

***Unconsolidated and  
Consolidated Quarterly  
Financial Information***

***Suzano Papel e Celulose S.A.***

***March 31, 2007***

**SUZANO PAPEL E CELULOSE S.A.**

**UNCONSOLIDATED AND CONSOLIDATED QUARTERLY FINANCIAL  
INFORMATION**

March 31, 2007

Contents

Special Review Report of Independent Auditors.....	1
Quarterly Financial Information	
Balance Sheets.....	3
Statements of Income .....	5
Notes to the Quarterly Financial Information .....	6
Report on Company's Performance Consolidated.....	43
Other Company's Relevant Information.....	54

**A free translation from Portuguese into English of Special Review Report of Independent Auditors on quarterly financial information prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil.**

**SPECIAL REVIEW REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors and Shareholders of  
**Suzano Papel e Celulose S.A.**

1. We have performed a special review of the accompanying consolidated and unconsolidated Quarterly Financial Information of Suzano Papel e Celulose S.A. and Suzano Papel e Celulose S.A. and subsidiaries (“the Company”) for the quarter ended March 31, 2007, including the balance sheets, statements of income, report on the Company’s performance and relevant information, in accordance with accounting practices adopted in Brazil. The consolidated and unconsolidated financial statements of the jointly controlled subsidiary Ripasa S.A. Celulose e Papel for the quarter ended March 31, 2007 have been reviewed by other auditors. Our special review report on investment, equity pickup, assets and liabilities, net sales revenues and the net income for the quarter ended March 31, 2007 and amounts and other information included in the notes to consolidated Quarterly Financial Information of the Company, pertaining to said subsidiary, are exclusively based on the financial data reported by this jointly controlled which have been reviewed by other auditors.
2. Our review was conducted in accordance with the specific procedures determined by the Institute of Independent Auditors of Brazil (IBRACON) and the Federal Board of Accountancy (CFC), and included principally: (a) inquiries of and discussions with the management responsible for the Company’s accounting, financial and operational areas about the criteria adopted for the preparation of the quarterly information and (b) review of information and subsequent events which have or could have significant effects on the Company’s operations and financial position.

3. Based on our special review and on the special review performed by other Independent Auditors, we are not aware of any material modification that should be made to the Quarterly Financial Information referred to above for it to comply with accounting practices adopted in Brazil applicable to the preparation of Quarterly Financial Information, together with specific regulations established by the Brazilian Securities and Exchange Commission (CVM).
4. Our review was carried out to enable us to issue a report on the special review of the Quarterly Financial Information referred to in the first paragraph, taken as a whole. The statements of changes in financial position and of cash flows for the quarter ended March 31, 2007, prepared in accordance with the accounting practices adopted in Brazil, which are presented to provide supplementary information about the Company and its subsidiaries are not required as an integral part of the Quarterly Financial Information. These statements were submitted to the review procedures described in the second paragraph and, based on our review and on the quarterly financial information of the jointly controlled Ripasa S.A. Celulose e Papel, reviewed by other auditors, we are not aware of any material modification that should be made to these supplementary statements for them to be fairly disclosed, in all material respects, with regard to the Quarterly Financial Information for the quarter ended March 31, 2007, taken as a whole.

Salvador, April 24, 2007

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP015199/O-6-F-BA

Idésio S. Coelho Jr.  
Accountant CRC-1SP163904/O-0-S-BA

A free translation from Portuguese into English of quarterly financial information prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil.

## SUZANO PAPEL E CELULOSE S.A.

### BALANCE SHEETS March 31, 2007 and December 31, 2006 (In thousands of reais)

	Parent Company		Consolidated	
	March 31, 2007 (Unaudited)	December 31, 2006	March 31, 2007 (Unaudited)	December 31, 2006
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	846,936	1,096,487	1,229,935	1,500,112
Trade accounts receivable	778,121	808,538	672,150	729,940
Inventories	468,051	432,798	610,444	576,073
Recoverable taxes	179,745	63,920	190,904	78,563
Deferred income and social contribution taxes	40,449	41,185	54,500	56,068
Dividends	13,994	13,994	-	-
Other accounts receivable	20,430	30,116	26,429	34,646
Prepaid expenses	1,725	5,282	1,884	5,397
<b>Total current assets</b>	<b>2,349,451</b>	<b>2,492,320</b>	<b>2,786,246</b>	<b>2,980,799</b>
<b>Noncurrent assets</b>				
<b>Long term assets</b>				
Marketable securities	24,953	24,227	24,953	24,227
Due from related parties	8,864	2,127	556	-
Recoverable taxes	113,511	89,022	124,660	100,374
Deferred income and social contribution taxes	272,127	134,214	298,071	158,758
Advances to suppliers	156,207	150,286	156,207	150,286
Judicial deposits	25,342	25,342	25,449	25,449
Other accounts receivable	12,504	12,871	23,593	23,228
<b>Long term assets</b>	<b>613,508</b>	<b>438,089</b>	<b>653,489</b>	<b>482,322</b>
<b>Permanent assets</b>				
Investments	1,732,753	1,717,572	728,954	749,862
Property, plant and equipment	5,289,740	5,028,250	6,228,035	5,943,201
Deferred charges	610	690	3,992	4,397
<b>Total permanent assets</b>	<b>7,023,103</b>	<b>6,746,512</b>	<b>6,960,981</b>	<b>6,697,460</b>
<b>Total noncurrent assets</b>	<b>7,636,611</b>	<b>7,184,601</b>	<b>7,614,470</b>	<b>7,179,782</b>
<b>Total assets</b>	<b>9,986,062</b>	<b>9,676,921</b>	<b>10,400,716</b>	<b>10,160,581</b>

	Parent Company		Consolidated	
	March 31, 2007 (Unaudited)	December 31, 2006	March 31, 2007 (Unaudited)	December 31, 2006
<b>Liabilities and shareholders' equity</b>				
Current liabilities				
Trade accounts payable	259,938	197,095	201,994	190,345
Loans and financing	404,919	487,189	473,651	556,004
Debentures	45,600	29,284	45,600	29,284
Taxes payable other than on income	13,404	18,159	25,863	30,323
Payroll and taxes payable	39,617	43,534	50,903	54,565
Accounts payable	37,337	41,006	56,537	63,090
Payable to related parties	504	563	504	523
Dividends and interest on shareholders' equity	6,709	50,999	6,717	51,007
Deferred income and social contribution taxes	-	-	5,142	5,059
Income and social contribution taxes	8,888	15,572	11,547	16,354
Total current liabilities	<b>816,916</b>	883,401	<b>878,458</b>	996,554
Noncurrent liabilities				
Loans and financing	3,801,676	3,818,810	4,107,634	4,145,059
Debentures	712,524	712,736	712,524	712,736
Accounts payable	4,805	5,016	8,604	8,972
Deferred income and social contribution taxes	306,084	17,012	323,985	32,412
Provision for contingencies and actuarial liabilities	205,596	204,765	249,845	251,362
Total noncurrent liabilities	<b>5,030,685</b>	4,758,339	<b>5,402,592</b>	5,150,541
Shareholders' equity				
Capital	2,054,427	2,054,388	2,054,427	2,054,388
Capital reserves	412,229	412,230	412,229	412,230
Treasury shares	(15,080)	(15,080)	(15,080)	(15,080)
Income reserves	1,583,643	1,583,643	1,561,948	1,561,948
Retained earnings	103,242	-	106,142	-
Total shareholders' equity	<b>4,138,461</b>	4,035,181	<b>4,119,666</b>	4,013,486
Total liabilities and shareholders' equity	<b>9,986,062</b>	9,676,921	<b>10,400,716</b>	10,160,581

See accompanying notes.

**SUZANO PAPEL E CELULOSE S.A.**

**STATEMENTS OF INCOME**  
 Three months period ended March 31, 2007 and 2006  
 (In thousands of reais)

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
Gross sales	<b>851,778</b>	669,983	<b>927,811</b>	763,005
Sales deductions	<b>(111,191)</b>	(90,675)	<b>(118,488)</b>	(106,882)
Net sales	<b>740,587</b>	579,308	<b>809,323</b>	656,123
Cost of goods sold	<b>(454,728)</b>	(338,043)	<b>(526,773)</b>	(421,052)
Gross profit	<b>285,859</b>	241,265	<b>282,550</b>	235,071
Operating income (expense)				
Selling expenses	<b>(70,719)</b>	(57,045)	<b>(43,061)</b>	(36,941)
General and administrative expenses	<b>(44,879)</b>	(45,591)	<b>(57,306)</b>	(52,824)
Financial expenses	<b>39,240</b>	95,718	<b>28,434</b>	85,092
Financial income	<b>(1,772)</b>	(20,071)	<b>4,527</b>	(16,756)
Equity pickup in subsidiaries and affiliates	<b>(4,430)</b>	(13,424)	<b>912</b>	(23)
Amortization of goodwill	<b>(20,989)</b>	-	<b>(20,989)</b>	(12,561)
Other operating income, net	<b>2,984</b>	1,564	<b>6,537</b>	3,089
Operating income	<b>185,294</b>	202,416	<b>201,604</b>	204,147
Nonoperating income, net	<b>8,184</b>	4,573	<b>(90)</b>	4,928
Income before income and social contribution taxes	<b>193,478</b>	206,989	<b>201,514</b>	209,075
Income and social contribution taxes	<b>(90,236)</b>	(55,162)	<b>(95,372)</b>	(56,887)
Net income for the period	<b>103,242</b>	151,827	<b>106,142</b>	152,188
Net income per share	<b>0.32972</b>	0.53444		
Number of outstanding shares at the end of the periods (in thousands)	<b>313,124</b>	284,088		

See accompanying notes.

## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION

(In thousands of reais)

(Unaudited)

#### 1. Operations

The core business of Suzano Papel e Celulose S.A. (hereinafter referred to as the Company or Suzano) and its subsidiaries, with headquarter in Salvador (Bahia State) and operating production units in Bahia State and São Paulo State, consists in manufacturing and trading, domestically and abroad, short-fiber pulp eucalyptus and paper, in addition to the formation and exploitation of eucalyptus forests for own use and sale to third parties.

The trading of the products abroad is made through wholly-owned subsidiaries located abroad. Subsidiaries abroad do not have industrial plants.

#### 2. Presentation of the Quarterly Financial Information

The quarterly financial information was prepared in accordance with the accounting practices derived from Brazilian Corporation Law and regulations established by the Brazilian Securities and Exchange Commission – CVM which are presented according to CVM Resolution No. 488/05 and IBRACON pronouncement NPC 27 – Financial Statements – Presentation and Disclosures, approved by CVM.

The quarterly financial information for the quarter ended March 31, 2006, when necessary, was reclassified for comparison purposes.

##### *Summary of principal accounting practices*

- a) Statement of income: Revenues and expenses are recognized on the accrual basis. Revenue from the sale of goods is recognized in the statement of income when all risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding its realization.



## SUZANO PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

### 2. Presentation of the Quarterly Financial Information (Continued)

#### *Summary of principal accounting practices (Continued)*

- b) Accounting estimates: Accounting estimates were based on objective and subjective aspects, considering Management's opinion of the appropriate amount to be recorded in the quarterly financial information. Significant items subject to these estimates include: the definition of useful lives of property, plant and equipment; allowance for doubtful accounts; inventory losses; valuation allowance for investments; the analysis of impairment of property, plant and equipment and goodwill; deferred income and social contribution taxes; provision for contingencies and actuarial liabilities and valuation of derivative financial instruments. Actual results may significantly differ from these estimates due to the underlying inaccuracy of the determination process. The Company reviews its estimates and assumptions at least on a quarterly basis.
- c) Foreign currency: Monetary assets and liabilities denominated in foreign currencies were translated into reais at the foreign exchange rate in effect at the balance sheet dates. Foreign currency translation gains and losses are recognized in the statements of income. Assets and liabilities of foreign subsidiaries and affiliates were translated into reais at the foreign exchange rate in force at the balance sheet dates and the results of operations were translated at the monthly average exchange rate for the periods.
- d) Derivative financial instruments: Derivative financial instruments, such as swaps, are recorded in the balance sheets of the Company and its subsidiaries initially at cost, and subsequently revalued according to the contractual terms, to reflect amounts accrued to the balance sheet dates. Derivative financial instruments aim to minimize the risks involved in loans and financing denominated in foreign currency. According to its Treasury department's policy, the Company does not hold or issue derivative financial instruments for non hedge purposes.
- e) Marketable securities: These are recorded at cost, plus income accrued to the balance sheet dates, not exceeding market value. For purposes of these quarterly financial information, short-term investments are classified under cash and cash equivalents and are redeemable within 90 days as from balance sheet dates.
- f) Allowance for doubtful accounts: This is established at an amount considered sufficient by Management to cover any possible losses on the collection of accounts receivable.

## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

#### 2. Presentation of the Quarterly Financial Information (Continued)

##### *Summary of principal accounting practices (Continued)*

- g) Inventories: Inventories are stated at their average acquisition or production cost, not exceeding market value.
- h) Investments: Investments in subsidiaries and affiliates are valued under the equity method, increased by goodwill and decreased by amortization, when applicable. Other investments are stated at acquisition cost, net of a valuation allowance, where applicable.
- i) Property, plant and equipment: These are recorded at the acquisition, development or construction cost, including interest and other financial charges directly related to the project or construction, restated by inflation rates until December 31, 1995. Depreciation is calculated using the straight-line method based on the depreciation rates mentioned in Note 10, considering the estimated useful lives of the assets. Timber resources include acquisition, development and maintenance costs. Depletion is calculated in accordance with the harvests, based on the average cost of the harvested area. Property, plant and equipment are stated net of PIS/COFINS credits, which are classified as recoverable taxes.
- j) Rights and obligations: These are restated based on exchange rates or indices and interest rates specified in the contracts in force, to reflect amounts receivable and payable at the balance sheet dates.
- k) Provisions: These are recognized in the balance sheets whenever the Company has a legal or acquired obligation as a result of a past event, and it is probable that an outflow of economic benefits is required to settle the obligation. Provisions are recorded considering the best estimates for the risk of each specific liability.

## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

## 2. Presentation of the Financial Statement (Continued)

### *Summary of principal accounting practices (Continued)*

- l) Income and social contribution taxes: Income and social contribution taxes on net income for the periods comprise current and deferred taxes.

Current tax is calculated on taxable income for the periods, by using tax rates in force at the balance sheet dates. Current tax rates are as follows: (i) income tax is computed at the rate of 25% of adjusted net income (15% of taxable income, plus a 10% surtax); and (ii) social contribution tax is computed at the rate of 9% of adjusted net income.

The deferred tax asset resulting from income tax losses carryforward and temporary differences was determined in accordance with CVM Instruction No. 371/02.

- m) Statements of cash flows and changes in financial position: As supplementary information, the Company is presenting the statements of cash flows, prepared in accordance with NPC 20 – Statement of Cash Flows, issued by the Brazilian Institute of Independent Auditors – IBRACON, and the statements of changes in financial position.

## 3. Consolidated Quarterly Financial Information

The accounting policies have been consistently applied by the consolidating companies and are consistent with those used in the previous year.

The consolidated quarterly financial information include the financial statements of Suzano Papel e Celulose S.A. and the following direct and indirect subsidiaries: Suzano America Inc, Suzano Trading Ltd., Suzano Europe S.A., Bahia Sul Holdings GmbH, Suzanopar Investimentos Ltd, Comercial e Agrícola Paineiras Ltda. (Paineiras), Nemo International, Sun Paper and Board Limited, Stenfar S.A. - Ind.Com.Imp. y Exp (Stenfar), B.L.D.S.P.E. Celulose e Papel S.A. and Ripasa S.A. Celulose e Papel (Ripasa).

## SUZANO PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

### 3. Consolidated Quarterly Financial Information (Continued)

Due to the acquisition of interest in Ripasa as of March 31, 2005 (see Note 9), the financial statements of such company started to be proportionally consolidated into Company quarterly financial information. The proportional consolidation is justified under the shareholders' agreement entered into with Votorantim Celulose e Papel (VCP), which meets the requirements established by CVM Instruction No. 247/96. Therefore, comparison of consolidated quarterly financial information must take into consideration this proportional consolidation. Another factor to be considered when comparing the quarterly financial information is the consolidation of the financial statements of Ripasa, which were consolidated proportionally, until April 30, 2006, based on the interest of 23.03%. As a result of the corporate restructuring mentioned in Note 9, since May 1<sup>st</sup>, 2006, the financial statements of Ripasa has been proportionally consolidated based on the interest of 50.00%. As supplementary information, the Company is presenting the statements of Ripasa's proportional consolidation, including the balance sheet and the statements of income of Suzano Papel e Celulose before this proportional consolidation.

In February 2006, a new direct subsidiary was formed abroad, denominated Suzano Europe S.A. and in December 2006, was approved the closing of the indirect subsidiaries Nemo International and Clear Springs Holding Corp.

The financial period of the subsidiaries included in the consolidated financial statements is the same as that of the parent company.

**SUZANO PAPEL E CELULOSE S.A.**

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

**3. Consolidated Quarterly Financial Information (Continued)**

*Description of the main consolidation procedures*

- a) Elimination of intercompany asset and liability account balances;
- b) Elimination of investment in the subsidiaries' capital, reserves and retained earnings;
- c) Elimination of intercompany income and expense balances and unearned income arising from intercompany transactions;
- d) Elimination of tax charges due on unearned income, shown as deferred taxes in the consolidated balance sheets.

***Reconciliation of net income for the periods and shareholders' equity between consolidated and Parent Company***

	Net income		Shareholders' equity	
	Three months period ended March 31,		Mar/2007	Dec/2006
	2007	2006		
Parent Company	103,242	151,827	4,138,461	4,035,181
Elimination of (unrealized) realized income recorded by the parent company in transactions with subsidiaries	4,394	90	(25,361)	(29,755)
Income and social contribution taxes on the elimination above	(1,494)	(31)	8,623	10,117
Sale of other assets from the parent company to subsidiaries	-	-	(1,757)	(1,757)
Others	-	302	(300)	(300)
Consolidated	<u>106,142</u>	<u>152,188</u>	<u>4,119,666</u>	<u>4,013,486</u>

**SUZANO PAPEL E CELULOSE S.A.**

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

**4. Cash and Cash Equivalents**

	Parent Company		Consolidated	
	Mar/2007	Dec/2006	Mar/2007	Dec/2006
Cash and banks	42,647	9,499	195,402	158,630
Marketable securities	829,242	1,111,215	1,059,486	1,365,709
	<b>871,889</b>	1,120,714	<b>1,254,888</b>	1,524,339
Less current assets	846,936	1,096,487	1,229,935	1,500,112
Noncurrent assets	<b>24,953</b>	24,227	<b>24,953</b>	24,227

Marketable securities refer substantially to bank deposit certificates and compromised transactions. At March 31, 2007 these marketable securities were remunerated at rates that vary from 99.0% to 103.0% of the Brazilian Interbank Deposit Certificate -CDI rate and foreign marketable securities, at an average rate of 5.18% per annum plus exchange variation of the US dollar rate.

**5. Trade Accounts Receivable**

	Parent Company		Consolidated	
	Mar/2007	Dec/2006	Mar/2007	Dec/2006
Domestic receivables				
- Subsidiaries	1,780	-	-	-
- Third parties	392,278	442,441	450,811	534,116
Foreign receivables				
- Subsidiaries	390,172	364,406	-	-
- Third parties	9,774	11,265	244,640	212,914
Discounted export receivables	(278)	(356)	(278)	(356)
Allowance for doubtful accounts	(15,605)	(9,218)	(23,023)	(16,734)
	<b>778,121</b>	808,538	<b>672,150</b>	729,940

The Parent Company had, at March 31, 2007, outstanding vendor operations with its customers in the amount of R\$ 122,836 (R\$ 107,618 in December 31, 2006), in which the Company acts as an intervening guarantor. At March 31, 2007 this amount is R\$ 133,479 in the consolidated financial statements (R\$ 133,835 in December 31, 2006).

**SUZANO PAPEL E CELULOSE S.A.**

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

**6. Inventories**

	Parent Company		Consolidated	
	Mar/2007	Dec/2006	Mar/2007	Dec/2006
Finished goods				
Pulp				
- In Brazil	27,642	23,046	27,307	23,870
- Abroad	-	-	18,026	24,768
Paper				
- In Brazil	175,520	152,475	187,604	162,778
- Abroad	-	-	57,983	58,543
Work in process	21,954	23,532	27,419	26,621
Raw materials	95,151	93,774	108,119	111,918
Maintenance and other materials	157,117	148,871	193,319	177,809
Provision for inventories losses	(9,333)	(8,900)	(9,333)	(10,234)
	<b>468,051</b>	<b>432,798</b>	<b>610,444</b>	<b>576,073</b>

**7. Recoverable Taxes**

	Parent Company		Consolidated	
	Mar/2007	Dec/2006	Mar/2007	Dec/2006
Recoverable social contribution tax	-	-	39	695
Recoverable income tax	83,083	3,153	84,012	6,091
Recoverable PIS / COFINS	144,073	95,033	151,785	102,975
Value added tax (ICMS)	65,318	53,932	78,611	68,042
Others	782	824	1,117	1,134
	<b>293,256</b>	<b>152,942</b>	<b>315,564</b>	<b>178,937</b>
Less current assets	179,745	63,920	190,904	78,563
Noncurrent assets	113,511	89,022	124,660	100,374

In addition to accelerated incentive depreciation referred to in Note 8, Law No. 11,196, dated November 21, 2005, also authorizes the use of PIS/COFINS credits on purchases made as from January 1, 2006, of certain machinery and equipment (fixed assets), in 12 months instead of previous 24 months. Reclassification from noncurrent to current assets, resulting from this new shorter period for using PIS/COFINS credits, was performed in the first quarter of 2007.

**SUZANO PAPEL E CELULOSE S.A.**

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

**8. Income and Social Contribution Taxes**

*Deferred income and social contribution taxes*

The deferred income and social contribution taxes are recognized to reflect future tax effects attributable to temporary differences between the tax bases for assets and liabilities and their book values, and on income tax losses carryforward.

The recorded deferred income and social contribution taxes derive from:

	Parent Company		Consolidated	
	Mar/2007	Dec/2006	Mar/2007	Dec/2006
<b>Assets</b>				
Income tax losses carryforward	134,205	-	134,205	-
Temporary differences:				
- On provisions	75,830	73,516	115,825	112,943
- On goodwill amortization	102,541	101,883	102,541	101,883
	<b>312,576</b>	175,399	<b>352,571</b>	214,826
Less current assets	40,449	41,185	54,500	56,068
Noncurrent assets	<b>272,127</b>	134,214	<b>298,071</b>	158,758

	Parent Company		Consolidated	
	Mar/2007	Dec/2006	Mar/2007	Dec/2006
<b>Liabilities</b>				
Accelerated depreciation	306,084	17,012	306,390	17,728
Deferred exchange variation	-	-	17,263	14,269
Temporary exclusions	-	-	5,474	5,474
	<b>306,084</b>	17,012	<b>329,127</b>	37,471
Less current liabilities	-	-	5,142	5,059
Noncurrent liabilities	<b>306,084</b>	17,012	<b>323,985</b>	32,412

The income taxes losses carryforward are composed as follows:

	Parent Company		Consolidated	
	Mar/2007	Dec/2006	Mar/2007	Dec/2006
Income tax losses carryforward	536,820	-	536,820	-



**SUZANO PAPEL E CELULOSE S.A.**

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

**8. Income and Social Contribution Taxes (Continued)**

In accordance with CVM Instruction No. 371/02, and based on expected future taxable income, as determined in a technical study approved by the Board of Directors, the Company recognized tax credits on temporary differences and income tax losses carryforward, which have no statutory limitation in time. The carrying value of the deferred tax asset is reviewed annually by the Company and the related adjustments have not been significant in relation to management's initial estimate.

Based on this technical analysis of future taxable income, the Company expects to recover these tax credits in the following years:

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>Mar/2007</b>	<b>Dec/2006</b>	<b>Mar/2007</b>	<b>Dec/2006</b>
2007	<b>40,449</b>	41,185	<b>54,500</b>	56,068
2008	<b>34,853</b>	134,214	<b>42,582</b>	140,670
2009	<b>27,027</b>	-	<b>27,647</b>	482
2010	<b>37,245</b>	-	<b>37,578</b>	17,606
2011 to 2014	<b>173,002</b>	-	<b>190,264</b>	-
	<b>312,576</b>	175,399	<b>352,571</b>	214,826

The expected recoverability of the tax credits is based on the projections of future taxable income, taking into consideration various business and financial assumptions on the balance sheet dates. Accordingly, these estimates may differ from the effective taxable income in the future due to the underlying uncertainties involved.

## SUZANO PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

### 8. Income and Social Contribution Taxes (Continued)

#### *Income Tax - Reduction of 75% ADENE – Mucuri Plant*

The Company obtained from ADENE (former SUDENE), for the Mucuri plant, a tax incentive reduction of 75% in the income tax until 2011 for pulp and 2012 for paper. Such tax incentive, calculated based on exploration profit, is proportional to Mucuri plant net sales revenues.

This income tax reduction from this tax benefit is recorded as expense in the statement of income. However, at the end of each financial year, after net income has been determined, the reduction obtained for the year is allocated to capital reserve as a partial destination of the net income determined, in accordance with the legal provision establishing that such tax benefit is not to be distributed.

#### *Income Tax – accelerated incentive depreciation related to the Mucuri Unit*

Law No. 11,196, dated November 21, 2005, established in its article 31 that companies with project approved for underdeveloped micro regions, in the areas of operation of SUDENE and SUDAM, are entitled to accelerated incentive depreciation for assets acquired as from January 1, 2006. This benefit was granted to the Company's Mucuri unit by ADENE Ruling No. 0018/2007, dated March 29, 2007, with retroactive application to acquisitions occurred in 2006. This accelerated incentive depreciation consists in full depreciation in the year of acquisition for tax purposes, representing an exclusion from taxable income, made through the Taxable Income Control Register (LALUR), not changing, however, the depreciation expense that will be recorded in the statement of income, upon beginning of activities of the expansion project, based on the estimated useful lives of the assets.

Accelerated incentive depreciation represents deferral of income tax payment (but not of Social Contribution Tax on Net Income) over the useful live of the asset (35 years for most assets), and the depreciation recorded in each of the years for these assets must be added in future years to taxable income.

## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

#### **8. Income and Social Contribution Taxes (Continued)**

The financial statements for the year ended December 31, 2006 did not consider the use of this new tax benefit since the granting ruling was only approved and published on March 29, 2007, thus after the date of the issuance of these financial statements. However, in the Corporate Income Tax Return (DIPJ) for 2006, not yet filed, the Company will use this tax benefit. Deferred income tax liability on accelerated depreciation to be excluded from the tax computed in the future amounts to R\$ 172,514. As such, taxable income in 2006 became a tax loss for offset against future profits, and the related deferred income tax asset amounts to R\$ 60,244. Since in this new context the Company did not present taxable profit, there may not be reduction by 75% of income tax referred to in the topic above, as such this tax incentive is definitively lost for 2006.

The financial gain for the Company with income tax deferral as a consequence of accelerated incentive depreciation is significantly higher than the loss of the reduction by 75% of income tax. Nevertheless this gain has no effect on statement of income, since assets and liabilities are not recorded at present value (discounted cash flow), while the loss of 75% tax incentive reduction affected the statement of income for the first quarter of 2007.

The definitive loss of income tax reduction decreased the statement of income for the first quarter of 2007, thus requiring the accrual of an additional income tax expense amounted to R\$ 35,083 which impacted effective tax rate for this quarter by 17.5 p.p. Therefore, the effective income and social contribution tax rate stated below has significantly increased in comparison to prior periods due to: i) the adjustment referring to 2006; ii) the non use of the benefit of income tax reduction by 75% is still prevailing.

**SUZANO PAPEL E CELULOSE S.A.**

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

**8. Income and Social Contribution Taxes (Continued)**

*Reconciliation between income and social contribution tax expenses*

The reconciliation between the tax expense as calculated by the combined statutory rates and the income and social contribution tax expenses charged to statements of income is presented as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	Three months period ended March 31,			
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Income before income and social contribution taxes	<b>193,478</b>	206,989	<b>201,514</b>	209,075
Reversal of equity pickup	<b>4,430</b>	13,424	<b>(912)</b>	23
Income after reversal of equity pickup	<b><u>197,908</u></b>	<u>220,413</u>	<b><u>200,602</u></b>	<u>209,098</u>
Income and social contribution taxes calculated at the combined nominal tax rate of 34%	<b>(67,289)</b>	(74,940)	<b>(68,205)</b>	(71,093)
Analysis of the effective income and social contribution tax rates:				
Profits from foreign subsidiaries	<b>(261)</b>	(1,339)	-	-
Exchange variation on investments abroad	-	-	<b>(3,653)</b>	(6,453)
Interest on shareholders' equity	<b>10,880</b>	11,220	<b>10,880</b>	11,220
Tax incentives - ADENE (permanent loss) / tax reduction	<b>(35,083)</b>	9,956	<b>(35,083)</b>	9,956
Others	<b>1,517</b>	(59)	<b>689</b>	(517)
Income and social contribution taxes	<b><u>(90,236)</u></b>	<u>(55,162)</u>	<b><u>(95,372)</u></b>	<u>(56,887)</u>
<i>Effective tax rate</i>	<b>45.6%</b>	25.0%	<b>47.5%</b>	27.2%
Income and social contribution taxes expenses excluding provision adjustment as of 2006 , related to tax incentive loss - ADENE	<b><u>(55,153)</u></b>		<b><u>(60,289)</u></b>	
<i>Adjusted effective tax rate</i>	<b>27.9%</b>		<b>30.1%</b>	

## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (Unaudited)

#### 9. Investments

	Parent Company		Consolidated	
	Mar/2007	Dec/2006	Mar/2007	Dec/2006
Investments in subsidiaries and affiliates	1,004,604	968,531	730	746
Goodwill on the acquisition of Ripasa and B.L.D.S.P.E.	710,081	730,440	710,081	730,440
Other investments	23,442	24,151	23,517	24,226
Provision for losses	(5,374)	(5,550)	(5,374)	(5,550)
	<u>1,732,753</u>	<u>1,717,572</u>	<u>728,954</u>	<u>749,862</u>

#### *Details of investments*

	March 31, 2007					
	Data from subsidiary / affiliate					
	Shareholders' equity	Net income (loss) for the quarter	Interest	Equity pickup Mar/2007	Investments	
				Mar/2007	Mar/2007	Dec/2006
<b>Parent Company</b>						
Ripasa S.A. Celulose e Papel (a)	1,120,148	8,361	50%	2,819	556,219	594,153
B.L.D.S.P.E. Celulose e Papel	81,005	(250)	100%	(250)	81,005	-
Suzanopar Investimentos Ltd.	119,888	1,558	100%	(3,498)	119,888	123,388
Nemo International	21,741	722	100%	(175)	21,741	21,915
Comercial e Agricola Paineiras Ltda.	145,224	523	100%	491	145,224	144,733
Stenfar S.A., Ind. Com. Imp. Y Exp.	12,464	343	15.7%	(69)	1,956	2,026
Suzano Trading Ltd.	71,174	(236)	100%	(3,901)	70,563	74,462
Suzano America, Inc.	9,920	150	64.5%	(171)	6,398	6,569
Bahia Sul Holdings GmbH	5	-	100%	(2)	5	6
Suzano Europe S.A.	1,108	356	100%	326	1,108	782
Other subsidiaries and affiliates				-	497	497
Total investments in subsidiaries and affiliates				<u>(4,430)</u>	<u>1,004,604</u>	<u>968,531</u>
Goodwill determined on the acquisition of Ripasa and B.L.D.S.P.E.					710,081	730,440
Other investments, net of valuation allowance					18,068	18,601
Total investments				<u>(4,430)</u>	<u>1,732,753</u>	<u>1,717,572</u>
<b>Consolidated</b>						
Goodwill determined on the acquisition of Ripasa and B.L.D.S.P.E.					710,081	730,440
Other investments, net of valuation allowance					18,143	18,676
Other subsidiaries and affiliates				912	730	746
Total investments					<u>728,954</u>	<u>749,862</u>

(a) On March 31, 2007 the investment in this subsidiary excluded unrealized income recorded in inventories, less the tax effects, in the total amount of R\$ 3,855.

## SUZANO PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

### 9. Investments (Continued)

#### *Acquisition of Ripasa*

On November 10, 2004, Suzano Papel e Celulose S.A and Votorantim Celulose e Papel S.A. entered into an agreement for acquisition of controlling interest of Ripasa.

On March 31, 2005, the acquisition of controlling interest of Ripasa through Ripasa Participações S.A. (hereinafter “Ripar”), a subsidiary of Suzano and VCP, was carried out, with the purchase of 129,676,966 common shares and 41,050,819 preferred shares, representing 77.59% of the voting capital and 46.06% of total capital, for the total amount of R\$ 1,484,190 (equivalent to US\$ 549,151 thousand).

In April 2006, Suzano and VCP entered into a judicial agreement with a group of preferred shareholders of Ripasa, with the objective of eliminating judicial claims that questioned the corporate reorganization of said company, as addressed below. The payment of this additional amount by Suzano and VCP to said group of shareholders took place on July 4, 2006 and such agreement was extended to the remaining minority shareholders, which, on June 29, 2006, signed the “Adhesion, Approval and Transaction Agreement”. Such payments were priced at R\$1.0538 per preferred share issued by Ripasa, and were remunerated by interest of 100% of the DI rate, during the period from May 24 to July 3, 2006, totaling R\$ 153,920, half of which is incumbent upon Suzano.

On May 24, 2006, the Special General Meeting approved the transfer of shares issued by Ripasa, held by non-controlling shareholders, to Ripar equity, occasion when non-controlling Ripasa shareholders became Ripar shareholders, based on the replacement relation established in the “Agreement and Justification for Transfer of Shares and Spin-off”.

After the absorption of Ripasa shares by Ripar, the Special General Meetings held by Suzano, VCP and Ripar approved the spin-off of Ripar, and its net assets were transferred equally to Suzano and VCP, resulting in (i) capital increase at Suzano and VCP, with issue of new shares, which were distributed to non-controlling shareholders of Ripar, based on the replacement relation defined in item 3 of the Significant Event Notice published on May 5, 2006; and (ii) dissolution of Ripar.

## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

#### 9. Investments (Continued)

##### *Acquisition of Ripasa (Continued)*

The reorganization has the following justifications: (a) non-controlling shareholders of Ripasa migrated to Suzano and VCP, the shares of which offer higher liquidity, and (b) represents a necessary step for a future reorganization at Ripasa, which will enable activity rationalization, cost reduction, operating gains, higher competitiveness and company growth.

After the above corporate restructuring, Suzano and VCP hold 100% of Ripasa shares. Suzano portion corresponds to 50% of the Ripasa shares, equivalent to 83,563,025 common shares and 101,759,330 preferred shares, in the total amount of R\$ 1,315,724, of which R\$ 762,387 refers to goodwill on acquisition.

The Company is carrying out the amortization of the referred goodwill based on future profitability, over a period of 10 years. Such period of amortization will be maintained until the conclusion of Ripasa reorganization, after which the terms will be reviewed.

The transaction was presented to relevant authorities within the established dates, including to the Brazilian Antitrust Agency (CADE). Management believes that such transaction will be approved.

Upon acquisition of the Ripasa shares on March 31, 2005, a Purchase and Sale Option Agreement was signed with one of the three groups of former controlling shareholders of Ripasa, referring to their interest, to be exercised during a period of up to six years. In view of the incorporation of such shares into Ripasa Participações S.A. and its subsequent spin-off, with transfer of net assets to Suzano and VCP equity, such option now refers to 5,428,955 common shares and 1,795,986 Class "A" preferred shares issued by Suzano. During the first five years, the sellers have the option to sell and, in the last year, the buyers have the option to purchase. The amount referring to the Company, established by the option agreement, was originally of R\$ 216,628, equivalent to US\$ 80 million, restated by the SELIC (Central Bank Overnight rate), calculated cumulatively, from March 31, 2005 until the effective payment and transfer of ownership. At March 31, 2007, the restated amount totaled R\$ 281,941 (R\$ 276,308 in December 31, 2006). Based on the BOVESPA (São Paulo Stock Exchange) quotation of preferred shares at March 31, 2007, since common shares have not been traded in the stock exchange or been object of any recent known transaction, the market value of such shares under option would be R\$ 140,886. The Company will register such option upon the effective exercise, should it occur.

## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (Unaudited)

#### 9. Investments (Continued)

##### *Acquisition of Ripasa (Continued)*

As part of the reorganization of Ripasa's activities, this jointly controlled subsidiary had constituted B.D.L.S.P.E. Celulose e Papel S.A. with permanent assets and inventories related to the Embu unit, and subsequently reduced its capital, assigning to shareholders Suzano and VCP (on a 50% basis each) the shares of this new company.

On March 30, 2007, the Company acquired the 50% ownership interest of VCP in B.D.L.S.P.E. Celulose e Papel S.A., for US\$ 20,000, equivalent to R\$ 41,127. The referred transaction generated additional goodwill for the Company in the amount of R\$ 625.

#### 10. Property, Plant and Equipment

##### *Parent Company*

	Average annual depreciation rate	Mar/2007			Dec/2006
		Cost	Depreciation	Net	Net
Buildings	3.37%	667,502	(295,387)	372,115	373,433
Machinery and equipment	4.47%	3,715,042	(1,689,797)	2,025,245	2,047,952
Other depreciable assets	17.17%	195,280	(139,334)	55,946	54,808
Land and farms	-	438,459	-	438,459	428,798
Timber resources	-	562,581	-	562,581	551,782
Construction in progress	-	1,835,394	-	1,835,394	1,571,477
		<u>7,414,258</u>	<u>(2,124,518)</u>	<u>5,289,740</u>	<u>5,028,250</u>

##### *Consolidated*

	Average annual depreciation rate	Mar/2007			Dec/2006
		Cost	Depreciation	Net	Net
Buildings	3.37%	830,869	(360,284)	470,585	466,372
Machinery and equipment	4.47%	4,682,100	(2,362,750)	2,319,350	2,330,455
Other depreciable assets	17.17%	366,725	(167,583)	199,142	195,205
Land and farms	-	566,981	-	566,981	564,826
Timber resources	-	660,549	-	660,549	647,986
Construction in progress	-	2,011,428	-	2,011,428	1,738,357
		<u>9,118,652</u>	<u>(2,890,617)</u>	<u>6,228,035</u>	<u>5,943,201</u>



**SUZANO PAPEL E CELULOSE S.A.**

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

**10. Property, Plant and Equipment (Continued)**

At March 31, 2007, construction in progress consisted mainly of the Expansion Project for the Mucuri Plant – R\$ 1,782,259 (R\$ 1,508,679 in December 31, 2006).

In February 2006, the first turbine of the Capim Branco I project was launched, and the remaining turbines started operating during 2006, enabling that the hydroelectric complex operate and generate electric energy to its consortium members. The first turbine of Capim Branco project started operating in March 2007, while the other two ones are scheduled to be implemented by the end of the first 2007 half.

In accordance with CVM Resolution No. 193/93, the Company records on the permanent assets the financial charges of financing related to improvements on its projects, during the construction period of such assets. The balances of these charges net of foreign exchange variations at March 31, 2007 amounts to R\$ 83,365 (R\$ 62,213 in December 31, 2006).

## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (Unaudited)

#### 11. Financing and Loans

	Index	Average annual interest rate	Parent Company		Consolidated	
			Mar/2007	Mar/2007	Dec/2006	Mar/2007
<b>To acquire property, plant and equipment:</b>						
BNDES - Finem	TJLP (1) (2)	8.65%	<b>1,357,690</b>	1,329,515	<b>1,442,365</b>	1,416,404
BNDES - Finem	Basket of currencies (2)	8.96%	<b>254,867</b>	262,262	<b>254,867</b>	262,262
BNDES - Finame	TJLP (1) (2)	10.14%	<b>25,040</b>	26,748	<b>25,209</b>	26,935
BNDES - Automatic	TJLP (1) (2)	8.00%	<b>917</b>	1,041	<b>68,408</b>	75,519
FNE - BNB	Fixed rate	9.78%	<b>102,104</b>	102,114	<b>102,104</b>	102,114
FINEP	TJLP	6.00%	<b>12,045</b>	12,036	<b>12,045</b>	12,036
Rural credit		8.75%	<b>12,062</b>	2,071	<b>12,062</b>	2,071
<b>For working capital:</b>						
Export financing	US\$	5.80%	<b>1,816,857</b>	2,000,860	<b>2,011,169</b>	2,204,910
Foreign onlending	US\$	8.90%	<b>2,890</b>	5,649	<b>2,890</b>	5,649
Imports financing	US\$ (3)	5.75%	<b>318,759</b>	304,421	<b>346,775</b>	333,179
Nordic Investment Bank	US\$ (4)	7.07%	<b>102,480</b>	107,129	<b>102,480</b>	107,803
Export and industrial credit note	TJLP	11.89%	<b>138,152</b>	86,759	<b>138,152</b>	86,759
Export and industrial credit note	US\$	6.65%	<b>61,512</b>	64,140	<b>61,512</b>	64,140
Others			<b>1,220</b>	1,254	<b>1,247</b>	1,282
			<b>4,206,595</b>	4,305,999	<b>4,581,285</b>	4,701,063
Less current liabilities (includes interest payable)			<b>404,919</b>	487,189	<b>473,651</b>	556,004
Noncurrent liabilities			<b>3,801,676</b>	3,818,810	<b>4,107,634</b>	4,145,059
Long-term loans and financing mature as follows:						
2008 (since April 1 <sup>st</sup> )			<b>398,334</b>	476,482	<b>501,247</b>	591,541
2009			<b>785,111</b>	799,654	<b>872,921</b>	890,119
2010			<b>725,256</b>	768,972	<b>772,990</b>	818,437
2011			<b>578,556</b>	545,990	<b>599,603</b>	567,628
2012			<b>285,988</b>	260,501	<b>303,297</b>	278,242
2013 onwards			<b>1,028,431</b>	967,211	<b>1,057,576</b>	999,092
			<b>3,801,676</b>	3,818,810	<b>4,107,634</b>	4,145,059

- (1) Capitalization agreement that corresponds to the amount in excess of 6% p.a. over the long-term interest rate (TJLP) published by the Brazilian Central Bank;
- (2) Financing is secured, depending on the agreements, by: (i) mortgages of plant; (ii) rural properties and timberland; (iii) guarantees of the financed assets; (iv) sureties from shareholders and (v) bank guarantee.
- (3) In October 2006, the BNP Paribas and Société Générale granted a financing contract to the Company in the amount of US\$150 million (50% for each bank), for the financing of equipment for Mucuri's Expansion Project. This contract owns clauses specifying maximum levels of indebtedness and leverage, which were totally accomplished at March 31, 2007.

## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (Unaudited)

#### 11. Financing and Loans (Continued)

- (4) In November 2006, the Nordic Investment Bank granted a Credit Facility Agreement to the Company, up to US\$50 million, for the financing of equipment and skilled labor related to the Mucuri's Expansion Project. This contract includes clauses specifying maximum indebtedness and leverage levels, which were accomplished at March 31, 2007.

#### 12. Debentures

Issue	Series	Units	Mar/2007		Current and Noncurrent	Dec/2006	Index	Interest	Due date
			Current	Noncurrent		Current and Noncurrent			
3 <sup>rd</sup>	1 <sup>st</sup>	333,000	32,909	350,312	383,221	370,274	IGP-M	10% *	04/01/2014
3 <sup>rd</sup>	2 <sup>nd</sup>	167,000	5,942	117,725	123,667	125,848	USD	10.38%	04/01/2014
4 <sup>th</sup>	1 <sup>st</sup>	80,000	2,249	81,496	83,745	81,965	TJLP	2.50%	12/01/2012
4 <sup>th</sup>	2 <sup>nd</sup>	160,000	4,500	162,991	167,491	163,933	TJLP	2.50%	12/01/2012
			<u>45,600</u>	<u>712,524</u>	<u>758,124</u>	<u>742,020</u>			

\* The contractual interest was 8%p.a. The effective interest rate was adjusted considering the premium and discount on the issue price.

#### *Third issuance of debentures*

The 3<sup>rd</sup> issue, in August 2004, in the amount of R\$ 500,000, comprises two series, the first of which amounting to R\$ 333,000 and the second one amounting to R\$ 167,000, both falling due in 2014, in a sole installment. The first series was offered locally and is indexed to IGP-M (consumer market price index) variation plus 8% p.a., and was priced on the basis of the concepts set forth in Brazilian Securities Commission (CVM) Instruction N° 404, by granting premium and discount on the issue price. The second series, not traded on the market, was fully purchased by Banco Votorantim and is indexed to the foreign exchange variation of purchased U.S. dollar plus 10.38% p.a., paid semi-annually.

Third issue debentures has clauses determining the level of indebtedness and leverage indicators based on the Company's consolidated financial statements. As of March 31, 2007, the Company had not defaulted on any covenants.

## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

#### 12. Debentures (Continued)

##### *Fourth issuance of debentures*

The 4<sup>th</sup> issue, made in August 2006 with date of issuance as of December 1<sup>st</sup>, 2005, comprises two series, the first of which amounting to R\$ 80,000 and the second one amounting to R\$ 160,000, both convertible into shares, for private placement and with preemptive right to subscription given to shareholders. Minority shareholders subscribed the amount of R\$ 18,081, and the remaining amount of R\$ 221,919 was subscribed by BNDES PARTICIPAÇÕES S.A. – BNDESPAR, accordingly to the agreement signed with this BNDES' subsidiary. Fourth issue debentures have final maturity in December 2012, and will be amortized in three annual installments, after a grace period of four years, on December 1<sup>st</sup>, 2010, 2011 and 2012. Annual interest amounts to 2.5%, plus TJLP (up to 6%), payable on a half-year basis, on the 1<sup>st</sup> of June and December of each year. The TJLP percentage exceeding 6% p.a. will be capitalized for amortization with the principal amount. Debentures are convertible into shares, at any moment, at the owner's discretion, for the following conversion prices: (a) up to December 31, 2006, for R\$ 14.83 per share; (b) from January 1<sup>st</sup>, 2007 onwards, for R\$ 17.30 per share. For common shares resulting from the conversion, BNDESPAR has the obligation to sell and the Company's controlling shareholder has the obligation to buy such shares for the same conversion price, plus interest calculated from the conversion date to the effective payment.

There are contractual clauses for the fourth- issue debentures, which are restrictive and non-financial. If such clauses are not observed, the resulting effect is that the debt is immediately redeemable. As of March 31, 2007, the Company had not defaulted on any covenants.

##### *Conversion of debentures into shares*

In 2006, 251 debentures of the 1<sup>st</sup> series and 502 debentures of the 2<sup>nd</sup> series, both related to the 4<sup>th</sup> issue, were converted, and resulted in the issuance of 17,273 common shares and 34,541 preferred shares - Class "A" of the Company.

In March 31, 2007, 13 debentures of the 1<sup>st</sup> series and 25 debentures of the 2<sup>nd</sup> series, both related to the 4<sup>th</sup> issue, were converted, and resulted in the issuance of 767 common shares and 1,475 preferred shares - Class "A" of the Company (see Note 18).

## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (Unaudited)

#### 13. Transactions with Related Parties

*Balances and transactions as of and for the quarter ended March 31, 2007*

	Assets		Liabilities		March 31, 2007
	Current	Noncurrent	Current		Revenues (expenses)
<b>Consolidated companies</b>					
Suzano Trading Ltd.	377,302	-	-		341,925
Comercial e Agrícola Paineiras Ltda.	-	7,000	(3)	1,512	(4,023)
Suzanopar Investimentos Ltd.	-	1,308	(2)	-	-
Ripasa S.A. Celulose e Papel	-	-	-	93,096	(4) 8,252
Stenfar S/A Indl. Coml. Imp. Y. Exp.	12,870	-	-	-	9,284
B.L.D.S.P.E. Celulose e Papel S.A.	1,780	-	-	-	1,780
	<b>391,952</b>	<b>8,308</b>		<b>94,608</b>	<b>357,218</b>
<b>Nonconsolidated companies</b>					
Suzano Holding S.A.	-	17		-	(2,214)
IPLF Holding S.A.	-	-		504	-
SPP Agaprint Indl. e Coml. Ltda.	7,129	(1)		-	-
Central Distribuidora de Papéis Ltda.	13,242	(1)		-	-
Nova Mercante de Papéis Ltda.	15,744	(1)		-	-
Suzano Petroquímica S.A.	-	539		-	-
<b>Consolidated</b>	<b>36,115</b>	<b>556</b>		<b>504</b>	<b>(2,214)</b>
<b>Parent Company</b>	<b>428,067</b>	<b>8,864</b>		<b>95,112</b>	<b>355,004</b>

*Balances at December 31, 2006 and transactions in the income statement for the quarter ended March 31, 2006*

	Assets		Liabilities		March 31, 2006
	Current	Noncurrent	Current		Revenues (expenses)
<b>Consolidated companies</b>					
Suzano Trading Ltd	353,182	-	-		240,062
Suzano Europe S.A.	-	727	(3)	-	-
Comercial e Agrícola Paineiras Ltda	-	36		40	(632)
Suzanopar Investimentos Ltd.	-	1,364	(2)	-	-
Ripasa S.A. Celulose e Papel	7,206	-		48,406	(4) (2,347)
Stenfar S.A. Indl. Coml. Imp. Y. Exp.	11,224	-		-	9,494
	<b>371,612</b>	<b>2,127</b>		<b>48,446</b>	<b>246,577</b>
<b>Nonconsolidated companies</b>					
Suzano Holding S.A.	-	-		-	(2,006)
IPLF Holding S.A.	-	-		523	-
SPP Agaprint Indl. e Coml. Ltda.	6,470	(1)		-	5,359
Central Distribuidora de Papéis Ltda.	11,867	-		-	11,830
Nova Mercante de Papéis Ltda.	4,560	-		-	16,659
Suzano Petroquímica S.A.	19	-		-	-
<b>Consolidated</b>	<b>22,916</b>	<b>-</b>		<b>523</b>	<b>31,842</b>
<b>Parent Company</b>	<b>394,528</b>	<b>2,127</b>		<b>48,969</b>	<b>278,419</b>

- (1) With respect to such affiliate, the Company has outstanding "vendor" operations in the amount of R\$ 28,939 (R\$ 5,710 in December 31, 2006);
- (2) Loan denominated in US dollars maturing on December 31, 2009.
- (3) Advances for future capital increases.
- (4) As from September 1st, 2006, the Americana plant of Ripasa concentrates the sale of its finished products to Suzano and VCP, in the proportion of 50% to each controlling company.

**SUZANO PAPEL E CELULOSE S.A.**

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

**13. Transactions with Related Parties (Continued)**

The transactions with related parties were realized under normal market conditions.

**14. Provision for Contingencies and Actuarial Liabilities**

The provisions for contingencies are recognized to provide for probable losses in administrative and judicial suits relating to tax, civil and labor claims at amounts considered sufficient by management, in accordance with the assessment of its lawyers and legal advisors.

	<u>Mar/2007</u>			<u>Parent Company</u> <u>2006</u>		
	<u>Judicial deposits</u>	<u>Provision</u>	<u>Net liabilities</u>	<u>Judicial deposits</u>	<u>Provision</u>	<u>Net liabilities</u>
Taxes	7,266	(155,712)	(148,446)	1,710	(150,091)	(148,381)
Social security	-	(1,783)	(1,783)	-	(1,766)	(1,766)
Labor and civil	6,786	(26,523)	(19,737)	6,144	(25,132)	(18,988)
Actuarial liabilities	-	(35,630)	(35,630)	-	(35,630)	(35,630)
	<u>14,052</u>	<u>(219,648)</u>	<u>(205,596)</u>	<u>7,854</u>	<u>(212,619)</u>	<u>(204,765)</u>

	<u>Mar/2007</u>			<u>Consolidated</u> <u>2006</u>		
	<u>Judicial deposits</u>	<u>Provision</u>	<u>Net liabilities</u>	<u>Judicial deposits</u>	<u>Provision</u>	<u>Net liabilities</u>
Taxes	31,484	(215,607)	(184,123)	25,904	(212,669)	(186,765)
Social security	-	(1,783)	(1,783)	-	(1,766)	(1,766)
Labor and civil	7,863	(31,072)	(23,209)	7,580	(29,681)	(22,101)
Actuarial liabilities	-	(40,730)	(40,730)	-	(40,730)	(40,730)
	<u>39,347</u>	<u>(289,192)</u>	<u>(249,845)</u>	<u>33,484</u>	<u>(284,846)</u>	<u>(251,362)</u>

The proportional amount of Ripasa's tax and labor contingencies and actuarial liabilities disclosed in the consolidated financial statements ended March 31, 2007 amounted to R\$ 69,544 (R\$ 72,227 at December 31, 2006), and it basically refers to context the increase in rate and expansion of PIS/COFINS tax bases.

**SUZANO PAPEL E CELULOSE S.A.**

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

**14. Provision for Contingencies and Actuarial Liabilities (Continued)**

Below we present a statement of movement concerning provision for contingencies:

	Parent Company		Consolidated	
	Mar/2007	2006	Mar/2007	2006
At beginning of the period	212,619	171,380	284,846	210,432
New proceedings	4,894	31,108	4,894	79,198
Monetary restatement	2,385	13,408	2,938	17,207
Transfers between current and noncurrent	-	-	-	(4,465)
Write-off of proceedings	(250)	(3,277)	(3,486)	(17,526)
At end of the period	219,648	212,619	289,192	284,846

Significant proceedings are commented below:

PIS/COFINS – A provision recognized for unpaid PIS and COFINS in view of the legal challenge regarding the tax calculation basis (charge over other income). The Company has judicial deposits in the amount of R\$ 23,167.

PIS half-yearly computation - The Company filed a legal suit aiming at recovering the overpaid PIS contribution amounts, since the law that changed the criterion for determination of the referred contribution was considered unconstitutional by the higher court. Judgment in the trial court recognized the Company's right in relation to the contribution. Supported by preliminary court injunction, the Company offset such related credit amount against IPI and COFINS debits. A recent decision in intermediate court of appeals recognized that the offsetting could only be made against debits resulting from the current PIS itself. Such new decision is under discussion in the higher courts.

Income tax on profits from foreign subsidiaries – In September 2005, the Company received a tax assessment regarding the taxation on profits from foreign subsidiaries available for distribution (Laws 9,249/95 and 9,532/97) and on the exchange variation included in equity pick-up of foreign investments (Brazilian IRS Regulatory Ruling No. 213/2002). Amounts assessed are R\$ 51,226 and R\$ 122,643, respectively. The Company's management, based on the opinion of its legal advisors, believes that the probability of an unfavorable outcome is remote, and has not accrued a provision for such contingency.

## SUZANO PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

### 14. Provision for Contingencies and Actuarial Liabilities (Continued)

Balance Sheet Monetary Restatement (Summer Plan) – The Company is discussing in Court the right of deducting the expenses with income and social contribution taxes, depreciation, write-offs and items controlled in the Taxable Profit Control Register (LALUR), from the debt balance related to Balance Sheet Monetary Restatement, in connection with inflationary understatements occurred in 1989, in the percentage of 51.87% or alternately, 35.58%, by using the Consumer Price Index (IPC) as the restatement index. For purposes of offset against other taxes, the Company used the percentage of 35.58%.

According to modification of understanding of the 1<sup>st</sup> District of the Superior Court of Justice (STJ), the index for monetary restatement regarded as valid and legal is Federal Treasury Bond (OTN), and no longer IPC. In this new context, the lawyers in charge of those proceedings changed the evaluation of unfavorable outcome from remote to possible for the percent of 35.58%. The restated amount as of March 31, 2007 is R\$98,002, and was not accrued by the Company, since an unfavorable outcome is possible and not probable.

#### **Medical assistance to retired employees**

In an agreement reached with the Workers' Union of Paper, Pulp and Wood Paste for Paper of the São Paulo State, the Company commits to permanently bear medical assistance costs to former employees who retired until June 30, 2003 and to their dependents until they are persons of full age, and to spouses, on a lifetime basis.

The Company also ensures the medical assistance costing with Bradesco Saúde, for the formers employees that, exceptionally, following criterion and resolution of the Company, acquired rights associated with the accomplish of the chapters 30 and 31 of Law No. 9658/98.



## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

#### 14. Provision for Contingencies and Actuarial Liabilities (Continued)

##### Medical assistance to retired employees (Continued)

At December 31, 2006 these groups were composed by 3,711 members and the amount classified for the Company related the accrued the future obligation calculated by an independent actuary, amounted to R\$ 33,774 (R\$ 19,812 at December 31, 2005). The actuary methods adopted comply with NPC N° 26/2000, issued by the Brazilian Institute of Independent Auditors (IBRACON), validated by CVM Resolution N° 371/2000. The economic and biometric assumptions used for calculation were as follows: discount rate of 9.12% p.a., increase in medical costs of 2.0% p.a. and biometric general mortality table AT-83.

Management did not identify significant changes in assumptions that could impact actuarial liabilities at March 31, 2007, which have the same balance of December 31, 2006.

#### 15. Defined Contribution Private Pension Plan

In January 2005, Suzano Prev, a defined contribution private pension plan was established by the Company on behalf of its employees, to be administered by a financial institution engaged for such purpose. When setting up Suzano Prev, the Company agreed to match employees' contributions relating to prior years in consideration for their services to the Company prior to the plan setup (past service). Such disbursement will take place over the next years and will be individually calculated until each employee starts using the benefits of the plan. The Company's contributions for the quarter ended March 31, 2007 amounted to R\$ 1,448, and the employees' contributions amounted to R\$ 1,157 (R\$ 1,450 and R\$ 1,140 for the quarter ended March 31, 2006, respectively).

## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

#### **16. Accounts Payable – Land and Forests**

In 2002, the Company purchased from Companhia Vale do Rio Doce, jointly and on an equally shared basis with Aracruz Celulose S/A, assets comprising 40 thousand hectares of land and eucalyptus forests therein planted, in the region of São Mateus, Espírito Santo State, payable in installments due by the end of 2007. At March 31, 2007, the due amounts related to this acquisition, classified as current liabilities, amounted to R\$ 6,293 (R\$ 7,724 at December 31, 2006).

In 2005, the Company acquired the farms São Miguel and São Bento from the companies Orban Agrícola and Nova Empreendimentos Imobiliários. At March 31, 2007, payables arising from these acquisitions, classified as current liabilities, amounted to R\$ 4,567 (R\$ 6,090 at December 31, 2006).

#### **17. Financial Instruments**

##### a) *Valuation*

The financial instruments included in the balance sheets, such as cash and cash equivalents, loans and financing, are stated at their contractual values, which approximate their fair values. To determine fair value, management used available and applicable valuation methodologies for each situation. Estimated market value does not mean that the assets and liabilities could be realized or settled in the amounts presented. The use of different market information and/or valuation methodologies may have a significant effect on the determination of market value.

**SUZANO PAPEL E CELULOSE S.A.**

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

**17. Financial Instruments (Continued)**

a) *Valuation* (Continued)

The estimated fair market value of financial instruments is set out below:

	Consolidated			
	Mar/2007		Dec/2006	
	Carrying amount	Fair market value (Not reviewed)	Carrying amount	Fair market value (Unaudited)
<b>Assets</b>				
Cash and cash equivalents	1,229,935	1,229,935	1,500,112	1,500,112
Noncurrent marketable securities	24,953	24,953	24,227	24,227
<b>Liabilities</b>				
Loans and financing (current and noncurrent)	4,581,285	4,580,535	4,701,063	4,713,598
Debentures	758,124	758,124	742,020	742,020

The fair market value of cash and cash equivalents, loans, financing and debentures, when applicable, was determined using available current interest rates for operations under similar conditions and remaining maturities.

b) *Credit risk*

The sales policies adopted by the Company and its subsidiaries comply with the credit policies established by management and attempt to minimize possible losses arising from delinquency in accounts receivable from customers. This objective is reached through a careful selection to client portfolio, which takes into consideration their payment capacity (credit analysis) and the diversification of sales (risk spread).

c) *Exchange and interest rate risk*

Income and expenses recorded by the Company are subject to significant variations, as part of its loans and financing and a portion of its debenture balance are linked to the foreign exchange rate fluctuation, particularly the US dollar.

In order to reduce certain effects of foreign exchange rate fluctuations, the Company entered into operations involving derivatives. As of March 31, 2007, they were represented by the following outstanding contracts: i) US dollar-CDI swap, in the amount of US\$ 0.6 million; ii) US dollar-real NDF, in the amount of US\$ 75.0 million, and iii) euro-US dollar NDF, in the amount of EUR 9.0 million.

## SUZANO PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

### 17. Financial Instruments (Continued)

#### c) *Exchange and interest rate risk* (Continued)

In order to minimize interest rate risks, the Company performed swap operations, limiting the interest rates on certain foreign currency loans, in the amount of US\$ 100.0 million and contracting operations directly denominated in fixed rate, amounting to US\$ 254.0 million.

Gains and losses arising from operations involving derivatives (closed and open positions) are recognized in the quarterly financial information.

### 18. Shareholders' Equity

#### *Capital*

The Company's subscribed and paid-in capital as of March 31, 2007 totals R\$2,054,427, divided into 314,482,319 shares (314,480,077 shares in December 31, 2006), with no par value, 107,821,453 of which are common and nominative, 205,119,987 are book-entry preferred class "A" shares and 1,540,879 are book-entry preferred class "B" shares. From the total preferred class "B" shares, 1,358,419 were held in treasury, the same quantity at March 31, 2007 and December 31, 2006.

Preferred class "A" shares are entitled to dividends, at least, 10% higher than those paid on common shares. Preferred class "B" shares are ensured a priority dividend of 6% p.a. on its portion of the capital, or, at least, 10% higher than those paid to common shares. Preferred shares are non-voting shares, except when provided for in law.

In March 2007, the Company's capital increase was approved, in the amount of R\$ 39, represented by issuance of 767 common shares and 1,475 preferred shares - Class "A", at the unit price of R\$ 17.30, as a result of conversion of 13 debentures of the 1<sup>st</sup> series and 25 debentures of the 2<sup>nd</sup> series, related to the 4<sup>th</sup> issue of the Company, as per the agreement concerning the 4<sup>th</sup> Issue of Debentures Convertible into Shares.

**SUZANO PAPEL E CELULOSE S.A.**

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

**19. Nonoperating Result**

	Parent Company		Consolidated	
	Three months period ended March 31,			
	2007	2006	2007	2006
(Loss) Gain on other investments	(533)	1,852	(532)	1,852
Gain on sale of property, plant and equipment (1)	8,717	2,979	442	3,334
Loss on sale of investments	-	(258)	-	(258)
Nonoperating result	<b>8,184</b>	4,573	<b>(90)</b>	4,928

(1) Refers mainly to sale of “standing wood” to non-related companies. See Note 22.

**20. Net Financial Result – income**

	Parent Company		Consolidated	
	Three months period ended March 31,			
	2007	2006	2007	2006
Interest expenses	(63,726)	(54,983)	(69,132)	(59,063)
Monetary and exchange rate variation	101,861	158,655	100,573	153,062
Gain (Loss) on swap transactions	7,533	(1,831)	7,533	(1,830)
Other financial expenses	(6,428)	(6,123)	(10,540)	(7,077)
Total financial expenses	<b>39,240</b>	95,718	<b>28,434</b>	85,092
Interest income	29,169	18,264	36,340	25,839
Monetary and exchange rate variation	(30,941)	(38,335)	(31,813)	(42,595)
Total financial income	<b>(1,772)</b>	(20,071)	<b>4,527</b>	(16,756)
Financial results, net	<b>37,468</b>	75,647	<b>32,961</b>	68,336

**SUZANO PAPEL E CELULOSE S.A.**

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

**21. Statement of adjusted EBITDA (Not reviewed)**

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Three months period ended March 31,</u>			
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Operating income	185,294	202,416	201,604	204,147
Financial expenses	(39,240)	(95,718)	(28,434)	(85,092)
Financial income	1,772	20,071	(4,527)	16,756
Equity pickup	4,430	13,424	(912)	23
Goodwill amortization	20,989	-	20,989	12,561
Depreciation, depletion and amortization	58,042	55,271	85,910	67,998
Earnings before equity pickup, income and social contribution taxes, interest, depreciation, depletion and amortization (Adjusted EBITDA)	<u>231,287</u>	<u>195,464</u>	<u>274,630</u>	<u>216,393</u>

**22. Commitments**

***Sale of “standing wood”***

The Company entered into a loan agreement with Aracruz Celulose S.A. with the objective of lending 1,900 thousand m3 of eucalyptus wood. The agreement establishes the return of the same volume of wood under similar operating conditions, between 2006 and 2008. As of March 31, 2007, the Company had recorded as current and non current assets the receivable related to the volume of wood already delivered to Aracruz Celulose S.A , in the amount of R\$ 5,160 and R\$ 8,522 respectively (the same amounts at December 31, 2006).

***Mucuri Project***

In October 2005, the Mucuri Project was launched, aiming to expand pulp production by 1.0 million tons. As a result, several agreements related to equipment packages have already been negotiated. As of March 31, 2007 the total of commitments related to such agreements amounted to R\$ 2.2 billion\*, of which R\$ 1,783,459 have already been disbursed.

\* Not reviewed by the independent auditors.

## **SUZANO PAPEL E CELULOSE S.A.**

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

### **23. Guarantees**

The Company guarantees the obligations taken on by Rio Polímeros S.A. and Suzano Petroquímica S.A., in connection with a petrochemical project conducted by Rio Polímeros S.A.

In November 2001, the Company conducted the spin-off of petrochemical assets to focus on paper and pulp sector. The referred assets were transferred to capital increase at Suzano Petroquímica S.A., a company controlled by Suzano Holding, which is the controlling shareholder of the Company. After the spin-off, the Company kept being the guarantor of contractual obligations taken on by Rio Polímeros S.A. up to the maximum limit of approximately US\$ 33.0 million, if Rio Polímeros S.A. presents any cash flow deficiency.

The Company is also the guarantor of contractual obligations taken on by Suzano Petroquímica S.A., in case it fails to make additional contributions that may be necessary in case of increase in the total cost of the investment for that project, considering the limit of 1/3 of the amount equivalent to US\$ 50.0 million.

### **24. Insurance (Not reviewed)**

The Company is insured against operational and other risks to which its property, plant equipment and inventories are subject.

The insurance coverage is considered by the specialist advisors of the Company to be sufficient to cover eventual losses.

**SUZANO PAPEL E CELULOSE S.A.**

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

**Supplementary information**

**Statements of cash flows**

	Parent Company		Consolidated	
	Three months period ended March 31,			
	2007	2006	2007	2006
<b>Cash flows from operating activities</b>				
Net income for the quarter	103,242	151,827	106,142	152,188
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation, depletion and amortization	58,042	55,271	85,910	67,998
Income on sale of property, plant and equipment	(8,718)	(4,573)	(8,215)	(4,499)
Equity pickup in subsidiaries and affiliates	4,430	13,424	(912)	23
Amortization of goodwill	20,989	-	20,989	12,561
Deferred income and social contribution taxes	151,895	18,063	153,909	18,130
Interest, foreign exchange and monetary variation, net	(9,037)	(101,071)	2,295	(71,561)
Provision for contingencies	4,645	6,593	1,408	6,147
Other provisions	534	-	8,086	-
Changes in assets and liabilities, related to operations current and noncurrent:				
Decrease in accounts receivable	30,417	120,824	57,790	65,388
Decrease (increase) in other current and noncurrent assets	(180,813)	(4,395)	(170,395)	8,292
Increase (decrease) in other current and noncurrent liabilities	43,547	(27,107)	(8,968)	(31,420)
<b>Net cash provided by operating activities</b>	<b>219,173</b>	<b>228,856</b>	<b>248,039</b>	<b>223,247</b>
<b>Cash flows used in investing activities</b>				
Noncurrent marketable securities	(726)	(21,934)	(726)	(21,934)
Increase in investments	(41,133)	-	(625)	-
Increase in property, plant, equipment and deferred charges	(324,610)	(309,711)	(387,728)	(336,178)
Decrease in permanent assets due to transfer to current and long term assets	-	-	2,625	5,060
Proceeds generated by sale of permanent assets	13,875	8,899	13,875	9,423
<b>Net cash used in investing activities</b>	<b>(352,594)</b>	<b>(322,746)</b>	<b>(372,579)</b>	<b>(343,629)</b>
<b>Cash flows provided by financing activities</b>				
Capital increase due to conversion of debentures into shares	39	-	39	-
Payment of dividends and interest on shareholders' equity	(44,291)	(118,848)	(44,290)	(118,848)
Proceeds from financing and loans	183,197	421,498	183,197	446,960
Payment of financing and loans	(255,075)	(234,974)	(272,453)	(246,682)
<b>Net cash provided by (used in) financing activities</b>	<b>(116,130)</b>	<b>67,676</b>	<b>(133,507)</b>	<b>81,430</b>
<b>Effects on exchange rate variation on cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>(12,130)</b>	<b>(35,864)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(249,551)</b>	<b>(26,214)</b>	<b>(270,177)</b>	<b>(74,816)</b>
<b>Changes in cash and cash equivalents</b>				
At the beginning of the quarter	1,096,487	541,306	1,500,112	1,081,878
At the end of the quarter	846,936	515,092	1,229,935	1,007,062
<b>Decrease in cash and cash equivalents</b>	<b>(249,551)</b>	<b>(26,214)</b>	<b>(270,177)</b>	<b>(74,816)</b>



**SUZANO PAPEL E CELULOSE S.A.**

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)  
(In thousands of reais)  
(Unaudited)

**Supplementary information**

**Statements of changes in financial position**

	Parent Company		Consolidated	
	Three months period ended March 31,			
	2007	2006	2007	2006
<b>Working capital provided by:</b>				
<b>Operations</b>				
Net income for the quarter	103,242	151,827	106,142	152,188
<b>Items not affecting working capital:</b>				
Depreciation, depletion and amortization	58,042	55,271	85,910	67,998
Net book value of permanent assets disposed of	5,157	4,326	5,661	4,924
Deferred income and social contribution taxes	151,159	5,397	152,260	5,285
Equity pickup in subsidiaries and affiliates	4,430	13,424	(912)	23
Amortization of goodwill	20,989	-	20,989	12,561
Exchange and monetary variations and long-term interest, net	(78,536)	(109,368)	(86,062)	(118,888)
Provision for contingencies	4,645	6,593	1,408	6,147
Other provisions	534	-	8,670	-
	<u>269,662</u>	<u>127,470</u>	<u>294,066</u>	<u>130,238</u>
<b>From shareholders':</b>				
Capital increase due to conversion of debentures into shares	39	-	39	-
	<u>39</u>	<u>-</u>	<u>39</u>	<u>-</u>
<b>Third parties:</b>				
Long-term financings and loans	170,404	372,540	171,159	395,407
Transfer from permanent assets to current assets	23,549	1,595	26,435	3,930
	<u>193,953</u>	<u>374,135</u>	<u>197,594</u>	<u>399,337</u>
<b>Total working capital provided</b>	<u>463,654</u>	<u>501,605</u>	<u>491,699</u>	<u>529,575</u>
<b>Working capital used for:</b>				
Permanent assets				
Increase in investments	41,133	-	625	-
Increase in property, plant, equipment and deferred charges	324,610	309,711	387,728	336,178
Long term assets	67,308	41,321	61,465	27,548
Transfer from noncurrent to current liabilities, net	106,987	113,784	118,338	118,914
	<u>540,038</u>	<u>464,816</u>	<u>568,156</u>	<u>482,640</u>
<b>Total working capital used</b>	<u>540,038</u>	<u>464,816</u>	<u>568,156</u>	<u>482,640</u>
<b>(Decrease) increase in working capital</b>	<u>(76,384)</u>	<u>36,789</u>	<u>(76,457)</u>	<u>46,935</u>
Current assets:				
At the end of the quarter	2,349,451	1,847,904	2,786,246	2,250,774
At the beginning of the quarter	2,492,320	2,020,898	2,980,799	2,417,366
	<u>(142,869)</u>	<u>(172,994)</u>	<u>(194,553)</u>	<u>(166,592)</u>
Current liabilities:				
At the end of the quarter	816,916	1,134,740	878,458	1,224,402
At the beginning of the quarter	883,401	1,344,523	996,554	1,437,929
	<u>66,485</u>	<u>209,783</u>	<u>118,096</u>	<u>213,527</u>
<b>(Decrease) increase in working capital</b>	<u>(76,384)</u>	<u>36,789</u>	<u>(76,457)</u>	<u>46,935</u>

## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (Unaudited)

#### Supplementary information

#### Balance Sheet – Statement of Proportional Consolidation of Ripasa at March 31, 2007

Assets	Suzano Papel e Celulose excluding			Combined	Adjustments	Consolidated
	Ripasa Full	Ripasa Proportional	Ripasa			
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Current assets</b>						
Cash and cash equivalents	159,901	79,951	1,149,984	1,229,935	-	1,229,935
Trade accounts receivable	278,772	139,386	625,889	765,275	(93,125)	672,150
Inventories	110,460	55,230	562,175	617,405	(6,961)	610,444
Recoverable taxes	20,243	10,122	180,782	190,904	-	190,904
Deferred income and social contribution taxes	4,489	2,245	49,888	52,133	2,367	54,500
Dividends	-	-	13,994	13,994	(13,994)	-
Other accounts receivable	6,008	3,004	23,425	26,429	-	26,429
Prepaid expenses	-	-	1,884	1,884	-	1,884
<b>Total current assets</b>	<b>579,873</b>	<b>289,938</b>	<b>2,608,021</b>	<b>2,897,959</b>	<b>(111,713)</b>	<b>2,786,246</b>
<b>Noncurrent assets</b>						
<b>Long term assets</b>						
Marketable securities	-	-	24,953	24,953	-	24,953
Due from related parties	14,095	7,048	556	7,604	(7,048)	556
Recoverable taxes	22,272	11,136	113,524	124,660	-	124,660
Dererred income and social contribution taxes	51,888	25,944	272,127	298,071	-	298,071
Advances to suppliers	-	-	156,207	156,207	-	156,207
Judicial deposits	50,588	25,294	25,449	50,743	(25,294)	25,449
Other accounts receivable	3,712	1,856	14,689	16,545	7,048	23,593
<b>Total long term assets</b>	<b>142,555</b>	<b>71,278</b>	<b>607,505</b>	<b>678,783</b>	<b>(25,294)</b>	<b>653,489</b>
<b>Permanent assets</b>						
Investments	479	240	1,284,195	1,284,435	(555,481)	728,954
Property, plant and equipment	1,304,621	652,311	5,575,724	6,228,035	-	6,228,035
Deferred charges	6,436	3,218	774	3,992	-	3,992
<b>Total permanent assets</b>	<b>1,311,536</b>	<b>655,769</b>	<b>6,860,693</b>	<b>7,516,462</b>	<b>(555,481)</b>	<b>6,960,981</b>
<b>Total noncurrent assets</b>	<b>1,454,091</b>	<b>727,047</b>	<b>7,468,198</b>	<b>8,195,245</b>	<b>(580,775)</b>	<b>7,614,470</b>
<b>Total assets</b>	<b>2,033,964</b>	<b>1,016,985</b>	<b>10,076,219</b>	<b>11,093,204</b>	<b>(692,488)</b>	<b>10,400,716</b>

- (1) Full balance sheet of Ripasa, disclosed in compliance with CVM Instruction 247/96;
- (2) Proportional balance sheet considering the Company's interest in total capital (50.00%);
- (3) Consolidated balance sheet of Suzano before Ripasa's proportional consolidation;
- (4) Combined balance sheet (proportional Ripasa plus Suzano before elimination of the investment in Ripasa);
- (5) Consolidation adjustments (elimination of investment and balances with Ripasa);
- (6) Consolidated balance sheet of Suzano in accordance with CVM Instruction No. 247/96.

## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (Unaudited)

#### Supplementary information (Continued)

#### Balance Sheet – Statement of Proportional Consolidation of Ripasa at March 31, 2007 (Continued)

Liabilities and shareholders' equity	Ripasa		Suzano Papel e Celulose excluding Ripasa		Adjustments	Consolidated
	Ripasa Full	Proportional	Ripasa	Combined		
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Current liabilities</b>						
Trade accounts payable	53,935	26,968	268,151	295,119	(93,125)	201,994
Loans and financing	122,239	61,120	412,531	473,651	-	473,651
Debentures	-	-	45,600	45,600	-	45,600
Taxes payable other than on income	19,579	9,790	16,073	25,863	-	25,863
Payroll and taxes payable	16,863	8,432	42,471	50,903	-	50,903
Accounts payable	19,651	9,824	46,713	56,537	-	56,537
Payable to related parties	-	-	504	504	-	504
Dividends and interest on shareholders' equity payable	28,003	14,002	6,709	20,711	(13,994)	6,717
Deferred income and social contribution taxes	10,283	5,142	-	5,142	-	5,142
Income and social contribution taxes	3,041	1,521	10,026	11,547	-	11,547
<b>Total current liabilities</b>	<b>273,594</b>	<b>136,799</b>	<b>848,778</b>	<b>985,577</b>	<b>(107,119)</b>	<b>878,458</b>
<b>Noncurrent liabilities</b>						
Loans and financing	457,736	228,868	3,878,766	4,107,634	-	4,107,634
Debentures	-	-	712,524	712,524	-	712,524
Accounts payable	7,597	3,799	4,805	8,604	-	8,604
Deferred income and social contribution taxes	35,802	17,901	306,084	323,985	-	323,985
Provision for contingencies and actuarial liabilities	139,087	69,543	205,596	275,139	(25,294)	249,845
<b>Total noncurrent liabilities</b>	<b>640,222</b>	<b>320,111</b>	<b>5,107,775</b>	<b>5,427,886</b>	<b>(25,294)</b>	<b>5,402,592</b>
<b>Shareholders' equity</b>						
Capital	725,858	362,929	2,054,427	2,417,356	(362,929)	2,054,427
Capital reserves	-	-	412,229	412,229	-	412,229
Treasury shares	-	-	(15,080)	(15,080)	-	(15,080)
Revaluation reserves	5,023	2,512	-	2,512	(2,512)	-
Income reserves	389,267	194,634	1,668,090	1,862,724	(194,634)	1,668,090
<b>Total shareholders' equity</b>	<b>1,120,148</b>	<b>560,075</b>	<b>4,119,666</b>	<b>4,679,741</b>	<b>(560,075)</b>	<b>4,119,666</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,033,964</b>	<b>1,016,985</b>	<b>10,076,219</b>	<b>11,093,204</b>	<b>(692,488)</b>	<b>10,400,716</b>

(1) Full balance sheet of Ripasa, disclosed in compliance with CVM Instruction 247/96;

(2) Proportional balance sheet considering the Company's interest in total capital (50.00%);

(3) Consolidated balance sheet of Suzano before Ripasa's proportional consolidation;

(4) Combined balance sheet (proportional Ripasa plus Suzano before elimination of the investment in Ripasa);

(5) Consolidation adjustments (elimination of investment and balances with Ripasa);

(6) Consolidated balance sheet of Suzano in accordance with CVM Instruction No. 247/96.

## SUZANO PAPEL E CELULOSE S.A.

### NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (Unaudited)

#### Supplementary information (Continued)

#### Statement of income – Statement of Proportional Consolidation of Ripasa for the quarter ended March 31, 2007

	Ripasa Full (1)	Ripasa Proportional (2)	Suzano Papel e Celulose excluding Ripasa (3)	Combined (4)	Adjustments (5)	Consolidated (6)
Gross sales	397,741	198,873	879,877	1,078,750	(150,939)	927,811
Sales deductions	(92,171)	(46,087)	(112,825)	(158,912)	40,424	(118,488)
<b>Net sales</b>	<b>305,570</b>	<b>152,786</b>	<b>767,052</b>	<b>919,838</b>	<b>(110,515)</b>	<b>809,323</b>
Cost of goods sold	(252,151)	(126,077)	(508,120)	(634,197)	107,424	(526,773)
<b>Gross profit</b>	<b>53,419</b>	<b>26,709</b>	<b>258,932</b>	<b>285,641</b>	<b>(3,091)</b>	<b>282,550</b>
<b>Operating income (expense)</b>						
Selling expenses	(11,406)	(5,704)	(37,357)	(43,061)	-	(43,061)
General and administrative expenses	(17,851)	(8,926)	(48,209)	(57,135)	-	(57,135)
Management' fees	(342)	(171)	-	(171)	-	(171)
Financial expenses	(19,937)	(9,970)	38,404	28,434	-	28,434
Financial income	24,890	12,448	(7,921)	4,527	-	4,527
Equity pickup in subsidiaries and affiliates	(34)	(17)	3,069	3,052	(2,140)	912
Amortization of goodwill	-	-	(20,989)	(20,989)	-	(20,989)
Other operating income net	4,526	2,264	4,273	6,537	-	6,537
<b>Operating income</b>	<b>33,265</b>	<b>16,633</b>	<b>190,202</b>	<b>206,835</b>	<b>(5,231)</b>	<b>201,604</b>
Nonoperating income net	(16,934)	(8,467)	8,377	(90)	-	(90)
<b>Income before income and social contribution taxes</b>	<b>16,331</b>	<b>8,166</b>	<b>198,579</b>	<b>206,745</b>	<b>(5,231)</b>	<b>201,514</b>
Income and social contribution taxes	(7,970)	(3,986)	(92,437)	(96,423)	1,051	(95,372)
<b>Net income for the period</b>	<b>8,361</b>	<b>4,180</b>	<b>106,142</b>	<b>110,322</b>	<b>(4,180)</b>	<b>106,142</b>

(1) Ripasa full statements of income for the period from January to March 2007;

(2) Proportional statement of income considering the Company' interest in total capital (50.00%);

(3) Consolidated statement of income of Suzano before Ripasa's proportional consolidation (includes purchases and resales of the Americana plant products);

(4) Combined income statement (proportional Ripasa plus Suzano before Ripasa's proportional consolidation);

(5) Consolidation adjustments (elimination of equity pick up and transactions with Ripasa);

(6) Consolidated statement of income of Suzano for the first quarter 2007, in compliance with CVM Instruction No 247/96.

## SUZANO PAPEL E CELULOSE S.A.

### REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) (Unaudited)

#### Summary – First quarter 2007 (1Q07)

Demand in the pulp market continued to be strong in 1Q07. Pulp prices remain stable, sustained by the firm performance of the world economy. The increasing spread between prices of long fiber and short fiber pulp speed up the substitution process, working in favor of demand for eucalyptus pulp.

Global demand for printing and writing papers remain stable in the quarter, while demand for paperboard decreased by around 1%. In Brazil, demand for printing and writing papers and paperboard was lower than in 4Q06 – around 15% and 5% respectively – due mainly to seasonal factors, especially in the markets for notebooks and schoolbooks, where demand is concentrated in the second half of the year. In comparison with 1Q06, the market for printing and writing papers decreased by 5%, influenced by the increase in price, while the paperboard market grew by around 3%.

Net sales revenue in 1Q07, at R\$ 809.3 million, was 1.3% higher than in 4Q06, mainly reflecting the increase in volume of pulp sold to the export market. Cash flow, measured as Ebitda, was R\$ 274.6 million, representing Ebitda margin of 33.9%, or growth of 1.2 percentage points from 4Q06 – reflecting, among other factors, reduction of operational expenses.

The Mucuri project represented capital expenditure of R\$ 273.6 million (US\$ 129.8 million) in 1Q07, bringing the total spent so far on the project to R\$ 1,782.3 million. Most of the building works have been completed, assembly continues to be on schedule, and the commissioning team is preparing for startup.

In February 2007 there was a secondary public offering of preferred shares, which was exercised, resulting in a total placement of 23.6 million shares. The selling shareholders were BNDESPar (approximately 90%) and Suzano Holding (10%). This transaction increased the free float of Suzano to 42.3%.

In March 2007 the Company was granted with tax incentive in the region of Mucuri, related to accelerated depreciation and credits of PIS and Cofins in 12 months.

#### Business environment

##### Net income of R\$ 106 million with strong and stable Real

The Real appreciated further against the US dollar in 1Q07, closing the quarter at R\$ 2.05 / US\$. The average rate in the quarter, R\$ 2.11 / US\$, was 1.9% lower than 4Q06 and 3.7% lower than 1Q06. Ebitda margin increased in spite of the appreciation of the Real, showing the effects of our effort to reduce operational expenses.

Fx rate, R\$ / US\$	4Q06	1Q07	1Q06
Start of period	2.17	2.14	2.34
End of period	2.14	2.05	2.17
Average	2.15	2.11	2.19
Variation	-1.7%	-4.1%	-7.2%
Average Fx variation	-0.9%	-2.0%	-2.6%

Source: Brazilian Central Bank.

## SUZANO PAPEL E CELULOSE S.A.

### REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) – (Continued) (Unaudited)

#### Demand stable, with supply discipline and pulp prices constant

Demand for market pulp in Europe and North America was stable in the quarter. In Asia, there were small variations due to seasonal effects and localized increases in capacity. Global shipments of eucalyptus pulp were 5.9% higher than in 1Q06.

Pulp supply continued to be disciplined, as in 4Q06 – a reflection of restrictions on availability of wood for chips in North America and Europe, tending to reduce the supply of short fiber pulp from producers in those regions.

(US\$/ tons)

Market Pulp list prices	1Q06	2Q06	3Q06	4Q06	1Q07	abr/07
North America	655	675	695	715	715	715
Europe	620	640	660	680	680	680
Asia	560	610	630	650	650	650

Prices of eucalyptus market pulp remained unchanged in the quarter, mainly due to three factors: (i) new capacity of Chilean producers entering in the market; (ii) restraint on supply of chips, mentioned above; and (iii) an increase in the spread between prices of long-fiber and short-fiber pulp to around US\$100 / ton.

#### Increase in prices with retraction of demand for papers in main markets

Global demand for printing and writing papers remained stable in the quarter, but with small retractions in demand in two important regions, North America and Europe (1.2% and 2.7% respectively). This, however, was offset by growth of demand in Asia.

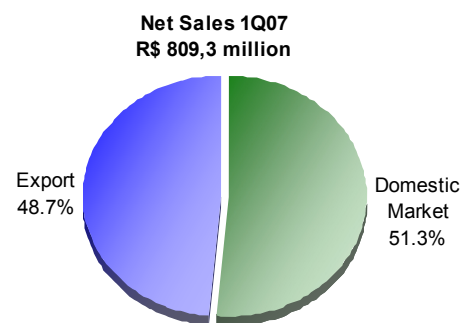
The average price difference between uncoated paper (reels, CIF northern Europe) and eucalyptus pulp in the European market increased to US\$ 185 / ton in 1Q07 – this is still lower than the historic average for the last ten years, US\$216 / ton, but US\$32 / ton higher than in 4Q06.

#### Net sales revenue

Exports provided 48.7 % of net revenue in 1Q07, totaling R\$ 394 million, 27.4% higher than in 4Q06. This reflects export volume 28.5% higher, since the domestic market absorbed a smaller portion of the production.

The domestic market, with revenue of R\$ 415 million – 15.3% lower than in 4Q06 and 12.1% higher than in 1Q06 – provided 51.3%.

Total net sales revenue in 1Q07, R\$ 809 million, was 23.3% higher than in 1Q06 – reflecting both the Company's sound performance and the acquisition of 50% of Ripasa (increased from its 1Q06 level of 23.03%).



**SUZANO PAPEL E CELULOSE S.A.**

REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) – (Continued)  
(Unaudited)

**Pulp and Paper Sales**

	4Q06		1Q07		1Q06	
	R\$ tsd	Tons tsd	R\$ tsd	Tons tsd	R\$ tsd	Tons tsd
<b>Domestic Market</b>	<b>477,570</b>	<b>218.2</b>	<b>402,059</b>	<b>183.3</b>	<b>367,287</b>	<b>176.0</b>
Pulp	43,639	38.2	39,331	34.3	25,250	24.6
Coated P&W Paper	72,843	27.8	63,055	24.0	57,782	20.7
Paperboard	113,068	45.6	109,468	45.7	89,896	36.1
Uncoated P&W Paper	248,020	106.7	190,205	79.3	194,359	94.5
<b>Export Market</b>	<b>309,610</b>	<b>199.4</b>	<b>394,348</b>	<b>256.3</b>	<b>286,083</b>	<b>202.3</b>
Pulp	137,081	107.2	172,859	139.4	124,350	108.3
Coated P&W Paper	8,632	3.8	8,241	3.9	9,168	4.5
Paperboard	29,729	18.0	33,293	20.9	27,445	17.2
Uncoated P&W Paper	134,168	70.3	179,955	92.1	125,120	72.3
<b>Total</b>	<b>787,180</b>	<b>417.6</b>	<b>796,407</b>	<b>439.6</b>	<b>653,370</b>	<b>378.3</b>
Pulp	180,720	145.4	212,190	173.7	149,600	133.0
Coated P&W Paper	81,475	31.5	71,296	27.9	66,950	25.2
Paperboard	142,797	63.6	142,761	66.6	117,341	53.3
Uncoated P&W Paper	382,188	177.0	370,160	171.4	319,479	166.8

**Note:** The above figures exclude revenue from other products (IT and office materials), of R\$ 12.1 million in 4Q06, R\$ 12,9 million in 1Q07 and R\$ 2.8 million in 1Q06.

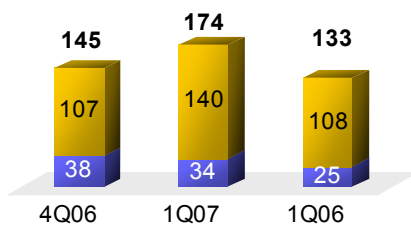
## SUZANO PAPEL E CELULOSE S.A.

### REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) – (Continued) (Unaudited)

#### Pulp Business Unit

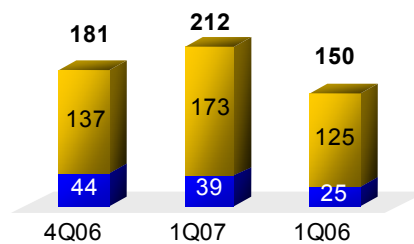
The pulp market continued to be strong in the quarter. We sold 174 tsd tons of pulp in 1Q07, 19.4% more than in 4Q06, and 30.6% more than in 1Q06. Exports provided 79.9% of our total pulp sales revenue in 1Q07, which compares with 73.8% in 4Q06 and 81.2% in 1Q06.

**Pulp Sales volume (thousand tons)**



■ Domestic market ■ Export market

**Pulp Net Sales (R\$ million)**

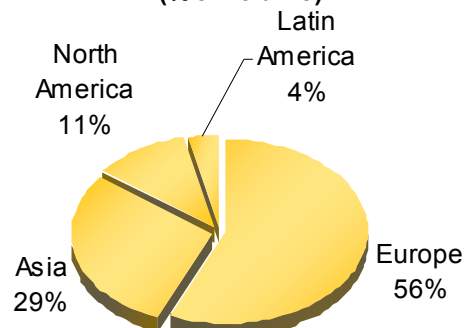


■ Domestic market ■ Export market

Average pulp export price in 1Q07 was US\$ 588 / ton, vs. US\$ 594 / ton in 4Q06, and US\$ 523 / ton in 1Q06.

Total sales revenue from pulp in 1Q07 was R\$ 212.2 million. From 4Q06 to 1Q07, revenue increased by 17.4%, mainly due to a volume increase of 19.4%. And from 1Q06 to 1Q07, revenue increased by 41.8%, reflecting both the higher prices and the 50% consolidation of Ripasa.

**Pulp exports - 1Q07  
(% of volume)**





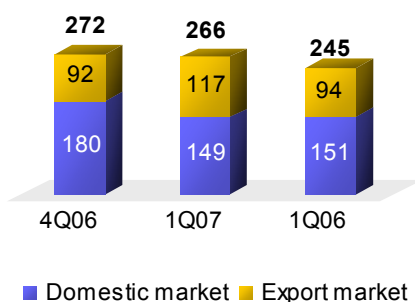
## SUZANO PAPEL E CELULOSE S.A.

### REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) – (Continued) (Unaudited)

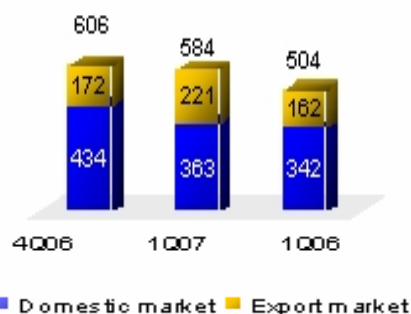
#### Paper Business Unit

Net sales revenue from paper in 1Q07 was R\$ 584.2 million, 3.7% lower than in 4Q06, and 16.0% higher year on year, mainly reflecting higher volume sold, and higher average prices – which reached US\$899 / ton for exports and R\$ 2,434 / ton in the domestic market. The 1Q07 net sales revenue was 3.7% lower than in 4Q06, mainly reflecting seasonal factors, and also the higher proportion of exports in total sales.

**Paper sales volume (thousand tons)**



**Paper Net Sales (R\$ million)**



#### Domestic market

Net sales revenue in printing and writing papers was lower than in 4Q06, partly reflecting demand 15% lower on seasonal factors, and, in uncoated papers, the influence of a price increase of around 3.1%.

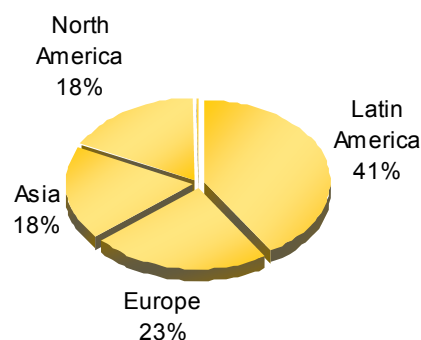
In paperboard our sales volume was stable from 4Q06, in spite of lower domestic demand – and was 26.4% higher than in 1Q06, due to the share of the volume from Ripasa.

#### Exports

Volume of paper export sales increased by 26.8% from 4Q06 to 1Q07 – Even with a slight retraction in some markets, our export sales increased across all the regions.

We increased our prices for cut sizes in Europe by 30 euros, increasing our average overall market price in US dollars by 3% from 4Q06 – but the 2.0% appreciation of the Real against the US dollar resulted in an increase of 1.4% in prices in Reais.

**Paper exports - 1Q07  
(% of volume)**



## SUZANO PAPEL E CELULOSE S.A.

### REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) – (Continued) (Unaudited)

#### Production and costs

##### Production (thousand tons)

	4Q06	1T07	1Q06
<b>Production</b>	<b>438.1</b>	<b>458.5</b>	<b>390.5</b>
Market Pulp	147.9	174.1	157.1
Coated P&W Paper	37.1	49.7	25.4
Paperboard	62.6	59.8	51.4
Uncoated P&W Paper	190.5	174.9	156.6

We produced a record volume of 458.5 tsd tons in 1Q07: 174.1 tsd tons of market pulp, and 284.4 tsd tons of paper. This reflected our efforts to achieve operational improvements and better productivity from our equipments. Our production in 1Q07 was 4.7% higher than 4Q06 and 17.4% higher than 1Q06.

Pulp cash production cost in 1Q07 (excluding the cost of standing timber) was R\$ 462 ton, this value is 7.4% lower than in the previous quarter (4Q06), and 6.5% higher than in the 1Q06, reflecting the trend to normalization of costs in our operations. On the other hand, there were short unscheduled stoppages for equipment maintenance. Measured in US dollars, our cash cost in 1Q07 was US\$219 / ton.

Unit cost of goods sold, at R\$ 1,198.39 / ton in 1Q07, was 0.7% higher than in 4Q06 (R\$ 1,190.33).

There is an overall maintenance shutdown scheduled for the Suzano unit in May 2007.

#### Net income analysis

	<i>(In thousand R\$)</i>		
	4Q06	1Q07	1Q06
<b>EBIT</b>	175,002	188,720	148,395
<b>Depreciation / Depletion / Amortization</b>	86,024	85,910	67,998
<b>EBITDA</b>	261,026	274,630	216,393
<b>Gross Profit / Net Sales</b>	37.8%	34.9%	35.8%
<b>EBITDA / Net Sales</b>	32.7%	33.9%	33.0%
<b>Net Debt / EBITDA (LTM)</b>	3.77	3.72	2.86

Adjusted Ebitda = operational profit, less net financial revenue/expenses, equity income, depreciation and amortization, included in operational profit.

## SUZANO PAPEL E CELULOSE S.A.

### REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) – (Continued) (Unaudited)

#### Adjusted Ebitda

Adjusted Ebitda in the 1Q07 was R\$ 275 million, 5.2% more than 4Q06, and 26.9% more than 1Q06. Contributing factors include 26.3% reduction in operational expenses comparing to the 4Q06 and price increases for uncoated papers.

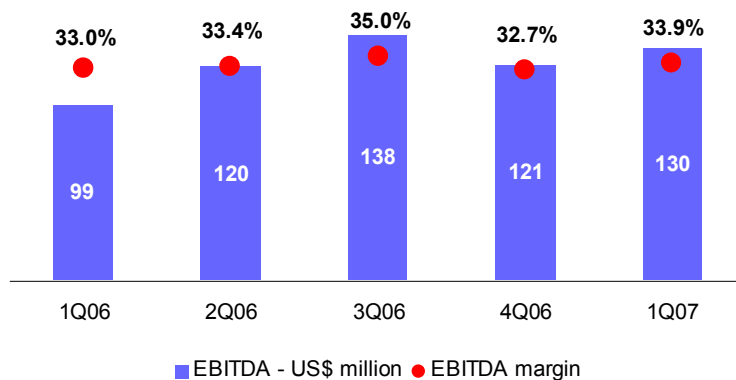
Although the large export volume was achieved in the context of a stronger Real, Ebitda margin on net sales revenue was 33.9%, compared to 32.7% in 4Q06, and 33.0% in 1Q06. Adjusted Ebitda converted in dollars was US\$130 million, compared with US\$121 million in the last quarter of 2006.

Main factors affecting the quarter's Ebitda:

- (i) Higher volume of paper and pulp sold.
- (ii) Higher prices for uncoated papers, with pulp prices sustained.
- (iii) Reduction in sales and administrative expenses.

These effects were offset by:

- (i) Unit COGS 0.7% higher than in 4Q06;
- (ii) Provision for bad debt;
- (iii) Further appreciation of the Real;
- (iv) Larger share of paper exports on total revenue (43.9% in 1Q07, 33.9% in 4Q06 and 38.3% in 1Q06)



**SUZANO PAPEL E CELULOSE S.A.**

**REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) – (Continued)**  
(Unaudited)

	4Q06	1Q07	1Q06
<b>Net Sales</b>	799,276	809,323	656,123
Cost of Sales	(497,043)	(526,773)	(421,052)
<b>Gross Profit</b>	302,233	282,550	235,071
Selling Expenses	(54,875)	(43,061)	(36,941)
General and Administrative expenses	(69,578)	(57,306)	(52,824)
Financial Expenses	(81,229)	(72,139)	(67,970)
Financial Income	33,412	36,340	25,839
Equity Pickup in Subsidiaries and Affiliates	(113)	912	(23)
Amortization of Goodwill	(20,990)	(20,989)	(12,561)
Other Operating Income	(2,778)	6,537	3,089
<b>Operating Profit before Monetary and Exchange Rate Variation</b>	106,082	132,844	93,680
Monetary and Exchange Rate Variation, net	32,974	68,760	110,467
<b>Operating Profit</b>	139,056	201,604	204,147
Non Operating Income (Expenses), Net	(3,968)	(90)	4,928
Income and Social Contribution Taxes	(44,942)	(95,372)	(56,887)
<b>Net Income for the Period</b>	90,146	106,142	152,188

**Net income**

Net income at 1Q07, R\$ 106 million, is 17,7% more than in 4Q06, and 30.3% less than in 1Q06.

In addition to the operational aspects affecting adjusting Ebitda mentioned above, the following events contributed to explain the fluctuations in net income for the quarter:

- (i) Income tax R\$ 35 million higher in the quarter, due to reversal of a 75% tax reduction incentive from ADENE (the economic authority for the Northeast of Brazil).
- (ii) Non-utilization of the 75% reduction in the income tax rate from ADENE, also in this quarter, since there was no taxable income.
- (iii) The weaker dollar along the 1Q07 reduced our debt in US currency, increasing financial revenue.

**SUZANO PAPEL E CELULOSE S.A.**

REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) – (Continued)  
(Unaudited)

**Pro-forma net income (consolidating 50% of Ripasa in all periods)**

**Net sales breakdown- R\$ and Tons**

	4Q06		1Q07		1Q06	
	R\$ tsd	tsd tons	R\$ tsd	tsd tons	R\$ tsd	tsd tons
<b>Domestic Market</b>	<b>477,570</b>	<b>218.2</b>	<b>402,059</b>	<b>183.3</b>	<b>430,068</b>	<b>198.8</b>
Pulp	43,639	38.2	39,331	34.3	38,008	37.9
Coated P&W Paper	72,843	27.8	63,055	24.0	71,113	25.7
Paperboard	113,068	45.6	109,468	45.7	98,907	40.7
Uncoated P&W Paper	248,020	106.7	190,205	79.3	222,040	94.5
<b>Export Market</b>	<b>309,610</b>	<b>199.4</b>	<b>394,348</b>	<b>256.3</b>	<b>307,316</b>	<b>215.3</b>
Pulp	137,081	107.2	172,859	139.4	124,350	108.3
Coated P&W Paper	8,632	3.8	8,241	3.9	12,708	6.4
Paperboard	29,729	18.0	33,293	20.9	27,896	17.5
Uncoated P&W Paper	134,168	70.3	179,955	92.1	142,362	83.1
<b>Total</b>	<b>787,180</b>	<b>417.6</b>	<b>796,407</b>	<b>439.6</b>	<b>737,384</b>	<b>414.1</b>
Pulp	180,720	145.5	212,190	173.7	162,358	146.2
Coated P&W Paper	81,475	31.5	71,296	27.9	83,821	32.1
Paperboard	142,797	63.6	142,761	66.6	126,803	58.2
Uncoated P&W Paper	382,188	177.0	370,160	171.4	364,402	177.6
<b>Net Sales</b>	<b>787,180</b>	<b>100%</b>	<b>796,407</b>	<b>100%</b>	<b>737,384</b>	<b>100%</b>
Cogs	497,043	63.1%	526,773	66.1%	485,652	65.9%
<b>Gross profit</b>	<b>302,233</b>	<b>38.4%</b>	<b>282,550</b>	<b>35.5%</b>	<b>257,706</b>	<b>34.9%</b>
SG&A	127,232	16.2%	93,830	11.8%	99,161	13.4%
<b>EBIT</b>	<b>175,001</b>	<b>22.2%</b>	<b>188,720</b>	<b>23.7%</b>	<b>158,545</b>	<b>21.5%</b>
Depreciation/ Depletion/ Amortization	86,025	10.9%	85,910	10.8%	82,743	11.2%
<b>EBITDA</b>	<b>261,026</b>	<b>33.2%</b>	<b>274,630</b>	<b>34.5%</b>	<b>241,288</b>	<b>32.7%</b>
Net Debt	3,918,745	n.a.	4,084,521	n.a.	2,498,883	n.a.

**Note:** These figures exclude revenues from other products (IT and office materials), of R\$ 6.0 million in 1Q06, R\$ 12.1 million in 4Q06, and R\$ 12.9 million in 1Q07

## SUZANO PAPEL E CELULOSE S.A.

### REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) – (Continued) (Unaudited)

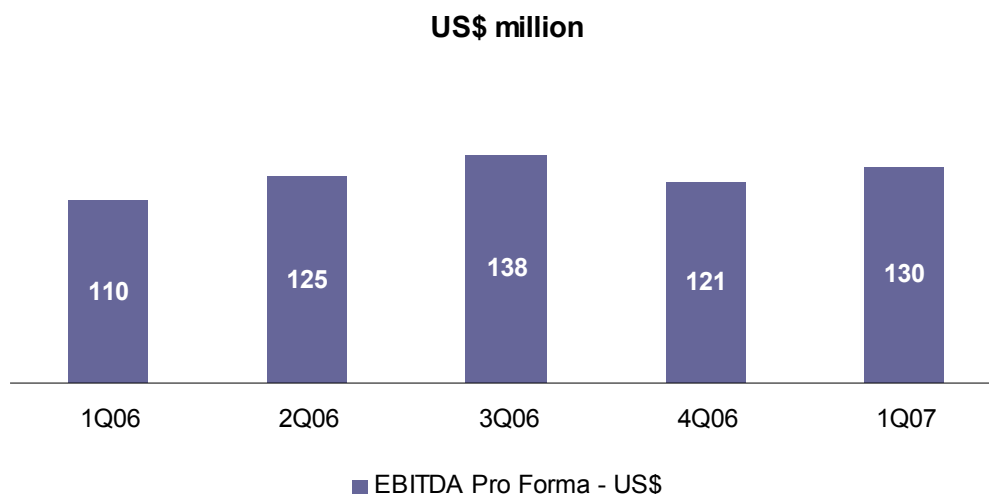
#### Comments on net income

Total net revenue in 1Q07 from paper and pulp products (excluding the other products of Ripasa), was R\$ 796.4 million, 8.0 % higher than in 1Q06. Exports represented 48.7% of this sales revenue, compared to 41.3% in 1Q06, while the domestic market produced 51.3% of our total sales volume in 1Q07, vs. 48.7% in 2006.

Consolidation of Ripasa has the following effects:

R\$ Tsd	4Q06		1Q07		1Q06	
	Pro-Forma	50% Rip	Pro-Forma	23% 50% Rip	Pro-Forma	23% Rip
Net sales	799,276	same	796,407	same	737,384	656,123
COGS	497,043	same	526,773	same	485,652	421,052
Gross profit	302,233	same	282,550	same	257,706	235,071
SG&A	127,232	same	93,830	same	99,161	86,676
EBIT	175,001	same	188,720	same	158,545	148,395
Depreciation/ Depletion/ Amortization	86,025	same	85,910	same	82,743	67,998
EBITDA	261,026	same	274,630	same	241,288	216,393
US\$	Pro-Forma	50% Rip	Pro-Forma	50% Rip	Pro-Forma	23% Rip
Net sales	371,445	same	377,856	same	336,198	299,149
EBITDA	121,387	same	130,298	same	110,011	98,711

Ebitda in US dollars have been as follows:



## SUZANO PAPEL E CELULOSE S.A.

### REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) – (Continued) (Unaudited)

#### Other information

##### Acquisition of 50% of the Embu Unit

On February 15, 2007, as part of the reorganization of the activities of Ripasa, the Company acquired VCP's 50% interest in Ripasa's unit plant at Embu, for US\$20 million, equivalent to R\$ 41.1 million. This amount was paid on March 30, 2007. The transaction generated additional goodwill amounted R\$ 625 thousand for the Company .

The Embu Unit has annual production capacity for 48 tsd tons of paperboard.

##### Tax incentive concession for the Mucuri Unit

In March 2007, the Company's unit at Mucuri was granted, under a tax incentive legislation for the region, with an accelerated depreciation incentive on fixed assets acquired since January 1, 2006.

This accelerated depreciation incentive represents deferral of payment of income tax for the useful life of the asset (in most cases 35 years). The depreciation recorded in the statement of income should be added to taxable profit in future years.

The use of this new tax advantage generates a significant improvement in cash flow. As a counterpart, the 75% reduction in taxable income under a previously granted tax benefit from ADENE was lost in 2006 and will not be used in 2007, since the taxable income for both years will be zero.

The economic and financial gain to the Company from the deferral of taxation – arising from the accelerated depreciation under the new tax incentive structure – is significantly greater than the effect of the loss of the 75% reduction in income tax liability. However, it should be noted that the new tax benefit is not immediately recorded in the income statement, since assets and liabilities are not accrued at present value (discounted cash flow value).

##### Capital expenditure

The Company's capital expenditure (excluding capital expenditure on operational units of Ripasa) in the first quarter of 2007 totaled R\$ 331.2 million (US\$154.0 million) – including: (i) R\$ 47.6 million on forestry activities, industrial facilities, administration and logistics; (ii) R\$ 6.6 million on the Capim Branco hydroelectric complex; (iii) R\$ 273.6 million on the Mucuri project; and (iv) R\$ 3.4 million on general capital expenditure projects.

##### Debt

Net debt / Ebitda ratio balances were stable: consolidated net debt at the end of 1Q07 was R\$ 4,084.5 million, representing 3.72 times cash flow in the period (last 12 months Ebitda). This compares with debt of R\$ 3,918.7 million, and a net debt/Ebitda ratio of 3.77, in 4Q06.

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**\*\*\* Financial information, such as volume, quantity, average prices, average quotations and EBITDA, in reais and dollars, and the financial data included in the pro forma financial statements were not object of review by our independent auditors.**

## SUZANO PAPEL E CELULOSE S.A.

### OTHER COMPANY'S RELEVANT INFORMATION (Unaudited)

In accordance with Corporative Governance Practices (Level 1) we present below a shareholding composition statement with all investors and shareholders holding, directly or indirectly, more than 5% of each type and class of share of the Company's capital, broken down to the individual level, at March 31, 2007.

#### COMPOSITION OF SHAREHOLDERS - SUZANO PAPEL E CELULOSE S.A. - At March 31, 2007

CAPITAL - R\$ 2,054,426,783.47

Shareholders	Common		Preferred class "A"		Preferred class "B"		Total	
	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%
SUZANO HOLDING S.A. <sup>(1)</sup>	94,382,199	87.54%	456,974	0.22%	2,385	0.15%	94,841,558	30.16%
IPLF HOLDING S.A.	8,000,000	7.42%	-	-	-	-	8,000,000	2.54%
ZDZ PARTICIPAÇÕES E ADM S.A.	5,428,955	5.04%	1,009,583	0.49%	-	-	6,438,538	2.05%
BNDES PARTICIPAÇÕES S.A. - BNDESPAR	-	-	13,522,670	6.59%	-	-	13,522,670	4.30%
FANNY FEFFER	3,005	-	11,487,088	5.60%	-	-	11,490,093	3.65%
CAIXA PREVID FUNC DO BCO DO BR	-	-	14,483,569	7.06%	-	-	14,483,569	4.61%
IVY GLOBAL NATUR RES FUND	-	-	10,525,000	5.13%	-	-	10,525,000	3.35%
SUZANO PAPEL E CELULOSE - TREASURY SHARES	-	-	-	-	1,358,419	88.16%	1,358,419	0.43%
FUNDO INVEST. DO NORDESTE FINOR	-	-	-	-	169,340	10.99%	169,340	0.05%
OTHERS	7,294	0.01%	153,635,103	74.90%	10,735	0.70%	153,653,132	48.86%
<b>TOTAL</b>	<b>107,821,453</b>	<b>100.00%</b>	<b>205,119,987</b>	<b>100.00%</b>	<b>1,540,879</b>	<b>100.00%</b>	<b>314,482,319</b>	<b>100.00%</b>

(1) - Suzano Holding has 100,000 preferred class A shares leased to the market developer that have been considered under Others.

#### COMPOSITION OF SHAREHOLDERS - SUZANO HOLDING S.A. - At March 31, 2007

CAPITAL - R\$ 1,310,000,000.00

Shareholders	Common		Preferred		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
FANNY FEFER	16,402,750	27.51%	12,747,626	25.1%	29,150,376	26.42%
BETTY FEFFER	13,416,014	22.50%	11,340,439	22.4%	24,756,453	22.44%
DANIEL FEFFER	7,453,335	12.50%	6,079,731	12.0%	13,533,066	12.27%
DAVID FEFFER	7,453,335	12.50%	6,052,148	11.9%	13,505,483	12.24%
JORGE FEFFER	7,453,335	12.50%	6,049,463	11.9%	13,502,798	12.24%
RUBEN FEFFER	7,453,335	12.50%	6,046,927	11.9%	13,500,262	12.24%
OTHERS	3	-	2,370,957	4.7%	2,370,960	2.15%
<b>TOTAL</b>	<b>59,632,107</b>	<b>100.00%</b>	<b>50,687,291</b>	<b>100.00%</b>	<b>110,319,398</b>	<b>100.00%</b>

#### COMPOSITION OF SHAREHOLDERS - IPLF HOLDING S.A. - At March 31, 2007

CAPITAL - R\$ 195,006,861.00

Shareholders	Common		Preferred		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
FANNY FEFER	53,626,859	27.50%	27	27.00%	53,626,886	27.50%
BETTY FEFFER	43,876,428	22.50%	22	22.00%	43,876,450	22.50%
DANIEL FEFFER	24,375,869	12.50%	12	12.00%	24,375,881	12.50%
DAVID FEFFER	24,375,869	12.50%	12	12.00%	24,375,881	12.50%
JORGE FEFFER	24,375,868	12.50%	12	12.00%	24,375,880	12.50%
RUBEN FEFFER	24,375,868	12.50%	12	12.00%	24,375,880	12.50%
OTHERS	-	-	3	3.00%	3	-
<b>TOTAL</b>	<b>195,006,761</b>	<b>100.00%</b>	<b>100</b>	<b>100.00%</b>	<b>195,006,861</b>	<b>100.00%</b>

#### COMPOSITION OF SHAREHOLDERS - ZDZ PARTICIPAÇÕES E ADMINISTRAÇÃO S.A.

Shareholders	Common		Preferred		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
CLAÚDIO ZARZUR	4,762,024	25.00%	-	-	4,762,024	25.00%
MARCIO ROBERTO ZARZUR	7,143,035	37.50%	-	-	7,143,035	37.50%
TONY OMAR ZARZUR	7,143,035	37.50%	-	-	7,143,035	37.50%
<b>TOTAL</b>	<b>19,048,094</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>	<b>19,048,094</b>	<b>100.00%</b>



## SUZANO PAPEL E CELULOSE S.A.

### OTHER COMPANY'S RELEVANT INFORMATION (Continued) (Unaudited)

#### COMPOSITION OF SHAREHOLDERS - BANCO NACIONAL DO DESENVOLVIMENTO ECONÔMICO E SOCIAL

##### Participações - BNDESpar

Shareholders	Common		Preferred		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
BNDES	1	100.00%	-	-	1	100.00%
<b>TOTAL</b>	<b>1</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>100.00%</b>

#### COMPOSITION OF SHAREHOLDERS - BANCO NACIONAL DO DESENVOLVIMENTO ECONÔMICO E SOCIAL - BNDES

Shareholders	Common		Preferred		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
BRAZILIAN GOVERNMENT	6,273,711,452	100.00%	-	-	6,273,711,452	100.00%
<b>TOTAL</b>	<b>6,273,711,452</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>	<b>6,273,711,452</b>	<b>100.00%</b>

In accordance with Corporate Governance Practices (Level 1), we are presenting the quantity and characteristics of the shares that directly or indirectly pertain to the controlling company, executive board and members of Audit Committee, at March 31, 2007 and 2006:

#### COMPOSITION OF SHAREHOLDERS - SUZANO PAPEL E CELULOSE S.A. - At March 31, 2007

CAPITAL - R\$ 2,054,426,783.47

Shareholders	Common		Preferred class "A"		Preferred class "B"		Total	
	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%
CONTROLLING SHAREHOLDERS*	102,392,498	94.96%	70,623,270	34.43%	8,838	0.57%	173,024,606	55.02%
TREASURY SHARES	-	-	-	-	1,358,419	88.16%	1,358,419	0.43%
EXECUTIVE BOARD	-	-	5,020	0.00%	-	-	5,020	0.00%
BOARD OF DIRECTORS	-	-	156,301	0.08%	-	-	156,301	0.05%
FISCAL COUNCIL	-	-	11,361	0.01%	-	-	11,361	-
MANAGEMENT COMMITTEE	-	-	35,935	0.02%	-	-	35,935	0.01%
FORMER CONTROLLING COMPANY - RIPASA	5,428,955	5.04%	1,795,986	0.88%	-	-	7,224,941	2.30%
OTHER SHAREHOLDERS	-	-	132,492,114	64.59%	173,622	11.27%	132,665,736	42.19%
<b>TOTAL</b>	<b>107,821,453</b>	<b>100.00%</b>	<b>205,119,987</b>	<b>100.00%</b>	<b>1,540,879</b>	<b>100.00%</b>	<b>314,482,319</b>	<b>100.00%</b>

\* Including BNDES participation

#### COMPOSITION OF SHAREHOLDERS - SUZANO PAPEL E CELULOSE S.A. - At March 31, 2006

CAPITAL - R\$ 1,479,990,325.42

Shareholders	Common		Preferred class "A"		Preferred class "B"		Total	
	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%
CONTROLLING SHAREHOLDERS*	102,374,458	100.00%	88,963,675	49.01%	8,638	0.56%	191,346,771	67.03%
TREASURY SHARES	-	-	-	-	1,358,419	88.16%	1,358,419	0.48%
EXECUTIVE BOARD	-	-	27,790	0.02%	-	-	27,790	0.01%
BOARD OF DIRECTORS	-	-	92,236	0.05%	-	-	92,236	0.03%
FISCAL COUNCIL	-	-	11,361	0.01%	-	-	11,361	-
MANAGEMENT COMMITTEE	-	-	1,003	-	-	-	1,003	-
OTHER SHAREHOLDERS	-	-	92,435,111	50.92%	173,822	11.28%	92,608,933	32.44%
<b>TOTAL</b>	<b>102,374,458</b>	<b>100.00%</b>	<b>181,531,176</b>	<b>100.00%</b>	<b>1,540,879</b>	<b>100.00%</b>	<b>285,446,513</b>	<b>100.00%</b>

\* Including BNDES participation

## SUZANO PAPEL E CELULOSE S.A.

### OTHER COMPANY'S RELEVANT INFORMATION (Continued) (Unaudited)

In accordance with Corporate Governance Practices (Level 1), we are presenting the outstanding shares and the corresponding percentage compared to the total issued shares at March 31, 2007:

**COMPOSITION OF SHAREHOLDERS - SUZANO PAPEL E CELULOSE S.A. - At March 31, 2007**  
CAPITAL - R\$ 2,054,426,783.47

Shareholders	Common		Preferred class "A"		Preferred class "B"		Total	
	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%
SUZANO HOLDING S.A. <sup>(1)</sup>	94,382,199	87.54%	456,974	0.22%	2,385	0.15%	94,841,558	30.16%
IPLF HOLDING S.A.	8,000,000	7.42%	-	-	-	-	8,000,000	2.54%
BNDES PARTICIPAÇÕES S.A. - BNDESPAR	-	-	13,522,670	6.59%	-	-	13,522,670	4.30%
TREASURY SHARES	-	-	-	-	1,358,419	88.16%	1,358,419	0.43%
OTHER SHAREHOLDERS	10,299	0.01%	56,643,626	27.61%	6,453	0.42%	56,660,378	18.02%
ADMINISTRATION <sup>(2)</sup>	-	-	197,256	0.10%	-	-	197,256	0.06%
FORMER CONTROLLING COMPANY - RIPASA	5,428,955	5.04%	1,795,986	0.88%	-	-	7,224,941	2.30%
SHARES AT MARKET	-	-	132,503,475	64.60%	173,622	11.27%	132,677,097	42.19%
<b>TOTAL</b>	<b>107,821,453</b>	<b>100.00%</b>	<b>205,119,987</b>	<b>100.00%</b>	<b>1,540,879</b>	<b>100.00%</b>	<b>314,482,319</b>	<b>100.00%</b>

(1) - Suzano Holding has 100,000 preferred class A shares leased to the market developer that have been considered under Others.

(2) Administration = Board of Directors; Executive Board and Committees.