

Rating Action: Votorantim Participacoes S.A.

Moody's places Voto III notes Ba1 rating under review for possible upgrade

Approximately USD 300 million in debt securities affected

Sao Paulo, August 20, 2007 -- Moody's Investors Service placed under review for possible upgrade the Ba1 foreign currency rating on Votorantim Overseas Trading Operations -- Voto III's USD 300 million guaranteed senior unsecured notes due 2014. The notes are jointly, severally, unconditionally and irrevocably guaranteed by Votorantim Participações S.A. (100% guarantee liability; "Votorantim"), Votorantim Celulose e Papel S.A. (guarantee liability limited to 15% of the outstanding amount of the notes), Votorantim Cimento Brasil Ltda. (guarantee liability limited to 45%), and Votorantim Metais Zinco Ltda. (guarantee liability limited to 40%).

While the group's diversified portfolio, cost-efficient operations, strong debt protection metrics and liquidity have been supportive of an investment grade rating, its level of transparency and complex organizational structure have been major constraining factors. The rating action of placing the notes rating under review for possible upgrade recognizes both the operating improvements of Votorantim as well as the efforts to improve transparency and simplify its corporate structure.

The review will focus on the sustainability of the group's operating performance and its ongoing commitment to improve transparency to a level that Moody's would consider to be more appropriate for an investment grade issuer. Some of the issues that Moody's is concerned about are the lack of audited quarterly cash flow statements, better business segment disclosure and a still complex organizational structure, even after recent progress in this area.

Votorantim is a privately held conglomerate with a diverse business portfolio that includes banking, metals and mining, pulp and paper, cement, agribusiness, and chemicals. Votorantim reported consolidated net revenues of BRL 28,978 million (USD 13,293 million) in 2006.

Sao Paulo
Richard Sippli
Vice President - Senior Analyst
Corporate Finance Group
Moody's America Latina Ltda.
55-11-3043-7300

New York
Brian Oak
Managing Director
Corporate Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

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