



Operator:

Good afternoon, ladies and gentlemen. At this time we would like to welcome everyone to the Suzano Pulp & Paper 3Q06 earnings results conference call.

Today, we have a simultaneous webcast with slide presentation on the Internet that can be accessed at the site www.suzano.com.br. There will be a replay facility for this call on the website.

We inform you that all participants will be able to listen to the conference during the company's presentation. After the company's remarks are over, there will be a question and answer section. At that time further instructions will be given. Should any participant need assistance during this conference, please press *0 for an operator.

Today's speakers will be Mr. Antonio Maciel Neto, CEO, Mr. Bernardo Szpigel, CFO and Investor Relations Officer; Mr. Rogério Ziviani, Head of Pulp Business Unit; Mr. André Dorf, Head of Paper Business Unit; and Mr. Ernesto Pousada, Expansion Project Officer.

We also would like to inform that statements during this conference may constitute forward-looking statements. Such statements are subject to known and unknown risks and uncertainties that could cause the company's actual results to differ materially from those set forwards in the forward-looking statements.

I will now pass the floor to Mr. Bernardo Szpigel, who will start today's conference call. Thank you.

Bernardo Szpigel:

Good morning, everybody. First, I would like to make an announcement that we are publishing a restatement of the quarterly results. In September, we started operating with one of Ripasa's units, Americana unit, by purchasing products from that unit and reselling them to the market.

Inventories include income, unrealized income in Suzano's inventories, and to properly reflect this unrealized income, we have revised and restated the quarterly financial information as published.

The effect of these changes you can see in this slide, the first slide of the presentation. Basically, we have an increase in net sales and cost of sales of R\$ 19.5 million. No change in EBITDA and net income per share, and as a consequence, we have a reduction in EBITDA margin of 0.8 p.p., and on gross margin, of 0.9 p.p., as you can see in the table.

Now I will pass on to Mr. Maciel for the presentation.



Antonio Maciel Neto:

Good morning, everyone. It is a pleasure to start this morning here in the presentation of our 3Q results. In the first slide, we would like to present some highlights, and just after we are going to talk a little bit more in details about each one of the highlights that we are going to present right now.

We are going to start talking about the pulp price. We have announced an increase of US\$ 20/ton, starting on November 1st, for every market, and then in Europe our price will reach US\$ 680/ton.

We are very pleased to announce a record consolidated EBITDA. We achieved a growth of US\$ 138 million in this quarter, this is the best EBITDA ever. Annualized, it means US\$ 551 million dollars, as we are going to comment and present a little bit later.

Mucuri project, the second pulp line. The assembly process has begun, and is in line with the financial and the physical schedule. Everything is going well, and we are on track to deliver this project.

Another very important highlight is the share liquidity, which has increased a lot. We are here presenting the number that we achieved in the 3Q06, a daily of about R\$ 6.2 million, which is a very good increase when we compare with the R\$ 3.2 million that was noticed in 2Q06.

Also, we need to mention that we started, on September 1st, the sale of Ripasa products, mainly the Ripax, which is the main paper brand from Ripasa, and it is a cut-size paper. And, also, the debenture that we issued during the quarter, in the total amount of R\$ 240 million. 100% was sold – BNDES acquired 92%, and the rest by other shareholders who had the preference on doing that.

Now you can see, in the screen, the increase of our sales volumes. Suzano has mentioned several times its strategy of growing in volume, that is the growth strategy. You can see that from 2003 to 2006 we presented an average annualized growth of 13%, which is a very good number from our perspective.

So, we are on schedule, on track with the consolidation, now, with the Ripasa volumes, and we continue to grow in our volumes and the size of the company.

Talking a little bit about the Mucuri project. During the quarter, we invested a CAPEX of R\$ 352 million. In the total extent we achieved US\$ 480 million, 37% of the total approved by our board. So, in the assembly of plants, as we mentioned before in the highlights, we are on track with the financial side and also the construction side.

It is also important to mention that the connections, that we call the “tie-ins” between lines 1 and 2, were realized during the maintenance shutdown of line



1, during the month of September. Everything went well, and now we have the key connections already implemented.

Here, just to give you a flavor about the construction, you can see on the top, on the left side, the boiler, you can notice, also, the size, compared with the old one, or the boiler of line 1. That is a big, very huge boiler in the height, and now we have several things to be assembled to complete this construction. You can see that the assembly is moving very fast.

The drying machine that, in fact, we can see in the middle, on the top, the drying machine building, also moving very fast. We have several other pictures – the electricity rooms, for the generators, the evaporation process, the cooking, and also the key part of the boiler being shipped from the Antwerp port in Rio. So this is just to give you a flavor of the construction. The direction is going very well and we are very confident about delivering this project on time and on schedule. And on budget, also, which is very, very important.

Pulp business unit. Just talking a little bit, again, about the prices. Our export price in 3Q was US\$ 587/ton versus US\$ 558/ton in 2Q06. We have a very good forecast, as we move forward. New price increase of US\$ 20/ton in November 1st for all markets, as we already mentioned in the beginning of this presentation.

High cost producers in Europe and North America continue to restructure their production. This opens up a space for the low cost producers like Suzano.

Also, the highest sales in this quarter, due to the consolidation of Ripasa. So far, we have sold the Ripasa pulp to the domestic market. As we move forward, we are going to have the start-up of this new project that we call, internally, P630, will increase access to export market for Ripasa pulp.

So far, we have sold Ripasa pulp in the local market, but very soon we will have more pulp from Ripasa for the export market, and, if you need, Rogério can talk a little bit later, about this.

The inventories... worldwide, we had an increase of one day, still at 31 days. So, it is very good, as we had planned. Despite the price increase of pulp, the market continues pulling pulp from our brands, and we have this 31 days of inventory just maintaining the scenario, the forecast that we had announced last quarter.

Mucuri cash costs: US\$ 206/ton, with the partial effect of the maintenance shutdown, as we mentioned. This is the same cash cost we had last quarter; despite the fact that some costs came from the shutdown, we are going to see 1 or 2 dollars more, next quarter, due to the shutdown; but our industrial team was able to maintain the cost, despite the excess related to the maintenance shutdown.



When we look at the screen on the right side, on the top, you have the pulp sales volume, and it looks like we had a decrease in the sales in the 3Q but, in fact, in comparison with the 2Q, that is a little bit different, because we had an excess of volume in the 2Q due to the postponing of one of the ships that were planned for the 1Q. So if we have the 1Q and 2Q as an average, we are going to see the same volumes of the 3Q, which is showing a very stable and high volume of sales, with good prices, which is very good news for us.

The export destination, the destination of our pulp, in line with what we had planned, as we have Europe with more than 50% so far – 53.1%. Asia, 55%; North America, 7.7%; and Latin America 3.9%. So, volumes, price, and destinations, are on track, as planned at the beginning of the year.

In the paper business unit, we see a good outlook for this sector. In domestic market, we had a very good increase in our volumes. We have here the season of schoolbooks program, and the Brazilian government buys billions of books. So we leveraged, also, our participation in this program, as we have done every year.

We are facing some price pressures by the imports, and this is a direct consequence of the appreciation of the Real. But you are going to see that we are not considering any change in the prices, we do not see opportunities to increase these prices in the short term, but we do not see any significant price decrease either. I think of stable prices for our next quarter.

Export market: higher international prices. You can see, at the bottom of the screen, that the average spread of paper price versus the eucalyptus pulp – these prices are for Europe – is very interesting. In the 2Q, we had US\$ 163, the pulp prices are being increased, and we have, now, around US\$ 158.

The historical spread is US\$ 218. So, as you look at this piece of information, it seems like we have a base to continue the increase in the paper price. However, we have seen also, in the previous years, that it takes some time, after the pulp price increase, to have the same effect on the paper.

So, this is, I think, a good information for the analysts, that we still see some room, not for the short term, but let us see what is going to happen in the beginning of next year.

Paper sales. You see that we continue to increase our volumes. In 3Q06 we had 292,000 tons, a very good increase in the domestic market, moving from 171,000 to 184,000 tons.

This mention of exports. Here, you see the implementation of our strategy, to focus on Latin America, where we have 55.1% as the share of Latin America in our exports. Europe comes in second place, 21.4%. North America, with 14.4% and Asia with 8.4%.



And here, we are taking the opportunity to highlight the two brands in the cut-size market that we are now participating in. Report., Suzano's traditional cut-size brand, and Ripax, recognized as the brand from Ripasa, which Suzano is now in charge of selling.

Here, some of the highlights, the numbers. You see that the sales volume, as we compare the 3Q06 with the 2Q06, the sales volume is almost the same – 0.9% ton. It is almost the same. In the paper sales in the domestic market we had an increase of 7.8%, as we mentioned before. Pulp sales volume, in the export market, is 14.2%, as I mentioned before. In average, the 3Q is aligned with the average of this combination of 1Q and 2Q.

Net sales, 4.7%, achieving R\$ 855 million. The pulp cash cost, without the cost of standing timber, is R\$ 447/ton. It is the same, as we mentioned before. The EBITDA, in dollars, as I mentioned before, was US\$ 138, 10.4% versus the 2Q, the best EBITDA of the company, ever, annualized in US\$ 531 million. And EBITDA margin was 35%.

Here, we show the net profit – R\$ 98 million in the 3Q, that is less in R\$ 3 million in the 2Q, so a change of 5% down. And this is more than explained by the exchange rate variation. As we compare with the 3Q05, we see more clearly the impact of the exchange rates on our results.

As we have a significant exposure in dollars, every time we have variation in the value of the exchange rate, we have an impact – positive or negative, it depends on the direction that the exchange rate is going.

In 3Q05, we experienced a strong variation during the quarter, 5.45%, and it impacted positively our results in the accounting. And the same phenomenon did not happen in 3Q06, so this is the key difference, because you can see that EBITDA, sales, and all the fundamentals are very well on track, and the variation in the net profit is mainly due to the exchange rate.

Here a little bit of information about our net debt, compared with our EBITDA. You can see that, despite the fact that we have invested a lot of money in our projects, especially the Mucuri project, and we have received a significant flow of finance from the banks, especially from BNDES, we have, in the 3Q06, as you see, a net debt of US\$ 1.594 billion, and an annualized EBITDA of US\$ 551 million.

So, the ratio between the net debt and the EBITDA is at 2.89, which, for us, is a good achievement. Despite the fact that the project is moving forward very fast, we are still below 3 in this ratio.

Here, a little bit more information about our debt. Maturity time of the long term debt is 4.1 years. Average costs, in dollars, for the piece of our debts, in dollars, is at 5.9%/year, and average cost of the Real debt is of 9.3%/year.



For our Brazilian standards, these are very good numbers, which gives us a very strong confidence about the Net Present Value of our key investments, especially the expansion of our Mucuri site.

This is a piece of good news, as well. The liquidity of our stocks, in the Brazilian stock market, has increased. You can see that the daily average volume went up from... in 1Q06, we were below US\$ 1 million/day, we were at US\$ 0.759 million/day, in 2Q06 we went to about US\$ 1.5 million/day, 3Q06 is about US\$ 3 million/day. In the first days of October, you will see on the right side, in the last column, the value that we had from October 1st to October 16th. So, in October, our shares are trading at an average, in volume, of US\$ 6.3 million, almost US\$ 6.4 million. And the number of daily deals are moving, also, from an average of 100 to very close to 200 deals/day. This is very good news, and with our results aligning, with our strategy to be a stronger player in the capital market.

OK. This is what we think to be the key highlights, and what we would like to introduce for our conversation. Thank you for the time for this presentation, and now we will be available for questions.

Marcelo Aguiar, Merrill Lynch:

Good morning. I have a couple of questions. The first question would be related to the competitive environment in the domestic paper market. We already had one very important event, which is you and VCP dividing Ripasa. So, Ripasa used to have a market share in the domestic market and, of course, you are competitors, and it seems like you would not split equally, the market share of Ripasa.

So, who is more efficient? Who is better positioned? It is the one that has gained more market share than Ripasa used to have. So this is a very important competition environment for the next quarters in my opinion.

And the next one will be when VCP sells Luis Antonio, or give Luis Antonio to IP. Luis Antonio also has a market share in the domestic market and, again, it is going to be another fight, because I doubt VCP is going to let them take all the market share.

So, my question to you is: in the next two or three quarters you will have this type of changes. What do you believe we could see happening in the pricing front in the next three quarters, let us say up to the 2Q07, when should we have all this settle down?

Suzano:

Let me start with a few words and then I will pass on to Andre to talk more about the same subject.



Marcelo, the market share that we are experiencing now is aligned with our plans. Now we are going to face a big change, because for sure IP will capture the market share of VCP, or at least a major portion of this market share. But, the competition in the market place is going to be the same. We are going to have Suzano playing very hard, we are improving our operations and we are focusing more and more on the paper side as well.

So, Suzano will continue to be a strong player in the market; we are going to have now IP with a larger market share than before – much larger than they had before; and VCP will be another as well, because they will still have some piece of the market.

I do not see major reasons for, let us say, price war. We do not anticipate this. We think that the deal with IP and VCP; IP is an international player, they know what they are doing. If you compare the price that they paid in this deal, I do not think that they are considering to decrease prices to increase much more the market share. And VCP and Suzano, we have seen a very efficient and stable commercial policy.

On the other hand, you saw that the spread between the pulp prices and the paper prices, it seems that there are still some room for price increase, because the historical spread is higher than what we are practicing in the market place nowadays.

So, in the upside we see some opportunities, but not for the short-term, for some turmoil in the prices, we do not anticipate due to the characteristics of the market. Now I would like to give an opportunity to Andre to also address some words to you.

Andre Dorf:

Hi, Marcelo. Good morning, everyone. I would just like to add that this deal does not change the structure of the industry in Brazil in terms of supply and demand. There is just a migration of existing volumes and market share from one player to the other and no new player in the market.

So, that is another reason why we do not see any turmoil going forward in terms of prices or market share competition in the domestic market.

Marcelo Aguiar:

Andre, the second question would be if you could share with us which was Ripasa's market share in the domestic... Let us say, uncoated where they were strongest in the 2Q. And which was Suzano alone on the 2Q? And what is Suzano today in the 3Q? Do you have these figures?



Andre Dorf:

I do not have these figures with me right now. I have the nine months of 2006, for the coated, according to BRASELPA...

Marcelo Aguiar:

I mean uncoated.

Andre Dorf:

Uncoated, including cut-size, for the nine months of 2006 they 14 and Suzano had almost 27, 26,6, according to BRASELPA.

Marcelo Aguiar:

OK, thank you. The last question for now would be related to pulp cash cost. In the release, the pulp cash cost is just Mucuri cash cost or are you already incorporating Ripasa Americana cash cost? And, if not, which would be the level of Ripasa Americana's new cash cost nowadays?

Bernardo Szpigel:

Marcelo, the cash cost that we published is just Mucuri, at R\$ 447/ton excluding wood pulp – standing woods. This is what is published. The comparable cost of Ripasa is R\$ 520/ton, comparable.

Marcelo Aguiar:

Thank you very much, Bernardo.

Debbie Bobovnikova, JP Morgan:

Hi, good morning. Just continuing on the paper front in the domestic market; we saw VCP results and it seems that they were unable to sell all the volumes to the domestic market that they hoped, because of a weaker market. You, on the other hand, seems to have a pretty nice increase.

I just wanted to understand what the difference is, if it is different markets you are focusing on. Or is it different strategies that explain for the difference in volumes sold. That is number one.

And number two is: VCP is fighting for a pretty sizeable increase in volume in the 4Q in the domestic market. If you look at the numbers, I see about 15% increase quarter-over-quarter implied by VCP's target. I am just wondering if you see that type of increase as being reasonable for the last part of the year and if you are going to be in step with that, or if you think that it is overly



optimistic in the market and it will actually be lower. And what would happen to prices if the results of VCP does not increase their sales to that extent. Thanks.

Andre Dorf:

Hi, Debbie. Talking about the shipments to this domestic market; actually we had a different product line compared to VCP. We acted on paper board, on top of uncoated and coated we have paper board on our lines. And they have those chemical papers. Actually, we were able to perform and to sell a very good volume in the 3Q, basically focusing on the main markets: notebook producers, publishers and this school books season. And we also expect this to continue in this quarter, the 4Q. So, we expect our volumes to be in line in the 4Q compared to the 3Q, and also an addition of 40,000 tons coming from Ripasa for us to sell in the market.

In terms of prices, and this is a good remark, we have reported in this quarter a consolidated figure, so we have this domestic prices consolidated with Ripasa. They proposed a significant volume in the domestic market to clean up old inventories in this transition phase to the consortium. And they did that against prices.

So, our consolidated figures show a reduction in the average price. According to our managerial figures, we have a slight increase in our prices, almost 2% increase compared to the same period last year, and 2.9% compared to the last quarter. So, I do not see any price war or any reason to have a price decrease in the domestic market in the future.

On top of that, in the export side, we exported more to Latin America, on a FOB basis, so we do not carry the transportation costs and logistic costs on prices. That is why we also presented a lower export prices compared to other periods. But, again, this is not a fundamental change or managerial change for the best of the company in terms of results.

Debbie Bobovnikova:

OK. Thanks for that. One other question is on the demand side. You talked about your annual vending by government on school books. Could you just quantify what that means for your volumes and also what type of pricing, if you offer discounts on that, and how that works?

Adre Dorf:

We usually do not disclose the program alone, but we expect to sell just between 25,000-30,000 tons in the program overall. And this is spread out during the month of December.



Debie Bobovnikova:

And pricing is typically higher or lower than your average?

Adnre Dorf:

It is lower.

Debbie Bobovnikova:

OK. And one question on pulp side, if I may, you now disclosed the pulp cash cost in Ripasa, and for Bahia Sul can you give us the figures for that?

Bernardo Szpigel:

Debbie, when we talk about Mucuri, that is Bahia Sul. Mucuri is the new name of Bahia Sul.

The location of the mill is in the city of Mucuri.

Debbie Bobovnikova:

OK, sorry. One more question, on your liquidity, it is nice to see that your liquidity has increased significantly over the past few months. Remember there was talk in the past about you potentially doing a new share issuance. I was just wondering if I could get a sense of if you are still considering that. And, if so, if you have any further timeline in mind. And, also, if those shares issuances would come with an improved governance.

Bernanardo Szpigel:

Debbie, you know that this is a permanent target that we have to improve the float and liquidity. We have been having over the years a number of instances; the most recent one, of course, was the restructuring of Ripasa, which increased the float. And this, combined with the market environment, and we understand also the outlook for the growth of the company has resulted in very good interest in our shares.

In this permanent objective for increasing float and liquidity we will pursue other opportunities in the future as well. At this point we have nothing planned yet.

Debbie Bobovnikova:

OK. And have you considered anything in terms of increasing the corporate governance of existing shares?



Bernardo Szpigel:

I think that we have, for this year, the actions that we had planned we have already implemented. We are working very hard to improve the way we present results. We are working, and the market is reflecting now, for the liquidity and so far we are on what we had planned for this year.

We will be always considering further actions; we have declared that we would like to be a major player in the stock market, continue improving, we have several opportunities for the future where playing a good a strong player in those capital markets will be very important for the future. We have declared this several times and this will continue.

So far we do not have anything to announce, but we will always continue studying and analyzing opportunities to improve our governance.

Debbie Bobovnikova:

OK. Lastly and I realized where I made the mistake. I guess I was asking about Suzano pulp mill, the cash cost there.

Bernardo Szpigel:

OK, Debbie. The cash cost of Suzano is slightly higher than Ripasa's, mainly because in Suzano the pulp is dried in a different system of flash dryer. So it is not really comparable to the same extent. It is slightly higher than Ripasa's.

Debbie Bobovnikova:

OK. Thank you.

Tereza Mello, Citigroup:

Hi, good morning. Just a couple of brief questions. First, on pulp prices, how confident are that this November price increase is going to stick? Specially when we consider that the European demand is not that strong and, as you mentioned in your presentation, the spread between paper and pulp has been declining. And, in which market do you think it is easier for this US\$ 20 price increase to stick?

Rogério Ziviani:

Hi, Tereza. The price has been announced last week and we continue to follow this announcement. And, so far, the reaction for the client has been very normal, which means that we are confident that this is going to happen, due to the fact that they have low inventories and we also have low inventories. At the same time, we have Asia as a market where the demand continue to grow and



this market is taking more volumes than last year; new machines are starting up now through the beginning of next year.

So, right now, we are confident and this price will be implemented in full during this year.

Tereza Mello:

And are you more confident in any specific region, or less confident in Europe maybe, or not?

Rogério Ziviani:

I think the price will balance on all markets, because, otherwise, this price structure will divert tonnage from one place to the other. So, right now, the demand being where it is and the contracts that we have, there are not that much margins from the clients that they can play too much, because, otherwise, they can stay two or three months without the products if we divert from one market to the other.

So, as it is, we are confident that this price will stick in all markets as they can stick today.

Tereza Mello:

OK, great. On another note, can you just remind us what Suzano's long-term target, if you have any official for pulp and for paper, just to review the vision of the company, in terms of capacity?

Suzano:

In terms of capacity, in the pulp we have, right now, roughly 600,000 tons together with the Ripasa numbers in terms of market pulp. Next year we should be adding capacity also in Ripasa and in Mucuri, as you know the project will add another 1.1 million tons. We have also this Ripasa, which will add another 70,000-80,000 tons of market capacity. It should be half coming to us and half to our partner there.

And then we have also some internal growth in terms of debottlenecking of paper that Andre may talk about.

Andre Dorf:

In terms of paper we work with the capacity of 1.1 million tons and that is including Ripasa and that is our forecast for the next quarters.



Tereza Mello:

OK. And what about long-term goals? Do you have any vision of what would be the size of Suzano, let us say, in 2015? Because I know that you have some forests in other regions, so where do you see further growth from Suzano?

Bernardo Szpigel:

So far we have these two projects going on, the incorporation of Ripasa and also the implementation of the second line in Mucuri. We have studied different alternatives, but we do not have anything to announce now and we are not prepared to disclose any of our official plans so far.

Tereza Mello:

OK, thank you.

Jorge Beristain, Deutsche Bank:

Good morning, gentlemen. I wanted a specific guidance on Ripasa in terms of the production you forecast for 2006 between pulp and paper and then if you could walk us through the 2007-09 outlook. As I understand there is some debottleneckings there as well as some change in the nature of the pulp that will be produced. I mean for 100% of Ripasa production, not just for the 50% that is attributed to you.

Suzano:

OK. So, in terms of pulp we have roughly today 250,000 tons for 2006 and we are going to add another 70,000-80,000 on this project P-630, that should start by November next year.

On the paper side we have 350,000 tons a year for the whole company and this is related to Americana, and the other three small units we are considering other strategic alternatives.

In total we are talking for Ripasa today a capacity of 720,000 tons of products, of which 250,000 of pulp. And for the P-630, which will start later in 2007, we will reach 800,000 tons of capacity in Ripasa, of which 320,000 will be of market pulp.

Jorge Beristain:

And could you comment as well as at what point you start selling the dry pulp, because I know that a lot of pulp was sold in wet form?



Suzano:

Yes, Jorge, that is already in place since May-June this year. They have added this dryer machine, so we are selling 100% dry pulp. We can also make some more wet pulp to be transferred to our own other small machines, but I would say that 99% today is already in sheets, dry.

Jorge Beristain:

Thank you. And my second question has to do with US GAAP, along the lines of what Debbie was asking earlier. Have you put any date as to when you would see launching a parallel system of accounting under US GAAP and would that be tied necessarily to a follow-on share offering or could it be done independently from that?

Suzano:

Well, Jorge, we do not have dates, but it could be made independently. We do not have a specific plan for an ADR. We could do it independently, this is something that we have been considering.

Jorge Beristain:

You have considered a disadvantage of not publishing in US GAAP, given that your two main comparables, VCP and Aracruz, do, as well as the Chilean publish in USD translations.

Suzano:

I would say that, for the investors, it would be better also to have the US GAAP figures definitely, so we would see this as an improvement to align ourselves also in this aspect.

Jorge Beristain:

Great, thanks.

Edmo Chagas, UBS:

Good morning. My question is related to your Mucuri expansion; in one of the slides you have a breakdown of your pulp exports sales and I would like to know if in your talks with perspective clients, if you foresee a change in terms of breakdown of your exports provision going forward after the expansion is on line.



Rogero Ziviani:

As you see, last quarter we published about 60% into Europe and we are publishing now 53% into Europe. It started to make the change from what we are forecasting for years ahead. Of course we do have a product that is more desirable, or requested, by European standards, but China is also demanding this product, so we are now trying to follow the contracts for the future expansion. That is why we are changing the pattern to what we are having this year, on this quarter.

So, for next year I do not see that much change and for the year 2008 maybe we will see a slight improvement in North America.

Edmo Chagas:

So, from the picture you have in the 3Q you believe that you are going to expand the share of North America on the Exports?

Rogério Ziviani:

Exactly.

Edmo Chagas:

Thank you.

Marcelo Aguiar, Merrill Lynch:

Hi, everybody. Just a couple of follow-ups, if you allow me. The first one would be related to... Let me see if I understood properly, Andre. If I am not wrong you mentioned that you are going to add another 40,000 tons in the 4Q in volume. Is that correct, because of Ripasa?

Andre Dorf:

Yes.

Marcelo Aguiar:

OK, because you just mentioned several capacity numbers and when I look at these capacity numbers for paper and look at Suzano's capacity numbers and see what is the nominal capacity in quarterly basis, it seems that in the 3Q you sold almost what you have of capacity. So, what is behind this 40,000 tons addition?



Andre Dorf:

I am talking about the existing Suzano capacity, being added 40,000 tons coming from Ripasa.

Marcelo Aguiar:

OK, the capacity, not shipments, right? In the 4Q.

Andre Dorf:

Capacity.

Marcelo Aguiar:

OK. Another question would related to what you are going to do if VCP sells the small paper mills. It seems that they are going to sell and they mentioned in the conference call that are going to sell fast. Are you considering buying, or are going to sell your stake also?

Antonio Maciel:

Marcelo, we are concluding this week the evaluation of the plants; we have commissioned an outside bank, the Rothschild to analyze and to give us some advice on this. This has been developed together with VCP. As soon as we have, and we conclude it this week, the analysis, we will have about two weeks to decide if we are going to present an offer to VCP. We have already 50% of those plants and we will decide if we are going to present an offer for one or two of the plants there.

We have not decided yet if we are going to present or not the offer and this will happen and we will have about two weeks to decide that. So, in coming weeks you are going to have the final decision from our side.

After that we are going to have, if we decide to buy one, the remaining plants will be sold, we are going to have a bid in the market and we anticipate that up to the end of the year we would like to have all this investment concluded.

So, in short, in two weeks we will decide if we are going to present a proposal or not and after that we are going to move forward with the selling process.

Marcelo Aguiar:

Antonio, if I can add something to this point, which are the net revenues of these three – Cubatao, Embu and Limeira – together. What revenues and EBITDA did they generate in the 3Q?



Suzano:

We do not have the figures here. What we have is their capacity, 60,000 tons a year, but we still do not have 3Q numbers here. We are going to have this in the offer very soon, Marcelo. So far we do not have these numbers to give.

Marcelo Aguiar:

OK. Another question will be related to paper consumption growth in 2007. This year has been a very strong one, a very surprising one, for everybody in the market. I would like to check with what, at this point, you expect and you are budgeting for 2007. Like, which will be the domestic demand growth for uncoated? Or what would be for coated? And for card board?

Suzano:

Actually, we have seen all lines growing so far this year. So it is not a specific event or something spot this year. We have not concluded our budget in process for next year so we are not disclosing anything related to projections and forecast for volumes next year.

Marcelo Aguiar:

OK, last one, I promise. In the case of Capex, Bernardo. Are you able to give us what you expect for next year? Just Mucuri and which are the other investments for 2007.

Bernardo Szpigel:

For Mucuri, as we have already announced, for this year a level of US\$ 800 million to be invested and we are quite on schedule for that, and then for next year it is US\$ 370 million.

For the other Capex we have not finalized our budget yet.

Marcelo Aguiar:

For this year, how much it is? For the other Capex?

Bernardo Szpigel:

For the other Capex we are talking about US\$ 150 million.

Marcelo Aguiar:

And this includes Ripasa?



Bernardo Szpigel:

No, this is just Suzano. And it includes Capex for Capim Branco, which is a hydroelectric plant. This is we are spending something like US\$ 20 million in it.

Marcelo Aguiar:

OK, thank you very much.

Jorge Beristain, Deutsche Bank:

Hi, Bernardo. I just wanted to close the loop on this. I might have misheard you, but the 2006 capacity for Ripasa in pulp is 250,000 and in paper 360,000, so I get a total of 610,000?

Bernardo Szpigel:

The total for the year, for Ripasa, is 720,000 tons of products. I think it is important to mentioned that we have 160,000 tons for the three plants that are being considered to be sold. And the difference between the numbers that we mentioned is this: for this year Ripasa is 720,000, 360,000 is what we are sharing with VCP, that is where we have the consortium, 360,000, and we have still remaining 160,000 of the three plants that will be sold.

Jorge Beristain:

I am sorry to be obstinate in here, but I am not understanding what you are saying. Can you just give me the numbers for pulp and for paper, total?

Bernardo Szpigel:

OK. Pulp, 200,000. Paper, 520,000. Total for 2006, 720,000.

Jorge Beristain:

OK.

Bernardo Szpigel:

Just to add to the information, out of the 520,000 tons of paper, we have 160,000 of the three small plants that we are considering to sell.

Jorge Beristain:

And then, in late 2007 you are basically adding 80,000 tons of pulp only?



Bernardo Szpigel:

Yes, this is the project that we have.

Jorge Beristain:

And that is 100%, that addition?

Bernardo Szpigel:

Yes, 100%.

Jorge Beristain:

Thank you.

Operator:

Thank you. There are no further questions at this time. I would like to turn the floor back over to Bernardo Szpigel for any closing remarks.

Bernardo Szpigel:

Thank you very much for your participation on this conference call. This was a very good quarter to show what is the strength of Suzano now after the completion of the restructuring of Ripasa, the strength of our cash flow EBITDA generation and the continuation of our Mucuri project on schedule.

Of course we will be available for any further questions that you may have at any time and I will pass on to Mr. Maciel for his final remarks.

Antonio Maciel:

I would just like to thank everyone in this call for the attention and for the time spent with us. We will continue to work together as we move forward. The share liquidities are a very good highlight for this quarter and I would like to thank all of you that have directly or indirectly been involved on that. Thank you very much.

Operator:

Thank you. This thus concludes today's Suzano Pulp and Paper conference call. You may disconnect your lines at this time and have a wonderful day.