

Operator:

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to the Suzano Pulp & Paper 4Q07 earnings 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 would like to inform you that all participants will only 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 session. 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 & Investor Relations Officer; Mr. Rogério Ziviani, Head of Pulp Business Unit; Ms. Daniela Contrera substituting for Mr. André Dorf, Head of Paper Business Unit; and Mr. Ernesto Pousada, Operations Officer.

We also would like to inform you 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 forward in the forward-looking statements.

I will now pass the floor to Mr. Antonio Maciel Neto, who will start today's conference call. Thank you.

Antonio Maciel Neto:

Hello, good morning everyone. Thank you very much for participating in our call this morning. Happy new year for everybody; this is the beginning of the year. We will start with the highlights from 2007.

Slide number two; here we have several good news, most of them we have already discussed in previous calls, but I will go through some of them.

The first one is about EBITDA. We have a record EBITDA, reaching US\$593 million, R\$1.15 billion; this equals to a margin of 33.6%. Net income is 21.6% larger than last year, reaching R\$539 million. Another important highlight is related to the pulp price, we had a strong year related to the price. CIF in Europe, we experienced a US\$100 increase, the same happened with the paper in the export market, where we were able to increase our prices an average of US\$95/ton.

As we talk about the capital market, Suzano share prices increased about 40% in 2007. This was the highest share price increase in the pulp and paper sector; and the same happened last year, 2006. So, for the second consecutive year Suzano experienced the best price increase in the shares at Bovespa.

Another big highlight, probably the most important thing that happened last year in the Suzano life was the start-up of Line 2 at Mucuri plant; our team, led by Ernesto Pousada, was able to complete the project on time and on budget; in fact we did it 35 days ahead of the planned schedule.

And another good news that we announced today was that we were able to produce 135,000 tons of pulp in 2007. As we had discussed several times, our plan for 2007, the basic plan, of when the project was approved by our Boards, the number that we had for 2007 was 120,000.

So, we were able to beat this target and the production was 135,000 tons. This was very good as well, as you are going to see as we move forward, that our teams in the sales side, in the pulp business units and the logistic side, all teams were able to sell and to invoice most of this production, improving the results of the 4Q.

We had also the completion of our pulp project in the Americana unit, what we call P630. It was an increase of 8,000 tons of pulp, and for Suzano it is 40,000 tons of pulp per year. As we had discussed before, we had interest in follow-on equity offer mainly related to BNDES shares in the beginning of the year and now we have reached a free float of 46.6%; it was one of our targets for 2007 that was achieved.

We have talked about the new tax incentives, what we call here *microrregiões*. The Mucuri unit, this was the first project in Brazil to be contemplated with these tax incentives, very good as well; we have the approval of the authorities – the last one that was pending was the CADE, that is the Brazilian Antitrust Authority. So, now we have the Conpacel's model, the consortium model that we have along with VCP to run the Americana unit, ex-Ripasa, approved and moving forward.

In the beginning of the year we bought from VCP the remaining 50% of the Embu unit; this is a paperboard plant, very important for us. We paid US\$20 million for these 50% of the Embu plant.

We have also completed the second phase of the Amador Aguiar hydroelectric power plant; before, we called this project 'Capim Branco'. This is very important; we have 18% participation in this company. This take, along with the start-up of Line 2 in Mucuri, puts us in a very good situation related to energy consumption.

Suzano today, in the Mucuri site we are self-sufficient in energy and what we buy, the energy that we buy in the Suzano plant, the Rio Verde and the Embu plant is equal to our take in the Capim Branco/Amador Aguiar plant. With that, we are self-sufficient in our own operations' energy. This is very important information, great news. Everybody knows that the price of energy is sky-rocketing and we are protected with this action; a very smart decision of the Suzano team several years ago.

And also I would like to highlight that in the middle of the year we opened the Suzano Pulp and Paper Asia office, in Shanghai, China; this office, along with our offices in Europe, the United States and our operations in Argentina completed our structured network of sales abroad.

On slide three we have the highlights of the 4Q. The first one is the pulp price, that increased to US\$780/ton, CIF in Europe. So, we had a price increase along the year and in the 4Q we had another movement. The same happened with prices in the paper segment, we experienced a US\$20 price increase in the export market.

Very low inventories for pulp producers, 29 days – one of the lowest levels ever. In the end of December we had below 30 days of inventory for the producers.

We have also concluded the sale of our stake in Limeira and Cubatão; the price for us was US\$32.5 million. With that, and also with the approval of the Brazilian authorities for the Conpacel consortium, we concluded the acquisition of Ripasa and we have a stable production starting now.

Suzano's market value reached, for the first time, US\$5 billion – in fact, by the end of the year we were at US\$5.1 billion, a record value for the Company, reflecting outstanding recognition from the market on the actions taken by the Company.

Also, Suzano was confirmed again as one of the companies included in the Bovespa's Corporate Sustainability Index, extremely important for us, very good news related to our actions in the sustainability field.

We also announced in December the new organizational structure, mainly related to our operations. Ernesto Pousada is now in charge of our whole operation in the Company; with that we are going to strengthen the concept of business units, maintaining the forest, pulp and paper business units, where we measure our results with very clear accountability, and with better and modern operations we are going to enhance this model that we have adopted three years ago.

Also, the leverage of the Company is 3.74, net debt/EBITDA, the same level of the past year; this is also a very strong cash flow management and we concluded the peak of our CAPEX in Mucuri at the same level that we had last year. So, now we expect very good deleverage coming in the next months.

We also had in the quarter a production record of more than 600,000 tons for the quarter of pulp and paper.

We can move to slide number four, just a few highlights about the pulp business unit. Our Director Rogério Ziviani is here and he is going to be able to comment and to answer questions as soon as I finish this brief introduction.

Net price for pulp export in the 4Q07 was US\$654/ton; this is also very important news because, as you can see, we had consistent price list increase and also this reflects entirely in the net price. So, very good revenue management from our team here in this side as well.

We have experienced very strong demand; this price in the financial system is not in the real side of the economy yet, hopefully no strong impacts are going to happen. So far we have been experiencing very strong demand, restrictions related to wood

supply, low inventories. Rogério is going to talk briefly about another price increase that we are announcing today.

We had a market pulp production of 320,000 tons in the 4Q07. With this level of production, which Ernesto is going to comment on about the production of Line 2, we had about 50% of utilization of the Line 2 capacity in the 4Q07, but even with these figures we are already number two in the eucalyptus market pulp production and we are within the ten largest producers of market pulp worldwide.

Also the sales were very close to 300,000 tons, 294,000 in the 4Q07, reflecting what I had mentioned before of very strong wood production, very strong logistics, very strong coordination among the different teams to produce first and then to invoice the production of Line 2.

Cash cost is a special highlight. We achieved, in the quarter, R\$489/ton; this is 8.6% lower than the 3Q07 and 2% lower than 4Q06. Bernardo is going to talk later about this, but I would like just to highlight that this is the number in Reais, our costs come in Reais, so here we do not have the impact of this evaluation. As you use these numbers for volumes we have the impact of the exchange rate, for sure this is not considered good practices, and taking the situation into analysis we have R\$489/ton.

Also very important, most of the analysts have already mentioned that: inside this cost here, we have the Line 2 fixed cost, we have all the fixed costs by 50% of our capacity utilization. So, Line 2, 135,000 tons of production; carrying a fixed cost for the whole capacity, 100% capacity. It is also very important to highlight here that as we are in the middle of the start-up, the learning curve, we have instability in the production, so we have energy consumption and chemical consumption unstable.

So, this number – R\$489/ton – is a number that, in Reais... In the 3Q, it is correct to remind everybody that we had a maintenance cost as well. However, taking apart this maintenance cost that we had in the 3Q, in the 4Q we had this reduction of 8.6, but inside this number here we are gaining the cost of the start-up of Mucuri. So, we have good perspectives on reduction of these costs as we move forward.

Page five. We have, on top of the page, 'pulp business units'. In the 4Q you see the number that I have already mentioned, 294,000 tons, a record number for a quarter, this compares with a 3Q of 156,000 and last year's 4Q was 145,000, reflecting very strong sales in the paper business.

Also, if you look on top of the page, right-hand side, there is the 799,000 tons of market pulp sold in 2007 versus 615,000 in 2006. You can see on the bottom of the page how Asia is growing in the participation as a destination of our market pulp. During the year we had Asia with 29%, 4Q was already 36%; Europe was 60% in the full year and 57% in the 4Q. This reflects the reality that we are expecting for 2008, where we are going to see a substantial growth of the Asia participation in our sales.

As we move to page six we talk a little bit about the paper business. Average price was, of course, in 2007, as I mentioned before, 11.3%, US\$95/ton in prices of paper. I have already mentioned US\$100 in the pulp, US\$95 in the export market of paper. So,

we experienced almost a 2% increase in the domestic market of prices, which was, of course, a very good achievement, considering that we experienced 17% of valuation in our domestic currency.

Production, including Limeira and Cubatão, we achieved 1.15 million tons of production, net revenue of R\$2.4 – almost R\$2.5 – billion, 5.2% higher than 2006, reflecting sales of 1.13 million tons or 5.1% more than 2006.

On page seven you can see the numbers that we mentioned before. Total paper sales volume was, in the 4Q07, 290,000 tons versus a 3Q07 of 288,000 tons. Last year we had, 2007, as I mentioned before, 1.125 total volume of paper sold compared with 1.071 million tons of paper last year. You can see that we experienced a growth in the export market; among Brazilian producers we were able to maintain or slightly increase our market share in all segments that we worked with you. So, when you compare us with our peers in Brazil, we maintained or increased slightly our market share.

We lost some market share in some segments due to the presence of imported products. As we had surplus of capacity in Europe for the coated paper combined with 17% valuation of our currency, we experienced some decrease in our sales and in the market share domestically.

We were able to export these products with better prices than we had before, and we see 2008 in the same levels or better levels of price and market share. We can talk about this later, if this is what you guys will want to do.

Page eight. We have here the highlights, the numbers, results related to the 4Q07. I am only going through the comparison of 4Q07-4Q06, some with 3Q07 as well. Sales volume, 4Q07-4Q06 we finished with an almost 40% increase versus the 3Q07's 31%; paper volume in the domestic market, as we mentioned, we had a decrease of 5%, mainly impacted by the import in some special segments, like the paperboard, this is not exactly... The 4Q is not the strongest quarter that we have, but this, as I have mentioned before, is the offset that we achieved through the export market.

Pulp volume in the export market, 3Q versus 4Q we had a 93% increase, and year over year we had a 121% increase, and as I mentioned before, we are producing at half of the capacity of Line 2 so far.

Net revenue; the 4Q achieved R\$963 million, very close to R\$1 billion, this was 18% higher in Reais in the 4Q compared to the 3Q and 20% higher compared with the 4Q. As we can see, net income during the year, we had 3% increase in the 4Q07 versus the 4Q06; we had a decrease of 45% in the net income versus the 3Q, more than explained by the non-operational results that Ernesto is going to talk about a little bit later.

Cash cost; we have already discussed, in Reais these are the right numbers, 8.6% reduction versus the 3Q, 2% compared with last year; EBITDA of R\$326 million, 22% higher than last quarter. In USD these numbers are much higher if you compare with the 4Q of last year, EBITDA in USD increased by 50%, and quarter versus quarter, by 31%, a very strong growth in EBITDA as we look at these numbers here.

EBITDA margin; we achieved, in the 4Q, 33.8%, 3Q07 was 32.7%, last year was exactly the same number, 32.7%; so, despite the fact of the net line, we are going to see that we experienced a 17% valuation of the Real or devaluation of the USD versus the Real. We were able to increase our EBITDA margin this year.

Leverage of net debt/EBITDA; we ended the year with 3.74, the same level of last year and better than the 3Q07, that was the peak of our expenditure in the Line 2 related to the Projeto Mucuri.

Last page; just the results comparing 2007 with 2006. Sales volumes: Suzano achieved 1.925 million tons, very close to 2 million tons, 14.2% higher than last year; paper volumes in the domestic market was almost the same levels, 1.5% lower than last year; pulp volumes were 32.8% higher; net revenue, 10% higher; net income, 22% higher; EBITDA, 10% higher; EBITDA in USD, 24% higher - it is very important to mention here that we were very close to a US\$600 million EBITDA in 2007. EBITDA margin, as I mentioned before, is almost the same, despite the effect of this exchange rate variation that we mentioned in the leverage we have already mentioned before.

With that I conclude this presentation. And get back to our conversation, we have all the senior management team of Suzano here today. We are looking forward to answering your questions or commenting on some specific aspects that you would like to.

Marcelo Luna, Deutsche Bank:

Good morning. In the morning we discussed cost items and a couple of other issues, so I just have a couple of really quick questions on different areas. My first question is on the effective tax rates that Suzano is currently paying. I see from the press release that... I think this territory or the accounting tax rate was actually above 20%, which we know is not exactly what Suzano is paying in terms of cash income tax. I just want to ask if you could comment on what effective tax rate was there in the quarter and what do you expect it to be in 2008.

Bernardo Szpigel:

When we look at the effective tax rate, I think we should, in our case, make the difference between the accounting tax rate and the financial tax rate, if you like; because on the accounting terms we think the income tax, without taking full advantage of the tax incentives which we are using at this point in time, in 2006 and 2007, which is actually the deferral of income tax of that year in point.

In terms of the effective accounting tax rate, it was higher this year, we'll see the accounting value of R\$33 million, something like that. From the financial point of view we did not disburse any amount for income tax this year. This is an important thing because a deferral is working that way, everything that we should be paying is being deferred over the depreciation period.

So, from a financial point of view, what we did pay this year was basically just social contribution, which is 9%. In the year, and this is what we have been doing in 2006 and 2007, it has been something 10%, from a financial point of view.

Marcelo Luna:

OK. Great. And then, in 2008, for instance, would you expect to be paying a similar level of taxes, meaning around 10%?

Bernardo Szpigel:

It does depend on the amount of CAPEX that we are spending at Mucuri. In 2006 and 2007, when were investing a very large amount in the Mucuri project, as you know, in fact what we had is that we used all of our deferral incentives and we did not use the reduction of 75% of income tax, which is our normal, or was our previous tax incentive.

Now, in 2008 the changes are that we are not going to continue to be spending at this high rate because the Mucuri project is almost completed. We still have some expenditures, we reported that we have something like US\$60 million to be spent in 2008 plus the normal CAPEX, the maintenance CAPEX.

What will happen is that we will reduce the amount of tax deferral that we are using and we will restart using our reduction of 75%. So, from a financial point of view we may increase a little bit, but for different regions it will remain at similar levels.

Marcelo Luna:

OK, great. The second question is regarding financial expenses. We know, because of the arrangement with BNDES and other institutions, that Suzano has been paying lower financial expenses during the construction of Mucuri. I was just wondering if you could comment on how much you expect the financial expenses to go up in 2008 and then 2009, as the expansion of Mucuri is now concluded.

Bernardo Szpigel:

What you see in the figures for the 4Q already reflects the numbers of financial expenses that we will be facing, some additional related to what I just said, that we still have a little bit more to complete the project.

And then, what you have just said: so far we have been capitalizing interests during the construction for the Mucuri project, so probably something like R\$40 million will be added to financial expenses.

Marcelo Luna:

OK, so additional fixed expenses of R\$40 million in 2008.

Bernardo Szpigel:

Yes. I can give you later the precise figure, this is just an estimate.

Marcelo Luna:

OK. Excellent. The other question is regarding liquidity: we know that Suzano has been working hard on increasing liquidity by hiring local market makers, and a few months ago the stock joined the MSE - Brazil. We know you have the goal to try to make the stock join the Bovespa Index. Can you comment on that and when do you expect that to happen?

Bernardo Szpigel:

There are a number of initiatives to be included in the Ibovespa, but one very important thing that has already happened with the share is that the daily volumes have increased significantly. Based on this aspect we would already be - comparing to other similar companies that are in Ibovespa, with our daily volume we are already there.

What we are a little bit behind on is the number of daily trades. It is a little bit more concentrated on institutional investors that trade very large volumes, and comparable to others, it is the individual investors that are not participating as much. And our focus has been on this side, a very active effort on this.

At the same time we have interest in news, we see the movement of shareholders, some that did not negotiate, like BNDES, for example, they have been a little bit more active in the market, with that position. We see improvement in the liquidity of the share on a daily basis.

That is a plan for this year that we would like to complete to a large extent, focusing on joining IBX and Ibovespa as well. Things have been moving quite well in this direction.

Marcelo Luna:

OK. My last question is regarding the pulp market, and maybe it is to Maciel or Rogério. As pulp prices increase for 2008, I would expect maybe the level of discount to the benchmark list price to grow. So, I was just wondering if you could comment whether you would expect to give more discount as pulp prices continue to go up.

And if Rogério could comment on how much substitution he has continued to see in the market in terms of printing and writing and tissue paper companies in the United States and Europe increasing the consumption of eucalyptus.

Suzano:

Good morning, everyone. As you could see from the numbers of the last quarter in terms of net prices, we practiced about US\$654/ton, which included all the start-up tonnage that we sold to the market.

So, in comparison to our peers, as you can see, there was no need whatsoever to increase any discount; on the contrary, I think that we did on the whole scene, as

Maciel said before,) a very good job by keeping the prices and discounts in a level that brought net prices on a differential scale to our peers. I do not see any reason whatsoever to have higher discounts in the year 2008, on the contrary, I think that by the demand that we see in the market it can occur that we will also see some diminishing on the discount level, even though we have higher volumes coming on the market.

I think also that it has to be in line with the commercial policy of each company. Some of them like to have larger contracts with a larger discount and some others would like to have much lower volumes in contracts with lower discounts.

So, I think we are in the second one, and we are taking the opportunity to have much less discount at this moment, and also because we happen to have beforehand the excess fee which was in high demand in various markets, and we were able to take advantage of that where we sold all contracts with less discounts.

I think we are entering the year, in the first month of the year we already announced an increase in prices all over the world, which means that it looks like, even though we are in the middle of a turmoil in terms of the economy worldwide, we are very anxious to see what is going to happen during the year, we see the demand in the paper side all over the world continuing to be good.

We also see that the demand that is coming is very high on hardwood, we see more and more substitutions in lines of other softwood, because they do not have any new production coming on stream. So the positive side is, we see more tissue using eucalyptus, we see more printing and writing using more eucalyptus worldwide. So, we see it as a positive sign as well.

Marcelo Luna:

Great. Thank you very much.

Ivan Fadel, Credit Suisse:

Hi, gentlemen. Good afternoon. Thank you for the presentation. I think my first question goes to Rogério again. I understand that your outlook is still strong. My question would be: what kind of drivers now we should keep track of or observe that could make us still even more optimistic about pricing going forward? And if you could also comment on what is your personal view on the trend of pulp prices going forward after this US\$20 increase, if you think that if we see the same kind of drivers sustained until the end of this year we could see more increases in 2008 and maybe in 2009. And just complementing, if you believe that in the case of a sign of recession or a mild slowdown in the United States... If you are concerned about pulp demand at all. Thank you.

Suzano:

Thank you very much, Ivan, it was a good question. I think we have to continue to look at some factors that all of us are still looking every day. One of them is wood. Wood is

a key factor in our industry, as you know, and our big competitors are the Indonesians in terms of hardwood, and they are suffering and starting to suffer a lot because of the lack of investments in the past in their plantations, and they continue to rely for a long time in mid-tropical hardwood and harvesting naked forest and so on without paying attention to this key issue, which is the growth and the yields and the future of their plantation.

So, now they are starting to suffer that and I think that we are going to see and follow that to see if they are going to suffer even further on that. Some people say that they can have a shortage of 2/3 of what they have in the coming years, and that can be a key factor for our industry as a whole.

Of course, recession in North America will be a key factor around the world, as we all know, and you know better than me. If you look at our industry in terms of taking into consideration the eucalyptus, 80% of the eucalyptus in North America is going to tissue, high quality tissue, and that is a differential from the recessions in the past, we have not seen a big diminishing in North America on this time. So, this can be positive in one side. The other 20% to 25% - which is growing to maybe 30% to 35% - is printing and writing, and printing and writing is growing even more because of the closures of the integrated capacity. So, those mills are depending even more on external suppliers and the long-term contracts that have been signed in the past and continue to be signed; they have very tricky clauses on the percentage of use of this eucalyptus in the long term.

The factor is: there can be a diminishing, yes, with recession, but it cannot be that big of an effect on us at this time in the contracts that we have. So, the trends for the year as it begins, as I said before, even in the middle of this turmoil we are able to implement a price increase that was anticipated a few months because of the demand that continues to be very strong basically in Europe, in North America and especially in China.

Ivan Fadel:

OK. Good answer. Do you see also as an offset factor the fact that the Chinese should continue to close down non-wood mills and that could create also more room for wood capacity in China? Do you see more demand from China going forward?

Suzano:

In fact, there is a minor effect on that because you see the scale of the industries that are being closed down and the new ones that are coming in, you need about 40 or 50 mills to shut down to supply wood for one new mill. So, that can be an effect, of course, but not in a big standard, in my opinion.

Ivan Fadel:

OK, great. Thank you. And if I could just make another question: in terms of paper market, maybe this could be to Daniela, many people say always that paper is a bad business, I do not particularly agree with this. If you could just talk a little bit more about

the trend in the paper market in Brazil, maybe comment on competition going forward, how do you see that evolving, if you believe that there could be more competition from imports given these FX rate levels.

And also, if you could comment on the efforts that you are making to avoid excess supply from imports, taking advantage of that tax benefit for the editorial business for coated paper. Thank you.

Daniela Contrera:

In a adjusted perspective, the paper business saw in 2007 in North America some closures, and it allowed us to increase prices in this region. In Europe we also saw some open capacity in coated paper, and this region is the major responsible for the imports increase in coated papers in Brazil, but we were also able to increase price in that region. So, for external markets, we saw that we are very optimistic in the paper business.

In the domestic market in 2007 we had some important factors that affected our markets; of course, the USD depreciation at 17%, pressuring domestic prices, the notebook export competitiveness was lower regarding the Real appreciation. We also have this imports increase. A good perspective was economy growth and industrial production stimulating the demand growth in Brazil.

In paper in the domestic market we were able to increase prices beside these factors that I mentioned in 2% in Reais, and of course it caused some volume reduction, but we were able to keep our margins in the domestic market.

So, for 2008 we are still optimistic in this business and we want to keep our strategic position and maintain the balance in paper sales in 60% in the domestic market.

Antonio Maciel Neto:

Just to add some things here. We have, I think in the highlights, the paper prices in 2007: we were able to increase by 2% our price in the local market and we increased about US\$9 our average price in the export market. So, we had the export price much better than we had before and lower levels in the local market.

We increased our volumes in the export market and we had a slight reduction of the volumes in the local market. Our market share in the domestic market, where we have a more profitable market, compared with our peers, local producers, we maintained our shares or increased a little bit.

It is true that we had a combination of exchange rate variation against local producers. We had, mainly in the coated paper, excess capacity in Europe, so this could be the big import volumes that we have seen in the local market coming from Europe, 90% is coming from Europe. Also, in some cases here the tax differentiation that we have here is causing some unfair trades, let us call it this way, in some volumes. We do not know precisely the percentage in each of the areas.

So, in the segments that we compete we are maintaining our share or improving it compared with local producers, and also the price that we have expected. We have been able to add value, considerable value to more than 1 million tons of pulp; we produced pulp added value and produced a profit in the paper, and we have positioned ourselves in the segment, in the niche, where we are extremely competitive.

We are not playing in the broad paper business. We are in the uncoated, we have big ones in the cut size, where we have more than 33% of market share in the segment, we have positioned ourselves in the offset uncoated segment, also where we have a more profitable business.

Paperboard; we have increased our capacity with the addition of the Embu plant business. Where the market is growing is where Suzano is leading. We have value-added, we are by far the leader supplier of paper that goes to the pharmaceutical industry, by far the leader supplier for the food industry, where we have the technological requirements and several actions that we have implementing.

So, as we move forward, we are increasing our capacity mainly to debottleneck and to add efficiency, to excel in the operations and Six Sigma projects. And in this year, 2008, considering the scenario that we still have today, the domestic market is going to grow, and if we at least maintain our market share we are going to see a better mix and better results in 2008.

We achieved the targets we have set up before, and as we move forward, I think the split between our export business and our domestic business... We are going to see a little bit better. So, we agree with your prospect; we are going to grow as we move in the pulp business with the competitiveness that we have, with the local conditions. However, we have these 1.1 million tons of profitable business adding value to our pulp. Thank you.

Tiago Lofiego, Merrill Lynch:

Good morning. Given your strong pulp volume sold in the quarter and in the year, and also your outlook for 2008, I would like to know and understand a little better about your inventory levels. Are you comfortable with them? I would like you to clarify that.

Rogério Ziviani:

Yes. As I have said in the previous call, in Portuguese, we had at the end of the year a coincidence, where we had about two vessels leaving the ports in Brazil, and one of them was anticipated from the beginning of January. So, we ended up the year with a very low inventory, and as the production of Line 2 ramps up we are going to have to ramp up our inventories as well to give a better service to our clients. To be quite frankly honest with you, today we are not being able to give an excellent service as we used to before, because of lack of inventories.

So, we are going to be building them along the year, and this is growing step by step and keeping in line in terms of days of production as we had before, in the previous years.

Tiago Lofiego:

OK. Just one more question regarding pulp prices: what is your outlook for the 2H08? Do you think your ramp up with Mucuri Line 2 and Botnia could pressure prices down?

Rogério Ziviani:

If we look at the demand size and the new paper machines that are coming in in the 2H of the year, I do not think we are going to have that many problems. It can be even in the country, a little bit more tighter because we see more production coming out of the scene, and this can be tightening up a little bit the situation. But the whole thing starts on, as we discussed before, regarding the whole economy in the United States and the reflect of that in the rest of the world.

Tiago Lofiego:

Thank you.

Debbie Bobovnikova, JP Morgan:

Good morning. Going to your pulp business, you sold significantly more to Asian clients this quarter, and you are guiding for even greater sales over the coming year.

My question is: what are your top clients in Asia right now; and what kind of contract are they own? Or would you say it is the percentage of long-term contract?

Rogério Ziviani:

In terms of the percentage, as we have said before in previous calls, our target is to reach 80% in long-term contracts as a whole of the Company, as a policy, and keep about 10% in regular customers whom we do not sign contracts with, but who have been very regularly with us over the years, and 10% we plan according to the market, and also on a spot basis, reflecting also vessels arriving late and things like that; and anticipating vessels.

As we said today, we are concluding very close to the 80%; we are finalizing one more contract now, and we are going to be reaching the 80% in the next few days ahead of us. So, we are very much in line with all the volume of 2008 being 80% from China.

Asia, as we have said before, can go up to 45%, including the spot volume, of course. We do not want to have included in our total sales 45% going to Asia. In terms of contract, that can be very close to 40% on that.

So, this is where we stand today, and we are seeing that Asia is coming with bigger volumes, continuing to have big volumes ahead.

In terms of contracts, the size of the contracts, we also tried to maintain a policy of not having a single customer buy more than 10% of our total market production, and we

are keeping that in our policy as well; so, we do not have any contract above 10% of our total production. That is what we have today.

Debbie Bobovnikova:

Can you just give a little bit of color in terms of who are your major customers? Are they the international companies building machines in China, or are they the local Chinese producers?

Rogério Ziviani:

As I can see from the list of attendants in our call, we have a lot of our competitors here, and if I say that, it would be very nice for all of them, so I will have to skip that one. Sorry about that.

Debbie Bobovnikova:

OK. That is fine. So, we can talk about your cost a little bit. You gave guidance, on your Portuguese call, I believe, for R\$400 to R\$410 cash cost for pulp as the target over the next year. I just want to clarify: is that the target for just Mucuri, the second line, or is that the target for average cost for Suzano overall, including Americana?

Suzano:

What we provide is the Mucuri figure, this is our cash cost. And the figure that you heard is for the whole of the Mucuri mill, which represents lines one and two.

Debbie Bobovnikova:

Do you have any sense of what your average cost outlook is?

Suzano:

Average of what?

Debbie Bobovnikova:

Including Americana mill and this Mucuri...

Suzano:

Well the American mill is something like... Depending on the mill, depending on the conditions, it is something like 20% higher, in Reais.

Debbie Bobovnikova:

And then, I guess the main drivers of that; one is that you are going to have major capacity increase, and you are going to be diluting your fixed cost, but on the other hand you are also going to be seeing more purchases from third parties in terms of...

Suzano:

This is already factored in. We referred, during the previous quarters, that we have been moving, let me just recall what we said...We were operating at something like 13% of wood from third-parties, and our plan is to move to 25%.

What happened in the 3Q is that we increased the participation of third-party mills to 34% because we were using most of the wood from third-parties in our Line 1. In Line 2 will be using only our own wood, so the figures that we are seeing right now reflect a larger capacity average and a larger participation of third-party wood when we reach full capacity at Line 2.

This is also important as we project the kind of cash cost we will have, it is a number of factors that can be affecting the 3Q and the 4Q, this is not a stable condition. It is improving already, but it will probably have to reach full capacity in terms of volumes in Line 2, which will happen by the middle of this year. And then we also have to reach stable conditions in chemicals consumption for Line 2, which is probably going to happen something a year from now.

So, we will see improvements towards this; R\$400, R\$410. Of course we want to move this closer as much as possible, but this is a general transfer.

Debbie Bobovnikova:

For this quarter you purchased 34%? How much was your purchase from third-parties in the 4Q?

Suzano:

In the 4Q we had something like 30%.

Debbie Bobovnikova:

30%. And what was the price for the purchases, in average?

Suzano:

Something like R\$60.

Debbie Bobovnikova:

R\$60 per m³ of wood.

Suzano:

R\$68.

Debbie Bobovnikova:

R\$68 per m³ of wood, for external?

Suzano:

Right.

Debbie Bobovnikova:

Parties, perfect. And when you talk about external parties, this is the farmers' program as well as stock purchases? They're all lumped in one?

Suzano:

Yes, this is third-party farmers is what we call *fomento*.

Debbie Bobovnikova:

And aside from the farmers' program you do not have significant purchases from parties?

Suzano:

No.

Debbie Bobovnikova:

Perfect. If we could move on to the paper business, you gave the general outlook for paper for 2008. If you could give us a little bit more specific outlook in terms of what kind of demand growth you expect for each of the three grades, of printing and writing coated and board into 2008.

Antonio Maciel Neto:

We do not have this available to give, we do not have guidance, we do not disclose guidance on this. What we can say in general terms is that in the paperboard we are going to continue seeing a very strong demand, and what we see is that the orders we already have in our hands for the 1Q and 2Q are very strong.

In the printing and writing, what we have seen in the cut size business is also strong, with a steady growth.

And in the uncoated we have some seasonality this year, because in the uncoated business, the books related to the government purchases, mainly the national books purchased this year, are not going to be as strong as they were in 2007. So, we are not forecasting growth in the uncoated; we are seeing some growth, about 5%, in the cut size, and in the paperboard we see a 5% to 10% growth. But this is the growth of the market, and we are going to work to maintain or slightly increase our market share.

We think we have a very good, very strong market share, we would like to defend this market share, but we are going to focus on the profitability of the business.

Debbie Bobovnikova:

And on the board side, I guess you are referring to the fact that Klabin is growing their capacity, it is going to be increasingly competing with you in the local market.

Suzano:

Yes, we see that we can have a parallel of the start-up of our Mucuri Line 2 with the Klabin, also with the start-up of their machines; they are coming on stream in a situation where the market in Brazil and Latin America is good. In Brazil there is a 16% to 17% growth expected to repeat this year; nobody is increasing capacity this year, only Klabin, and the market is growing a lot.

So, it is something that is good news for the market as well, that this machine is coming, the start-up is happening when, specifically in this segment, the market is very positive.

Debbie Bobovnikova:

On the printing and writing side, just to get an idea of exactly what the impact is of the slowdown of educational demand, and also notebooks manufacturers, can you give us an idea of how much those two segments represent of your overall printing and writing sales?

Suzano:

Just to tell you that the national program in Brazil last year was about 60,000 tons, and this year is going to be half of that. So, we are going to have this impact of 30,000 to 40,000 tons for the whole month.

Debbie Bobovnikova:

Can you disclose how much of that is yours?

Suzano:

No.

Debbie Bobovnikova:

OK. What about the notebook manufacturers?

Suzano:

Notebooks is mainly about the exports. You know that we sell paper to them in the domestic market, but they export. So, this is the business that they have. In 2006, the

export of notebooks from Brazil was about 70,000 tons; we sold 70,000 tons of paper to them, the whole market; in 2007, 65,000 tons; 66,000 tons, and in 2008 probably it is going to be around 30,000 tons, 35,000 tons. So, if you compare 2006 and 2008, it is half.

And this is mainly due to the exchange rate, the great impact on the exchange rate, the notebook market mainly to the United States. They deal with very low margins, and the exchange rate is hurting them a lot.

Debbie Bobovnikova:

I am sorry, I was not able to hear the number for 2008.

Suzano:

30,000 or 35,000 tons.

Debbie Bobovnikova:

And you are saying that you are the exclusive supplier for notebooks?

Suzano:

No, this is the whole image. However, we are forecasting a growth in the notebook market in Brazil due to the higher number of students and also some programs – in this case, not national programs, but in the states or in the municipalities, focusing on education.

So, with better margins, because this is a very low-margin business.

Debbie Bobovnikova:

The notebooks?

Suzano:

Yes.

Debbie Bobovnikova:

Thank you. One last question, on working capital. Just looking at your accounts payable, it seems like there has been a significant increase in days payable – I think, on average, it is about 36 days in 2006, and now it is 52 days as of the 4Q.

I just trying to understand if this is a policy that we should expect to be in place going forward, or is there going to be some reversal to this in the coming quarters?

Suzano:

Give us two minutes to answer this question, because we are working exactly in the opposite way in the local market. That should give us the word to Bernardo. Locally, we have one of the acts that reflect in our prices is also that we have reduced the payable terms. We have just about 15%; if compare average 2007 versus 2006, you have about 15%.

So, Bernardo, could you...?

Bernardo Szpigel:

In this case here, in accounts payable, we have a number of effects, including the volume of operations. We have been ramping up Line 2, so there are larger volumes of raw materials that we are buying. So the effect is not that we have not increased in terms of accounts payable, such as your calculation as to how much we are buying. We have been changing volumes of operations.

Debbie Bobovnikova:

So basically it is just the ramp up period in the coming quarters; as everything evens out, it should go back to the...

Suzano:

You see that the Company is growing, and in the coming quarters, when you see all of these...it is a much larger Company; some levels of 1.8 are moving to 2.8 in medium terms. So, accounts will increase in this pace.

Debbie Bobovnikova:

OK, great. Thank you.

Operator:

This concludes the question and answer session. At this time I would like to turn the floor back to Mr. Antonio Maciel Neto for any closing remarks.

Antonio Maciel Neto:

Thank you, everybody, for participating in this call, for the support that we have received from all of you in 2007. At the end of 2007 we finished a very interesting growth cycle. If you compare our volumes in 2008 to those of 2004, you are going to see more than 120% growth. So, we got for 80 years to be in 2004, and now, during four years we are growing more than double, we are becoming a bigger Company, and this is coming from Line 2, in Mucuri, the big project in Mucuri, the acquisition of Ripasa and several debottlenecking projects, like we mentioned here today, about the P630 in Americana.

So, this growth cycle in 2007 is concluded, and now, as we move forward and look at the future, we would like to tell you that in the short term we are continuing our work on

cost reduction. We have benchmarked our competitors, we have the target to be the lowest-cost producers, we have worked to make our operations more efficient, we have seen a lot of results coming in.

The Mucuri project is a benchmark worldwide today in terms of timing, quality, cost, and this is being replicated to the current operations with the leadership of Ernesto.

And also, in the short term we have a very strong cash, we are very well-prepared, we have maintained a very conservative approach in the cash management. So, we have signed several long-term contracts with our suppliers; we have signed contracts with our key customers. Rogério mentioned that we are very close to achieving 80% of our production in long-term contracts. We have a stand-by facility just in case we need to go to the market very quickly.

So, in the short term we will be working very strongly on the cash side and also in the operations, the efficiency, the relationship with suppliers, relationship with customers, making our operations better.

As we foresee in the future, we are prepared for a new growth cycle. We have a very strong team, we have a very strong recognition from the capital market. Our shareholders representing our Board of Directors are very motivated for the next cycle of growth; the controlling shareholders are very well-prepared for the next cycle of growth.

So, as we move forward, we are going to announce this new greenfield site we are going to have on pulp, and also you can be sure that we are looking at 2015, 2010, 2020 as a target - Suzano is going to be a stronger player than we are today, as we see our strategic plan.

So, with that I would like to thank everybody and say that we would like to thank not only Vinícius and Bernardo our IR team, but all of us are available for questions. Let us see if we can get closer this year, and I would like to see all of you visiting our plants in Mucuri, we are going to make the arrangements to see if we can get closer this year, and then talk, exchange ideas about the future for the industry and the future for Suzano. We are very and extremely motivated for a better future. Thank you very much.

Operator:

Thank you. This thus concludes today's presentation. You may disconnect your lines at this time, and have a nice day.