

Disclosure Policy

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1. INTRODUCTION AND OBJECTIVE

This manual ("Manual") contains the Policy for Disclosing any Material Act or Fact regarding Lupatech S.A ("Company"), as approved by its Board of Directors in the meeting held on March 22, 2006 ("Disclosure Policy"). It aims to establish the rules and procedures that the Company is to comply with when disclosing any material acts or facts, as defined in Article 2 of Instruction 358 of the Brazilian Securities Commission (CVM), dated January 3, 2002 ("CVM Instruction 358/02"), as well as to set out the exceptions to the immediate disclosure rule and the procedures relating to maintaining a policy of confidentiality regarding material information that is not disclosed to the market.

2. PERSONS SUBJECT TO THE DISCLOSURE POLICY AND WAYS OF COMPLYING WITH IT

Those subject to the rules and procedures contained in this Manual are the direct or indirect controlling stockholders, members of the Board of Directors, members of the Executive Board, members of the Audit Committee and members of any body set up by statutory provision that has technical or advisory functions, or any person who by virtue of office, function or position held within the Company, its parent company, subsidiary or associated companies, has knowledge of any information relating to such material act or fact.

Those persons must formally comply with the Information Disclosure Policy, by signing the Term of Compliance, whose model is an integral part hereof and is shown as Appendix II to this Manual.

Besides these persons, anyone who may come to have any information about material acts or facts as yet not disclosed by the Company ("Involved Person") will be subject to the rules and procedures described herein.

Every time an Involved Person becomes aware of an act or fact that may be considered material to the Company, he must formally communicate said act or fact to the Chief Investor Relations Officer.

Every time that a material act or fact, as mentioned in the sole paragraph of Article 2 of CVM Instruction 358, relating to the Company occurs, or its occurrence is imminent, the Involved Person who has knowledge of it must formally communicate it to the Chief Investor Relations Officer so that the latter may decide, pursuant to Section 3, whether it is indeed a material act or fact and consequently whether it is necessary to publish a notice of material fact.

Should any Involved Persons who hold office in one of the Company's statutory bodies (Board of Directors, Executive Board, Audit Committee, or technical or advisory bodies) and the controlling stockholder have personal knowledge of any material act or fact and become aware of some omission on the part of the Chief Investor Relations Officer in fulfilling his duty of communicating and disclosing it, they will only exempt themselves from any liability if they immediately communicate the material act or fact to the CVM. To this end, before communicating with the CVM, the Involved Person must consult with the Chief Investor Relations Officer to assure himself that such non-disclosure of the material act or fact was not a decision of the Board of Directors. In this case, the obligation to disclose the material act or fact to the CVM shall only arise if the Company becomes aware of an atypical fluctuation in the price, quotation or trading volume of its securities.

DUTIES AND RESPONSIBILITIES WHEN DISCLOSING ANY MATERIAL ACT OR FACT

It is the duty of the Chief Investor Relations Officer to disclose and communicate to the CVM and to the stock exchange on which the securities issued by the Company are traded any material act or fact that occurs, or that is related to the Company's business, as well as to ensure it is widely and immediately communicated to the market.

Should there be any doubt, it is up to the Chief Investor Relations Officer to decide whether a particular act or fact is material or not; in order to do so he must consult the members of the Board of Directors.

It is the responsibility of the Chief Investor Relations Officer, without prejudice to any of his other duties as provided for in CVM Instruction 358, to make arrangements to correct, amend or republish the act or fact, every time he is asked to do so by the CVM.

The controlling stockholders, members of the Board of Directors, members of the Executive Board, members of the Audit Committee and members of any body set up by statutory provision that has technical or advisory functions, or any person who by virtue of office, function or position held within the Company, its parent company, subsidiary or associated companies, has knowledge of any information relating to such material act or fact, must immediately communicate such material act or fact to the CVM, if they become aware of some omission on the part of the Chief Investor Relations Officer in fulfilling his duty of communicating and disclosing the material act or fact.

4. WAY OF DISCLOSING ANY MATERIAL ACT OR FACT

Communication of the material act or fact to the CVM and to the stock exchange on which the securities issued by the Company are being traded must occur immediately after its resolution or occurrence, or after facts relating to it become known, whichever the case may be, in a clear and precise way, and one that contains, at the very least, the information that the regulations require.

Disclosure of the material act or fact shall be carried out by means of an announcement published in newspapers that have a wide circulation and that are normally used by the Company. It may be done in summary form provided it indicates the address of the website in which the information will be made available and it is identical to the announcement sent to the CVM and to the stock exchange on which the securities issued by the Company are accepted for trading.

The material act or fact shall be disclosed, whenever possible, before the start or after the close of trading on the stock exchange on which the securities issued by the Company are traded.

5. EXCEPTION TO THE IMMEDIATE DISCLOSURE OF ANY MATERIAL ACT OR FACT

Under exceptional circumstances disclosure of material acts or facts may be omitted if the controlling stockholders or the managers believe that if they are revealed they will put legitimate interests of the Company at risk. This choice may only be exercised by the Company after a resolution has been passed by the Board of Directors and it has been communicated to the Chief Investor Relations Officer.

In this case it is the duty of the Chief Investor Relations Officer to monitor the quotation, price and volume of trading of the securities issued by the Company; should he become aware that there is an atypical fluctuation in these elements, he must immediately disclose the material act or fact that the Company had previously decided not to disclose.

6. DUTY TO MAINTAIN CONFIDENTIALITY

It is the duty of the controlling stockholders, members of the Board of Directors, members of the Executive Board, members of the Audit Committee, members of any other body set up by statutory provision that has technical or advisory functions and employees of the Company to safeguard the confidentiality of any information relating to any material act or fact to which they might have privileged access by reason of the office or position they hold, until its disclosure to the market, to ensure, moreover, that their subordinates and third parties, in whom they confide, do the same, and to be held jointly responsible with them if they fail to comply with this requirement.

If there is any contact with third parties concerning any matters that may be considered material, the Company shall require that these same third parties sign a Confidentiality Agreement.

This Manual is available in the offices of the CVM and at the Company's Head Office.

APPENDIX I. LIST OF EXAMPLES OF MATERIAL ACTS OR FACTS

LIST OF EXAMPLES OF MATERIAL ACTS OR FACTS

I - The signing of any agreement or contract for transferring direct control of the Company, even though under a condition precedent or dissolving condition;

II - Any change in Company control, including entering into, altering or rescinding the stockholders' agreement;

III - Entering into, altering or rescinding any stockholders' agreement to which the Company is a party or intervening party, or that has been recorded in the Company's own register;

IV - The entry or withdrawal of a partner that has an operational, financial, technological or administrative contract or collaboration agreement with the Company;

V - The authorization to trade any securities issued by the Company in any domestic or foreign market;

VI - The decision to bring about cancellation of the Company's registration as a publicly-held company;

VII - Any takeover, merger or spin-off involving the Company or companies linked to it;

VIII - The transformation or dissolution of the Company;

IX - Any change in the composition of the Company's stockholders' equity;

X - Any change in accounting criteria;

XI - Debt renegotiation;

XII - Approval of a plan that grants stock purchase options;

XIII - Any change in the rights and advantages of the securities issued by the Company;

XIV - Share splits or grouping of shares, or the allotting of a bonus;

XV - The acquisition of Company shares to be held as treasury stock or cancelled, and the disposal of shares thus acquired;

XVI - Company profit or loss and the allotting of any gains in cash;

XVII - Entering into or canceling an agreement, or being unsuccessful in completing it, when the expectation that the transaction would be completed was public knowledge;

XVIII - The approval, alteration or abandonment of any project, or delay in introducing it;

XIX - The start up, resumption or stoppage of the manufacture or marketing of any product or any provision of service;

XX - The discovery, change or development of Company technology or resources;

XXI - The modification of projects already disclosed by the Company;

XXII - Applying for or admitting bankruptcy or proposing any legal action that might affect the economic and financial situation of the Company.

APPENDIX II. MODEL OF THE TERM OF COMPLIANCE WITH THE POLICY FOR DISCLOSING INFORMATION

I, [name and personal particulars], [position], hereby agree to comply with the Policy that was approved in the meeting of the Board of Directors held on March 22, 2006 concerning the disclosure of any material act or fact of Lupatech S.A.,.

[Place _____ and _____ Date]

Name:

Identity card number: