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## Suzano announces the issue of convertible debentures

*Total amount of R\$ 240 million*

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**São Paulo, March 28, 2006** – Suzano Papel e Celulose (Suzano or Company) (Bovespa: SUZB5), one of Latin America's largest integrated producers of paper and pulp, in compliance with CVM Instruction 358/02, hereby informs its investors and the general public that on today's date the Company and its majority stockholder, Suzano Holding S.A., signed a Commitment Agreement with BNDES Participações S.A. – BNDESPAR ("BNDESPAR") for the underwriting of debentures convertible into common and preferred shares in the Company ("the Underwriting Commitment"), under which the said parties have entered into undertakings and mutual obligations including the following:

(i) Within 180 calendar days from the signature of the Underwriting Commitment the Company shall finalize issuance and subscription of its fourth Issue of Debentures ("the Issue"). The Issue shall be of 80,000 debentures convertible into common shares in the Company and 160,000 debentures convertible into Class "A" preferred shares issued by the Company, a total of 240,000 convertible debentures, which shall be of the book-entry type, with floating guarantee, nominal unit value of R\$ 1,000.00, and total nominal value of R\$ 240,000.00 ("the Debentures"), but the number of debentures and the total value of the Issue may be slightly increased at the General Meeting of Stockholders of the Company which decides on the matter, so as to allow a right of subscription of at least one debenture for every one of the Company's stockholders at the time of approval of the matter. The debentures shall be issued for a period of seven (7) years. The issue date shall be December 1, 2005, and maturity scheduled for December 1, 2012. The Debentures shall pay interest equal to the Long Term Interest Rate (TJLP) plus 2.5% per annum, and shall be convertible into shares at the price of R\$14.83, which is the arithmetic mean of the average trading price of the Company's Class "A" preferred shares in the 30 (thirty) trading sessions immediately prior to the trading session of December 01, 2005, inclusive, augmented by a premium of 20% (twenty per cent) for conversions carried out up to December 31, 2006, and at the price of R\$17.31, which is the same arithmetic mean augmented by a premium of 40% (forty per cent) for conversions carried out after January 01, 2007. The Issue shall be the subject of a private placement, without the participation of a fiduciary agent and without efforts being made for sale to the investing public.

(ii) All stockholders of the Company at the time of approval of the Issue, at the General Meeting of Stockholders, shall have the right of preference to subscribe the Debentures, in proportion to their holdings of the respective types of shares, in accordance with Law 6404/76, for 30 calendar days from the date of publication of the notice to stockholders to this effect.

(iii) The BNDES undertakes to subscribe and pay up in full the balance of Debentures not subscribed by stockholders of the Company during the above-mentioned period of right of preference. The controlling stockholder of the Company, Suzano Holding S.A., shall assign its preferential right of subscription of the Debentures to BNDESPAR.

(iv) The exercise by BNDESPAR of the right to convert any Debentures it acquires into common and/or Class "A" preferred shares in the Company shall be subject to terms and conditions established in the Underwriting Commitment, which specifies certain conditions precedent or additional for the exercise of such conversion right by BNDESPAR, among which an important provision is that ownership of the common shares resulting from the conversion of the debentures held by BNDESPAR shall immediately be acquired by Suzano Holding SA.

The proceeds of the Issue will be allocated to lengthening of the profile of the Company's indebtedness, contracted for the development of its business and for working capital.

**Suzano Papel e Celulose** is one of the largest vertically integrated producers of eucalyptus pulp and paper in Latin America, with pulp production capacity of 1.1 million tons/year and paper production capacity of 820 thousand tons/year. It offers a broad range of pulp and paper products for the domestic and international markets, with leadership positions in key Brazilian markets. It has four product lines: (i) eucalyptus pulp; (ii) uncoated woodfree printing and writing paper; (iii) coated woodfree printing and writing paper; and (iv) paperboard. Suzano Papel e Celulose indirectly owns 50% of the controlling interest in **Ripasa S.A Celulose e Papel**, which produces pulp, printing and writing paper, specialty papers, paperboard and cardboards. Ripasa's 2004 net sales were R\$ 1.4 billion, from sales of 612,000 tons of products. It has four industrial units in São Paulo State, and forest areas totaling 86,400 hectares.

#### **Forward-looking statements**

*Certain statements in this document may constitute forward-looking statements – projections or statements about future expectations. Such statements are subject to known and unknown risks and uncertainties, which could cause such expectations not to materialize or actual results to differ materially from those set forth in the forward-looking statements. These risks include: the issue of the convertible debentures, the non realization of all conditions precedent in the Underwriting Commitment, changes in future demand for the Company's products, changes in the factors which affect domestic and international prices of the products, changes in the cost structure, changes in seasonal market patterns, changes in prices charged by competitors, exchange rate variations, or changes in the Brazilian political or economic scenario, or in emerging and international markets in general.*