



Suzano Papel e Celulose announces consolidated results for the 4th quarter of 2008

Suzano reports record EBITDA, despite the adverse business environment.

São Paulo, March 24, 2009. Suzano Papel e Celulose – (Bovespa: SUZB5), one of Latin America's largest integrated pulp and paper producers, announced today consolidated results for the 4th quarter of 2008 (4Q08). The Company's operating and financial information for the 4Q08 is presented on a consolidated basis, in Reais, pursuant to the Brazilian Corporate Law, and already contemplates the accounting changes introduced by Law 11.638/07. For comparison purposes the information comprised in this release refers to variations from the 3Q08 and the 4Q07 (also adjusted to reflect the accounting changes introduced by Law 11.638/07), except where otherwise specified.

Main Highlights:

4Q08

- **Market pulp and paper production of 654 thousand tons;**
- **Record net revenue of R\$ 1.1 billion;**
- Pulp cash cost of R\$ 438 / ton, excluding the Mucuri maintenance shutdown cost;
- **Record EBITDA: R\$ 382 million, with a 35% EBITDA margin;**
- 22% currency devaluation affected net results: accounting loss of R\$ 495 million;
- Net Debt / EBITDA ratio also affected by the currency devaluation impact on the Dollar denominated debt: 3.7x EBITDA in Dec/08.

2008

- **Record production of 2.7 million tons of market pulp and paper;**
- **Record sales of 1.2 million tons of paper and 1.3 million tons of pulp;**
- **Record net revenue of R\$ 4.1 billion;**
- **Record EBITDA: R\$ 1.5 billion, with a 36% EBITDA margin;**
- 32% currency devaluation affected net results: accounting loss of R\$ 451 million;
- **Robust cash and equivalents position: R\$ 2.2 billion on Dec 31st, 2008;**
- Learning curve of Line 2 in Mucuri concluded in June;
- New growth cycle announced (please refer to Material Fact published on July 23rd, 2008);
- National Quality Award, an international recognition, awarded by the National Quality Foundation (FNQ) to companies with world class management.

Conference Call and Webcast on these Results:

In Portuguese:

March 25– 9:30 a.m. (Brasilia)
Access: +55 11 2101 4848
Password: SUZANO

In English:

March 25 – 11:30 a.m. (Brasilia)
Access: + 1 412 858 4600
Password: SUZANO

www.suzano.com.br/ri

The figures in this release include Suzano's 50% equity holding in Ripasa until August 30th, 2008, when Ripasa started to operate as a consortium.

The financial data regarding the 100% shareholding in Embu is taken into account as from March 2007, due the incorporation of that unit.

The financial data for the Limeira and Cubatão plants was no longer consolidated as of November 2007 due to the disposal of these units

The Dollar translations are carried out at the average rate for the income (loss) accounts and final rate for the balance sheet accounts.

R\$ Million	3Q08	4Q08	4Q07	4Q08x3Q08	4Q08x4Q07	2008	2007	2008x2007
Net revenue	990	1,100	963	11.2%	14.2%	4,064	3,410	19.2%
Exports	487	610	485	25.3%	25.9%	2,214	1,595	38.8%
Domestic market	502	490	478	-2.5%	2.4%	1,850	1,815	1.9%
EBITDA	374	382	207	2.0%	84.4%	1,469	1,034	42.1%
EBITDA margin (%)	37.8%	34.7%	21.5%	-3.1 p.p.	13.2 p.p.	36.2%	30.3%	5.8 p.p.
Net financial results	(181)	(219)	(69)	20.7%	217.1%	(541)	(156)	246.9%
Net income (loss)	(282)	(495)	85	75.6%	n.a.	(451)	537	n.a.
Earnings (loss) per share (R\$)	(0.92)	(1.61)	0.27	75.6%	n.a.	(1.47)	1.71	n.a.
Pulp sales (tsd tons)	291	329	294	13.3%	12.1%	1,320	799	65.2%
Paper sales (tsd tons)	306	302	290	-1.2%	4.4%	1,162	1,125	3.2%
Pulp production (tsd tons)	405	367	320	-9.4%	14.7%	1,524	827	84.2%
Paper production (tsd tons)	289	287	287	-0.7%	0.2%	1,140	1,098	3.8%
Net debt	4,775	5,459	4,385	14.3%	24.5%	5,459	4,385	24.5%
Net debt / EBITDA	3.7	3.7	4.2	0.7%	n.a.	3.7	4.2	n.a.

Notes: n.a – not applicable / For comparison purposes, information shown on the table above already contemplates the accounting changes introduced by Law 11.638/07. The Net Debt/EBITDA ratio without the effects of Law 11.638 was 3.4 on 09/30/2008, 3.7 on 12/31/2007 and would be 3.6 on 12/31/2008

Summary of the Period – 4th Quarter 2008 (4Q08)

Signs of recovery of pulp demand in Asia

In the 4Q08, 9.5 million tons of market pulp were shipped globally, representing 2.2% and 9.2% decrease when compared to the 3Q08 and the 4Q07, respectively.

Main pulp markets' conditions:

- a) Western Europe: demand in the 4Q08 was 3.6 million tons, 3% and 9.4% lower than in the 3Q08 and the 4Q07, respectively, a clear sign of weakening demand.
- b) China: after the sharp decrease to its lowest level in October/08, pulp demand increased significantly in Dec/08, reaching 905 thousand tons (53.1% growth compared to Dec/07). Shipments were driven by the volumes sold to Chinese paper manufacturers, who increased purchases encouraged by the significant price drop. During the quarter, shipments to China amounted 1.7 million tons, 48.9% and 19.2% higher than in the 3Q08 and 4Q07, respectively.
- c) North America: pulp demand for the 4Q08 totaled 1.8 million tons, 7.8% and 15.5% lower than the demand in the 3Q08 and 4Q07, respectively.

The world's pulp production also showed significant reductions, driven by temporary and definitive shutdowns carried out in the 4Q08 – approximately 2.0 million tons of capacity removal (781 thousand tons of softwood, 1.0 million tons of hardwood, and 206 thousand tons of unbleached pulp and high yield pulp)².

The above market-related downtimes were not sufficient to adjust production to the decreasing demand. Global inventories continued to grow until November, with a peak of 50 days of production, but decreased in December, ending at 46 days (53 days for hardwood and 40 days for softwood)³, above the historical average of 32 days.

The CIF Europe list price of eucalyptus pulp was US\$ 720 / ton in the beginning of October and reached US\$ 590 / ton in December, a 18% drop⁴. Considering an average price of US\$ 653 / ton for the period and an average exchange rate of R\$ 2,28 / US\$, the average CIF Europe list price in Reais was R\$ 1,489 / ton, 10% and 6.9% higher than in the 3Q08 and the 4Q08, respectively.

The CIF Europe list price of softwood presented similar behavior, quoted at US\$ 780 / ton in October and at US\$ 650 / ton in December, representing 24.4% and 25.3% decrease compared to the 3Q08 and 4Q07, respectively.

However, based on the data regarding the industry cash cost, which according to Hawkins Wright (Source: Dec/08), varies between US\$ 310 and US\$ 600 for countries that have softwood production and between US\$ 260 - US\$ 550 for countries that have hardwood production, current prices are very close to or even lower than the production cost of several high cost producers. This is part of the reason for the recent announcements of temporary and definitive shutdowns of part of the pulp production capacity.

Domestic consumption of paper grows in the 4Q08 – Suzano reaches record volume in the period

According to Bracelpa, the Brazilian consumption of printing and writing paper in the 4Q08 grew by 3.1% and 4.9%, when compared to the 3Q08 and the 4Q07, respectively. Such growth in demand was driven by the purchase of paper destined to the government's educational book program as well as seasonal purchases of the notebook segment. As to paperboard, the demand decreased by 13.8% and 11.0% compared to the 3Q08 and the 4Q07, respectively. This was mainly due to the economic slowdown and to the reduction of inventories along the supply chain.

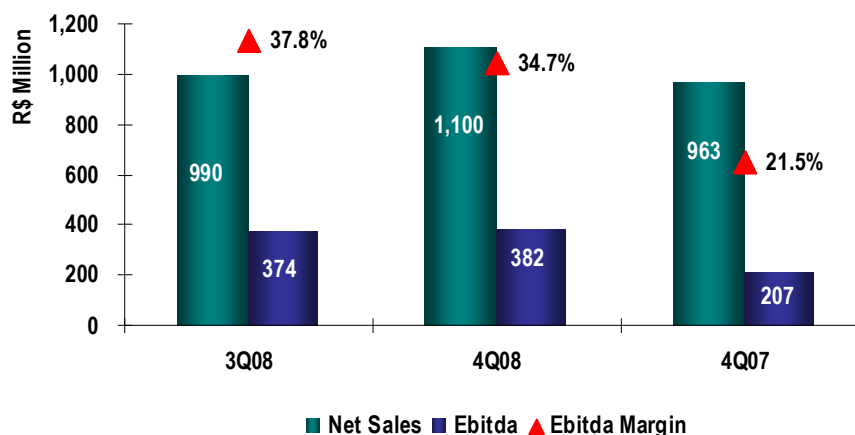
Also according to Bracelpa, Brazil exported 31.5% of the total production of printing and writing paper and paperboard in the 4Q08. Printing and writing paper imports represented 16.7% of the total volume sold in the domestic market in the 4Q08, compared to 17.7% in the 3Q08 and 16.6% in the 4Q07. Paperboard imports represented 8.9% of the total volume sold in the domestic market in the 4Q08, compared to 7.4% in the 3Q08 and 10.4% in the 4Q07.

Regarding the paper sales, Suzano recorded its best 4th quarter in history: 302 thousand tons of paper, 1.2% lower than the 3Q08 and 4.4% higher than the 4Q07.

Price increases implemented in the domestic market and the devaluation of the Real compared to the Dollar (improving exports prices in Reais) increased the average paper price (Domestic and Exports) by 12.2% when compared to the 3Q08. In this quarter paper exports represented 43.5% of the total volume.

In Europe, the average net price reached US\$ 843 / ton in the 4Q08 (uncoated – reels), which represents an average spread over the pulp price of US\$ 187 / ton. In 2008, the average net price reached US\$ 982 / ton (uncoated – reels) with an average spread on the pulp price of US\$ 201 / ton, US\$ 4 / ton below the historical average of the past 10 years.

Consistent operating results despite the effects of the global crisis in the 4Q08



The sales volume of paper and pulp in the 4Q08 was 632 thousand tons, 5.9% and 8.3% higher than the 3Q08 and the 4Q07 (329 thousand tons of market pulp and 302 thousand tons of paper).

The Company achieved record net revenue of R\$ 1,100 million in the 4Q08, 11.2% and 14.2% higher than the 3Q08 and the 4Q07. The cash generation, measured by EBITDA, reached R\$ 382 million in the quarter, a 34.7% margin, 3.1 p.p. lower than in the 3Q08 and 13.2 p.p. higher than in the 4Q07. EBITDA for the 4Q08 was affected by the following events:

- I. Adjustments to reflect the accounting changes introduced by Law 11.638/07 and MP 449/08;
- II. Reclassification related to currency exchange rate variations from last quarters in the 4Q08;
- III. Non recurring items.

Excluding these effects, which are detailed in the section below, the 4Q08 EBITDA would be R\$ 364 million, with an EBITDA margin of 33.1%.

In 2008, EBITDA reached approximately R\$ 1.5 billion, 42.1% higher than 2007, and the EBITDA margin was of 36.2% (considering the accounting changes introduced by Law 11.638/07).

The average cost of goods sold per ton in 4Q08 was R\$ 1,113 or 4.2% higher than 3Q08 and 5.6% higher than the same period of last year. Such increase was mainly due to the greater proportion of exports in the sales mix and the impact of the currency devaluation on costs denominated in Dollar. This cost increase was partially offset by the reduction in specific consumptions - due to better production performance - and price reductions in the main raw materials. During the quarter, there were also extraordinary costs due to the market-related and maintenance shutdowns.

The significant currency devaluation in the 4Q08 negatively affected the Company's net income and balance sheet. The main impact of the currency exchange rate variation occurred in the amount of the Dollar-denominated debt, which affected the net income and leverage ratio. However, cash disbursements related to this effect will only

happen on the maturity dates or amortizations. The Company recorded an accounting loss of R\$ 495 million in the 4Q08.

Results Analysis – 4th Quarter 2008 (4Q08)

The Company's operating and financial data is presented on a consolidated basis, in Reais, pursuant to the Brazilian Corporate Law, and already contemplates the accounting changes introduced by Law 11.638/07. For comparison purposes the information comprised in this release refers to variations from the 3Q08 and the 4Q07 (also adjusted to reflect the accounting changes introduced by Law 11.638/07), except where otherwise specified.

The main purpose of the Law 11,638/07, changed by MP 449/08, is to converge the accounting principles adopted in Brazil to those accepted by the international accounting standards, which are issued by the "International Accounting Standard Board – IASB".

Business Environment

The year of 2008 was marked by the severe and rapid reversal in the macroeconomic scenario. The recent losses reported by the financial institutions in the United States and Europe resulted in a serious confidence crisis and higher aversion to risks, draining liquidity out of the markets, leading to a wave of consolidations and takeovers of banks, insurance and real estate credit companies. The lack of credit availability in the market has led to a slowdown of economic activity worldwide since September/08.

Prices of several commodities, after reaching historical records in the first half of 2008, presented a downturn throughout 2H08, oil prices in particular. The Brent oil price, which reached US\$ 145 on 07/03/08, was quoted at US\$ 42 in December, a 56% price decrease. Inflation pressures that had started to appear in major economies have cooled down, interrupting the recently started interest rate increase cycle by the European Central Bank and creating conditions for interest rate reductions, coordinated by the main Central Banks in order to avoid significant slowdown in the main economies.

Effects of the higher risk aversion sentiment were noticed in Brazil and the currency exchange rate appreciation trend was interrupted. The FX rate reached R\$ 2.34 / US\$ on December 31st, presenting a 31.9% devaluation in 2008. The eventual global economic slowdown brings both challenges and opportunities for the Company: on one hand, Suzano can benefit from the depreciation of the Real and raw materials price decreases. On the other hand, the Company may face pressures on prices and sales volumes.

Fx rate, R\$ / US\$	3Q08	4Q08	4Q07	2008	2007
Start of period	1.59	1.91	1.84	1.77	2.14
End of period	1.91	2.34	1.77	2.34	1.77
Average	1.67	2.28	1.78	1.84	1.95
Variation	20.3%	22.1%	-3.7%	31.9%	-17.1%
Average Fx variation	0.8%	36.6%	-7.0%	-5.8%	-10.4%

Note: Calculation of variations using exchange rate to four decimal places
Source: Bacen

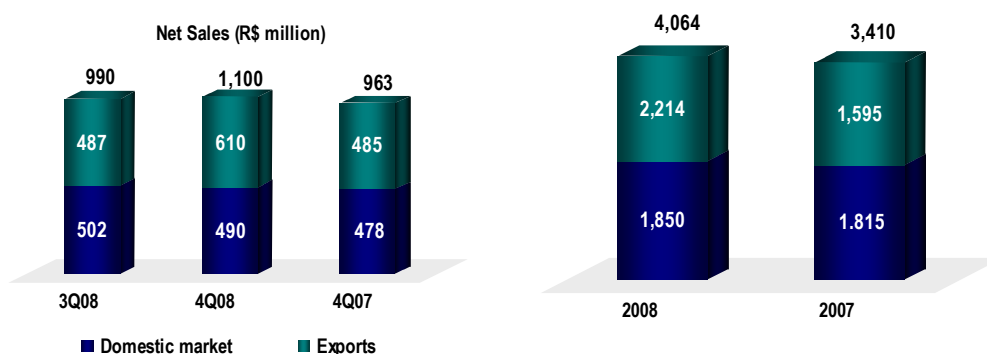
In the beginning of 2008, the Canadian Dollar was quoted at CAD 0.99/US\$ and by year-end it reached CAD 1.22/US\$, or a 22% depreciation. The Chilean Peso and the Euro were devaluated by 28% and 4.2%, respectively, when compared to the North-American Dollar in the same period. As such, the Dollar appreciation, when compared to the currencies of the countries that are the main pulp producers/consumers (among which the Brazilian Real had the strongest depreciation in 2008), coupled with the significant economic activity slowdown in the major economies, contributed for the average pulp price decrease in the international markets.

Income Statement

R\$ Million	3Q08	4Q08	4Q07	2008	2007
Net sales	989.7	1,100.4	963.5	4,063.6	3,409.7
Cost of goods sold	(637.5)	(703.2)	(614.8)	(2,647.2)	(2,215.6)
Gross profit	352.1	397.2	348.7	1,416.4	1,194.1
Sales expenses	(47.8)	(61.3)	(51.8)	(200.9)	(195.1)
General and administrative expenses	(75.8)	(53.1)	(73.6)	(251.4)	(229.9)
Financial expenses	(279.0)	(334.8)	(142.9)	(965.7)	(405.7)
Financial revenue	97.6	115.9	73.9	424.8	249.8
Equity pickup in subsidiaries and affiliates	(0.0)	(0.2)	0.2	(0.5)	(0.1)
Amortization of goodwill	(19.8)	(19.8)	(20.5)	(79.0)	(83.8)
Other operating income, net	31.0	(20.1)	(125.9)	53.4	(110.4)
Operating profit before monetary variation	58.3	23.7	8.1	397.0	419.0
Net monetary and exchange rate variation	(462.7)	(738.7)	100.7	(1,032.8)	393.1
Operating Profit	(404.3)	(715.0)	108.8	(635.8)	812.1
Non operating income (expenses), net	-	-	-	-	-
Income and Social Contribution taxes	122.8	220.4	(23.3)	184.5	(275.5)
Net income for the period	(281.5)	(494.5)	85.5	(451.3)	536.6

Net Revenue

Shipments rebound and net revenue record in the quarter



We have reached a net revenue record of R\$ 1,100 million in the 4Q08, 11.2 % and 14.2% higher than in the 3Q08 and 4Q07, respectively. In 2008, we also had a record net revenue of R\$ 4,064 million, 19.2% higher than in 2007.

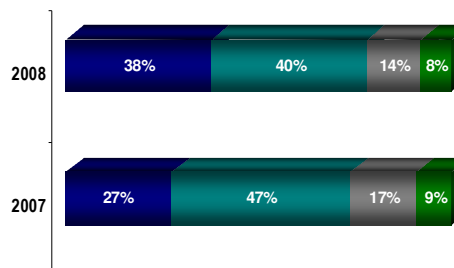
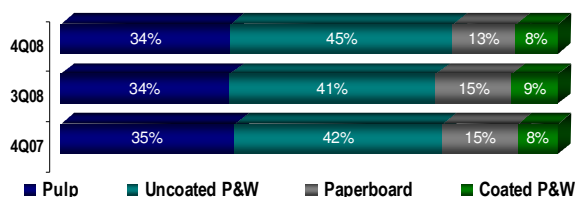
Pulp volumes sold in the 4Q08 totaled 329 thousand tons, 13.3% higher than in the 3Q08 and 12.1% higher than in the same period of last year. The increase in the pulp sales volume was mainly due to the recovery of Asian demand. In 2008, we reached our largest pulp sales volume: 1.3 million tons, 65.2% higher when compared to the last year. Such increase is explained by new capacity at the Mucuri Mill (Line 2).

The average net pulp price (Domestic and Exports) in the 4Q08 reached R\$ 1,146 / ton, 1.4% lower than in the 3Q08 and stable (-0.3%) when compared to the 4Q07. In 2008, the average net pulp price (Domestic and Exports) was R\$ 1,166 / ton, stable (-0.2%) when compared to 2007.

Paper volumes sold in the 4Q08 totaled 302 thousand tons, 1.2% lower when compared to the 3Q08, and 4.4% higher when compared to the same period of last year. In 2008, we registered a record paper sales volume of 1,162 thousand tons, 3.2% higher than in 2007.

The average net paper price in the 4Q08 (Domestic and Exports) reached R\$ 2,393 / ton, 12.2% and 11.0% higher than in the 3Q08 and 4Q07, respectively.

Breakdown of net sales
4Q08 x 3Q08 x 4Q07



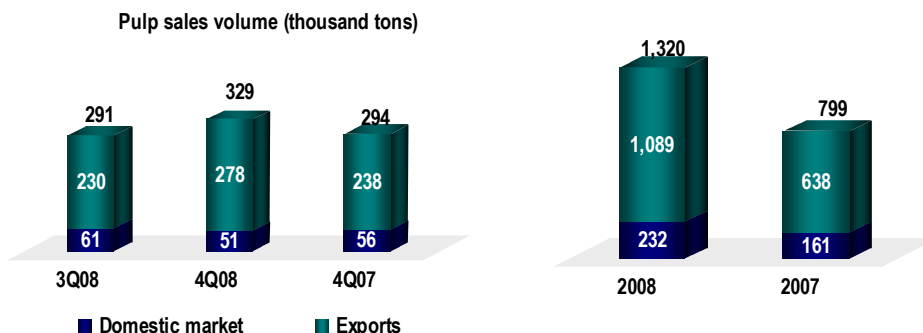
Paper and Pulp Sales

Net Sales	3Q08		4Q08		4Q07	
	R\$ Million	Tons ('000)	R\$ Million	Tons ('000)	R\$ Million	Tons ('000)
Pulp	68.1	61.0	61.7	51.5	60.1	56.1
Total Paper	434.3	181.2	428.1	170.7	416.2	171.1
Coated P&W Paper	83.2	36.5	87.5	34.1	63.2	26.7
Paperboard	116.8	44.7	95.6	35.6	114.2	43.9
Uncoated P&W Paper	234.3	100.0	245.0	101.1	238.8	100.5
Domestic market	502.4	242.2	489.9	222.2	476.4	227.2
Pulp	269.8	229.7	315.6	277.8	277.4	237.6
Total Paper	217.5	124.5	294.9	131.5	207.7	118.4
Coated P&W Paper	8.2	3.7	4.4	1.5	13.1	6.9
Paperboard	33.9	20.5	43.7	21.7	31.4	19.6
Uncoated P&W Paper	175.4	100.3	246.9	108.3	163.2	91.9
Export market	487.2	354.3	610.5	409.3	485.1	356.0
Pulp	337.9	290.7	377.3	329.3	337.5	293.7
Total Paper	651.8	305.7	723.0	302.2	623.9	289.6
Coated P&W Paper	91.4	40.2	91.9	35.6	76.3	33.7
Paperboard	150.6	65.2	139.3	57.3	145.6	63.5
Uncoated P&W Paper	409.7	200.4	491.9	209.3	402.0	192.4
Total	989.7	596.5	1,100.4	631.5	961.4	583.3

Note: In the 4Q07 revenues of R\$ 2,061 thousand of other products (scrap and IT and office materials) were not considered in the table above. During that period, Ripasa recorded those sales on Gross Revenue, while Suzano recorded on Other Operating Expenses. Includes third-party paper sales

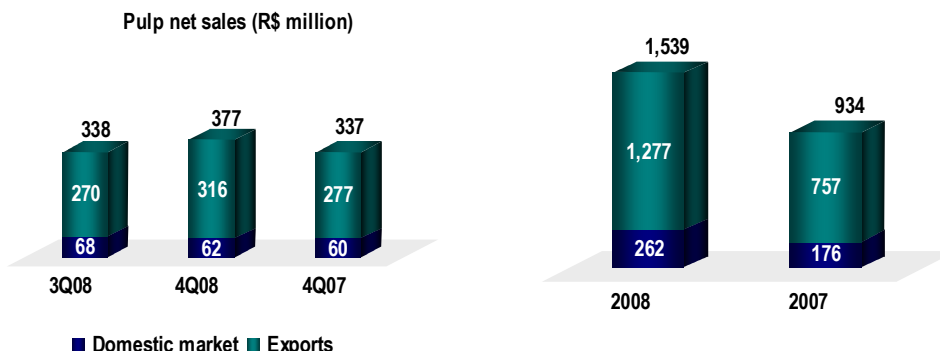
Pulp Business Unit

Demand recovery in Asia boosts sales volume in the period



In the 4Q08, pulp sales totaled 329 thousand tons, 13.3% and 12.1% higher than the 3Q08 and the 4Q07. The increase in volumes, when compared to the 3Q08, is explained by the shipments rebound, boosted by volumes sold to Chinese paper manufacturers, who increased their purchases due to significant price decreases. In the 3Q08, market pulp buyers had chosen to reduce their inventories and make purchases as needed in the short term.

In 2008, we reached our highest volume of market pulp sales: 1.3 million tons, 65.2% higher when compared to the last year.



The net revenue of R\$ 377 million with pulp sales in the 4Q08 was 11.7% and 11.8% higher than the 3Q08 and the 4Q07, due to higher volumes sold in the period. That revenue was equivalent to 34.3% of the Company's total revenue in the 4Q08.

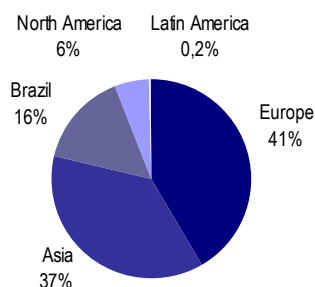
The average net pulp price (Domestic and Exports) in Dollars in the 4Q08 was US\$ 503 / ton, 27.9% lower than in the 3Q08 and 22.0% lower than in the 4Q07. Such decrease was a result of the lower list prices in all regions. However, when analyzed in Reais, the average net price for the 4Q08 was R\$ 1,146 / ton, or 1.4% lower than in 3Q08 and in line (-0.3%) with the 4Q07, due to the significant depreciation of the Brazilian Real recorded in the period. In the domestic market, the average net price reached R\$ 1,199, a 7.3% increase compared to the 3Q08 and 11.9% compared to 4Q07.

Our exports, responsible for 84.4% of the pulp volume sold in the 4Q08, recorded an average net price of US\$ 498 / ton, 29.2% lower than in 3Q08 (US\$ 704 / ton) and 23.9% lower than in the 4Q07 (US\$ 655 / ton). Such decreases were offset by the devaluation of the Real in the period.

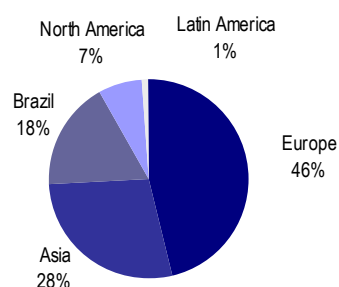
In the 4Q08, the participation of Europe in the overall exported volumes, after the extraordinary growth in the last quarter due to smaller volumes destined to Asia, returned to the level of 49%. The region remains as the main destination of our exports. On the other hand, Asia increased its share, reaching 44%. The participation of the North-American market decreased by 4.3 p.p., as well as Latin America (0.7 p.p.), representing 6.5% and 0.3%, respectively.

The charts below show the breakdown of the volume sold to Brazil and to the different export destinations:

Destination of Pulp Sales - 4Q08



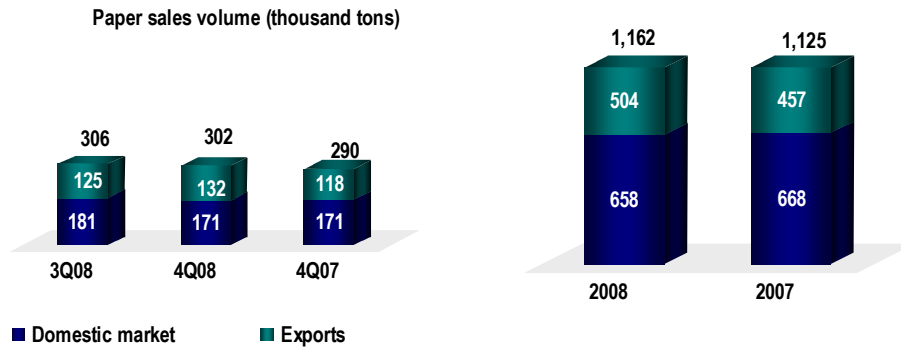
Destination of Pulp Sales - 2008



Note: Countries in South and Central America, except for Brazil, are considered as Latin America.

Paper Business Unit

Net revenue: 10.9% growth compared to the 3Q08



Printing and writing paper sales represented 81.0% of the total paper volume sold in the 4Q08. It reached 245 thousand tons, 1.8% and 8.3% increase compared to the 3Q08 and to the 4Q07, respectively. Sales to the domestic market accounted for 55.2% of that volume, or 135 thousand tons.

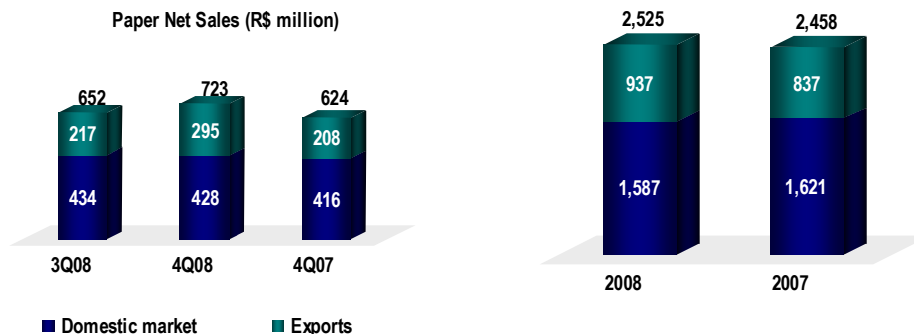
Total paperboard sales reached 57 thousand tons in the 4Q08, 12.2% and 9.7% lower when compared to 3Q08 and 4Q07, respectively. The domestic market accounted for 62.1% of paperboard sales in the quarter.

Suzano posted a sales record of approximately 1.2 million tons of paper in 2008, a 3.2% growth when compared to the last year. This was mainly due to the 9.4% increase in the coated paper sales and to the 5.6% growth in the uncoated paper.

Paper net revenue reached a record of R\$ 723 million in the 4Q08, 10.9% and 15.9% higher than in the 3Q08 and 4Q07, respectively. Such significant increase occurred mainly due to the higher prices in the domestic market and the effects of the currency devaluation in the 4Q08 on the translation of the exports into Reais.

The average net paper price (Domestic and Exports) in 2008 was R\$ 2,173 / ton, almost in line (-0.5%) with the one recorded in 2007, despite the Real appreciation during the first eight months of 2008. The average currency exchange rate in 2007 was R\$ 1.95 / US\$ compared to R\$ 1.84 / US\$ in 2008.

Domestic sales accounted for 56.6% of the total volume, compared to 59.4% in 2007.



Domestic market

According to Bracelpa, the Brazilian uncoated printing and writing paper market grew approximately 7.1% in the 4Q08, compared to the 3Q08, mainly due to seasonal effects in the notebook and educational segments, and 3.0% compared to 4Q07. Demand in the domestic coated paper market presented a 6.0% decrease compared to the 3Q08. However, it posted a 10.3% growth when compared to the 4Q07. In the 4Q08, the proportion of the imported coated paper in the domestic market (43.9%) remained stable compared to the last quarter and to the 4Q07.

In the 4Q08, the paperboard volume sold in the Brazilian market recorded 13.8% and 11.0% decrease when compared to the 3Q08 and 4Q07, respectively.

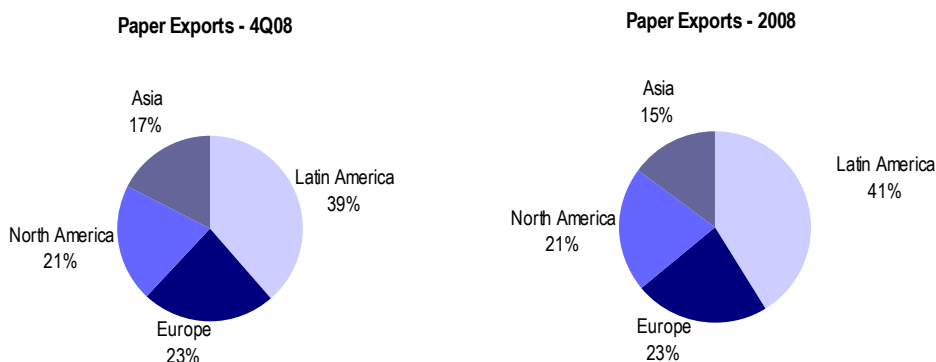
Suzano continued to lead the domestic printing and writing papers market, selling an additional 8 thousand tons when compared to 4Q07, with a relative stable market share when compared to the 3Q08. The average price for printing and writing paper in the domestic market was 5.8% and 3.7% higher than the 3T08 and the 4Q07, respectively. The coated paper price, historically more correlated to the Dollar, was 12.6% and 8.6% higher than the 3Q08 and 4Q07, respectively.

Our paperboard sales totaled 35.6 thousand tons in the domestic market in the 4Q08, or 20.4% and 19.0% lower than in the 3Q08 and 4Q07, respectively. The drop in the paperboard demand occurred mainly due to economic slowdown and to the reduction in the inventories along the supply chain in those segments related to consumer goods since October 2008. The weaker volumes were partially compensated by price increases of 2.9% and 3.3% when compared to the 3Q08 and 4Q07, respectively.

Exports

Paper exports increased 5.6% and 11.0% when compared to the 3Q08 and the 4Q07, respectively, reaching 132 thousand tons. Sales to Latin America represented 38.5% of the volume exported in the 4Q08, slightly lower than the annual average, of 40.7%. Coupled with the volumes sold in Brazil, the region absorbed around 73% of our sales in the 4Q08. Sales to mature markets (Europe and North America) accounted for 19.1% of the total paper volume or 43.9% of the exports in the 4Q08.

The average net prices in Dollars of the exports in the 4Q08 decreased by 6.0% when compared to the 3Q08 and remained flat versus 4Q07. The reduction compared to the 3Q08 was more than offset by the devaluation of the Real in the 4Q08. In Reais, the average price rose 28.4% and 27.9% compared to the 3Q08 and the 4Q07, respectively.



Note: Countries in South and Central America, except for Brazil, are considered as Latin America.

Production and Costs

Consolidated Production	3Q08	4Q08	4Q07	2008	2007
Total (thousand tons)	694.3	654.4	606.7	2,664.1	1,925.6
Market pulp	405.1	367.1	320.0	1,523.9	827.4
Total Paper	289.2	287.3	286.7	1,140.2	1,098.2
Coated P&W paper	29.8	36.4	27.8	123.5	132.5
Paperboard	66.5	61.3	67.6	258.4	240.6
Uncoated P&W paper	192.9	189.7	191.3	758.3	725.1

Total production reached a volume of 654 thousand tons in the 4Q08, of which 367 thousand tons was market pulp and 287 thousand tons was paper. In 2008, we reached the record production of paper and pulp of 2.7 million tons, 38.4% higher than in 2007.

The cash cost of market pulp production in Mucuri reached R\$ 438 / ton in the 4Q08. This figure does not take into account depletion of the forestry base and the cost of the shutdowns. When compared to the 3Q08 it was 3.3% lower and 10.4% lower than 4Q07. Such reduction can be explained by a better performance of Line 2, price reduction in the main raw materials, and dilution of fixed costs to the increase in the volume produced in that line. The cost of market-related shutdown compared to the total volume of pulp in Mucuri represented R\$ 27/ ton, increasing the cash cost to R\$ 465 / ton.

The average cost of goods sold per ton in the 4Q08 was R\$ 1,113 or 4.2% higher than in the 3Q08, and 5.6% higher than the same period of the last year. Such increase was mainly due to the greater proportion of exports in the sales mix and the impact of the currency devaluation on costs denominated in Dollar. This cost increase was partially offset by the reduction in specific consumptions - due to better production performance - and price reductions in the main raw materials. During the quarter, there were also extraordinary costs due to the market-related and maintenance shutdowns.

Operating Expenses/ Revenues

Sales expenses amounted to R\$ 61 million in the 4Q08, 28,3% higher than in the 3Q08, and 18,5% higher than in the 4Q07, mainly due to the increase in bad debt provisions of R\$ 8 million in the 4Q08, and higher volume sold. However, sales expenses in 2008 remained in line with the last year or R\$ 200 million, approximately.

Administrative expenses totaled R\$ 53.1 million in the 4Q08, 29.9% and 27.8% lower than in the 3Q08 and 4Q07, respectively. Such reduction was mainly due to the reversal of the provision in excess related to the executives' profit sharing program which, coupled with the other non recurring expenses, positively affected the administrative expenses in R\$ 9 million (non recurring). Moreover, the 3Q08 non recurring expenses did not affect the 4Q08.

Non Operating Expenses / Revenues were reclassified to the Other Operating Expenses / Revenues account in the 4Q08, pursuant to the adjustments introduced by Law 11.638/07 and MP 449/08, directly affecting the Company's EBITDA. Considering that reclassification, Other Operating Expenses / Revenues presented a negative net result of R\$ 20.1 million in the 4Q08, mainly due to the recording of a provision for actuarial liabilities (non recurring). In the 3Q08, this account posted a positive net result of R\$ 31 million, mainly due to energy sales and the reversal of provisions for tax contingencies.

EBITDA

R\$ Million	3Q08	4Q08	4Q07	2008	2007
EBIT	259.5	262.6	97.4	1,017.5	658.7
Depreciation / Depletion / Amortization	114.7	119.3	109.7	451.8	375.6
EBITDA	374.2	381.9	207.1	1,469.2	1,034.3
Gross Profit / Net Sales	35.6%	36.1%	36.2%	34.9%	35.0%
EBITDA / Net Sales	37.8%	34.7%	21.5%	36.2%	30.3%
Net Debt / EBITDA (LTM)	3.7	3.7	4.2	3.7	4.2

The EBITDA amounted to R\$ 382 million in the 4Q08, 2.1% and 84.4% increase compared to the 3Q08 and 4Q07, respectively. The EBITDA margin in the quarter was 34.7%, a 3.1 p.p. decrease compared to the 3Q08, and a 13.2 p.p. increase compared to the 4Q07. All amounts above contemplate the adjustments of Law 11.638/07 for the purpose of comparison.

4Q08 EBITDA was affected by extraordinary effects as follows:

- I. Adjustments determined by Law 11,638 and MP 449: a negative net amount of R\$ 53.8 million (please refer to the table below), of which R\$ 56.7 million refers to a provision for actuarial liabilities (non recurring);
- II. Reclassification related to currency exchange rate variations from last quarters in the 4Q08: positive amount of R\$ 45.3 million (non recurring);

III. Other non recurring items: positive net amount of R\$ 26.6 million, being the main items (positive and negative) an increase in bad debt provision, the reversal of the provision in excess related to the executives' profit sharing program and reversal of provision for the tax recovery.

By excluding the above items, 4Q08 EBITDA would be R\$ 364 million and EBITDA margin 33.1%.

Effects of the application of Law 11.638/07 on EBITDA (Item I above):

R\$ Million	3T08	4T08	4T07
EBITDA (after the effects of Law 11.638/07 and MP 449/08)	374.2	381.9	207.1
Recording of Financial Leasing contracts	(4.2)	(2.9)	(3.3)
Non-operating Income, recorded under the operating income account	(4.7)	56.7	126.6
EBITDA (before changes by Law 11.638/07 and MP 449/08)	365.3	435.6	330.4

In 2008, EBITDA was approximately R\$ 1.5 billion, 42.1% above that of 2007, considering the effects of Law 11,638.

Comparative Performance of EBITDA

4Q08 x 3Q08	4Q08 x 4Q07
<p>Positive effects:</p> <ul style="list-style-type: none"> (i) Higher sales volumes of paper and pulp in the exports. (ii) Higher paper prices in the domestic market. (iii) Average exchange rate 36.6% higher (R\$2.28/US\$ against R\$1.67/US\$). (iv) Reversal of tax provisions (non recurring). 	<p>Positive effects:</p> <ul style="list-style-type: none"> (i) Higher sales volumes of paper and pulp in the exports. (ii) Higher paper prices in the domestic market. (iii) Average exchange rate 27.9% higher (R\$2.28/US\$ compared to R\$1.78/US\$).
<p>Negative effects:</p> <ul style="list-style-type: none"> (i) Lower sales volumes of paper and pulp in the domestic market . (ii) Lower sales prices of pulp in the domestic market and exports and paper in the exports. (iii) Increase to non recurring provisions. 	<p>Negative effects:</p> <ul style="list-style-type: none"> (i) Reduction in pulp prices in the domestic and exports. (ii) Increase of non recurring provisions.

Financial Results

Financial expenses amounted to R\$ 335 million in the 4Q08, compared to R\$ 279 million in the 3Q08, and were affected by the loss of R\$ 200 million in hedging operations carried out through "plain vanilla" swaps. In 2008, accumulated financial expenses amounted to R\$ 966 million, including the non recurring expense of R\$ 111 million for the repurchase of equity from former Ripasa controlling shareholders and the loss of R\$ 214 million in hedging operation carried out through swaps.

Financial revenues in the 4Q08 amounted to R\$ 116 million, 18.7% higher than in the 3Q08, given the greater in cash and equivalents balance.

The expense with monetary and currency exchange variation reached R\$ 738.7 million and can be explained by the FX devaluation on the balance sheet exposure between the opening and closing of the quarter, however with cash effect only at maturity or amortizations.

The Company's funding and the currency hedging policy are guided by the fact that 55.5% of net revenue arises from exports with prices denominated in Dollars, while the great majority of the production costs are denominated in Real. This structural exposure allows the Company to contract export financing in Dollars at costs that are more competitive than local credit lines and to match financing payments with the flow of proceeds from the exports, providing a natural hedge on a cash basis for those commitments. The excess revenue in Dollars that is not linked to debt commitments or other obligations is sold in the spot market.

As an additional protection, Suzano sells Dollars in the futures markets to secure attractive levels of operating margins for a portion of its net revenue. These sales in the futures markets are limited to a minor portion of the excess Dollar denominated flow over a period of one year and match with the amount in Dollars available for sale in the spot market in the short term. **The Company operates with the most liquid financial instruments in the market and (i) does not contract leveraged operations, or operations that bear other built-in options that may alter the protection (hedge) objective and (ii) does not have any double-indexed debt or debt with any other embedded options. Suzano maintains strict risk management controls and the value of all of our financial assets and liabilities is presented in our financial statements.**

The Company utilized only conventional Non Deliverable Forwards (NDFs). On December 31, 2008, the notional value of such operations amounted to approximately US\$300 million. The maturities of such NDFs are distributed between Jan/09 and October/09, in a way to secure attractive operational margins for a minor portion of the net revenues of this period. Cash effects related to the NDFs will only be due on each maturity date, when each contract will generate cash disbursement or proceeds for the Company, depending on the prevailing currency exchange rate. In 2008, the Company reported a R\$ 29 million negative cash effect coming from its currency exchange rate hedge operations. Additionally, Suzano also entered into swap contracts to fix certain floating interest rates, as well as contracts related to future pulp prices, in order to reduce the effects of those variations on the Company's cash flow.

Net Income /Loss

Suzano reported a net loss for this quarter of R\$ 495 million, mainly affected by currency exchange rate and monetary variation expenses in the amount of R\$ 739 million due to the strong appreciation of the Dollar in the 4Q08. Explanations on the impact of the exchange and monetary variation are described in the item Financial Income (Loss) above.

In 2008 net loss was R\$ 451 million, compared to a net income of R\$ 537 million in 2007. The main effects that drove that loss were as follows:

(i) Negative result of net monetary and exchange rate variations reached R\$ 1.0 billion in 2008, compared to the positive result in the amount of R\$ 393 million in 2007. The loss from monetary and exchange variations arise from the effect of these variations on the balance sheet net exposure, greatly represented by the Dollar denominated debt. In 2008, the Real was depreciated by 31.9 % compared to the Dollar, compared to 17.1% appreciation in 2007;

(ii) Net financial expense of R\$ 541 million, compared to R\$ 156 million in 2007. The R\$ 385 million variation is mainly due to: i) losses of R\$ 214 million in swap operations, compared to R\$ 65 million gain in 2007; ii) R\$ 111 million expense on the stock repurchase from Ripasa's former controlling shareholders; iii) R\$ 70 million increase on expenses with interests on loans and financing; iv) R\$ 52 million increase on revenues from interest on financial investments; and v) reduction on expenses with the payment of CPMF, in the amount of R\$ 20 million.

Effects of the application of Law 11.638/07 on Net Income (Loss):

R\$ Million	3T08	4T08	4T07
Net Income (Loss) (after the effects of Law 11.638/07 and MP 449/08)	(281.5)	(494.5)	85.5
Recording of Financial Leasing contracts	6.4	9.8	(0.6)
Measurement at the fair value of financial investments recorded as used for the negotiation of derivatives	(23.9)	48.3	11.7
Deferred Income Tax and Social Contribution on the above adjustments	5.9	(19.7)	(3.8)
Net Income (Loss) (before the effects of Law 11.638/07 and MP 449/08)	(293.1)	(456.2)	92.8

Other Information

Investments

Suzano invested R\$ 155 million and R\$ 483 million in the 4Q08 and 2008, respectively. From this amount, approximately 30% was invested in growth projects.

Debt

On 12/31/2008 the Company's gross debt amounted to R\$ 7,635 million compared to R\$ 6,454 million in 09/30/2008 both with the effects of Law 11.638/07. This increase was mainly due to: (i) the effect of exchange variations on Dollar denominated debt due to the strong appreciation of the Dollar in the quarter of 22.1%, although with cash effect only at maturity or amortization of debts; (ii) financing of R\$ 467 million; and (iii) the reclassification of leasing from operating to financial in the amount of R\$ 93 million, being a large portion contracted directly with service/equipment suppliers.

The foreign currency denominated debt in 31/12/2008 amounted to R\$ 4.327 million and the amount denominated in Reais to R\$ 3.082 million.

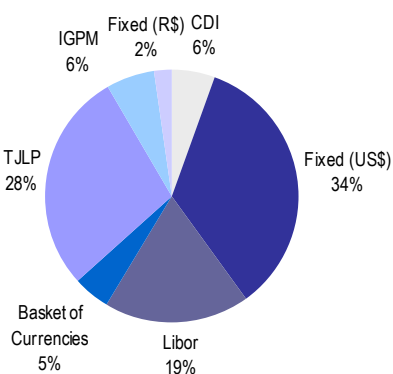
The gross debt, on 12/31/2008, with the effects of Law 11.638, comprised the following: 77% long-term maturities and 23% short-term. The short-term portion includes the financing of R\$ 467 million which had the renewal already agreed. Thus, excluding that portion the short-term amount would be equivalent to 17%.

On December 31, 2008, the Company's consolidated net debt amounted to R\$ 5,459 million, and the net debt /EBITDA ratio was 3.7, in line with the ratio on 09/30/2008, considering the effects the effects of Law 11.638. In 2008, the Company's EBITDA reached a record of R\$ 1.5 billion.

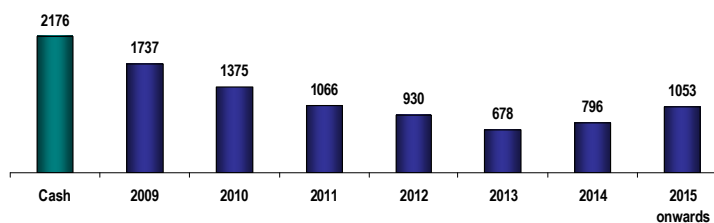
Excluding the effects from Law 11.638/07 and MP 449/08, the net debt/EBITDA ratio in 12/31/2008 would be 3.6.

Debt Breakdown - R\$ Million	09/30/2008	12/31/2008
Local Currency	3,337	3,082
Short Term	278	273
Long Term	3,059	2,809
Foreign Currency	2,918	4,327
Short Term	521	1,331
Long Term	2,397	2,996
Interests	112	133
Leasing	86	93
Short Term	12	13
Long Term	74	80
Gross Debt	6,454	7,635
(-) Cash and Cash Equivalents	(1,679)	(2,176)
Net Debt	4,775	5,459
Net Debt / EBITDA	3.7	3.7

Index Exposure
12/31/2008



Debt Amortization Schedule
(R\$ Million)



Corporate Sustainability Index (ISE)

For the fourth consecutive year, the Company was selected to be part of the Corporate Sustainability Index (ISE) of the São Paulo Stock Exchange (Bovespa) that gathers the companies recommended as socially responsible and sustainable and that are thus considered as the most qualified ones to face economic, social and environmental risks and create value to shareholders. The new portfolio is effective as of December 1 and will be valid through November 30, 2009.

Ripasa / Conpacel

On August 31 2008, the jointly controlled Ripasa was split-up and the largest portion of the assets, namely the Americana mill, were split in equal parts between the Company and VCP, thus transforming Ripasa into a productive unit in the unincorporated joint venture while the remaining net assets were used for the incorporation of the Company Asapir Produção Florestal e Comércio Ltda.

As of September 1 2008, the Americana industrial unit of Ripasa, started to operate under the condominium model between Suzano and VCP, by way of the consortium named Conpacel – Consórcio Paulista de Celulose e Papel, where each consortium party trades its share of the production in a separate way.

Changes to the draft and disclosure of accounting statements (Law 11.638/2007 and MP 449/08)

The financial statements were drafted on the basis of accounting principles adopted in Brazil and Security The financial statements were prepared on the basis of accounting principles adopted in Brazil and Security Commission (CVM) standards, observing the accounting guidelines provided for by the Brazilian Corporate Law (Law 6404/76), which include the new provisions introduced, modified and revoked by Law 11.638, of December 28, 2007 and Provisional Measure nº 449, of December 03, 2008.

The main purpose of that Law and MP is the convergence of Brazilian accounting practices to international accounting principles issued by the “International Accounting Standard Board – IASB”.

In compliance with the provisions by CVM Deliberation nº 565, of December 17, 2008, which approved accounting notice CPC 13 – Initial adherence to Law 11.638/07 and MP 449/08, and with a view at the requirements set out by CVM Deliberation 506, of June 19, 2006, the Company chose December 31 2006 as the starting date for the adoption of the new accounting practices. This is now the baseline for the Company’s financial statements, in accordance to these new accounting provisions, for comparison purposes.

Further information can be seen in the Standardized Financial Statements – DFP of December 31, 2008, available in the CVM and Company sites.

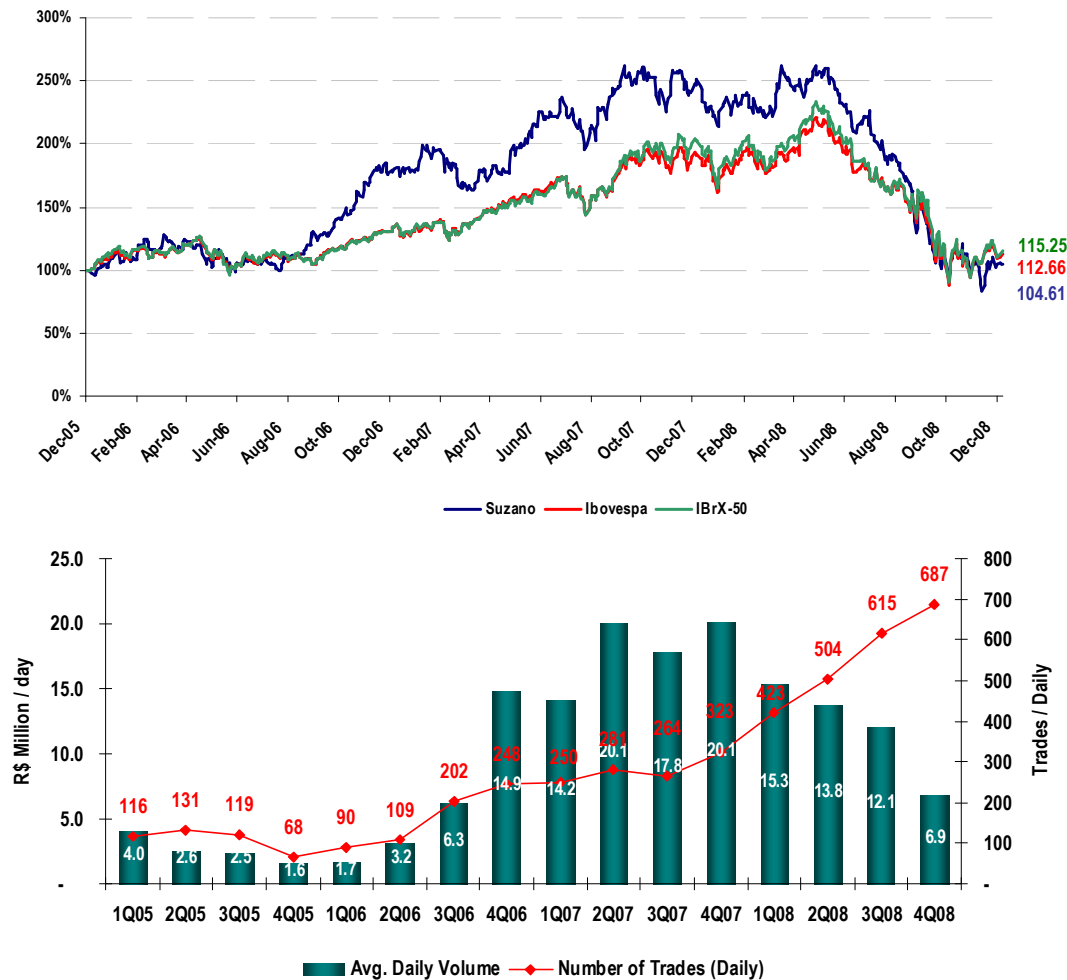
Capital Markets

Our equity is represented by 107,821,512 common shares (SUZB3) and 206,660,984 preferred shares (SUZB5 and SUZB6), amounting to 314,482,496 shares traded in the São Paulo Stock Exchange (Bovespa). Of that total, on December 31, 2008, the company held 2,368,002 preferred shares and 5,428,955 common shares in treasury. At the end of 2008, preferred shares SUZB5 were quoted at R\$ 12.09. The Company's papers integrate Level 1 of Corporate Governance and the Corporate Sustainability Index (ISE) of that stock exchange.

Our shares recorded 24% devaluation in the 4Q08, in line with 25% devaluation of Ibovespa and 26% of IBRX-50. An average of 687 trades a day was recorded throughout the quarter with a daily trading volume of R\$ 6.9 million.

In the year, the decrease in equity value amounted to 57%, compared to 40% devaluation of Ibovespa and 42% of IBRX-50. The worldwide reduction of liquidity and great risk aversion caused by the financial crisis in the second half of 2008, caused investors to leave equity markets and investments in emerging markets. In addition pulp market also felt price and volume reduction. As a consequence, our market value reached R\$ 3.7 billion compared to R\$ 9 billion at the end of 2007.

In 2008, an average of 559 daily trades was recorded with an average daily volume of R\$ 12 million. In 2008 the free float reached 46.3% of total shares.



Note:

Non-financial data such as volumes, quantity, average prices, average quotations and EBITDA, in Reais and in Dollars, and financial data has not been examined by our independent accountants.

Corporate Information

Suzano Pulp and Paper, with annual revenue of US\$ 4,1 billion, is one of Latin America's largest vertically integrated producers of eucalyptus pulp and paper, with annual production capacity for 1.1 million tons of paper and pulp annual production capacity reaching 1.7 million tons of market pulp/ year. It offers a broad range of pulp and paper products for domestic and export 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.

Forward-looking statements

This release may contain forward-looking statements. These are subject to known and unknown risks and uncertainties which may result in such expectations not being realized or being substantially different from eventual outcomes. These risks include: changes in future demand for the company's products, changes in factors affecting domestic and international prices of the products, changes in the costs structure, changes in the seasonal patterns of the markets, changes in prices charged by competitors, foreign exchange variations, changes in the political or economic situation of Brazil, and changes in emerging international markets.

Contacts

1) Investor Relations: ri@suzano.com.br / tel: +55 (11) 3503-9061

Strategy, Business Development and Investor Relations Officer: André Dorf

Investor Relations Executive Manager: Andrea Fernandes

Investor Relations Analysts: Ana Paula Costa / Leandro Salles Santos / Rosely D'Alessandro

Intern: Mariana Araújo

2) Public Relations: GWA Comunicação Integrada

Letícia Volponi - leticia@gwacom.com

Tel.: +55 (11) 3030-3000

3) Exports: sales@suzano.com.br

Appendices – Conciliation of Financial Statements before and after adjustments introduced by Law 11.638/07.

**INCOME STATEMENT - RECONCILIATION TO BRAZILIAN FEDERAL LAW 11.638/07
QUARTER (4Q08 - 3Q08 - 4Q07)**

BRGAAP - CONSOLIDATED - IN BRAZILIAN REAIS ('000)

SUZANO PAPEL E CELULOSE S.A.

INCOME STATEMENT	4Q08		3Q08		4Q07	
	Before Adjustments	Ajusted to Law 11.638/07	Before Adjustments	Ajusted to Law 11.638/07	Before Adjustments	Ajusted to Law 11.638/07
Gross Sales	1,251,244	1,251,244	1,151,011	1,151,011	1,134,714	1,134,714
Sales Deductions	(150,886)	(150,886)	(161,336)	(161,336)	(171,223)	(171,223)
Net Sales	1,100,358	1,100,358	989,675	989,675	963,491	963,491
Cost of Sales	(703,955)	(703,152)	(639,626)	(637,548)	(615,966)	(614,799)
Gross Profit	396,403	397,206	350,049	352,127	347,525	348,692
Operating Income (Expenses), Net	(265,362)	(373,506)	(319,560)	(293,816)	(200,475)	(340,585)
Selling Expenses	(61,344)	(61,344)	(47,800)	(47,800)	(51,766)	(51,766)
General and Administrative Expenses	(53,121)	(53,121)	(75,809)	(75,809)	(73,567)	(73,567)
Financial Expenses	(279,272)	(334,813)	(287,984)	(278,980)	(135,438)	(142,907)
Financial Income	111,786	115,850	85,497	97,576	79,897	73,861
Equity Pickup in Subsidiaries and Affiliates	(192)	(192)	(33)	(33)	209	209
Amortization of Goodwill	(19,761)	(19,761)	(19,761)	(19,761)	(20,469)	(20,469)
Other Operating Income	36,542	(20,125)	26,330	30,991	659	(125,946)
Operating Profit Before Monetary and Exchange	131,041	23,700	30,489	58,311	147,050	8,107
Net Monetary and Exchange Rate Variation	(760,683)	(768,077)	(590,442)	(602,071)	97,733	98,996
	29,416	29,416	139,413	139,413	1,698	1,698
Operating Profit	(600,226)	(714,961)	(420,540)	(404,347)	246,481	108,801
Nonoperating Income (Expenses), Net	(56,667)	-	4,661	-	(126,605)	-
Net Income Before Income And Social Contribution Tax	(656,893)	(714,961)	(415,879)	(404,347)	119,876	108,801
Income and Social Contribution Taxes	200,691	220,434	122,805	122,805	(27,096)	(23,331)
Net Income for the Period	(456,202)	(494,527)	(293,074)	(281,542)	92,780	85,470

Income Statement – 2008 / 2007

**INCOME STATEMENT - RECONCILIATION TO BRAZILIAN FEDERAL LAW 11.638/07
YEAR (2008 & 2007)**

BRGAAP - CONSOLIDATED - IN BRAZILIAN REAIS ('000)

SUZANO PAPEL E CELULOSE S.A.

INCOME STATEMENT	2008		2007	
	Before Adjustments	Ajusted to Law 11.638/07	Before Adjustments	Ajusted to Law 11.638/07
Gross Sales	4,648,193	4,648,193	3,962,702	3,962,702
Sales Deductions	(584,597)	(584,597)	(553,034)	(553,034)
Net Sales	<u>4,063,596</u>	<u>4,063,596</u>	<u>3,409,668</u>	<u>3,409,668</u>
Cost of Goods Sold	(2,652,501)	(2,647,236)	(2,219,469)	(2,215,580)
Gross Profit	<u>1,411,095</u>	<u>1,416,360</u>	<u>1,190,199</u>	<u>1,194,088</u>
Operating Income (Expenses), Net	(967,457)	(1,019,343)	(632,353)	(775,124)
Selling Expenses	(200,920)	(200,920)	(195,065)	(195,065)
General and Administrative Expenses	(251,404)	(251,404)	(229,888)	(229,888)
Financial Expenses	(917,484)	(965,707)	(391,277)	(405,713)
Financial Income	396,605	424,810	250,287	249,812
Equity Stakes in Subsidiaries and Affiliates	(515)	(515)	(85)	(85)
Amortization of Goodwill	(79,044)	(79,044)	(83,759)	(83,759)
Other Operating Income	85,305	53,437	17,434	(110,426)
Operating Profit Before Monetary and Exchange	<u>443,638</u>	<u>397,017</u>	<u>557,846</u>	<u>418,964</u>
Net Monetary and Exchange Rate Variation	(1,022,966)	(1,032,800)	386,280	393,133
Operating Profit	<u>(579,328)</u>	<u>(635,783)</u>	<u>944,126</u>	<u>812,097</u>
Nonoperating Income (Expenses), Net	(31,868)	-	(127,860)	-
Net Income Before Income And Social Contribution Taxes	<u>(611,196)</u>	<u>(635,783)</u>	<u>816,266</u>	<u>812,097</u>
Income and Social Contribution Taxes	176,115	184,475	(276,913)	(275,496)
Net Income for the Period	<u>(435,081)</u>	<u>(451,308)</u>	<u>539,353</u>	<u>536,601</u>

Balance Sheet

BALANCE SHEET - RECONCILIATION TO BRAZILIAN FEDERAL LAW 11.638/07 BRGAAP - CONSOLIDATED - IN BRAZILIAN REAIS ('000)

SUZANO PAPEL E CELULOSE S.A.

	ASSETS		LIABILITIES AND SHAREHOLDERS EQUITY	
	2008 DECEMBER	2007 DECEMBER	2008 DECEMBER	2007 DECEMBER
CURRENT ASSETS			CURRENT LIABILITIES	
Cash and Cash Equivalent	77,719	64,008	Trade Accounts Payable	277,319
Marketable securities	2,098,593	1,275,912	Loans And Financing	1,703,942
Gains on Transactions in Derivatives	16,939	17,308	Debentures	32,863
Trade Accounts Receivable	790,042	731,982	Losses on Transactions in Derivatives	151,022
Inventories	881,568	695,461	Accrued Salaries and Payroll Taxes	75,715
Other Accounts Receivable	44,964	48,837	Taxes Payable Other than on Income	36,812
Dividends Receivable	-	-	Income and Social Contribution Taxes	3,630
Related Parties	-	-	Deferred Taxes and Contribution	19,474
Recoverable Taxes	361,025	263,570	Dividends Payable	470
Deferred Income And Social Contribution Taxes	131,351	44,743	Other Accounts Payable	54,826
Prepaid Expenses	4,509	3,292	Related Parties	521
TOTAL	4,406,710	3,145,113	TOTAL	2,356,594
NON CURRENT ASSETS			NON CURRENT LIABILITIES	
Marketable securities	-	-	Loans and Financing	5,094,183
Gains on Transactions in Derivatives	14,449	1,470	Debentures	804,056
Related Parties	-	563	Losses on Transactions in Derivatives	54,398
Recoverable Taxes	152,440	174,696	Income Tax and Social Contribution	13,200
Deferred Income And Social Contribution Taxes	646,647	506,792	Deferred Income and Social Contribution Taxes	623,350
Advances To Suppliers	215,632	173,472	Accounts Payable	3,321
Judicial deposits	92,366	26,431	Related Parties	-
Assets available for sale	3,651	2,632	Provision For Contingencies	269,137
Other Accounts Receivable	40,251	48,887	Share Based Payments	3,582
TOTAL	1,165,436	934,943	TOTAL	6,865,227
LONG TERM ASSETS			Minority	-
Investments	8,100	19,942	SHAREHOLDERS EQUITY	
Property, Plant And Equipment	6,876,776	6,887,894	Share Capital	2,054,430
Intangible	501,457	580,501	Capital Reserves	412,230
Deferred Charges	-	-	Profit Reserves	1,923,104
TOTAL	7,386,333	7,488,337	Treasury Shares	(201,798)
TOTAL	8,551,769	8,423,280	Accumulated Profit	(451,308)
TOTAL ASSETS	12,958,479	11,568,393	TOTAL	3,736,658
			TOTAL LIABILITIES	12,958,479
				11,568,393

Cash Flow Statement

CASH FLOW STATEMENT

BRGAAP - Consolidated - In Brazilian Reais('000)

	2008	2007
Cash flows from operating activities		
Net income (loss) for the period	(451,308)	536,601
Adjustments to reconcile net income to cash generated from operating activities		
Depreciation, depletion and amortization	451,763	375,595
Result on sale of property, plant and equipment	(23,395)	96,844
Equity interest in subsidiaries and affiliates	515	85
Amortization of goodwill	79,044	83,759
Net Monetary and Exchange Rate Variation	1,039,018	(441,174)
Net Interest expenses	373,905	519,845
Losses (Gains) on Transactions in Derivatives	213,916	(64,721)
Deferred income and social contribution taxes	(184,475)	275,496
Others taxes	129,832	96,658
Provision (reversal) of contingencies	31,266	(62,615)
Others provisions	(20,684)	16,818
Interest expenses with the acquisition of own shares	110,860	-
Changes in assets and liabilities		
Reduction (Increase) in accounts receivable and other receivable	(55,882)	(150,238)
Reduction (Increase) in inventories	(228,283)	(146,103)
Reduction (Increase) in recoverable taxes	(130,608)	(246,548)
Increase (Reduction) in other current and non-current assets	(39,396)	68,827
Settlement of derivatives contracts	(36,212)	67,001
Reduction (Increase) in suppliers	(67,962)	158,153
Increase (Reduction) in other current and non-current liabilities	(3,541)	10,298
Net effect in B.L.D.S.P.E. merger	-	19,895
Interest payment	(284,980)	(408,926)
Others income and social contribution taxes	(86,881)	(74,285)
Payment of income and social contribution taxes	(52,675)	(14,039)
Net effect in Ripasa split	41,621	-
Net cash from operating activities	805,458	717,226
Cash flows from investing activities		
Acquisition of investments	-	(11,860)
Acquisition of property, plant and equipment and Increase of deferred charges	(1,065,854)	(1,353,009)
Receipt from sale of property, plant and equipment	50,802	61,935
Net effect in Ariemil e Água Fria Disposal	15,209	12,033
Net effect in Ripasa split	583,035	-
Cash and cash equivalents in B.L.D.S.P.E. merger	-	1,300
Net effect in B.L.D.S.P.E. merger	-	19,251
Net cash used in investing activities	(416,808)	(1,270,350)
Cash flows from financing activities		
Dividends Paid and interest of share capital	(64,619)	(147,133)
Loans Received	2,996,337	1,052,389
Settlement of derivatives contracts	(3,672)	(2,924)
Payment of Loans	(2,177,194)	(480,123)
Net effect in Ripasa split	(82,534)	-
Own shares acquisition	(297,578)	-
Net cash from financing activities	370,740	422,209
Effects of exchange rate variation on cash and cash equivalents	77,002	(48,970)
Demonstration of Increase (decrease) in cash and cash equivalents	836,392	(179,885)
Beginning of year	1,339,920	1,519,805
End of year	2,176,312	1,339,920
Increase (decrease) in cash and cash equivalents	836,392	(179,885)

Financing and Loans

	Index	Average annual interest rate in dec/08	Consolidated	
			2008	2007
For acquisition of equipment				
BNDES - Finem	TJLP	8.54%	1,889,498	1,725,360
BNDES - Finem	Basket of Currencies	7.40%	374,815	264,023
BNDES - Finame	TJLP	10.26%	10,909	19,183
BNDES - Finame	Basket of Currencies	8.03%	229	175
BNDES - Automático	TJLP	9.54%	6,444	49,195
BNDES - Automático	Basket of Currencies	8.58%	890	6,014
FNE - BNB	Pre Fixed Rate	8.50%	157,408	132,822
FINEP	TJLP	6.25%	7,636	10,878
Crédito Rural (Rural Credit)	Fixed Rate + CDI	7.92%	21,328	10,716
Leasing	CDI + Exchange Rate		93,110	87,548
Working capital				
Trade Finance (Exports)	US\$	4.59%	3,148,259	1,960,565
Trade Finance (Imports)	US\$	3.64%	522,610	339,544
Nordic Investment Bank	US\$	4.64%	118,130	90,146
Export Credit Note	CDI	10.62%	374,615	224,294
Export Credit Note	US\$	6.65%	70,110	53,139
Others			2,134	5,733
			6,798,125	4,979,335
Current Liabilities (including interests)			1,703,942	712,321
Non Current Liabilities			5,094,183	4,267,014
Non current liabilities payment schedule is as follows:				
2009			-	937,331
2010			1,301,639	816,170
2011			992,687	661,428
2012			832,186	610,041
2013			678,061	318,621
2014			365,943	302,345
2015 onward			923,667	621,078
			5,094,183	4,267,014

Debentures

DEBENTURES			2008			2007	Index	Interest	Redemption
Issuance	Series	Bonds	Current	Non Current	Total	Total			
3 ^a	1 ^a	333,000	29,958	429,666	459,624	388,609	IGP-M	10% *	1/4/2014
3 ^a	2 ^a	167,000	1,417	129,425	130,842	104,527	USD	9.85%	7/5/2019
4 ^a	1 ^a	79,735	558	81,841	82,399	85,648	TJLP	2.50%	1/12/2012
4 ^a	2 ^a	159,471	930	163,124	164,054	166,736	TJLP	2.50%	1/12/2012
			32,863	804,056	836,919	745,520			

* The securities were issued with a R\$ 38.278 discount that has been fully incorporated to the securities total value. Due to that, the operation's effective interest rate changed from 8% p.y. to 10% p.y.