

MERGENT INDUSTRIAL

NEW LISTING

January 12, 2010

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KLABIN S.A. (BRAZIL)

Company Website:: www.klabin.com.br

History: Incorporated in Brazil on Nov. 8, 1978. Established in Brazil as Industria de Celulose Borregaard S.A. as it belonged to the Norwegian Group Borregaard S.A. Name changed to Rio Grande Companhia de Celulose do Sul - Riocell in Dec. 1975. Name changed to Riocell S.A. in Mar. 1982. Name changed to Klabin Riocell S.A. on Apr. 27, 2000. Present name adopted on Jan. 2, 2002.

In July 1975, Co. was sold to a local Rio Grande do Sul Group Sulbrasileiro/MFM.

In Nov. 1978, the majority of Co.'s shares went under the control of two public entities, BNDES (Fibase) and Banco do Brasil.

In Mar. 1982, Co. became a 100% Brazilian-owned private company, controlled by the Holding Company KIV Participacoes S.A., which was composed by the Klabin, Iochpe and Votorantim Groups.

In Oct. 1995, all shares that belonged directly or indirectly to the Iochpe Group, common or preferred shares, were transferred to two private social welfare funds, PREVI (Caixa de Previdencia dos Funcionarios do Banco do Brasil) and PETROS (Fundo Petrobras de Seguridade Social).

In 2000, IKPC - Industrias Klabin de Papel e Celulose S.A. increased its interest in Co. to 99.14%, thus becoming its controlling shareholder.

In 2003, Co.'s subsidiary Klabin Forest Products Antwerp N.V. ceased operations.

In 2003, Co. sold its interest of Klabin Monte Alegre Com. Ind. Ltda. (former Norske Skog Klabin Comercio e Industria Ltda.) to Norske Skog do Brasil Ltda.

On June 30, 2003, Co. sold its interest of Riocell S.A. along with its subsidiary Klabin Riocell Limited to Aracruz Celulose S.A. (99%) and Aracruz Trading (1%).

On Aug. 7, 2003, Co. sold its 50% interest of Klabin Kimberly S.A. and KCK Tissue S.A.

On Aug. 20, 2003, Co. sold its 81.71% interest of Klabin Bacell S.A. to RGM International PTE LTD.

In 2004, Co.'s subsidiary Mirca Limited changed its name to Klabin Ltd.

On Mar. 23, 2004, Co. merged Klabin Monte Alegre Com. e Ind. Ltda. into its own operations.

In Dec. 2004, through its subsidiary Klabin Ltd., Co. established Klabin Trade.

In June 2006, Co. sold its interest of Klapart Participacoes Ltda.

In 2007, Co. acquired Centaurus Holdings S.A.

Reorganization: On Oct. 15, 2001, Co. announced a restructuring process that included the merger of the following companies into Co.'s operations: Klamasa Participacoes S.A., KIV Participacoes S.A., Industrias Klabin S.A. and Igaras Papeis e Embalagens S.A.

The process was completed when Co. merged its then controlling shareholder IKPC - Industrias Klabin de Papel e Celulose S.A. into its own operations. Subsequently, Co. changed its name from Klabin Riocell S.A. to Klabin S.A.

These were the steps taken by Co. during the 2001 restructuring process:

The restructuring was implemented through a process of successive mergers, including the merger of IKPC - Industrias Klabin de Papel e Celulose S.A. The end result of this process was that Co. (previously named Klabin Riocell S.A.) became the single surviving traded company, absorbing the industrial and commercial operations conducted through Industrias Klabin, Igaras Papeis e Embalagens and Klabin Export, as well as the

investments in other controlled companies which were run as joint ventures.

On Oct. 26, 2001, Co.'s General Shareholders' Meeting approved: (a) the change of its corporate denomination to Klabin S.A.; (b) the merger of all classes of preferred shares into a single class; (c) the reverse split of shares in the proportion of seven 7 existing shares to two 2 new shares of the same class, and (d) the adoption of a fixed capital basis.

On Oct. 30, 2001, Industrias Klabin S.A. merged Klamasa Participacoes S.A. and IKPC - Participacoes S.A. into its own operations.

On Dec. 7, 2001, Industrias Klabin S.A. merged Baywood Holdings Inc. into its own operations.

On Dec. 28, 2001, in the general shareholders' meetings of IKPC - Industrias Klabin de Papel e Celulose S.A. and its controlled companies and of Co.'s shareholders' meeting decided for the merger of IKPC and its controlled companies KIV Participacoes S.A., Industrias Klabin S.A., Igaras Papeis e Embalagens S.A., Klabin Export S.A., Klabin do Parana Mineracao Ltda. and Klabin Madeiras Ltda. into Co.'s operations.

The same exchange ratio was used for the purpose of substitution of shares of IKPC's shareholders for Co.'s common and preferred shares. Once the merger of IKPC and its controlled companies was concluded, each cancelled IKPC share was substituted for a share of Co. of the same class with integral rights to the distributed results for the financial year 2001. There was no change in the existing rights and preferences enjoyed by the preferred shares of IKPC that were substituted for Co.'s preferred shares.

The costs for concluding the restructuring were estimated at R\$5,000,000, including expenses related to publications, auditing, appraising, consultants and lawyers.

Business Summary: Klabin is engaged in the manufacture, sale and export of pulp and paper products, the planting of eucalyptus trees for distribution in saw mills, and the sale of eucalyptus seeds. The pulp and paper come from planted eucalyptus trees, which are brought from self-owned forest or the association with third parties. Paper products sold include printing and writing paper, disposable sanitary products, colored offset paper, carbonless base papers, check paper, laser and ink-jet printing papers, coated base paper, microcorrugated paper, packaging base paper, silicon base papers, laminated base paper, editorial printing papers, and semi-bleached paper.

Property: Co.'s head office is located in Sao Paulo, Brazil. As of Dec. 31, 2008, Co. owned a total area of 431,000 hectares of land, of which 215,000 hectares were of planted trees, and a 175,000 hectares of preserved native forest land.

Subsidiaries

Klabin Argentina S.A. (Argentina)
IKAPE Empreendimentos Ltda.
Klabin do Parana Produtos Florestais Ltda.
Antas Servicos Florestais S/C Ltda.
Centaurus Holdings S.A.
Renascer Participacoes S.A.
Timber Holdings S.A.

Officers

Reinoldo Poernbacher, Chief Executive Officer
Antonio Sergio Alfano, Chief Financial Officer; Director - Finance; Director - Planning; Dir. - Invest. Rel.

Paulo Roberto Petterle, Chief Operating Officer
Francisco Cesar Razzolini, Officer - Project Development; Officer - Industrial Technology; Officer - Supply Chain

Directors

Armando Klabin, Chairman
Miguel Lafer
Daniel Miguel Klabin
Lilia Klabin Levine
Paulo Sergio Coutinho Galvao, Filho
Roberto Luiz Leme Klabin
Rui Manuel de Medeiros
D'Espiney Patricio
Celso Lafer
Israel Klabin
Olavo Egidio Monteiro de Carvalho
Pedro Franco Piva
Vera Lafer

Auditors: Deloitte Touche Tohmatsu Auditores Independentes

Shareholder Relations: Luiz Marciano Candalaft, Tel.: 55 11 3046 8404

No. of Stockholders: Dec. 31, 2008, 7,700

No. of Employees: Dec. 31, 2008, 13,326

Address: Av. Brigadeiro Faria Lima 3600, 3/4/5 Andares, Itaim Bibi, Sao Paulo, 04538-132, Brazil
E-mail: salfano@klabin.com.br **Web:** www.klabin.com.br

Consolidated Income Account, years ended Dec. 31
(in thousands of Brazilian Reais):

	2008	2007 (revised)	2006 (revised)
Sales	3,714,242	3,365,195	3,246,655
Sales tax & discounts	617,662	568,753	533,857
Net sales	3,096,580	2,796,442	2,712,798
Cost of goods sold	2,286,667	1,870,122	1,749,944
Gross profit (loss)	809,913	926,320	962,854
Sell exps	318,333	264,241	270,651
Admin exps	185,727	180,795	155,786
Sal & wages for mgmt			20,631
Other oper revenues (expenses)	19,246	(7,147)	(49,452)
Oper exps subtotal	484,814	452,183	496,520
Eq results in assoc & sub after subtotal	(238)	(200)	(405)
Oper profit (loss) bef finl results	324,862	473,937	465,929
Finl exps			250,232
Finl rev			369,080
Fgn exch fluctuations, assets			16,659
Fgn exch fluctuations, liabil			cr29,839
Finl revs & expenses, net	(905,208)	350,902	132,028
Oper profit (loss)			597,957
Non-oper revs & expenses, net			2,421
Income (loss) bef inc tax & mand e	(580,347)	824,839	600,378

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Inc tax & mand empl benefits	10,198	150,176	16,023
Defer inc tax & mand empl benefits	251,113	(56,051)	(96,714)
Tot inc tax & mand empl benefits	(240,915)	206,227	112,737
Income (loss) bef minor interests	(339,432)	618,612	487,641
Minor interests	9,214	14,989	14,149
Net income (loss) for the yr	(348,646)	603,623	473,492
Common shares (000):			
Yr-end shares outstg	900,775	902,683	911,926
Earnings (losses) per sh	R\$(0.39)	R\$0.69	R\$0.52

Reclassified to conform with 2008 presentation

Consolidated Balance Sheet, as of Dec. 31 (in thousands of Brazilian Reais):

	2008	2007 (revised)
Assets:		
Cash & banks	104,586	224,221
Short-term invests	1,190,591	1,874,420
Mkt secur	407,521	
Client accts receiv	669,143	550,256
Less: Export trade bills discounted	17,832	89,452
Less: Allow for doubtful accts	18,231	26,447
Finished prod	172,009	110,330
Raw mater	123,903	110,782
Wood & forest exploration	55,521	49,409
Fuel & lubricants	6,054	4,164
Maint mater	77,659	61,396
Other invent	1,946	65
Invent	437,092	336,146
Tax & contrib recoverable	326,969	66,516
Ppd exps	12,477	12,421
Ppd exps in parent co	18,790	15,473
Other accts receiv	49,313	54,267
Tot curr assets	3,180,419	3,017,821
Accts receiv fr rel & sub	2,125	
Defer inc tax & mand empl bene	314,062	70,786
Judicial dep	79,793	84,574
Recoverable tax	206,514	367,482
Ppd exps	5,105	6,574
Other accts receiv	98,798	56,218
Invests in assoc & sub companies	10	311
Other invests	8,690	8,504
Land	329,429	
Land, net	329,429	259,588
Buildings & constr	675,716	
Less: Accum deprec of buildings &	222,777	
Buildings & construction, net	452,939	409,378
Machinery, equip & installations	4,704,256	
Less: Accum deprec of mach &	2,194,897	
Machinery, equip & installations, net	2,509,359	1,035,392
Constr & installations in prog	141,911	

Constr & installations in progress, net	141,911	1,592,576
Forests & reforestation	879,988	
Less: Accum depl of forests & reforestation	149,574	
Forests & reforestation, net	730,414	522,171
Other prop plt & equip	319,045	
Less: Accum deprec of other prope	183,654	
Other prop plt & equipment, net	135,391	288,852
Prop plt & equipment, gross	7,050,345	
Less: Tot accum deprec	2,750,902	
Prop plt & equipment, net	4,299,443	4,107,957
Intangibles	47,241	58,155
Tot non-curr assets	5,061,781	4,760,561
Tot assets	8,242,200	7,778,382
Liabilities:		
Loans & financing	479,262	243,309
Accts pay to suppliers & contractors	215,546	373,463
Tax pay	42,152	42,483
Prov for inc tax & mand empl	764	31,125
Sal & social charges pay	59,661	69,350
Dividends pay		120,002
Accts pay to parent & sub companies	1,816	1,566
Other accts pay	44,167	45,686
Tot curr liabil	843,368	926,984
Loans & financing	4,971,637	3,862,226
Defer inc tax & mand empl bene	2,292	5,444
Prov for contingencies	64,193	49,922
Other accts pay	85,721	91,850
Tot long-term liabil	5,123,843	4,009,442
Minor interests	27,974	128,365
Corrected & revalued cap	1,500,000	1,500,000
Cap res	84,491	84,574
Reval reserve	81,016	83,117
Inc reserve	661,627	1,125,883
Stkhlders eq adj	(309)	(6,282)
Treas stk	79,810	73,701
Tot stkhlders eq	2,247,015	2,713,591
Tot liabil & stkhlders eq	8,242,200	7,778,382

Reclassified to conform with 2008 presentation

Debt: Dec. 31, 2008, R\$5,450,899,000 (including current portion of R\$479,262,000) comprised of:

(1) R\$1,746,212,000 local currency loans payable to the National Bank for Economic and Social Development (BNDES) - Project MA1100, with interest at the Long-Term Interest Rate Index (TJLP) plus 2%.

(2) R\$228,578,000 local currency loans payable to the National Bank for Economic and Social Development (BNDES) - other projects, with interest at the Long-Term Interest Rate Index (TJLP) plus 4.5%.

(3) R\$338,024,000 local currency export credit with interest at 96% to 103% of the Interbank Certificate of Deposit Rate (CDI).

(4) R\$134,210,000 local currency working capital loans, with interest at 106.1% of the Interbank Certificate of Deposit Rate (CDI).

(5) R\$40,767,000 1.0%-8.7% other local currency loans.

(6) R\$10,464,000 6.8% foreign currency financing of fixed assets.

(7) R\$2,143,416,000 2.2%-6.6% foreign currency export prepayments.

(8) R\$809,228,000 7.3%-8.1% other foreign currency loans and financing.

Loans are secured by land, buildings, improvements, machines, equipment and installations, as well as pledges and deposits for guarantee.

Capital: 1. Klabin S.A. (Brazil) preferred; no par.

OUTSTG — Dec. 31, 2008 583,947,833 shs; no par.

STOCK SPLITS — No par shares reverse split 2-for-7 on Oct. 26, 2001.

VOTING RIGHTS — None.

DIVIDEND RIGHTS — Entitled to a minimum annual dividend of 25% of adjusted net income and an additional 10% above common share capital.

DIVIDENDS PAID — (in Reais):

2000 .. 0.04202 2001 .. 0.03371 2002 .. Nil
2003 .. 0.29952 2004 .. 0.18564 2005 .. 0.19325
2006 .. 0.26086 2007 .. 0.33529 2008 .. 0.13388

Proposed

LIQUIDATION RIGHTS — Have priority to the reimbursement of capital in the event of liquidation.

PREFERRED CONVERTED — On Oct. 26, 2001, Co. converted all class A and class C preferred shares into a single preferred share class.

LISTED — Sao Paulo (SAO): KLBN4

2. Klabin S.A. (Brazil) voting common; no par.

OUTSTG — Dec. 31, 2008 316,827,563 shs; no par.

STOCK SPLITS — No par shares reverse split 2-for-7 on Oct. 26, 2001.

DIVIDEND RIGHTS — Entitled to a minimum annual dividend of 25% of adjusted net income.

DIVIDENDS PAID — (in Reais):

2000 .. 0.04202 2001 .. 0.03064 2002 .. Nil
2003 .. 0.27229 2004 .. 0.16876 2005 .. 0.17568
2006 .. 0.23715 2007 .. 0.30481 2008 .. 0.12171

Proposed

LISTED — Sao Paulo (SAO): KLBN3

3. Klabin S.A. (Brazil) American Depository Receipts; no par.

One American Depository Receipt equals 10 Preferred shares.

DIVIDENDS PAID — (in US\$):

1995 .. 0.23712 1996 .. 0.2347 1997 .. 0.1268
1998 .. 0.0237 1999 .. 0.0426 2000 .. 0.2393
2001 .. 0.0854 2002 .. 0.126 2003 .. 0.2396
2004 .. 1.0306 2005 .. 0.84975 2006 .. 0.9411
2007 .. 1.56729 2008 .. 1.42449 2009 .. 0.16405

To June 5

DEPOSITORY — The Bank of New York Mellon, New York, NY

CUSTODIAN — Banco Itau S.A.

LISTED — Over-the-Counter (OTC): KLBAY

PRICE RANGE —

2009 2008 2007 2006
High .. 31.81 43.90 43.60 30.00
Low .. 11.35 22.35 19.00