation rates (%)	2009	2008
Buildings and constructions	10%	10,817	10,693
Improvements in third-party properties	10%	553	553
Ongoing PP&E	—	2,262	2,262
Other fixed assets	10%	2,119	1,465
Accumulated depreciation		(1,512)	(1,423)
		14,239	**13,550**

Note 12 – Intangible Assets

	Amortization rates (%)	2009	2008
Software	20%	198	171
Brands and patents	—	1	1
Amortization		(60)	(22)
		139	**150**

Note 13 – Loans and Financing

Loans and financing are intended for investments and funding of activities. Fixed assets are pledged as collateral, and they are also guaranteed by the company's officers. Variable financial charges apply to the borrowed or financed values, after monetary restatements or exchange variations, as applicable. The financing operations are composed as follows:

Creditor	Maturity	Interest Rate	2009
Short Term			
Banco Itau – Giro Pré	11/26/2010	1.28% per month	4,616
Banco Itau – Giro Pré	06/14/2010	1.59% per month	3,400
Banco Itau – Giro Pré	8/2/2010	1.34% per month	3,000
Quatá Fundo de Investimentos	01/20/2010	1.10% per month	6,323
			17,339
Long Term			
BMW Leasing do Brasil	12/8/2011	1.38% per month	132
Banco Lemon	03/20/2011	135% of CDI	12,375
Quatá Fundo de Investimentos	08/23/2015	125% of CDI	30,100
			42,607
Total			**59,946**

Note 14 – Net Financial Income and Expenses

	2009	2008
Financial Income		
Profits from financial deposits	187	230
Active interest	266	221
Financial income – wash out	383	638
Contractual financial income	1,194	1,141
Recovery of financial expenses	1,258	1,027
Other financial income	18	24
Total Financial Income	**3,306**	**3,281**
Financial Expenses		
Interest and charges on financing operations	2,437	2,269
Bank fees	67	49
Other financial expenses	667	686
Total Financial Expenses	**3,171**	**3,004**
Net Financial	**135**	**277**

Note 15 – Quota Capital

Paid in Capital on 12/31/2009.

On December 31, 2009, the subscribed and fully paid in capital of R$ 10,610,000 (ten million, six hundred and ten thousand reais) comprised of 10,610,000 (ten million, six hundred and ten thousand) quotas, each with a par value of R$ 1.00.

Shares Capital increase in 2010.

On April 14, 2009, the Company received a capital increase amounting to R$ 30,001,020 (thirty million, one thousand and twenty reais), subscribed and fully paid in, comprising 30,001,020 (thirty million, one thousand and twenty) new shares, each with a par value of R$ 1.00.

Paid in Capital after capital increase.

After the capital increase, the paid in capital amounted to R$ 40,611,020 (forty million, six hundred and eleven thousand and twenty reais), comprised of 40,611,020 (forty million, six hundred and eleven thousand and twenty) shares, each with a par value of R$ 1.00.

Note 16 – Purchase and Sale Commitments

The Company and its subsidiaries have entered into forward contracts for purchase and sale, as shown below:

a) Grain purchase agreements

Product	Quantity	Unit	Number of contracts	Delivery period	Price on 12/31/2009
Soy	382,000	ton	486	January thru April 2010	R$ 176,595
Corn	126,000	ton	101	June thru September 2010	R$ 25,725

b) Grain sale agreements

Product	Quantity	Unit	Number of contracts	Delivery period	Price on 12/31/2009
Soy	382,000	ton	32	January thru April 2010	R$ 264,215
Corn	126,000	ton	6	June thru September 2010	R$ 40,950

Note 17 – Insurance

It is Company policy to hold insurance coverage for the fixed assets and inventories, at amounts deemed sufficient to cover potential claims. The risk assumptions were assessed by insurance consultants and are not part of the accounts audit scope; accordingly, the auditors will not issue an opinion on the contracted insurance values.

Note 18 – Risk Management and Financial Instruments

The sales income of the Company and its subsidiaries comes mainly from the sale of agricultural commodities such as soy and corn; these products are quoted in dollars on the Chicago Board of Trade – CBOT and Intercontinental Exchange Futures US – ICE. Hence, the volatility of international commodity prices and exchange rates are market risks to which the Company and its subsidiaries are exposed.

The Company and its subsidiaries purchase corn and soy based on forward contracts. The purchase price is determined individually for each transaction considering the profit margin, guarantees and future price of grains on the CBOT.

Corn and soy sales are entered into with major Brazilian and international groups through agreements executed by the parties, in which the prices and terms for settlement and grain delivery are established. The sales agreements are always backed and compatible with the purchase agreements executed by the Company.

The grain transactions are also *hedge* instruments, but are not recorded through *hedge accounting* .

a) Exchange risk

This risk results from the possibility of the Company and its subsidiaries incurring losses and cash constraints due to fluctuating exchange rates, affecting the balance of assets (or liabilities) indexed to a foreign currency. The risk is managed by a company called FCStone do Brasil Ltda., aiming to protect part of the Company's obligations denominated in foreign currency against exchange risks and interest risks. In the fiscal years ended on December 31, 2009 and 2008, the Company and its subsidiaries did not engage in operations involving a substantial exchange risk.

b) Price risk

Most of the Company's protection against variations in the price of acquired grains is mitigated by sales agreements entered into with major Brazilian and international groups. Therefore, all of the price risk is concentrated only in a reduction of the Company's profit margin. All of the Company's purchase operations therefore present a risk of net exposure to the difference between grain purchase and sale prices, taking into account that all operations are physically backed. The risk mitigation method prevents the Company from engaging in exchange-traded hedge operations, given that such operations require funds from initial margins and are also subject to daily adjustments according to variations in the reference price.

c) Interest risk

This risk results from the possibility of the Company and its subsidiaries incurring losses due to fluctuating interest rates, which increase the financial expenses related to loans and financing. The loans taken out by the Company are controlled in terms of exposure value and rates applied due to the respective nature of each operation, so as not to expose the Company and its subsidiaries to risks that are deemed excessive.

d) Credit risk

In purchase operations:

Future grain purchases are entered into with producers previously selected via an analysis of operational, financial and other aspects that could influence the effective delivery of the grains. In grain purchase operations, the risk is limited to the values related to advances to suppliers, which enable their production operations.

In sale operations:

Sales by the Company and its subsidiaries are entered into with renowned Brazilian and international companies. The credit risk is managed through specific standards of client acceptance, credit analysis and establishment of exposure limits per client. There is no history of relevant losses in accounts receivable from clients.

e) Market values

On December 31, 2009 and 2008, the market value of cash availabilities, accounts receivable, accounts payable, and loans and financing are compatible with the accounted-for values.

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