

PORTUCEL - EMPRESA PRODUTORA DE PASTA E PAPEL, SA

Public Company

Headquarters: Mitrena, Apartado 55, 2901-861 Setúbal
Registered under #05888 at the Commercial Register of Setúbal
Share capital: €767,500,000; Corporate Entity 503 025 798

Information

Portucel – Empresa Produtora de Pasta e Papel, SA learned today that the European Commission has authorised the incentives which the Portuguese Government has granted to the investment plan of Portucel’s subsidiary Soporcel - Sociedade Portuguesa de Papel, SA.

The incentives, which have now been approved, have a nominal value of € 63,6 million, corresponding to a present value of € 46,5 million (according to the UE methodology for the calculation of the net grant equivalent) and involves an integrated investment project in Soporcel paper production plant in Figueira da Foz of approximately €200 million, already underway, which should be concluded in 2008.

This investment aims to extend paper production with full pulp integration, to improve paper quality and differentiation, namely by using new technologies in the production process as well as to improve energy efficiency, environmental impact and staff qualifications.

This project is part of one of four investment contracts signed in 2006/07/12 with the Portuguese Government, whose incentives approval, in terms of the Single Market compliance, is now fully concluded, with final settlement depending upon compliance with contractual objectives.

As previously announced, the remaining projects relate to the construction of a new paper production plant located in Setúbal, as well as the modernisation of the current Cacia and Setúbal plants, including the construction of biomass energy production plants in both mill sites, with an estimated production of 200 thousand Mwh/year.

Setúbal, June 27th, 2007

The Board