

Operator:

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to the Suzano Pulp & Paper 2Q08 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 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 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; Mr. André Dorf, Chief Strategy and New Business Officer; 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 forwards 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:

Good morning everyone and thank you very much for joining us this morning. Today we have two key subjects, a little bit different from other calls, this morning we will be talking about our results in the 2Q08 and as well we are going to reserve some of our time to talk about our investment program, which was announced yesterday.

I think the best way to move is: I will present the highlights, only the key highlights of the results, which most of you I understand have already had the opportunity to analyze the results. I will point out just some of the key points and just after, as we conclude the question and answers related to the results, then we can go and talk about the investments and the new growth cycle.

Starting on page two, I would like to highlight the eucalyptus pulp price, which increased to US\$840 in Europe and also to highlight the increase of US\$30 in Asia per ton, which was implemented in the beginning of June. Hardwood is the trend now, reaching 34 days comparing to 35 days in March of 2008. So, the inventories continue to be in very low levels and under or below what we had in the last quarter.

For the good and the bad we had the Real appreciation of 9.9% in the quarter, so we are going to talk later about this and the consequence of this big appreciation of our

currency. Record production of 681,000 tons of pulp and paper, which is the best we have had.

Also the Line 2 business is extremely important information to highlight; Line 2 at Mucuri concluded the learning curve, so in June we had the production of the Line 2 according to the specification of the Line. As Ernesto Pousada had anticipated before, in the beginning of the 2Q we would be achieving the learning curve, in June we achieved and you are going to see the impact and the good news in our results.

EBITDA record of R\$354 million, margin of 35.2%, this despite the big appreciation of the Real and some cost pressure coming from our suppliers, we were able to move slightly the margins up to 35.2% and achieving this record in the EBITDA.

Net income at R\$186 million, 44% higher than the 1Q08 and it is important to highlight here that we had a non-recurring financial expense of R\$111 million to repurchase the stocks where we filed the former shareholders of Ripasa. So, this is an important non-recurring item that we experienced this quarter.

Cash cost of pulp that we reduced for R\$424 per ton. This is a confirmation of what Bernardo has mentioned different times in our calls, that we were moving in the right direction, reducing the pulp cost and this is a consequence of mainly as we have our Line 2 at full speed, this has a big impact, but also this reflects a lot of operational improvements and operational excellence programs that we have worked out.

Net debt / EBITDA, this ratio dropped to 3.19 in June. It is important to highlight that without the payment to the Ripasa's former shareholders, this number would be today below 3. So, it is a very important progress on this subject.

And also we announced yesterday the new growth cycle that we are going to have the opportunity to talk in the second part of this call.

Page three, just some of the highlights that the pulp wood demand continues growing, the capacity closures we have booked here at least 1 million tons of capacity closures along with some supply constrains and low inventories, so good prospect of the market from the demand prospective.

Net pulp price in the spot market in the 2Q was US\$721 per ton, compared to US\$681 per ton in the 1Q08 and US\$594 per ton in the 2Q07. So, this net pulp prices are average, this deserves a special highlight for Suzano, I think very impressive numbers. The production in the pulp side, 400,000 of market pulp in the 2Q, a record of production, and sales volume above the 100% if compared with the first part of 2008.

On page four, just moving faster to save some time for our discussion on the investments, I would like just to highlight the Asia participation in our sales, now achieving 35%, according to what Rogério has anticipated in other call that Asia was going to be the key destination of the additional capacity that we have now in Mucuri.

Page five, paper business where we have increased our prices, US\$41 per ton compared to the 1Q08 and US\$104 compared to the 2Q07. It is important to highlight

that this is a trend in the international market price, mainly due to the cost pressures, this what we have heard from all competitors worldwide. Now they have this big pressure in the cost and this is the main – we understand – drive of this increase, but we are moving forward in the same direction.

The domestic market, if you compare the 2Q08 with 2Q07, you see uncoated with a 2% growth, coated with 19% and the cartonboard with 6% growth. So the demand is very strong in the domestic market, supporting some of the increase of our sales in this local market compared to the same period of the last year. Paper prices in the domestic market dropped a little bit, 0.8% in the 1Q08 and total sales volumes of 283,000 in the 2Q08, this is 4.5 higher than the 1Q08.

On page six, just to highlight the information that we have on the top left of the page on the right side, where you see the growth from 2Q07 to 2Q08, a flat number. Here, I would like to mention that last year, in these 282,000 tons we had in our Group, two of the small plants of Ripasa that we call Limeirinha e Cubatão plants, those plants which were sold out during the year. Taking out, trying to compare with the same basis and taking out Limeira and Cubatão last year, we have experienced growth of 6%, total number, and 3% growth in the domestic market.

On page seven we have the results of the 2Q08. On page you have six months. Let us consider and take some minutes on page seven. So, this is just to compare. Sales volume, comparing 2Q08 to 2Q07, we had in sales volume a 38.8% growth, achieving as mentioned before 635,000 tons of products.

Paper volume is down 5%. We achieved 160,000 compared to 168,000, we had that impact of the capacity that we had last year, which was sold out. And in the pulp volume, here I think this is the key highlight where we posted 113.5% of growth, this due to the capacity in the Line 2 that is now operating at capacity level.

On net revenues, we achieved this record numbers, you know, a symbolic number of R\$1 billion in the quarter. That is very important and very interesting, which represents 22.3% of growth.

Net income at R\$186 million, 7.8% growth and as mentioned before we have paid more than R\$100 million of financial expenses, to pay the former Ripasa's owners. Cash cost, I think here we have good news of R\$424, fully aligned with what Bernardo mentioned last call. This is 5% below what we have experienced last year, 13% below what we had last quarter because of the period of the learning curve, that in the last quarter we had some costs associated to it and also some stoppages and shutdowns of the lines.

EBITDA of R\$354 million which is 26.7% higher than what we experienced last year same period, EBITDA in USD with a 51.6% growth, here you see the impact of the exchange rate on these numbers. Margin at 35.2%, despite all the pressure on the cost, our team has been able to manage this situation, maintain and increase in fact the EBITDA margin to 35.2%.

And just to highlight the exchange rate, in the 2Q08 we had this exchange rate of 1.66. Just to remember everybody that in the 2Q07 it was 1.98, so -16.5% compared to the 2Q08 as compared to the last year.

Net debt / EBITDA we achieved 3.19 in the 2Q08, compared to the 3.73 in the 2Q07. And as I mentioned before, without the payment associated to the Ripasa acquisition, this would be below 3 as we speak.

On page eight, you see the results compared six months to six months. It is the same trend that we have seen before so we do not need to go through these numbers in my opinion.

OK. Having said that we conclude our short introduction for this call and I will be available to take questions.

Debbie Bobovnikova, JPMorgan:

Hi. Good morning everyone. My first question is on your strategy. I just want to understand the rational behind the three new projects in 2013 through 2015. Both from the respect of why are we doing three projects now back-to-back, why three projects in three years? It feels like you are going from nothing to everything at once. I just wanted to see what the rational is, what changed in your outlook to corner such a strong response to supply.

And then the other question is to see if it is possible to increase capacity in Mucuri further, so I know you know how the debottlenecking is more than 400,000 in 2011. Is it possible to take that to a greater number? Is it possible to do another full line in Mucuri instead of doing a green field project in Maranhão and Piauí?

Antonio Maciel Neto:

Debbie, if you agree, I would like to propose that we split our conversation in two parts, I would be happy to take some minutes, probably five or ten minutes at most to the results questions, and just after I would like to make a quick presentation about the investment program that we have, present them. As I do that, I will answer your question. OK?

Debbie Bobovnikova:

Perfect. So then can I have a few questions on your results?

Antonio Maciel Neto:

Go ahead.

Debbie Bobovnikova:

Thanks. Just one question on the pulp volumes. I saw that you sold 50,000 tons less than you produced in the quarter, just wondering if you were trying actively build an

inventory. What is the rational? And also if you could tell me what your inventories levels are.

And the second question is on your cash cost. You provided the number on Mucuri cash cost, but do you have a number that combines with your Conpacel stake as well? Thanks.

Rogério Ziviani:

Debbie, good morning. The first part I think Bernardo will answer. Regarding the tonnage, we had two issues that happened in the 2Q, one of them was a vessel that at the end of June was a little bit delayed to the first week of August, so we could not invoice that to China, so unfortunately we lost roughly 20,000 tons to 22,000 of invoices there in the month, but it was invoiced right after one week, so it is not in this results.

The second half of that, which was about 28,000 tons that you mentioned, that is the build up inventory that we were putting in our logistics because we were in a very, very low inventory and we have to build up to the level safety inventories and things like that in order not to pay dead freight or demerger, or things like that.

So, it is in our strategy to grow up and to continue to grow up this inventory to supply all the chain that we need and to fulfill all the ports that we need, where we are below, behind the minimum that we need for each one of them.

This is normal, now I think in the month of August, we will be reaching the level where we are going to be safe, which is about roughly 34 days of production that we have in our target to maintain as a good level of inventory to supply all our markets.

Regarding the cash cost, I think I will pass on to Bernardo.

Bernardo Szpigel:

Conpacel we had R\$520 of cash cost for ton in the market.

Debbie Bobovnikova:

Conpacel was R\$520 per ton. But this is just Conpacel?

Bernardo Szpigel:

Yes.

Debbie Bobovnikova:

OK. Great. And just one follow up to the inventories. What were your inventories at the end of the 2Q in pulp?

Rogério Ziviani:

At the end of the 2Q it was about 27 days.

Debbie Bobovnikova:

OK. Great. Thank you.

Juliana Chu, BES Securities:

Hi. Good morning gentlemen. I have two questions regarding the expansion project. First, all these 42 days, are you considering the land authority on the state of Maranhão?

And the second regarding the CAPEX investment, are you considering logistic investments or we may see some further investments regarding logistics. Thank you.

Antonio Maciel Neto:

Juliana, as I announced in the beginning of the call, we are going to have a session coming in five minutes to talk about the new project. If you agree, we will take the questions about the results and I will take your question just after. OK?

Juliana Chu:

OK, sure. I have a question also regarding the price performance in the 2H. Do you have any idea or expectations for price increase of paper in the domestic market for the 2H?

André Dorf:

Hi, Juliana. Yes, on top of the significant growth that we have experienced in the 1H08, you could see in our press release that we had in the domestic market, for all grades, paper board, uncoated and coated, significant growth in the 1H08 and especially in the 2Q08.

Our prices in the 2Q remained flat in the domestic market, with a negative highlight to the coated paper, we had a small decrease in prices in the coated segment, mainly due to a recovery tonnage that we had in the 2Q08. We increased our volume of coated paper in the domestic market by 30% compared to the 1Q08.

For the 2H08 we already announced a couple of price increases. One related to the paper board, we announced up to 7.5%, depending on the break for the domestic market and this will be implemented throughout the 2H08.

And we also foresee room for growth in the uncoated papers, something around 2.5% to 3% throughout the 2H08 as well.

Juliana Chu:

OK. Thank you very much.

Marcos Assumpção, Merrill Lynch:

Good morning gentlemen. The first question is for Mr. Ziviani. I would like him to give us an overview of the outlook for the pulp market in the 2H, if you could point how the inventory situation is throughout the road right now. And how are you feeling about the question about the Russian export taxes on wood? Do you think this will stick in the beginning of next year and if this will create an opportunity for pulp producers potentially by the end of the year, beginning of next year?

Rogério Ziviani:

Good morning, Marcos, thank you very much. The outlook for the year, as I mentioned in the conference call in Portuguese looks very good. Announced prices in China were implemented, there were some reducing in purchasing due to the fact that China is taking some steps towards to climate, cleaning the air for the Olympics. But things are going to move back. Clients are anxious to have the products coming in because also they want to rebuild some of their inventory as well because they are very low as well.

The outlook in terms of price increases is very difficult to forecast anything right now for September, for August we do not see any room for implementation right now due to the fact that in Europe we have some constrains, as André said, about the coated paper market where costs are very high in the chemical side and so on and difficult to implement the price increase at once.

Regarding the Russians, the Russians are negotiating with some companies that are really to implement some investments in the Country. So, we heard also in the market that they are in final stages with big furnishing companies in order to continue to fulfill their purchasing in terms of wood, but they will implement for the rest the tariff that they have announced. So, this is positive for us and for the market in general. I think this is a positive effect also.

On the other hand, if you look into the new capacity of softwood announced, we do not see any and this also contributes some mills in Russia to supply the demand on the softwood in the medium term. This could be also positive to create a more balanced situation in terms of the supply of softwood and the demand in China. So, on my side, we see a positive 2H in general.

Marcos Assumpção:

OK. Thank you very much. And the second question is not related specifically to the announced expansion plan, but actually it is to André Dorf: I think that clearly this expansion plan shows the focus of Suzano on pulp in the future, but also do you see any room for some debottlenecks, like low CAPEX per ton, expansion projects on paper as well?

André Dorf:

Yes. Hi, Marcos. We just announced a solid investment plan for pulp as you saw, three new lines and the debottleneck at the Mucuri mill. And regarding to paper, we have been growing a lot in the last five years. We grew approximately 50% in the last five years. We will continue to analyze opportunities in the paper market. We had several good debottlenecks projects in our existing lines, basically aiming productivity, cost reduction and additional marginal tonnage.

We do not foresee any room for new paper machine in the region as of now. We will stick to the debottlenecks and the productivity projects for now. As the domestic market grows, we will be implementing those projects and analyze new investments in the paper business.

Marcos Assumpção:

And just to try to quantify a little bit these debottlenecks, today your current paper capacity is close to 1.1 million tons, probably could you increase by like 20% through these projects?

André Dorf:

We are not prepared to disclose the projects as of now. We have actually debottleneck projects related to all lines, paper board, coated and uncoated. It could increase our capacity more than 10%. I would like also to take the opportunity to mention that we are not analyzing, we do not have anything related to a new paper machine in North America as we have heard in the market in the last several days. We are not analyzing any opportunities in Texas or anywhere else in the United States.

Marcos Assumpção:

OK. Thank you very much.

Antonio Maciel Neto:

OK. Let us talk a little bit about the new growth cycle. As probably most of you had already the opportunity to go through the information that we send out I will say some words about this and take the questions. OK? Just after.

Suzano, as you know, is the largest Company in Brazil in revenue terms, we like to say that we are the largest producer of eucalyptus pulp from certified forests worldwide, in our case certified by FSC. And now, with this leadership position, we have been analyzing for a while the opportunities of growth.

The idea, this announcement came out after a very deep and serious analysis of the demand worldwide, where we see more than 1 million tons per year, growing in the worldwide market of the eucalyptus pulp in the coming 15 years.

And we have analyzed the closures and the future possible closures of the high-cost capacity worldwide, mainly in the North. And we have seen also the growing trend of substitution of softwood to hardwood.

So, analyzing all the data we could notice that a good space in the market worldwide, despite the fact that we have seen different announcements of capacity increase mainly here in Brazil from our competitors.

The first important point is that this is fully demand driven. In fact just answering the first question of Debbie, we have in fact decided to go to four projects, not three projects, three lines of pulp and the capacity increase in Mucuri. And with that we think that we are going to have, considering the timing that we are going to have the start up of those capacities, we will be fully aligned with the demand and we will be able to continue maintaining our leadership position here and probably very close to the leadership position in our industry worldwide.

The project, this growth cycle, as I mentioned we have four big pieces. The first one is one single line of 1.35 million tons in Maranhão coupled with 1.3 million tons at Piauí state; 1.3 million tons in Piauí, Maranhão or another green field site for 2015; and I will solve the bottleneck, or let us say, the optimization or the capacity increase of Mucuri of 400,000 tons at the 2H11.

So, this is in general terms. One part that we underlined in our announcement is about this debate of 1.3 million tons, 1.4 million tons, 1.45 million tons. We consider that today, the most likely capacity for the new single lines is 1.3 million tons. We have heard about higher numbers, but we have not seen in the details, technical considerations behind those numbers.

But for sure, as we progress and as we get the approvals from our Board to buy the equipments and to buy the plants and this will start on 2010, the 2H10, there we are going to have a better picture of the best technology available, the volumes, the cost and the full information of the cost of the new plant.

Also, as we progress, we are talking here in USD terms, today we have this 1.6 or 1.7 exchange rate. We are going to see in three years for now some changes probably in this. So, everything that we have announced here is based on what we have now of knowledge available and this can change a little bit, for sure for better as we progress as we move. Suzano has a long history as taking the best technology available worldwide always and this will continue.

Talking a little bit about the Maranhão Line, this is 1.3 million tons to have the start up on 2015. Here, I think the key differentiation of this project is our partnership with Vale and this partnership with Vale has at least three big parts.

The first one is that we, doing conversations with them to debate this project, we ended up buying their forest that they have in the Maranhão state. So, they have more than 83,000 hectares of land there and from that they have 36,000 hectares of planted eucalyptus. They have been around there for more than two or three decades, so they have always maintained their research and development center. They have their

nursery been very active during these years. So, they have a very good forest which will be the key element for the anticipation of our start up.

This is the innovation that we are bringing to this project, where we were able to find a forest, with a very good, outstanding productivity from Vale that we were able to buy and anticipate our start up.

The second part of this project, this partnership with Vale, is related to their “Vale Florestar” project. This is probably one of the largest environment protection project worldwide been conducted as we speak. This is the idea of creating green belts throughout the Pará state, where with this concept, they told us this concept was built along with their conversation with the non-governmental organizations and people in these environment discussions worldwide where they see today that the best way to stop the forest devastation was putting a kind of belt around the areas of the native forest that is still there to avoid the continuation of the devastation.

So, this is a environment related conservation project, it is extremely well received for the environment community worldwide and Suzano, as from yesterday now, we are a big part of this big environment project because we are going to use that, having this wood in our plant in Maranhão, this is going to be one of the best way to sustain this project during the future years.

So, this fits very well to Suzano’s DNA, as you all know we have been very strong in the environment protection, we have about 40% of our areas dedicated to the preservation, we have 100% of our own forest certified by FSC and so on. So, this perfectly fits to our tradition.

The third part of our partnership with Vale is related to logistics and here I have the opportunity to answer Juliana’s question. Vale is going to provide us the so far outbound logistic where they will provide the cars, all the equipments needed for this transportation. The CAPEX that we have mentioned in our CAPEX, there is nothing related to this outbound transportation because this will be 100% provided by Vale.

In the future, as we progress, we will need to decide the port solution for this investment. For sure this will be in São Luís do Maranhão and there we have two or three opportunities, we have a private project, we have a governmental project and we are going to analyze. It is not out of our discussions here, the debate if we have any private project there, if there is a port that we can participate, but this is not in our CAPEX numbers now, this is going to be considered in the future. So, from the logistic side, mainly the outbound Vale is going to be providing itself.

The price, the way we have in the memorandum of understanding signed with Vale, and in this memorandum of understanding we have all the details of these assets that we are buying, there is a part where we talk about the logistic, where we have the price, the formula, all the details needed and also we have all the details needed.

And also we have a formula that we are going to use to calculate the price of the wood that we are going to pay them. There is no wood market in this region, mainly to this

volume that we are considering. So, the agreement that we got with Vale is related to their cost product, where they would serve our plant using their best technology.

From now, as we signed this agreement, we are going to have a lot of cooperation from our forest people, our forest professionals, with their people to improve our forest immediately, the forest that we have bought as we progress and also we will have the opportunity to cooperate with Vale in their environment project, the “Vale Florestar”, which will be outstanding for us to give some cooperation to this outstanding environment project.

So, we can say that the forest space has today a very good solution and this is the combination of the assets that we have just bought, the “Vale Florestar” project, where we are going to be shipping wood from this project, and aligned with this program that we have with this small partner serving us to the plant and along with some land that we have bought as well we have the first phase solved.

As we have this first phase solved, we are going to have always an updated plant, with the best technology available worldwide and we will have railroad transportation with Vale which is the Carajá and Norte-Sul which are two of the best railroads in the world today and they are going to be serving us.

This is the combination that we will have a very good project, a very good productivity, a very competitive line compared with all the factories that we have seen announced shortly. Also with a big innovation that is the start up on 2015.

As we move to Piauí, very quickly, it is 1.3 million tons. In Piauí, we are going to be using partially the land that we have in Maranhão, but this is another part, I think we have the map, so if we show the map now it is easier to tell.

This is page nine. On page nine, you see that the positioning of Maranhão, or as we say in Portuguese, South of Maranhão, “Sul do Maranhão”, is where we are considering for the location of our plants. From there, you see the Norte-Sul, and after the Serra dos Carajás railroad going to Itaqui – in fact this in São Luis – where it is the main port in that city.

So as we move and see on the right side of the map, the second red dot, you see the Piauí state, and from there we have a little bit in the North in the Maranhão side, we have our area of about 110,000 hectares, which got the environmental license. So we have this licensed area, we have a commitment with one of our partners, they are going to use in the North – let us say, the left North side – they are going to use 10.000 hectares, and we will have about 100,000, or 95,000 hectares available already with the environment permits to move, to work out.

Then we are going to use this land, this area, and also we have started our process of buying land for a while. So with the combination of the program we are going to have with small partners, which we call Fomento project; with our own lands available with environment permits already achieved or bought. And also with some of the areas that we have bought that stayed in that area. We have also the base of the forest to move forward and already sold.

One point that is important there, in Piauí, if in Maranhão its key point is to have this partnership with Vale, in Piauí we can say that the key point is the result of more than 25 years of research and development in the forestry area in that region. We have tested that during the last 25 years, several alternatives and types of eucalyptus. And we have found some outstanding alternatives, this is not being used in Brazil yet.

So the combination of availability, price of the land, availability of water, availability of rain, the climate, and the land that we have there and this outstanding result of our research and development of 25 years of experience, we found a solution to set up this plan. We have these two railroads, the red dot that you can see there; we have one railroad from CFN – Companhia Ferroviária do Nordeste – going to São Luís and Itaquí, and another line, another branch going to Pecém, in Fortaleza.

We also have a memorandum of understanding signed with this company, where we have agreed on the price and we have two options, and both alternatives we have the formula, the prices and all details of price that we use in our model to define and to take the final decision. So we also have all the contracts and we are very strong on having this start-up on 2014.

The third line is market driven. We decided to announce this now because we think it was important to tell the market that this was going to happen, and this is market driven. And we are going to expand Mucuri, expand Maranhão, we are going to expand Piauí or we are going to decide for a new green field project. We have started, as I have mentioned several times for you here, we have analyzed several alternatives, and we still see some good sites for the new project as well.

The fourth piece and the last one, of this conversation here, it is Mucuri growth. We are adding 400,000 tons there; we have very good studies showing what we need to do – in fact this is Line 1 and Line 2 – and we do not see opportunities for growth for now, which the technology we have. I will ask Vanessa to talk a little bit very soon on this, to talk about another question from Debbie about the possibility of going further than 400,000 in Mucuri.

Finally, a little word about investments and the way we are going to fund this project. You just saw that we had an EBITDA of US\$212 million this quarter. As we see the Line 2 full capacity full quarter, I think that that we can say that we are closer, between US\$900 million to US\$1 billion EBITDA annualized results that we had in this 2Q.

So with this very strong generation we have today, and with the traditional sources of financing like BNDES, regional banks in this case we have had several conversations of Northeast development banks, they are extremely excited with this opportunity to participate. And we have also talked to suppliers, and they have federal alternatives of supply financing. We will be able to finance all this four initiatives with current funding, we will not need to approach the capital market, equity market as we speak, because this is possible.

We are going, after that, if you need, Vanessa is going to talk a little bit; but the ratio, with everything we have announced, the ratio net debt-to-EBITDA will be, at the end of

this project, better than what we had during the Mucuri second line construction. So, it will be very strong.

Capital market could be accessed if we see good opportunities. If we find opportunities of reducing costs – it is not the case, as we speak – or if we see other opportunities beyond what we have talked, we can work and approach the capital market. I think it is interesting to say that Grupo Suzano is ready to participate in an excellent (inaudible) if we needed, but as we have showed to our Board of Directors so far, with this project and considering the current, we do not need to do that.

So, having said that, I will ask Ernesto to talk a little bit about Mucuri, and just after we are going to take additional questions.

Ernesto Pousada:

Hello. Good morning, everybody. I just wanted to say on your question regarding further expansions in Mucuri: basically, we are in advanced engineering studies, which are showing that this additional 400,000 tons is probably the limit with existing technology which would make sense from a CAPEX standpoint on expansion for the assets we have right now, from Line 1 and number 2. So far this it probably for Line 1 and 2, at least from the technology we know today.

Your second part of the question was regarding a third line in Mucuri and this was during the first stages of our studies for this investment that we analyzed, a third line in Mucuri was analyzed; but at the time, it did not make sense as well, and the returns we have seen in this announced projects in Piauí and Maranhão made more sense than a third line in Mucuri, especially a green field, it would have much higher returns, and a bigger growth than only expanding Mucuri.

Debbie Bobovnikova, JPMorgan:

Thank you, again, and thank you for the answer earlier. I just have a couple of follow-up questions. One is: can you share a little bit of the economics behind these projects? What type of assumption do you make in long-term prices, operating costs, leverage and costs of capital, and what kind of returns does that get you to?

Bernardo Szpigel:

In terms of long-term annualized prices, we are working with sold prices of US\$550 per ton. Cash costs, basically, from the standpoint of the mills that are going to be state-of-the-art technology, in terms of chemical consumption, they will be similar to the last mills that are being built today, like, for example, our mill for Line 2 in Mucuri; very efficient, very low cost. Wood costs also will be very competitive, given the proximity of the mills to the forests, although we do not have the final location of either the forests or the wood, because some of the forests are based on third parties and this is not defined yet, that location.

But average transportation distance, we are planning for them to be very competitive given our own experience. So the average transportation business is below the average in Brazil, and the possibility is for very low average from specific sites.

Cost of wood is also very important, also total cost, given the fact that we are moving to regions where we are able to have a very nice combination of land prices and availability; yields, given the quality of genetic material and experience of both Vale and our own, the two sides; and the infrastructure for transportation, these are the three main topics. So, very competitive.

Of course, for the time being, we are still working with ranges of prices for specifics, so not a detailed calculation. We will have those later on, as these things tend to get in the exact places, if you would like. Then we will provide you more details. But it is also important to remember that we always work to get a return on the projects, given some hurdle rates, above our weight of average cost of capital minimum of 200 b.p., to get more than that.

And in terms of leverage, as Maciel mentioned we have a comfortable position. It is important to remember that the total CAPEX program, we have two different phases. What we are starting right now is four stages, which will be implemented over the next five, six, seven years. So we should spend a large period of time.

Then, later on, when we start actually building – except for Mucuri, which the industrial investments will come earlier – but for the larger portion of the CAPEX, with this trend, starting in 2012, 2013 – so the first yield start up in 2013 – so we will be spending larger amounts of value in 2012.

Leverage is also comfortable for the size of the Company today. It would be much below if you take net debt / EBITDA below levels which we have for Mucuri, which, as you can see here very well planned and the funding ways for this project is very long-term low-cost, it does not produce any specific pressure in terms of cash flow for the Company. So the overall plan from a financial point of view, from an economic point of view, is very robust.

Debbie Bobovnikova:

Thank you. Is it possible to at least give us some ranges for some of these things, like yields or land prices? I know you do not have any final numbers, but just to get an understanding because my feeling is moving to regions like Maranhão, Piauí, it makes sense because your CAPEX will be lower because land prices are lower. But that somewhat offsets the higher operating costs because logistics are poorer and the yields might be lower on that hurdle rate or not.

And the last point: if you can give us any sort of indications on those key metrics would be great.

Antonio Maciel Neto:

The logistics, we are not going to experience any higher costs in logistics because we are going to have outstanding railroads compared with most of our truck transportation. From the logistics side, we think that it will be competitive. We can say that the average yield that we have today in these regions, you can put in your model about 40m³/hectare per year.

So I think it is important to mention, to underline that in the forest that we have bought from Vale now, this is about 42 m³, 43 m³ as we speak, the yields, because they have a lot of research from there.

And I would like to underline two things again. First: we have researched, we have been in this region for 25 years, we have tested several thousands of alternatives and plans and we have a very good solution. And in a very conservative base, we put in our model around 40 m³, compared to the 45 m³ Suzano's average that we have today.

Another point that I would like to ask you guys to think about is about how far we are from the customers. These reasons, as you talk through logistics costs, you need to add and consider delivered logistics costs, delivered pulp costs. So the key customers that we have in the North America and mainly in Europe, we are going to save about four to five days of vessels moving from São Luís to Europe, or to the West, as compared to the solutions that we have in Portucel and Santos.

So we have also, we have also, as we consider our net prices that we have, we will have a good advantage. You know that the vessel cost is growing a lot, and as we have been able to reduce about five days to serve most of our customers, this is going to add a very interesting competitive aspect in our business in those new lines.

Debbie Bobovnikova:

Great. And on the pulp prices that you mentioned, the long-term prices, US\$550 per ton, just to clarify: is that your realized price, is that the list price? And if it is the list price, then for what region?

Antonio Maciel Neto:

This is the list price average, yes.

Bernardo Szpigel:

Average list price.

Antonio Maciel Neto:

The average list price for Suzano's whole production.

Debbie Bobovnikova:

Assuming the same mix as today, of regions between 60% to Europe and 30% to Asia?

Bernardo Szpigel:

Yes.

Antonio Maciel Neto;

It is around that, just to confirm.

Debbie Bobovnikova:

And maybe just going back to my original question then I will leave it to other analysts on the phone. But just to understand the rational of planting three big green field projects, one after the next; one after the next, because you just mentioned in opening remarks that you expect demands for eucalyptus to grow at about 1 million tons per year.

These projects are each going to be 1.3 million tons, and there are obviously projects of similar size from your competitors. So both Aracruz and VCP have plans for new projects either in 2014 or 2015. So it looks like there is going to be a lot of capacity coming on line in that time frame. What are your thoughts about this? Do you think that some of that capacity will be delayed or do you think that the mill will actually be great enough to absorb it? How do you view it?

And how do you view it from Suzano's perspective? What is the importance of getting this third line? Right now it seems that you are still undecided as to where to place it. What is the rational for announcing it now if you are not even sure of the location? And if you are not sure of the location now, which is seven years ahead of start up, how will you be able to ensure that you have the forest base ready for that time frame? Today it seems like in order to keep that 2015 target, I would think you need to decide on the location soon in order to start investing in the forest, which would takes seven years to develop. Thank you.

Antonio Maciel Neto:

Thank you. The idea of having the full project, you have asked me many times to show our full project, how we are going to progress in the future, like VCP has done. Now we present the whole project, you are saying that it is too soon to present the whole project. It is actually a little difficult to manage and to get your good approval to our project, let me try again. Let us see how we can work it out. We thought that now, with the plans, we will be like VCP...but now with the plans we have, you say we need to see more to have it developed. Let us see if I can get there. Let us see.

This is the first point. We see the demand growing. We took, in our analysis, very seriously, all the projects announced in Brazil and outside Brazil, in Uruguay, in

Europe, in Asia. We talked to the analysts, we talked to the suppliers of the equipments, we talked to the people in the forest business, we talked to the consultants. And we think we have a very good and broad perspective about the market.

We analyzed the possible closures, we have several time savings. We think that this additional volume, those 4.3 million tons that we are adding, and also the time frame that we are going to add, this is going to fulfill the market that we see. As we have analyzed and discussed and compared to our direct competitors and we have been able to support and to have the forest base extremely well-prepared, have all the logistics needed extremely well discussed, all the contracts signed.

Also, I did not mention before, but we have a very good understanding, several letters changed and exchanged with the governments of Piauí and Maranhão. We have all the support from the infrastructure, from social perspective, also the incentives and how they are going to support the project. Another thing I need to tell you is that we have an extremely good support from the governments of both these states, and also the other states that we will be around.

So when we analyzed this alternative, we decided to show, really to fulfill demands from you, the analysts, to show what we were thinking up to 2015. This is what we think. What we present are very strong three projects, one line in Maranhão, one line in Piauí and the expansion of Mucuri.

The first line, as we have announced, and we put a timeline for us because this is an important time for the demand in the market, and also is important for the discussions, and with the Piauí alternatives, with the Maranhão alternatives, and the other green field alternatives, we say 'we are going to do it', and this is time, we are serious about that, and we would like to go and talk and see how we can buy.

These discussions go from land owner – where we are talking about the prices, what we are considering – up to the government incentives and support, how we are going to progress on this. So as we have analyzed the capacity utilization curve, that the demand, as we progress, we see that this will not be worse than what we had experienced before in most of the years.

So from on our side, we are very serious on our progress in line 4, this is the third line we mentioned before, and very serious, we are going to do that. And we have announced this because we are serious in facing this demand, and this is a demand from the market, the capital market that would like to see what we are thinking about.

It is important to highlight that if we decide to go in Piauí or in Maranhão, in both sides we have space; the logistics that we have discussed with these guys in the contracts, we already have the volumes for a second line in both sides. And if we decide on that, we have big synergies going through, as we have disbursed in Mucuri, Line 2. So this is most likely the way we decided to present ourselves, with very strong variables, very well and strongly prepared plan.

And if you have any doubts about the Line 3 that we have announced in some months, let us see how long we are going to take, we have a deadline that we have set for ourselves; that is 2015, we will have the third line.

Debbie Bobovnikova:

Great answer, and I appreciate it. I think we are all happy to see your pulp plants develop. We are just playing a little bit of devil's advocate. But thank you for your answer.

Marcos Assumpção, Merrill Lynch:

Good morning, everyone, again. First question is regarding actually the Minas Gerais site that you guys also have, some plantation and some close to 50,000 hectares of forest there. Why this site was not considered a viable option for this CAPEX announcement this time? And why Piauí and Maranhão were ahead of this project, if you could elaborate a little bit on this?

Antonio Maciel Neto:

Marcos, this is a combination of the factor that we have mentioned, that Bernardo has already stressed; this is the analysis where you see the costs of the lands, the product yield that you can get, the logistics costs that you have – from inbound and outbound – and all the infrastructure available, this is the way we analyzed.

When we talk about the logistics, we also have railroads, but you have different railroads to have different levels of efficiency in the railroads. You have different availability of lands for future expansions. When we decide to go to these places, when we decide for a green field area, we are thinking about 50 years from now, not only in the first line. And then we need to consider, we talked here about the growth in the forest in the next ten, 15 years, but a cycle like this is to serve us like for the next 50 years, 60 years.

So we see growth potential as well. As we discussed, to have one line is one thing; to have the potential to grow in the future is something important. So we have analyzed, we have considered the Minas Gerais alternative as well. As you know, we have our eucalyptus forest plantation there, we are selling our production there, we are in the wood market there. We have a very strong, a very good wood market. But, at the end of the day, we decided to go as we speak in these two sites, Piauí and Maranhão. Let us see in the future, as we decide for the third line, which site will be the best one.

Marcos Assumpção:

OK. And would you consider selling this land in Minas Gerais, in order maybe to improve your cash capacity in the future, your cash situation in the future?

Antonio Maciel Neto:

Not now. In the future, we do not know. But as we discuss now, we are focusing on this growth plan, and this area, let us say, has very good assets, very interesting assets where we see the value of these assets growing a lot due to this big demand of wood in that region. So, so far we are going to maintain these assets with us, or we will utilize them to serve our growth projects as much as we can.

Marcos Assumpção:

OK. Another question is regarding the new projects, probably they should probably be focused mostly on the Chinese market, as Mucuri is already being? With their sales, approximately half of them going to the Chinese market, so you mentioned the competitive advantage of these two projects, Maranhão and Piauí, to the customers of paper in the United States and in Europe. But how do you position the project regarding logistics to the Chinese market?

Rogério Ziviani:

Marcos, logistics in general, from what Maciel pointed out, he gave two examples only. But it will also affect China, because if we look into the Panamá canal and so on, we can also be closer to that, taking advantage of that as well. So this is also in our view. And also, regarding the growth, do not forget that we mentioned that there are going to be some closures due to the age of some of the mills in North America and also in Europe and Asia. Taking that into consideration, in the time frame, most probably this distribution of mix will be affecting those markets as well.

But of course the growth is coming into China, but we also see potential to some other markets distributing better our pulp. And India is also a market to which it is coming in the future, not only us but everybody is looking very closely to the future of those markets. The mix is going to be growing everywhere, but a better distribution and location will suit us to serve better each market in terms of logistics, because we will also have better alternatives to serve South America, to serve South Africa as well, Middle East and other places.

Marcos Assumpção:

OK. Thank you very much. The last question is regarding the wood mix of your projects. You mentioned in the material fact that Piauí project will be with 70% of own forests and 30% of third-party. Maranhão, could you just mention or point out what will be for Maranhão and what do you expect for the third project as well?

And if you could, I know you mentioned that before in the previous call in Portuguese, about land prices in Piauí and Maranhão as well.

Antonio Maciel Neto:

OK. About land prices, we will not talk about this today. But I know that we are still talking with the farmers that are going to serve us, that we are going to have the

partnership, we are still buying some places, there are a few places that are still going on. But so far we have presented, you see that this is for all these projects but the third line; that is for the line in Mucuri, for the line in Piauí, for the Mucuri project. And considering also what we are considering about US\$700 million for all these capacities.

So this is extremely competitive costs for the land and formation of the forests as well. So as we progress, for sure we are going to go into details about this distance, the contracting of the farmers we are going to have so far. I think it is too early to talk about that.

In Piauí, we have already discussed and we have a big demand for having 70% of our own land, we have already done this for Maranhão area, and we have already bought most of the requirements, we can strongly say that we have the forest base already solved.

In the Maranhão side, you see the forest that we have bought, and we have the Florestar project. And this is for the beginning, it is all we need. But we are also considering and we are going to add some farmers to supply, and we are probably going to add, as we progress with the production, we can add some more.

We do not have the exact number, this is going to be what we are going to talk about after the announcement; we have already announced setup in that region. And we are going to start talking to the farmers to see if they are interested and, let us say, what they would like to offer in this situation.

We would like to go and have some of the production or some of the wood supply by the farmers. This could be 10%, 15%, because this is our practice, you know that Suzano has more than 30 years of experience. This is good for the region, this is good for the sustainability of the project. We have more partners in the region, it is a better way to communicate the benefits of this industry in the regions having our partners in this region.

For the announcement, we think that it is enough to say that we have all the wood business. In Piauí, we already had a lot of conversations with the government, there is a big demand of the government to go through and develop these small farmers to work at as we start in the future. So this is why we have already reserved. Because we are very sure that this is going to achieve about 30% with the productivity.

We are going to be prepared in our first phase, as we progress, for a bigger capacity than what we are talking about now. Because this is the base line. If in three or four years we have a single line with 1.5, and the market, the cost benefits analysis give us a direction that is good to go, and have bigger lines – 1.5, 1.6, 1.45 – we will need to be prepared. And this is going to grow to have more land available.

And also here we are not using the conservative approach, we are not adding the big productivity targets that we have for the future. But we are not adding anything in this project as we for now.

Marcos Assumpção:

OK. Thank you very much.

Operator:

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

Antonio Maciel Neto:

OK. Thank you very much for taking this time with us this morning, it is a very important day for Suzano, this relationship with the analysts. I know this is a lot of information that we provided, you guys have asked more information about our growth plans, and now we have some of them saying that is too much information to be digested during this day.

So we will be very happy for taking your question, our Investor Relations new manager is here today, Andrea, for the first time, along with the team. And Bernardo and myself, André, everybody is going to be more than happy to answer your questions, to provide the clarifications.

We have plans for the end of the year to invite you, some of the analysts that would like to visit the sites, we are going to prepare ourselves to see if we can have a trip where we can have everybody see the results of our R&D in eucalyptus in that region and to see the alternatives, the railroads and everything. Let us see if, in the future, we get together.

But as we progress now, we will be very happy to take the questions, try to give you information. And we ask you to understand that we still have some information that we are not going to be able to disclose as for the normal business as we progress. But what I can tell you now on behalf of our team here, is that we have a very strong and very competitive growth plan, and Suzano is in an unique position to announce a growth plan like this, with this competitiveness, to our work here mainly in research and development in the forest side.

As we progress, I would just like to highlight that we are going to continue working in our efficiencies, in our operational excellence. You have seen the progress on our results, this is going to continue being a big focus for us, working very hard on improving our results on the operational excellence. Bernardo is going to play a big role in this situation as he is going to transfer the Investor Relations to Andrea to have more time available to go and concentrate in the operational excellence, we are going to see his experience to this.

We have announced today our second biggest area of work which is our organic growth and this is I think is strong we are going to deliver now. And we have another front, which will be new projects, new business, alternatives of M&A that we have for that. We have announced last Friday a new organization where André Dorf is going to

lead to take care of this. So you could see with the financials that we talked about, and also the Grupo Suzano's decision, willing to invest more in the business.

And also the support from the capital market that we will be able to participate in future businesses as we see good opportunities and good projects. Today we have here also participating for the first time in the call, Carlos Anibal, who was working on the pulp business and now is taking care of the paper, and in the next call you guys are going to have the opportunity to talk to him about the paper business as we progress.

So thank you very much for being with us, thank you very much for all the support. Hope to see you soon.

Operator:

Thank you. This thus concludes today's presentation. You may now disconnect your lines. Have a nice day.

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