Sustainability Report 2009

SUZANO
PULP AND PAPER

Aledson Ferreira da Silva and Thiago Caser, at the Mucuri Unit (Bahia State)

Daliane Gama Cortez (sitting), Adriana Evly Gomes Bezerra and Pollianne Dionor Schwabe, at the Teresina Office

Management: **the pursuit of excellence**

Vanessa Sousa Barbosa, Regina Teixeira dos Santos, Eliana Rodrigues Guimarães and Edilma Peixoto Rios, at the Itabatã nursery in Mucuri (Bahia State)

Transparent **Relations**

Caroline de Oliveira Machado (in white), Lilian Vieira de Moraes Silva and Milton Arantes Galvão, at the Forestry Technology Center in Itapetininga (São Paulo State)

Flamarion de Almeida Brito, Aledson Ferreira da Silva and Lucas Ferreira da Costa, at the Mucuri Unit (Bahia State)

Forestry reserve at the Boa Fé Farm, municipality of Cidelândia (Maranhão State)

Production chain

▸ GRI (**1.2**)

We have detailed below our product manufacturing and commercialization processes, the respective social and environmental impacts that this cycle may have and the strategies we adopt to minimize these impacts.

1 ▸ Technology Center

At the Forestry Technology Center (CTF) in Itapetininga (São Paulo State), we invest in the diversity of our genetic material and develop eucalyptus clones with a high adaptation potential, greater productivity and resistance to diseases.

1 ▸ Nursery

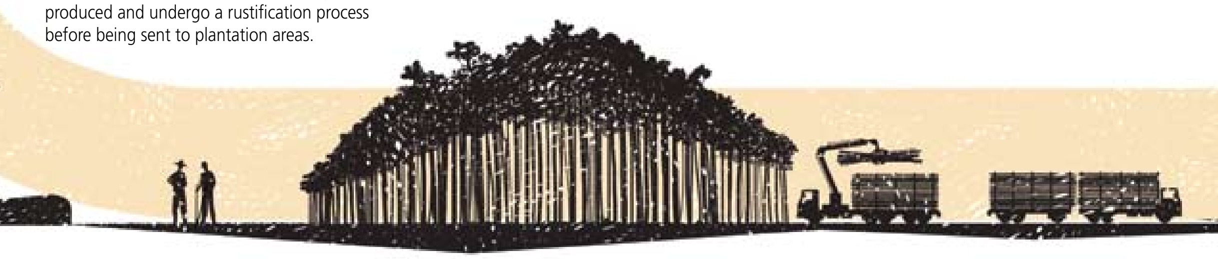
At our nurseries located in Alambari (São Paulo State) and Mucuri (Bahia State) seedlings are produced and undergo a rustification process before being sent to plantation areas.

1 ▸ Plantation

Seedlings are planted in our forest areas in the states of São Paulo, Bahia, Espírito Santo, Minas Gerais and Maranhão. In the months after plantation, pest control is carried out (for ants, for example), in addition to complementary fertilizing and weed control. Planting is also done in forestry wood partner areas; program members receive advice from our technicians.

2 ▸ Harvest and **Transportation**

When the eucalyptus trees are around seven years old, they are harvested day and night according with planning. The wood is stacked by highways and loaded onto trucks that take the logs to the Suzano (São Paulo State) and Mucuri (Bahia State) mills. Forestry wood partners are responsible for transporting their wood to the mills.



Climate changes – Since eucalyptus plantations sequester CO_2 from the atmosphere, our productive cycle generates carbon credits, thus contributing to the fight against global warming. According to our last greenhouse gas emission inventory (GEE), for every ton of Greenhouse Gas we emit, 3.8 tons are sequestered from the atmosphere.

Open channel – We have the *Suzano Responde* (Suzano Answers) communication channel through which we receive comments, criticism and suggestions regarding our production process and potential social and environmental impacts of our activities via e-mail suzanoresponde@suzano.com.br.

Scrap Paper **Collectors Coop**

After paper is used, part of it is collected by collectors, often organized in cooperatives. Suzano buys this material to use in the production of our recycled paper, Reciclato®. By doing so we help reduce the impact on landfills and foster the professionalization of the collectors coops we work with.

1

Social and Environmental Aspects

• Water consumption at the Nursery • Planting only one crop (eucalyptus) in large areas • Intervening in the landscape • Use of fertilizers and pesticides • Risk of degrading working conditions in the field for employees and outsourced personnel • Risk of fires • Theft of native wood and eucalyptus • Increase in land prices

Sustainable Strategies

• Monitoring and reducing water consumption at the Nursery • Monitoring and controlling potential impacts on microbasins • Mosaic planting, alternating native forest with eucalyptus plantations • Using minimum tillage, where residue from the last harvest is not removed to be reused as a natural fertilizer for the next crop, thus minimizing soil interference • On-site health and safety monitoring, and monitoring of employees and outsourced personnel working conditions, investing in equipment, cafeterias, buses and mobile restrooms • Hiring local labor force for silviculture activities • Carrying out forestry wood partner programs, including local producers in the supply of wood • Investing in local projects for income generation, such as the community beekeeping program and local production agreements • 24 hour surveillance • Adoption of FSC international certification, with annual third party audit

2

Social and Environmental Aspects

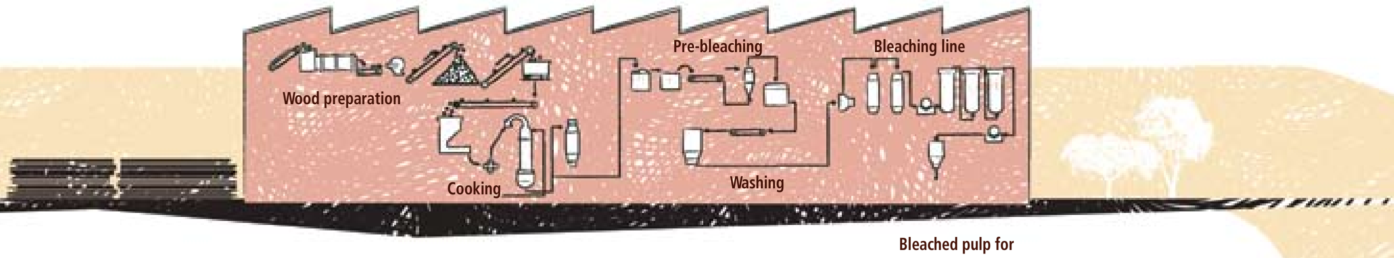
• Health and safety aspects related to manual activities in the process • Mechanized harvest reducing job positions • Outsourcing part of the activities • Heavy truck traffic, traffic and deterioration of roads • Noise, dust and pollution, as result of truck traffic

3 ▸ Manufacturing **Pulp**

When the wood reaches the mill it is chipped and the chips are cooked. From this process we extract wood fiber, which then is transformed into pulp. The remaining residue, called black liquor, is burned in the boilers, generating energy that is used to power the mill itself.

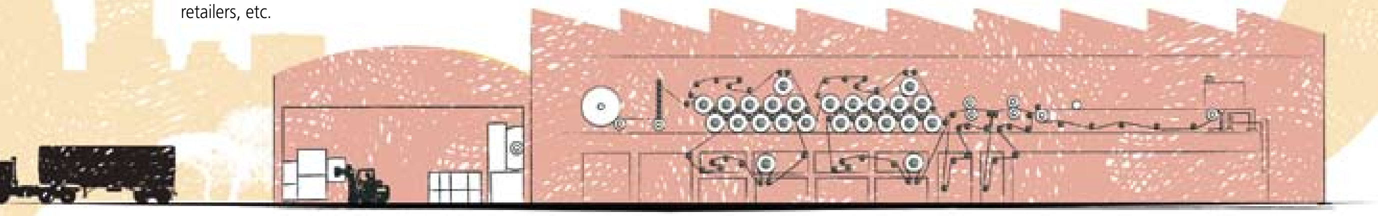
3 ▸ Final Product **Pulp**

Part of the pulp that is produced is sent to paper machines in the Suzano and Mucuri Units. The remainder undergoes a drying and packaging process. This pulp feeds the Embu and Rio Verde (São Paulo State) mills and is sold to customers in Brazil and abroad *(see map on page 20)*.



3 ▸ Final Product **Paper**

Paper produced at Suzano supplies the local market and is exported *(see map on page 20)*. Domestically it is sold directly or via distributors to various segments, such as packaging and promotional printing companies, publishers, retailers, etc.

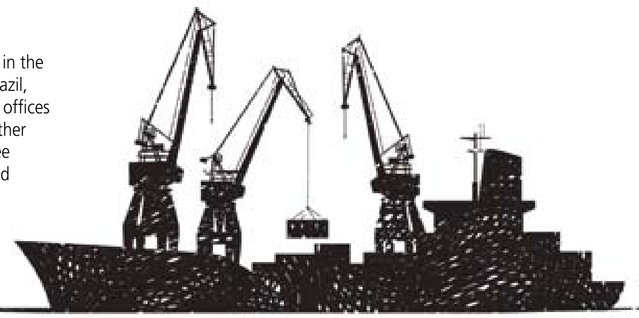


Distribution Center

Suzano has a division that specializes in the distribution of printing products in Brazil, SPP-Nemo, which has 13 commercial offices and also works with products from other manufacturers. Abroad, we have three regional offices (in the US, Switzerland and China) and two subsidiaries (England and Argentina)

3 ▸ Paper Production

Pulp mass goes through several stages before it becomes paper. It is then cut according to Suzano product specifications, such as Report® in A4 format, or according to customer needs.



Sustainable Strategies

• On-site health and safety monitoring and monitoring of employees and outsourced' personnel work conditions, investing in equipment, cafeterias, buses and mobile restrooms • Monitoring outsourced companies, especially in relation to fulfillment of fiscal and labor legislation • Solely mechanizing harvesting activities; using manual labor for the rest of the planting and other activities, such as waste collection • Maintaining roads, especially feeder roads • Training in defensive driving and traffic safety • Truck route diversion • Restricting truck circulation during rush hour • Frequent fleet maintenance and renewal rate above the national average
• Participation in voluntary programs such as the *Pact against Child and Adolescent Sex Exploitation on Highways*

3

Social and Environmental Aspects

- Pollution, odor, noise
- Generation of waste and effluents
- Energy consumption
- Transport of finished products

Sustainable Strategies

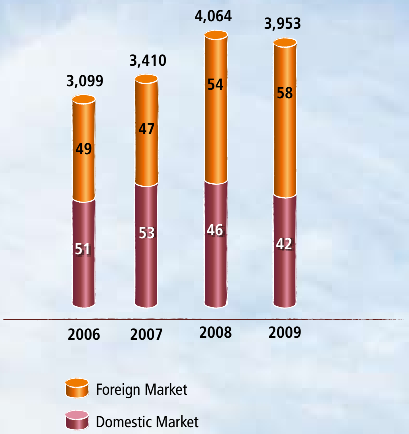
• Continual investment in environmental improvements in the mills • Monitoring and reducing water consumption • Monitoring and reducing energy consumption • Effluent treatment • Reducing waste and using waste in other activities • Monitoring odors and installing filters at the mills • Monitoring of noise levels and installing silencers • Restricting truck circulation during rush hour

Operational, financial and social and environmental highlights

▸ GRI (2.8)

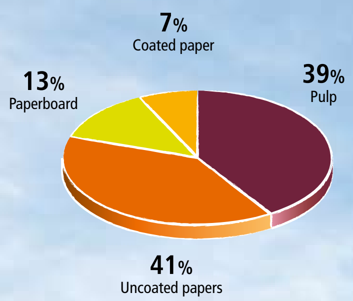
Net revenues

million R$



Composition of the net revenue

per product 2009

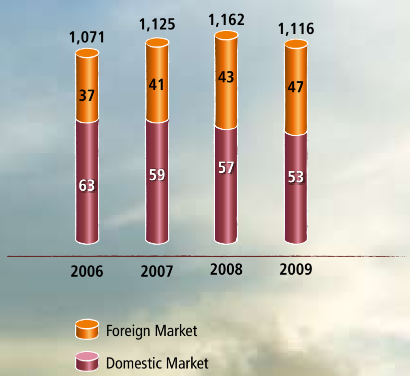


EBITDA/Margin

million R$

Paper sales

thousand tons



Pulp sales

thousand tons

Market value

million R$

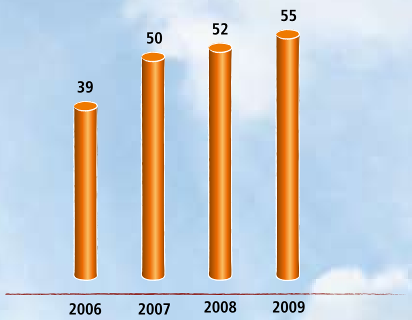
Eucalyptus plantation in Bahia

Financial Figures

	2006	2007	2008	2009
Net Revenue (million R$)	3,099	3,410	4,064	3,953
EBITDA (million R$)	1,040	1,034	1,469	1,021
Net Profit (million R$)	444	539	(451)	878
Volume Sold (thousand tons)	1,686	1,925	2,482	2,896
EBITDA Margin (%)	34	30	36	26
Investments (million R$)	1,765	1,293	483	659
Net Debt (million R$)	3,919	4,285	5,459	3,966
Net Debt/EBITDA	3.7	3.7	3.7	3.9
Profit per Share (R$)	1.41	1.72	(1.47)	2.86

Investment in social and **environmental responsibility** (internal and external)

million R$



Evolution **of production** (thousand tons)

	2006	2007	2008	2009
Total production	1,718	1,926	2,664	2,678
Market pulp	638	827	1,524	1,590
Coated P&W paper	133	133	124	118
Paperboard	235	241	258	235
Uncoated P&W paper	712	725	758	736

P&W: print and write

Distribution of the **value added** – consolidated ▸ GRI (**EC1**)

(In thousands of Brazilian Reais)

	2007	2008	2009
Personnel	392,100	409,557	408,469
Salaries	322,712	326,308	324,561
Benefits	55,649	66,193	65,822
Employee Severance Fund (FGTS)	13,739	17,056	18,086
Taxes, fees and contributions	326,045	(143,623)	315,253
Federal taxes	333,684	(113,246)	394,637
State taxes	(12,535)	(34,423)	(82,905)
Municipal taxes	4,896	4,046	3,521
Third party capital compensation	42,766	2,159,960	(510,251)
Interest	496,642*	965,707	516,991
Leases	38,906	64,303	61,771
Monetary Variations	(492,782)	1,129,950	(1,089,013)
Earnings on Invested Capital	536,601	(451,308)	877,932
Dividends / interest on invested capital	161,222	0	230,812
Retained earnings/losses for the period	375,379	(451,308)	647,120
Total	1,297,512	1,974,586	1,091,403

* In 2007, a total of R$ 492,782 thousand was reclassified from the interest ledger to the monetary variations ledger, to allow for better comparison of the information

Highlights **2009**

- Record-breaking Net Profit: R$ 878 million

- Cash availability: R$ 2.5 billion on December 31, 2009 and reduced net debt by R$ 1.5 billion within the year

- Record-breaking production: 2.7 million tons of market pulp and paper

- Record-breaking sales: 2.9 million tons of pulp and paper, up 16.7% in relation to the previous period

- Pulp cash production cost among the lowest worldwide: R$ 389/ton (annual average)

- 38% drop in the rate of occupational accidents (including employees and outsourced personnel)

- New growth cycle: invested R$ 361 million in the Piauí and Maranhão units

- Human Resource development: more than 290,000 hours of training

- Water consumption reduced by 9.7% at the Suzano Unit

About **this report**

GRI (**3**)

This Sustainability Report represents our goal to grow in a sustainable manner and thus ensure the continuity of our business and to contribute towards the economic, social and environmental development of Brazil. It was prepared for the fourth consecutive year based on Global Reporting Initiative (GRI) indicators and guidelines which in itself is in its third version; we believe it falls under a C+ level of application. The information contained herein refers to 2009 and regard the performance and results of all our units in Brazil and overseas offices, unless otherwise indicated. The report structure is basically the same as that adopted in the previous Sustainability Report, published in May 2009, including information and data relating to 2008 and which did not have to be revised. The evaluation of the economic and financial results complies with all norms in force in Brazil and was audited by the consulting firm Ernst & Young. GRI (**3.1, 3.2, 3.3, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11 and 3.13**)

In line with our commitment to maintain dialogs with all stakeholders, we sent individual questionnaires to a group of employees, customers, suppliers and community members; 20 of which responded. They assessed the 2008 Sustainability Report and expressed opinions, criticisms and suggestions that we used to help draft this new edition. The result is shown in the table below. GRI. GRI (**3.5**)

Please feel free to contact us to clarify any questions and/or make suggestions regarding the content of this Report, through the following communication channels: Suzano Responde e-mail suzanoresponde@suzano.com.br and/or through the Investor Relations department e-mail ri@suzano.com.br. GRI (**3.4**)

Materiality

GRI (**4.14, 4.15, 4.16 and 4.17**)

In order to identify the subject matters that are more relevant to our stakeholders, this year we sent individual questionnaires to a group of employees, customers, suppliers and community members; 20 of which responded. We have also taken into account the social and environmental diagnostics that were identified by communities in the states of Maranhão, Piauí and Bahia; during meetings held with our suppliers and forestry wood partners as well as the comments made by Bureau Veritas Certification, who verified the third part of the 2008 Report. Please see below the consolidated results:

- In the opinion of stakeholders who responded the questionnaires, the Report clearly defines the concept of sustainability we have adopted and the company's commitment to our stakeholders, in addition to identifying our challenges in three dimensions (economic, social and environmental);
- Although most of the respondents considered the report to disclose both positive and negative facts in a balanced manner, they added that it tended to focus on the positive;
- Most state that the Report conveys credibility, especially given that it is based on the GRI model and is subject to an independent audit;
- The environmental section was the one that interested them most in the 2008 Report.

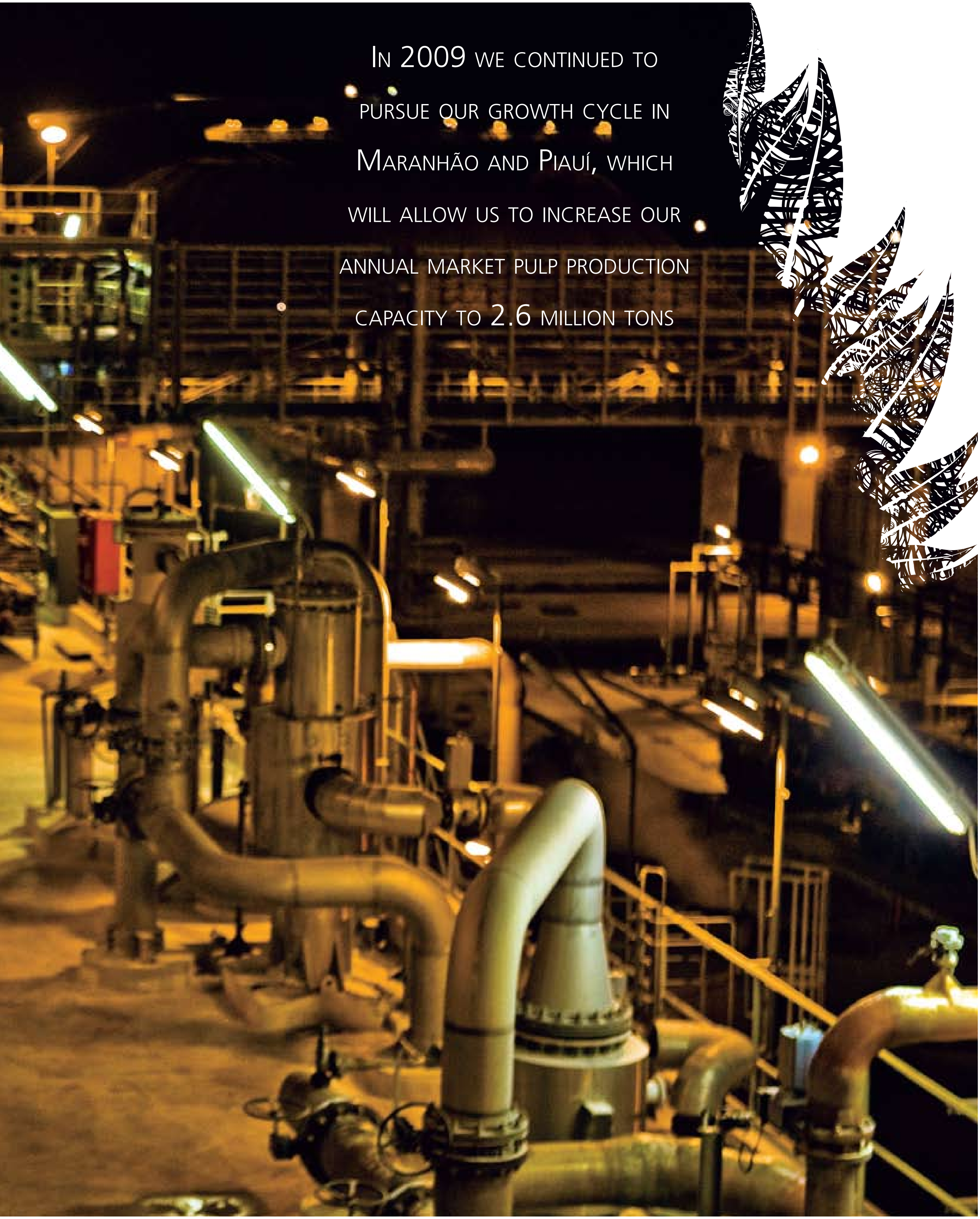
To the right, you will find the suggested topics for the 2009 edition, obtained through the questionnaires and by other methods:

Suggested topics	Responses
Environmental and social impacts of the new growth cycle	See the main results of the social and environmental diagnoses in Maranhão and Piauí in the *Community* chapter
Investments made in Piauí and Maranhão in 2009	Information regarding our new growth cycle is included throughout the report. Investments breakdown is specified in the *Profile* chapter
Social initiatives carried out by Suzano and information about community relations	For information and table with the social and environmental projects refer to the *Community* chapter
Information on certifications obtained by the company	For more information about this item refer to the Intangible Assets chapter
Generation of Jobs	Suzano ended the year with 3,862 employees, up 9% in relation to the previous year. Learn more in the *Personnel* chapter
Social and environmental aspects related to Eucalyptus cultivation	We suggest reading the publication Eucalyptus and social and *environmental development,* available for download on our website (www.suzano.com.br) at Suzano Papel e Celulose> Sustainability> Printed Publications
Relations with forestry wood partner	Refer to the *Forestry Business Unit and Suppliers chapters*
Information regarding the use and availability of water resources at the Forestry Business Unit	Refer to the *Environment* chapter, under the Water section

Flamarion Brito, Lucas Ferreira da Costa and Aledson Ferreira da Silva at the Mucuri mill (Bahia State)

management: the pursuit of **excellence**

In 2009 we continued to pursue our growth cycle in Maranhão and Piauí, which will allow us to increase our annual market pulp production capacity to 2.6 million tons



Drying Plant at Mucuri
Unit Line 2 (Bahia State)

Message **from the CEO**

▸ GRI (**1.1**)

16.7%

WAS THE INCREASE OF OUR SALES IN 2009; A RECORD-BREAKING MARK OF 2.9 MILLION TONS

The year of 2009 was a very challenging one: we faced two very different market environments; where the recovery of macroeconomic conditions which occurred during the third and fourth quarters contrasted with moments of uncertainty and extreme volatility in different markets as occurred in the first half of the year. The effects of the financial crisis started in 2008, which affected the economic environment around the world, and consequently, the pulp and paper industry, was most impacted in the first two quarters of 2009. To overcome these challenges, we adopted measures in all areas: we drastically cut costs, adjusted inventory volumes, optimized assets, diversified product portfolio, strengthened our commercial relations with China and improved our risk management and thus, among other important decisions, we were able to avoid entering exotic derivative operations.

Thanks to this set of initiatives, swiftly adopted and with the involvement of all departments, we were able to minimize the negative effects of the period and closed yet another year maintaining our financial strength. We therefore ended the year with a production volume of 2.7 million tons, i.e. 0.5% higher than 2008 and sales totaled 2.9 million tons; a record-breaking mark, representing a 16.7% increase in relation to the previous period. Our net sales totaled R$ 4.0 billion and EBITDA was R$ 1.0 billion, respectively down 2.7% and 30.5% in comparison to 2008. Our average eucalyptus pulp price was R$ 904/ton – 22.5% lower than that in 2008 – while the average price of our paper was R$ 2,101/ton – 3.3% lower than the 2008 average price. These figures demonstrate that during crises, the paper business unit has smaller fluctuations in prices. Working capital was reduced by R$ 437 million, net debt by R$ 1.5 billion compared to the end of 2008, and on December 31, 2009, we had R$ 2.5 billion in cash and cash equivalents. Net profit, positively impacted by the valuation of the Brazilian Real, was R$ 877.9 million, a record for the Company. It is worth noting that the sale of land and forests in the state of Minas Gerais, closed in the fourth quarter of 2009, totaling R$ 311 million will be recorded in the fiscal year of 2010, given that the transaction is to be concluded in the first half of this year.

On the other hand, up keeping with our tradition of balancing short-term needs with a constant eye on the future, we did not change our schedule of the key stages that are part of our growth cycle as announced in mid 2008. To meet the objective of more than doubling our size over the next decade, we acquired 137,300 hectares of land in the states of Maranhão and Piauí; where our two new industrial units will be built. We already have over 1,700 people working (including employees and outsourced personnel) in Maranhão and Piauí. The demand for eucalyptus market pulp was 14.2 million tons in 2009, up 16.8% in comparison to the previous year, while total demand for pulp grew only 1.8%. Once again showing that we have chosen the correct strategy to rapidly expand our production of eucalyptus-based market pulp.

Additionally we acquired 84,700 hectares of land from Vale, of which 34,500 hectares have already been planted with eucalyptus trees in Maranhão, and we formalized the partnership for the supply of lumber from eucalyptus plantations participating in the Vale Florestar program. Furthermore, we concluded negotiations to hire Vale and Transnordestina Logística to carry out rail transportation of the pulp to be produced at the two mills to the port region of São Luís (Maranhão State).

In 2009, the company planted approximately 73 million eucalyptus seedlings on its own properties; 21 million of which were allocated for the two new units. This is an average of 346,000 seedlings planted per day throughout the year. In 2009, our planted forests sequestered 4.3 million tons of carbon from the atmosphere; the Company emitted approximately 1.0 million tons of carbon. That is, our sequestration/emission relation is positive by a rate of 4.3, demonstrating the huge benefit our activity offers in the fight against global warming. These figures do not include carbon sequestration from the Company's native forests.

We further strengthened our sales units in Europe, the US and Argentina – which together accounted for 40% of the paper exports in 2009 – and in China, home office exclusively dedicated to the commercialization of pulp. We added more people to the teams working in these locations, identified the most profitable niches and opportunities and further consolidated our relations with our customers, based on our product quality and certification, as well as on the experience of our professionals in dealing with the cultures and needs required in each country.

The Company's total investment was R$ 658.7 million, 36.4% higher in relation to 2008, of which R$ 361.1 million was allocated to the expansion projects in Maranhão and Piauí.

In Brazil, we continue expanding our efforts on operational improvements by further expanding the use of tools such as Operational Excellence, Innovation and Six Sigma Programs. We also invested in structuring our social and environmental department, increasing the number of teams at the each site to work with the communities. We earmarked another R$ 31.3 million to continue our projects focused mainly on education, the environment and generation of income that benefit the communities surrounding our facilities.

The *Educar e Formar* (Educate and Train) Program, a project that combines refurbishing of schools and training of teachers, carried out in partnership with the Ayrton Senna Institute, and the program to promote reading, conducted by the Ecofuturo Institute, has already refurbished 95 schools assisting 92,000 students in 14 municipalities in the states of Minas Gerais, Espírito Santo and Bahia.

The purchase of lumber from forestry partners in the various regions where we operate has reached the value of R$ 76.2 million and another R$ 11.0 million was invested during the year in the areas where these forestry partners are located. We also have great pride in the work carried out by the Ecofuturo Institute, with whom we work in partnership as a sponsor.

An important achievement in 2009 was receiving the Pulp and Paper International (PPI) Award, in the Best Business Strategy of the Year category for pulp and paper worldwide. This award is given by RISI – the leading information provider for the global forest products industry – and was delivered in Munich on October 28. It is an international recognition of the quality of our Strategic Planning Process, which includes Creating Value in our forestry activities; Accelerated Organic Growth in eucalyptus pulp production; paper manufacturing and sale Operational Excellence, and Sustainability in all our activities. In our view, Sustainability is the ability to replicate growth cycles and success, and to this end we need to achieve positive triple bottom line results: i.e. economic and financial, environmental and social results. We owe the credit of the results mentioned in this message to Suzano Pulp and Paper's exceptional body of professionals that through dedication and competence run the day of this great Company. Seeking to further improve our performance in 2009 we implemented new training, especially to train leaders at all levels, a new assessment system and performance recognition as well as the *Programa Saúde Nota 10* (Top Form Health Program) which counted on the participation of over 2,000 employees.

In 2009, we achieved, once again, our goal of reducing the number of occupational accidents.

Rate of Occupational Accidents: 3.16, compared with 4.97 in 2008

We are very pleased to inform you that in 2009 we were able to repeat, once again, our goal to reduce occupational accidents. The Accident Frequency Rate was 3.16, compared with 4.97 in 2008. If we include Maranhão and Piauí, this figure drops to 3.08 in 2009. These results further reinforce our position among the best worldwide when it comes to safety.

I would also like to thank our suppliers, customers, banks and the communities where we operate, especially our controlling and minority shareholders (whose base evolved from 4,000 to 5,200 during the year) and our Board of Directors for the confidence you have placed in us in such a complex year as was 2009. Our team will work hard to continue earning that trust. We expect the 2010 results to be even better given the global economic recovery, and consequent strong recovery in pulp prices, allied with Suzano Pulp and Paper's solid strategic, operational and financial pillars.

Antonio Maciel Neto
Chief Executive Officer

Profile

▸ GRI (**2**)

Suzano has 85 years of market experience (celebrated in 2009), as a forestry base company. The company is the second largest global producer of eucalyptus pulp and is included among the top ten market pulp manufacturers, in addition to being a regional leader in the paper market. We have been a publicly traded company since 1982 and are also part of the Suzano Group; our controller is Suzano Holding. GRI **(2.1, 2.6)**

Our company structure includes three Business Units – Forestry, Pulp and Paper – and four internal Service Providing (PS) divisions: Operations; Finance; Human Resources; and Strategy, Business Development and Investor Relations. The Paper Business Unit also encompasses SPP-Nemo, a paper and printing products distributor which has 13 commercial offices and extensive domestic coverage. GRI **(2.3)**

Headquartered in the city of São Paulo, we have four mills in Brazil – one in Mucuri (state of Bahia State), one in Embu (state of São Paulo State) and two in Suzano (São Paulo State). Our forestry areas as well as that of our forestry wood partners are concentrated in the south of Bahia, in the northern tip of Espírito Santo, São Paulo and east of Minas Gerais. We also have forestry areas in the states of Maranhão, Piauí and Tocantins, which will supply our new mills in those states, which are scheduled to start up in 2013 and 2014 respectively. Our 3,862 employees are spread out through these sites. We also hold 50% of Consórcio Paulista de Celulose e Papel (Conpacel) located in Limeira (São Paulo State). Abroad, we have three regional offices set up in the US, Switzerland and China, and two subsidiaries: Sun Paper in England and Stenfar in Argentina. All these international units account for another 162 professionals. GRI **(2.4)**

Based on this structure we are able to operate in two distinct markets: market pulp which we sell to companies in 31 countries, and paper which we commercialize to 86 countries. Our paper portfolio includes four product lines: uncoated paper, cut size or office paper, coated paper and paperboard. Together they are currently sold under approximately 30 brands, some of which are well-established in the market, such as Report®, TpPremium®, Paperfect®, Alta Alvura®, Reciclato®, Pólen® and Supremo®. GRI **(2.2, 2.5, 2.7)**

Despite the adverse scenario in 2009 we invested R$ 658.7 million, 36.4% more than in 2008, R$ 283.5 million in maintaining our current capacity, R$ 361.1 million in expansion projects of the units in Maranhão and Piauí and another R$ 14.1 million in other investments. We are among the companies that most planted in pulp and paper in Brazil (55 thousand hectares, i.e. 73 million trees).

We continued to pursue our growth cycle projects in Maranhão and Piauí, which will allow us to increase our annual market pulp production capacity to 2.6 million tons. In addition to these new units, we continue to evaluate other projects through which we intend to reach an installed production capacity of 7.2 million ton per year over the next ten years. GRI **(2.8 and 2.9)**

This target is founded on our sustainability-oriented management, which means focusing on economic and financial, social and environmental issues, in order to increase business competitivity, while at the same time contributing towards the preservation of the environment and strengthening ties with all our stakeholders.

Vision ▸ GRI (**4.8**)

To be strong and gentle. To continually build a company of excellence that harmonizes the creation of value with the promotion of human dignity and the preservation of natural resources.

Mission ▸ GRI (**4.8**)

To develop and offer forest-based products, services, concepts and ideas, anticipating customer requirements and promoting the satisfaction of shareholders, employees, vendors and local communities.

Values ▸ GRI (**4.8**)

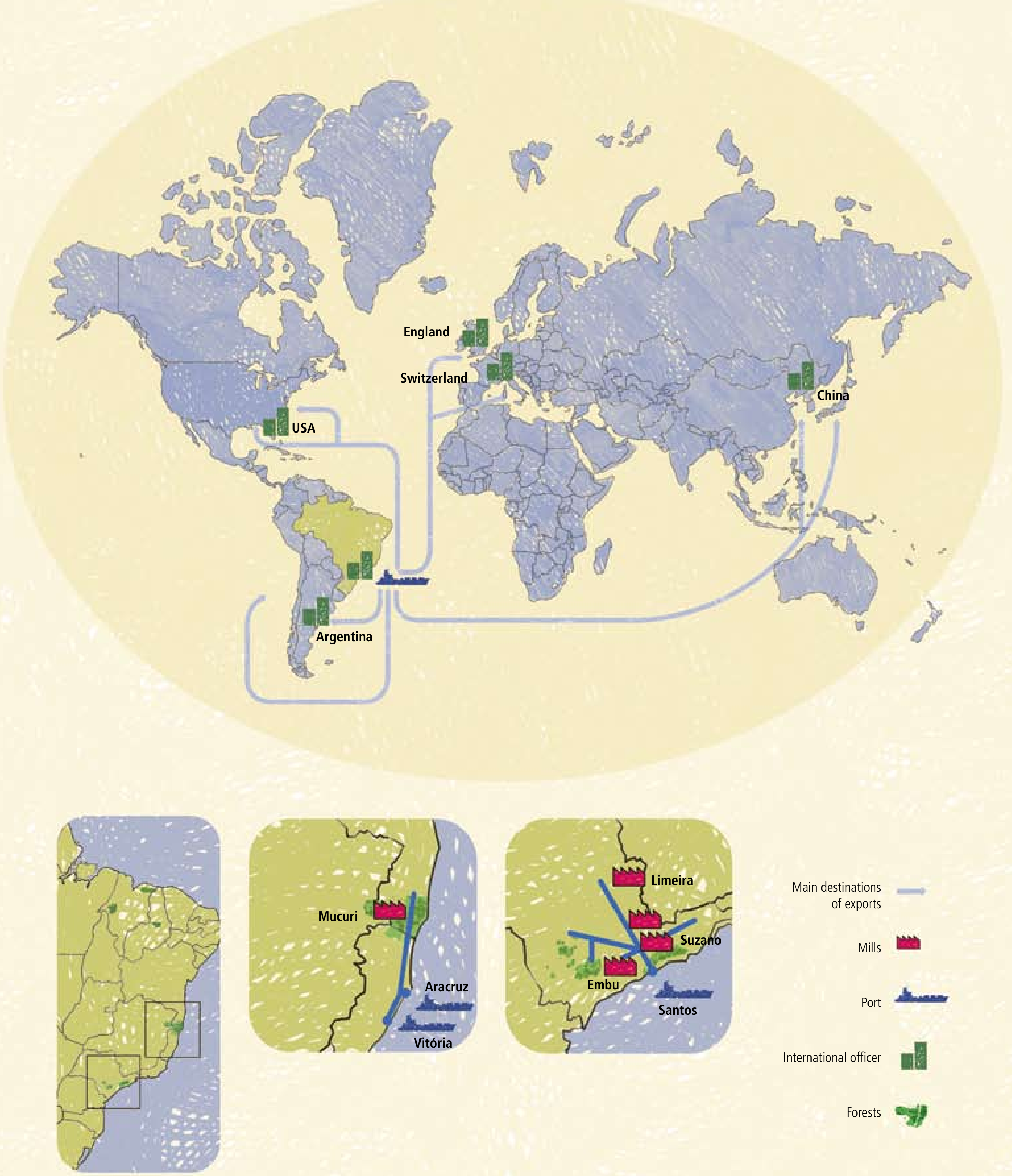
- Flexibility and agility
- Quality relationships
- Humanism and diversity
- Social and environmental responsibility
- Leadership
- Safety, health and quality of life
- Commitment
- Innovation and pioneer spirit

Map of **Strategic Parties**

The following map identifies our main stakeholders; the parties that we interact with. They are divided into four groups, according to the type of interaction with our Company. Dialog with all of these groups is the basis of our sustainability.

Location **Map**

▸ GRI (**2.3, 2.4 and 2 .5**)



Strategy **and Management** ▸ GRI (**4.9**)

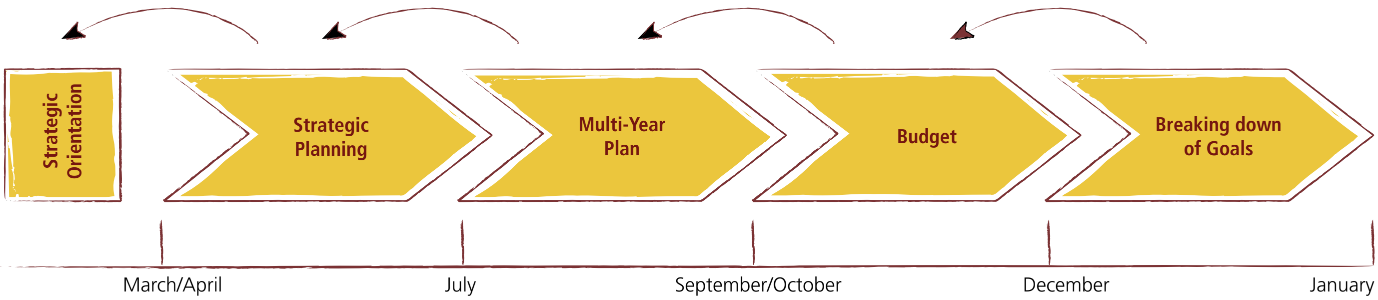
Our sustainable growth strategy is reviewed and fine tuned on an annual basis during our Strategic Planning cycle. This process includes five steps carried out during the period: strategic guidelines, strategic planning, multi-year plan, budget and the breakdown of goals. In 2009 we maintained our focus on the goal – as announced mid 2008 – of doubling our production capacity by building two new mills in Maranhão and Piauí.

We moved rapidly in this direction through investments and expansion of production and planting of eucalyptus seedlings – we hiked from 263,000 trees planted per day in 2008 to 346,000 trees planted per day in 2009.

We also implemented strong measures to mitigate the impacts of the global financial crisis on the Company. We reduced administrative and sales expenses by 13.9% and our working capital by R$ 437 million; we took on services that had been till then outsourced, reduced inventory and conducted successful negotiations to improve customers' payment due dates and extend payments to suppliers. In addition, we sold a total R$ 347 million of our non-operating assets, an initiative that is aligned with the strategy to optimize and reallocate capital that will strengthen the cash position to soundly manage the investments related to the new growth cycle. It is worth noting that of the amount sold, a total of R$ 311 million, related to a plot located in Turmalina (Minas Gerais State), will be accounted in the first half of 2010. The assets sold throughout 2009 were not intended for production of pulp and paper and the sale thereof does not impact our current operations or our future projects.

Flamarion Brito, Lucas Ferreira da Costa and Aledson Ferreira da Silva at the Mucuri mill (Bahia State).

Strategic Planning Cycle



Considering the effects of the international crisis during the process to prepare for the Strategic Planning Cycle we opted to review the strategies defined for the three business units, which resulted in:

Forestry – Entitled "Value in Action", the strategy for the area is to broaden the scope of action to go beyond the supply of lumber to the Pulp Unit. Thus, we identified several business opportunities aligned with our expertise.

Pulp – The strategy is to promote an accelerated organic growth, according to the strategic plan established by the Pulp Business Unit in order to expand our international market presence through the production of new sites, such as the North-Northeast, which till date had not been used to produce pulp.

Paper – Excellence in Operations is the name of the strategy for the paper area, which means improving what we already do. Thus we carried out an in-depth analysis of the competitiveness of our assets and identified opportunities to increase competitivity. Furthermore, we defined the model through which we position ourselves in the market – Go to Market (GTM) – and identified areas where we can improve to achieve excellence in paper production, sale and distribution operations.

To improve these objectives, we also reviewed the strategy of the Operations areas, which includes the Industrial, R&D, Logistics, Competitiveness and Information Technology departments. Seeking to establish itself as Best in Class and to achieve excellence in our operations, we invested heavily in the Operational Excellence and Six Sigma Projects. It was within this frame of mind that we entered into a partnership with the Institute for Management Development (Instituto de Desenvolvimento Gerencial – INDG).

Management

Our Management Excellence Model is based on eight criteria established by the National Quality Foundation (FNQ) – an organization that in 2008 awarded us with the National Quality Award (PNQ). They are: leadership; strategies and plans; customers; society; information and know-how; people; processes; and results. All of which put into practice on our day to day through a sound and well-defined organizational structure, which includes 12 Committees, 18 Sub-committees and a number of Workgroups *(Learn more in th*e Corporate Governance *chapter).*

We also have technology, intangible assets, risk and human resource management policies, among others – all of which are grounded on our concept of sustainability; i.e. the ability to replicate growth cycles and success, taking into consideration the three dimensions of the business: economic, social and environmental.

Corporate Governance

▸ GRI (**4.1**)

The three aspects: Defined Controlling Group, Capital Markets and Professional Management is the basis of our corporate governance and consequently of our relationship with capital markets and investors. We provide all the information and data in a clear and concise manner so they can easily assess our performance and check if they are aligned with the growth strategies outlined in our annual planning cycles.

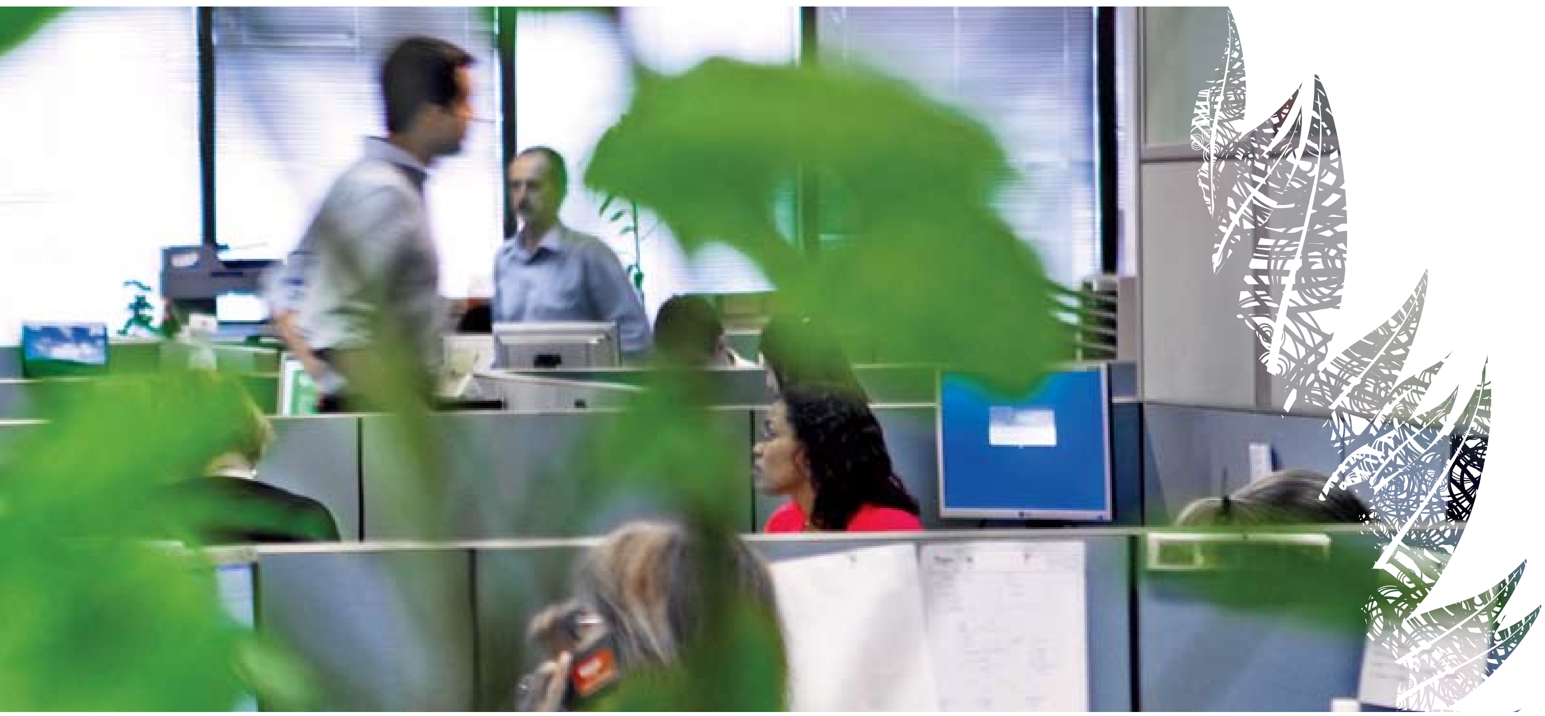
Several tools help this governance, including the Code of Conduct. It is widely disseminated among all stakeholders to express and reiterate our corporate conduct and what we expect from our business partners. We have yet another channel which is the External Ombudsman, managed by a independent company, that receive claims via e-mail ouvidoriaexterna@austernet.com.br.

This management and control method is strengthened by a Conduct Committee – granted this status in 2009 – which is responsible for upholding ethics in our business activities and continually improving dialog with our stakeholders The Committee endeavored its efforts last year to respond to all complaints submitted to the External Ombudsman.

OUR CONDUCT COMMITTEE IS RESPONSIBLE FOR UPHOLDING ETHICS IN OUR BUSINESS ACTIVITIES

We have resorted to internal and external auditors to audit our results and the effectiveness of internal controls and accounting practices. They submit their reports to the Audit Committee. We have maintained a contract with Ernst & Young Auditores Independentes S.A. since 2004 to provide independent audit services.

Employees at the São Paulo office



Organizational Structure

Our management is carried out, at the top level, by the Board of Directors – supported by the Management Committee, the Sustainability and Strategy Committee and the Audit Committee – as well as by the Executive Board. We moreover have a permanent Fiscal Council made up of three effective members and three substitutes.

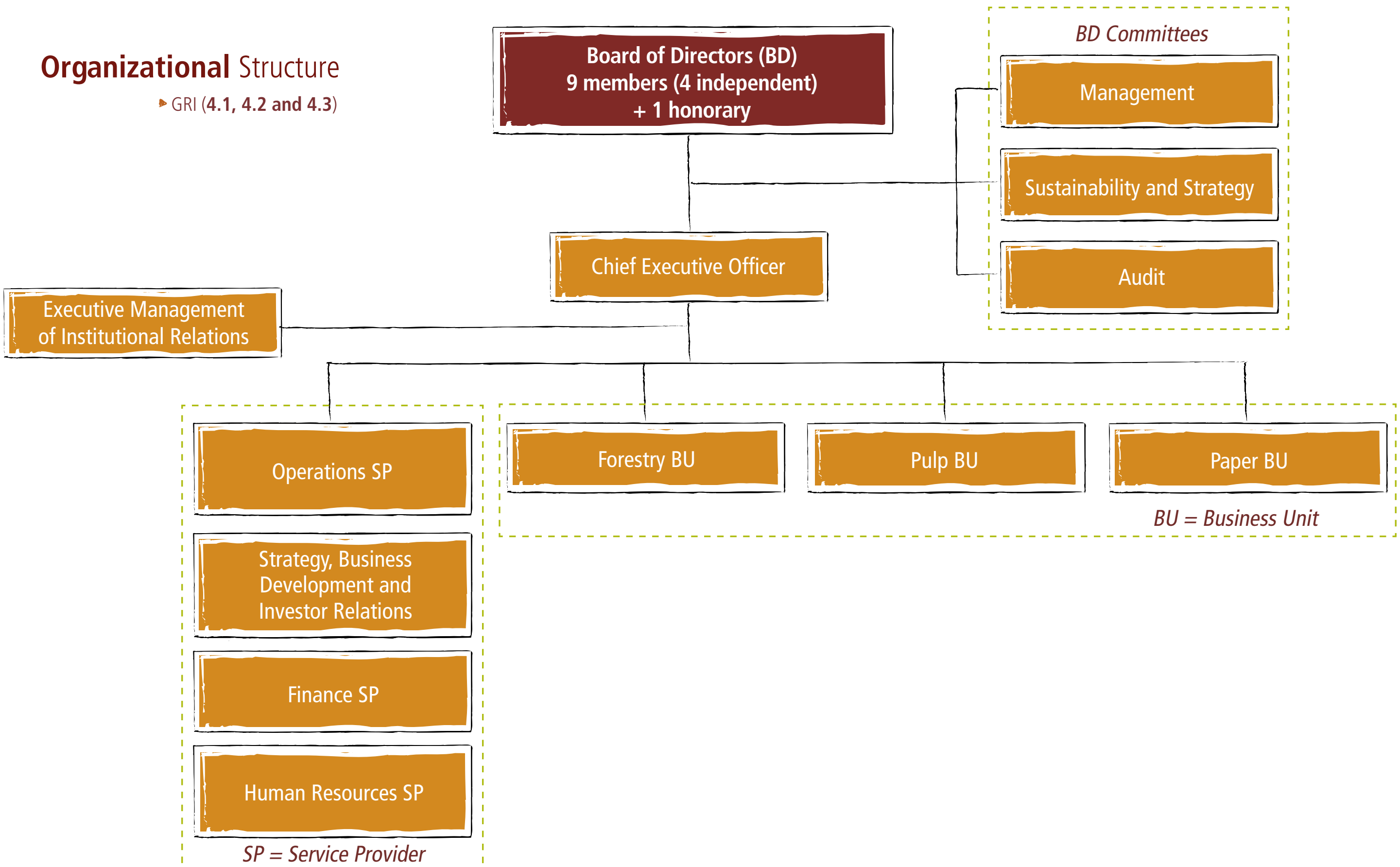
Since 2007, this structure is further reinforced by 12 Committees and 18 Subcommittees, and Workgroups, all aligned with our Management Excellence Model and which are responsible for the integration of internal departments, consolidating lessons learned and dissemination of strategic matters and practices.

Our organizational structure is based on Business Units, which allows us to assess the performance and return of each business in an independent manner. The Company has three Business Units – Forestry, Pulp and Paper – that operate with the support of four Service Providing divisions: Operations; Human Resources; Finance; and Strategy, Business Development and Investor Relations. This structure is intended to achieve three permanent goals: increase customer-focus, accountability for results and development of leaders. GRI (**4.4**)

OUR ORGANIZATIONAL STRUCTURE IS BASED ON BUSINESS UNITS (FORESTRY, PULP AND PAPER), WHICH ALLOWS US TO ASSESS THE PERFORMANCE AND RETURN OF EACH BUSINESS

Organizational Structure

▸ GRI (**4.1, 4.2 and 4.3**)



Amilton José Kanieski and João Batista Caland Junior (in the backdrop) at the Teresina (Piauí State) office

Board **of Directors (BD)**

The Board of Directors consists of nine members – four of which are independent – as well as one honorary member; Members have a two-year term and may be reelected. The board ordinarily meets every three months and extraordinarily, whenever necessary. The Management Committee supports the Board of Directors, focusing on matters related to finance, budget and control, talent management, executive compensation, judicial and legal matters, new business, investments and market ties, and establishment of corporate policies. It also accompanies the results and performance achieved by top-level executives. The Sustainability and Strategy Committee provides subsidies for long-term strategies and planning thereof and disseminates the concept of sustainability and its application. In turn the Audit Committee is responsible for i) analyzing Financial Statements, ii) overseeing internal and external auditing activities as well as internal controls, and iii) advocating compliance with the Code of Conduct. ▸ GRI (**4.1**)
The Board of Directors is made up of the following executives:

DAVID FEFFER – Chairman of the Board of Directors. Garnered 36 years of experience in the pulp and paper industry. Coordinator of the company's Management Committee as well as a member of the Sustainability and Strategy, and Audit Committees. Mr. David Feffer is the CEO of the controlling company Suzano Holding, IPFL Holding, Nemopar Investimentos Ltda. and Polpar – of which he is also vice-chairman of the Board of Directors. Mr. David Feffer is also VP of Premesa and Vocal Comércio de Veículos.

DANIEL FEFFER – Vice-Chairman of the Board of Directors. Garnered 32 years of experience in the pulp and paper industry. Mr. Daniel Feffer is member of the company's Sustainability and Strategy Committee. It is also Chairman of the Board of Directors of Polpar S.A., CEO of Premesa S.A., Executive Corporate VP of the controlling company Suzano Holding S.A., IPFL Holding S.A. and Executive VP of Nemopar Investimentos Ltda. Mr. Daniel Feffer is the CEO of Comércio de Veículos Ltda. and Nemonorte Imóveis e Participações Ltda. Vice-Chairman of the Board of Trustees, Executive VP of the Philanthropic Foundation Arymax and Chairman of the Board of Officers and Vice Chairman of the Ecofuturo Institute Board.

BORIS TABACOF – Vice-Chairman of the Board of Directors. Garnered 35 years of experience in the pulp and paper industry. Mr. Tabacof is also the Vice Chairman of the Board of Economics Fiesp, member of the Advisory Committee of Bracelpa and the Brazilian Institute of Finance Executives - IBEF (Rio de Janeiro) as well as the *Chairman of Board of the Britain Brazil Business Forum*.

JORGE FEFFER – Member of the Board. Jorge Feffer has 31 years of experience in the pulp and paper industry and is a member of the Sustainability and Strategy Committee. He is also Corporate VP of Suzano Holding and IPFL Holding S.A., Executive Officer of Nemonorte Imóveis e Participações Ltda. and Vocal Comércio de Veículos Ltda.

CLAUDIO THOMAZ LOBO SONDER – Member of the Board. Executive VP of the controlling company Suzano Holding S.A., Coordinator of the Sustainability and Strategy Committee and a member of the Audit and Compensation Commitee of the Board of Directors of the Company. Mr. Sonder was the CEO and Chairman of the Board of Directors of Hoechst Química e Farmacêutica from 1983 to 1993. He is a member of the Board at Lojas Renner S.A., the RBS Group, Cyrela Brazil Realty, OGX and Grupo Químico DSM/Holanda.

ANTONIO DE SOUZA CORRÊA MEYER – Independent Member of the Board. Founding partner of the law firm of Machado, Meyer, Sendacz e Opice Advogados, he is a former member of the Board of the Brazilian Bar Association, chairman of the Steering Committee of CESA and former Officer of the American Chamber of Commerce and the ABRASCA's Legislative Committee. From 1987 to 1989 he acted as legal adviser and president of the Legislative Committee of the American Chamber of Commerce.

OSCAR DE PAULA BERNARDES NETO – Independent Member of the Board. Member of the Audit Committee. Managing partner of Integra Associados, member of the Board of Directors of Gerdau S.A., Metalúrgica Gerdau, São Paulo Alpargatas, Localiza, Localiza and Johnson Electric (Hong Kong). Mr. Bernandes Neto is also a member of the Advisory Committee of Bunge Brasil and Alcoa Brasil. He was president of Bunge International and managing partner of Booz-Allen & Hamilton.

MARCO ANTONIO BOLOGNA – Independent Member of the Board. Coordinator of the Audit Committee. He is a member of the Board of Directors of TAM S.A. and TAM Aviação Executiva e Taxi Aéreo S.A. Mr. Bologna also acted as CEO of TAM Linhas Aereas S.A. and General Director of WTorre S.A.

NILDEMAR SECCHES – Independent Member of the Board. Mr. Secches is the co-chairman of the Board of Directors of BRF-Brasil Foods and a member of the Board of Directors at WEG S.A., Ultrapar Participações S.A. and Iochpe-Maxion S.A. He was CEO of Empresas Perdigão, Director of BNDES and Corporate Director of Grupo Iochpe-Maxion Holding Industrial.

AUGUSTO ESTEVES DE LIMA JUNIOR – Honorary Board Member. Mr. Esteves de Lima Junior is the Chairman of the Board of Directors of Suzano Holding S.A., member of the Board of Directors of IPLF Holding S.A., member of the Board of Directors of Polpar S.A., the Board of Trustees of the Philanthropic Foundation Arymax and of the Ecofuturo Institute Board.

Board of **Officers**

The Board of Officers is composed of a chief executive and seven executive officers. The following professionals are part of the board:

ANTONIO MACIEL NETO – Chief Executive Officer. Working for Suzano for four years Mr. Maciel Neto is a member of the Board of Directors of US-based Archer Daniels Midland and Marfrig Frigoríficos e Comércio de Alimentos and VP of Bracelpa. He was a member of the Board of Directors of Sebrae, Gradiente, Cecrisa and Amcham, as well as the CEO for Ford Brasil and South America, the Itamarati Group, Ferronorte Participações and Cecrisa Revestimentos Cerâmicos. He also worked as an executive at Petrobras and in the federal government. He has an undergraduate degree in Mechanical Engineering from the Federal University of Rio de Janeiro (UFRJ).

ALEXANDRE YAMBANIS – Executive Officer, responsible for the Pulp Business Unit. He joined Suzano in 2009. Was CEO of the European operations of the RGM Group and Commercial Director of Aracruz. Mr. Yambanis majored in Business Administration at Fundação Getúlio Vargas (FGV).

ANDRÉ DORF – Executive Officer, responsible for Strategy, Business Development and Investor Relations Division. Working for Suzano for seven years Mr. Dorf was responsible for the Paper Business Unit from 2005 to 2008, and worked as an executive at J.P. Morgan in Brazil and in New York, at Chase Manhattan and Banco Patrimônio/Salomon Brothers. He majored in Business Administration at Fundação Getúlio Vargas (FGV).

BERNARDO SZPIGEL – Executive Officer, responsible for the Finance and Legal Divisions. At Suzano for 15 years Mr. Szpigel previously worked at Vale for 23 years where he occupied positions such as Director, VP and a member of the Board of Directors. He has a PhD in Business Administration from the University of California, Berkeley and a Bachelor's degree in Mechanical Engineering from ITA.

CARLOS ANÍBAL DE ALMEIDA JÚNIOR – Executive Officer, responsible for the Paper Business Unit. At Suzano for the past six years Mr. Aníbal has worked as Executive Manager of the Pulp Business Unit. He was General Sales Manager for Latin America at General Electric, in the Industrial Systems Division. He holds a degree in Electrical Engineering from the Federal University of Minas Gerais and an MBA from Ibmec-SP.

CARLOS ALBERTO GRINER – Executive Officer, responsible for the Human Resources Division. Working for Suzano for two years. At General Electric he worked as Human Resource Manager of Operations in Aviation in Brazil and abroad, Global Director of Human Resources for Information Technology in the United States and Human Resources Director for Mexico and Latin America. Mr. Griner also worked at Carioca Engenharia, CR Almeida, Comlurb amd Bureau Veritas. He has a post-graduate degree in Business Administration from COPPEAD Universidade Federal do Rio de Janeiro.

ERNESTO POUSADA JÚNIOR – Executive Officer, responsible for the Operations division. Working for Suzano for five years he was responsible for the Mucuri Unit expansion project. Mr. Pousada worked as an executive at Dow Chemical Company, in Brazil, the US and Europe. He has a degree in Business Administration from the School of Business Management (Fundação Instituto de Administração - FIA), of the University of São Paulo (USP).

JOÃO COMÉRIO – Executive Officer, responsible for the Forestry Business Unit. At Suzano for three years he previously worked at Champion Papel e Celulose and International Paper where he was Director of Global Forestry Strategic Planning at the company's headquarters in the US. Mr. Comério has a graduate degree in Forestry Sciences and Wood Technology from Escola Superior de Agricultura Luiz de Queiroz (Esalq/USP).

Audit Committee

The Audit Committee is made up of three effective members, two of which are appointed by controlling shareholders and one by the preferred shareholders. They are:

LUIZ AUGUSTO PAES - Since 1991 he has been a Managing Partner of Almeida Prado, Paes e Caruso Consultoria Empresarial Ltda., which provides tax advice and consulting services to companies. He has a degree in Law from the University of São Paulo (USP).

RUBENS BARLETTA – Was a member of the law firm Augusto Esteves de Lima Junior for over 40 years and currently provides legal services to several companies throughout Brazil. He has a degree in Law from the School of Law of São Bernardo do Campo.

JOSÉ LUIZ MONTANS ANACLETO JUNIOR – was a Tax Adviser for Mahle-Metal Leve S.A. and Encorpar. He has worked as a corporate analyst for Skopos Administradora de Recursos since 2002. Mr. Anacleto has a degree in Mechanical Engineering from Escola Politécnica from the University of São Paulo (USP).

Support

COMMITTEES – Strategy; Human Resources Management; Conduct Management; Operational Excellence; Standardization and Certifications; Innovation; Fiscal-Tax; Investments; International Management; Management Model; Communication and; Social and Environmental.

SUB-COMMITTEES – Risk; Credit; HR Management; Quality; Tax Cash Flow; TOT (Operations; Fiscal and Taxes); Investments; Operational Excellence; Six Sigma; SPP Standardization and Certifications; Operational Service Provider Standardization and Certifications; Forestry Business Unit Standardization and Certifications; Matrix Budget; Social and Environmental Matters (São Paulo; Maranhão; Piauí and Bahia); PNQ Facilitators; Conduct Management; and Gap Closure.

WORKGROUPS – the workgroups are created depending on the need to discuss, increase understanding and decide regarding measures to be adopted for specific matters related to our operations.

Audits and Internal Controls

We evaluate our results, internal controls and accounting practices through external auditors and internal auditing. The diagnoses of the analyses are submitted to the Audit Committee.In 2009, we hired a Audit Director who reports directly to the Board of Directors, the Audit Committee, operationally to the CEO of Suzano Pulp and Paper.

Ernst & Young Auditores Independentes S.A. has been our provider of independent auditing services since 2004; their work allows us to improve internal controls, especially those related to fiscal, accounting and information technology matters.

Risk Management

▸ GRI (**4.11**)

Our risk management policy revealed to be effective in 2009 in that, out of all the potential events that we mapped as priorities in the previous year—which we have been monitoring closely—the effects of the ones that in fact occurred were mitigated. An example thereof was potential loss of credit lines in the market, which indeed occurred at the beginning of last year with the financial crisis. The issue is now a permanent item on the agenda of the Board's weekly meetings; at these meetings decisions were taken to extenuate the impact of the situation.

The differential of our risk management—which encompasses application of methodology defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)—is its alignment with our Strategic Planning Cycle (SPE) and the involvement of all internal departments. Thus, a well-formulated strategy and constant analysis of the market reality allows us to correctly identify potential risks and define plans of action, contingency and control to deal with them.

In 2009, this model was enhanced with the dissemination of the methodology, prioritizing risks which we are subject to, measuring the impact and probability of the occurrence of each risk and detailing and accompanying each of the identified risks. This work involved all officers and Management and Audit committees, which identified the 22 most relevant risks for our business. Below we detail examples of some of the risks.

Financial Risks

One of the main risks of an economic-financial nature which we are subject to is the volatility of the Brazilian Real in relation to the US Dollar, given that a significant part of our revenues and debts are in this currency. Our hedging policy is grounded by the fact that more than 50% of the net revenue comes from exports that are priced in dollars. This natural hedge allows us to reconcile the flow of payments for financing and other obligations that are in dollars with the flow of sales revenues. The excess revenues in dollars that are not pegged to debt commitments and other obligations are sold in the exchange market via on demand transactions and in the futures markets so as to improve opportunities for contracting these sales. On December 31, 2009, there was US$ 316.6 million in operations contracted for future sale of US dollars; US$ 241.6 million through simple NDFs *(Non Deliverable Forwards)* and US$ 75 million through positions with US dollar purchase and sale options. The object thereof is to protect export revenues *(hedge)* with a zero cash outlay for the Company *(zero cost collar).*

Felipe Sans Romano, Marcos Maciel Marques da Costa and Alexandre Dalpiero de Freitas at the São Paulo Office

Wedson Pinheiro da Silva, Cleyton Guidolini, Diogo Lage Ferreira and Robson Pereira Marques (in red), at Mucuri Unit (Bahia State)

Additionally, Suzano executes agreements to swap floating interest rates with fixed interest rates and contracts to fix pulp prices in order to decrease the upshots of these variations on our cash flow.

As a strategy to protect against the volatility of the Brazil risk and potential shortage of lines of credit, we adopted a policy of maintaining the elongated profile of our debt and high liquidity rate, with reduced roll-over risk. On December 31, 2009, the duration of our long-term debt was 2.8 years compared to 3.0 years in 2008. In turn, the cash, cash equivalents and investment balance was R$ 2,482.6 million at the end of 2009.

Market Risks

One of the market risks we are subject to is the competition both from domestic and foreign companies. In 2009, this risk was indicated by the increased availability of imported paper products in Brazil. To mitigate this risk, we sought to diversify the markets we sell to and launched products that meet new market niches and customer needs *(check out these launches in the section on* Visibility *in the Intangible Assets chapter)* and maintain respectful and transparent relationships with our customers.

Operational Risks

To mitigate the risk of delays in expansion project execution or the need to increase previously planned investments, we contracted financing with suitable deadlines, amortization profiles and competitive rates. We effectively manage all phases of the projects and seek to establish partnerships with specialized consultants and managers. Thanks to these measures, in 2009 we were able to conclude all the phases defined in the scope of the new growth cycle, as well as the investment schedule required therefor. It is worth mentioning that despite the debt contracted to implement the Mucuri Project, the debt profile is adequate, which was substantiated in 2009: despite the lower cash generation, we had no impact on our stability.

Another risk related to our operations, which arises from our reliance on third parties for the supply of part of the wood for pulp production, was mitigated once we adopted initiatives such as the Forestry Wood Partner Program (the rules thereof are governed by well-established contracts) and maintain relationships that prioritize open dialog with producers.

In the industrial area, the risks are reduced through programs such as Operational Excellence, through which we continually intensify the efficiency of our assets and adequately manage our day to day.

Environmental Risks

We maintain a policy of continuous improvement of environmental performance, as to reduce the impacts of our activities, conserve natural resources and thereby reduce possible risks. Moreover, we develop and/or adopt innovative tools and solutions such as the Bioindex (Index of Biological Diversity) software—that enables us to compile information from native and planted areas to plan the activities in order to improve biodiversity—and eucalyptus seedling management that results in reduced water and fungicide consumption.

Intangible Assets

Our intangible assets are managed by a specific policy that is constantly updated and that allows us to protect and optimize them. This policy was created in 2008 and defines, based on Management Excellence Criteria set forth by the National Quality Foundation (FNQ), what is an intangible asset for Suzano. Our intangible assets include: certifications in management standards, management model based on the FNQ criteria, corporate and organizational restructuring, relations with the capital markets, IT and new product management, HR and team management, strategy management, know-how generated by the workforce, customer and market relations, brands and company's reputation.

In addition to these aspects, we have other competitive advantages that make us stand out in the market, including:

Visibility

▸ GRI (**2.2 and 2.8**)

The Suzano brand is a symbol of achievements that results in the fact of being the second largest eucalyptus pulp producer and one of the top ten market pulp manufacturers and regional leader in the paper industry.

More than that, it is behind nearly 30 well-established brands of coated and uncoated paper, paperboard and cut size paper in the national and international markets, including: Report®, Report® Carbono Zero/Report® Carbon Neutral, Report® no Alvo da Moda, Report® Senninha, Report® Pucca, Report® Moranguinho, Report® Barbie, Report® Cores, Artwork®, Reciclato Suzano®, Eclipse®, Cartolina Senninha®, Supremo Alta Alvura®, Supremo Duo Design®, Royal Quartz®, TP White®, TP Premium®, ArtPremium®, Super 6 Premium®, ExtraKot®, Neopack®, Papelcartão Reciclato®, TP Polar® and Ice Card®. Várias dessas marcas destacam-se pelas inovações que trazem em seus conceitos. Several of these brands are known for the innovative quality of their concepts. For example Report Carbon Neutral® is the first cut size paper produced on an industrial scale that offsets the emission of greenhouse gases generated during the production process and transport of the product to distribution centers through the plantation and recovery of native forests.

Product **launches**

In 2009, this portfolio has been enhanced with the inclusion of the following products:

TP White® Line: Global launch that offers the best that rigidity and triple-coated paperboard can offer in a single product, providing good results in terms of structure and print quality of packaging. The TP White® line is composed of TP White Pharma®, specifically for the pharmaceutical industry, and TP White Zero Transfer®, designed to meet the needs of the food industry once it prevents the transfer of the paperboard odor to the food.

Couché Suzano Print®: A product line that is manufactured at our Suzano Unit; its new tone guarantees color precision and brighter prints.

Reciclato® Paperboard: Paperboard that combines the social and environmental nature of the Reciclato® line and the quality of Suzano paperboard—geared towards the packaging, marketing and publishing industries.

Reciclato® Branco: A new recycled paper option; greater brightness, better print quality and color definition. Available in rolls and formats especially for the printing and publishing industries, in a variety of grammages.

Report® no Alvo da Moda: This product is targeted towards the female audience with a differentiated package with 250 sheets. With the symbol of the breast cancer awareness campaign, the product has a strong social appeal, since not only does it disseminate the issue, but also part of the revenues from its sale is destined to the Brazilian Institute for Cancer Control (IBCC).

Report® Pucca, Report® Moranguinho e Report® Barbie: Launched in partnership with Foroni—one of the most important notebooks brands in the market—these products complete the Suzano school line, which includes the Senninha Report® paper and cardboard.

Above, the new Report® Pucca, Report® Moranguinho e Report® Barbie; ao lado, Report®, Report® no Alvo da Moda, Report® Carbono Zero and Reciclato®

Innovation

Innovation is one of our corporate values, and a commitment that in 2009 was reinforced with the establishment of long-term goals and the development of 52 projects in the three business units. These initiatives complement the work carried out in 2008 to conclude the implementation of the Innovation Project. Among other fruits, it resulted in a clear governance policy for the area and a more dynamic structure, which included Innovation Committee, Sub-committee, and sector workgroups responsible for project management.

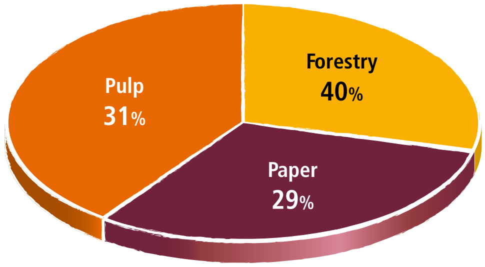
Under this structure, the forestry area is spearheading research in biotechnology that includes the ongoing pursuit of varieties that can increase the productivity of our forests and processes seeking to saving time and increasing the accuracy of operations.

In relation to paper, thanks to our innovative capacity, we achieved yet another significant advance towards the goal of increasing participation in the sales of items launched in the last two years: the percentage which in 2007 and 2008 remained at about 5% of the total sales, jumped to 30% in 2009.

These and many other initiatives are conducted under the scope of the Innovation Project, which is based on the open innovation model; that is, aligning ourselves with strategic partners to acquire knowledge, accelerate development and reduce the need for resources.

We also seek to foster operational innovation through programs such as Click; program designed to reward employees for ideas that can enhance the company's day to day routines. In 2009, we achieved record number of suggestions: 619, many of which are already being implemented and that resulted in approximately R$ 8 million in gains and the distribution of R$ 320,000 in prizes for the originators thereof. Since 2001 a total of R$ 810,000 has been paid out in prizes.

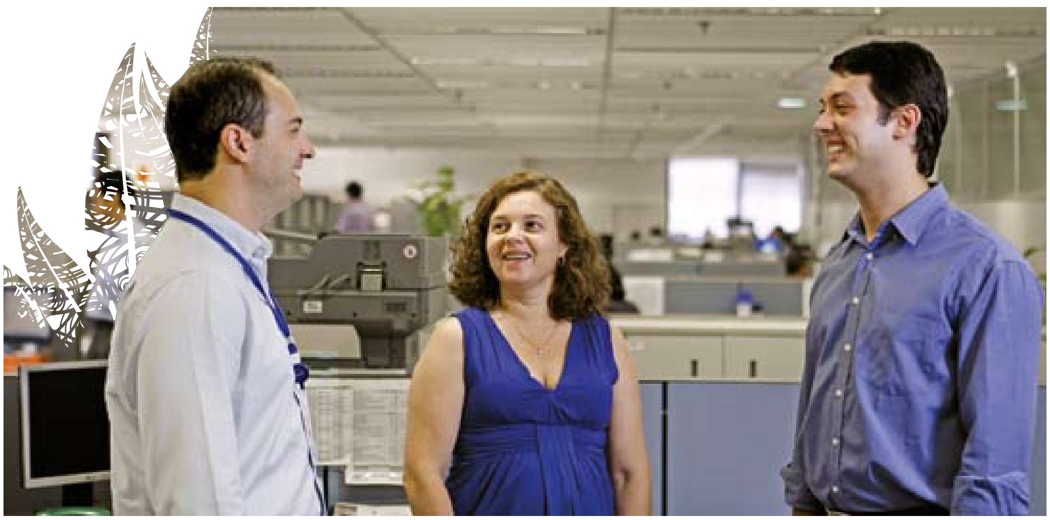
Innovation projects **by area**



NEW PAPER LAUNCHES OVER THE LAST TWO YEARS ACCOUNTED FOR

30%

OF THE SALES IN 2009



Daniel Carlos Moreno, Denise Candido de Oliveira Conti and Yves Willi Poci Banks Leite Belli, São Paulo Office employees

In the foreground, Christine Baena Castilho Fontelles, Mauricio Bueno Penteado, Fernando Antonio Camargo Bilia and Osni Aparecido Sanchez, participating in a workshop promoted by the Social and Environmental department in São Paulo

Operational Excellence

In operation in the past three years, our Operational Excellence Program—initiated in Mucuri and subsequently expanded to the Suzano Unit—focuses on asset efficiency, routine management, identification of new products and increased production and productivity. Consolidated in 2009, it resulted in attaining 85.3% overall efficiency of the paper machines, representing 0.7 percentage points more than the year before.

While the Six Sigma methodology (which after three years has concluded training of 38 black belts and 190 green belts, and with 442 projects currently in operation in different areas) was focused on reducing costs, as result of the international financial crisis on business. However just as important as the financial gains was the possibility of consolidating many of the practices adopted to obtain these gains.

In line with the ongoing pursuit of operational excellence, last year we launched the *Boinas Verdes* (Green Beret) Program to train employees with extensive technical and operational know-how in each one of the areas of the Pulp Business Unit. The initiative works with mentors/specialists. Thus, we recruited engineers from the mills, which attended intensive courses (theoretical and practical) given by professionals who have garnered experience in other mills, including overseas, throughout their careers.

Carried out in partnership with the HR department, the initiative is aligned with the professional training and development strategies outlined by the Corporate Education department and seeks to generate a new base of know-how. That's because the mentors not only convey information but analyze critical internal issues and potential problems with the experts, and document the assessed cases and solutions identified.

Both the Green Beret Program as well as the Innovation Project are part of the three operational pillars; Leadership, Methodology and Technical Know-How. The first pillar is underpinned predominantly by the Human Resources department, which in 2009 promoted several programs to train leaders *(learn more in the* Personnel *chapter)*. Methodology, on the other hand, includes initiatives such as Six Sigma and the Routine Management Program, which involve specific methodologies such as that developed by the Institute for Management Development (INDG) and result in overall asset efficiency. Technical know-how, in turn, was enhanced last year through the Green Beret Program.

To assist with all these innovations, the Information Technology (IT) department worked to facilitate the productivity gains and renewed our entire computer park through a lease agreement, through which the company will update our equipment every four years. This initiative, which will utilize approximately R$ 4 million of our resources throughout four years, also helped in doubling our data transmission capacity.

All these projects are aligned with the boost in growth that we have set as a goal and dedicate our efforts towards and they require the establishment of a model that may be reproduced so that we may continually increase the productivity of our business.

Achievements and Certifications

▸ GRI (**2.10**)

The market recognition of our work and continuous improvements we promoted in all three dimensions of sustainability is also demonstrated through the company's many awards and prizes. In 2009, several of them have strengthened our conviction that we are prepared to successfully deal with a new growth cycle.

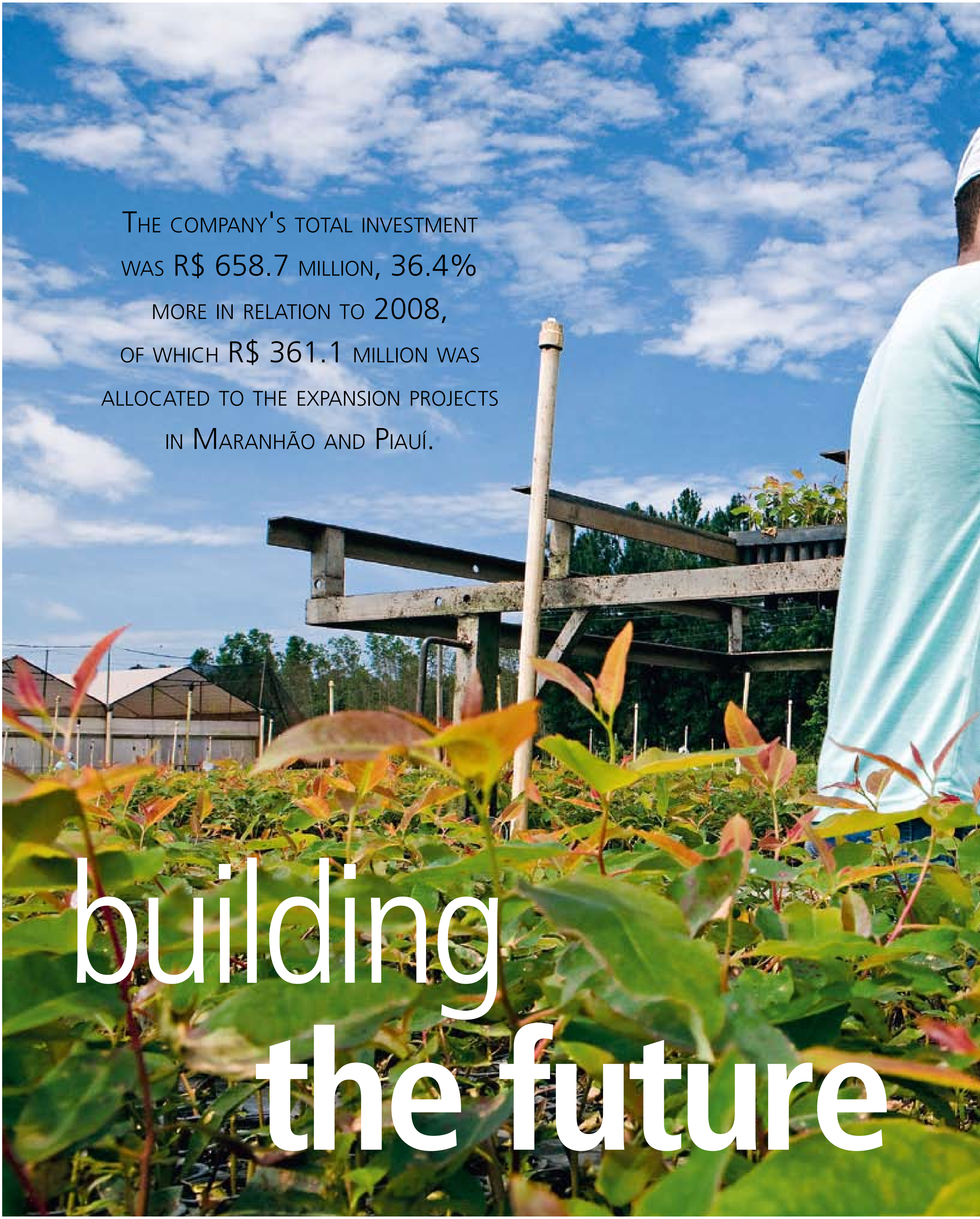
- We were featured as the top winner of the Best in Agribusiness award, promoted by the *Globo Rural* magazine. Not only were we selected as the best pulp and paper manufacturer in Brazil, but we also received the Champion of Champions award; 30 companies who won sector awards were in the running.

- We were selected as the Best Company in the Pulp and Paper Sector by *IstoÉ Dinheiro* magazine, which publishes every year a ranking of the top 500 companies in Brazil.
- For the fourth consecutive year we participated in the annual Best & Biggest ranking of Brazil, compiled by *Exame magazine;* three years we were classified as the Best and one year we ranked second.

- For the sixth consecutive year we were chosen as a Model Company by *Guia Exame de Sustentabilidade* (Exame Magazine's Sustainability Guide). We are recognized for our long-term strategy, aiming to achieve a low carbon economy; this involves inventorying and defining goals to reduce greenhouse gas emissions, as well as launching environmentally-friendly products.
- For the second consecutive year, we won the Época Award on Climate Change, sponsored by *Época* Magazine in partnership with PriceWaterhouseCoopers as a recognition of the organizations that publish their greenhouse gases emissions reports and work towards reducing them.
- Suzano received an award from the Rainforest Alliance for its investments in innovation, its commitment to sustainability and its dedication to biodiversity.
- We were awarded the Pulp and Paper International (PPI) Award, in the Business-Strategy-of-the-Year-category. The award is sponsored by RISI, the leading information provider for the global forest products industry. RISI also recognized Suzano's Antonio Maciel Neto as the CEO of the year in Latin America.
- We were selected for the fifth consecutive year to be part of the São Paulo Stock Exchange's Corporate Sustainability Index (BM&F Bovespa ISE)
- We were identified by the *IR Magazine Awards Brazil* as the company that had the greatest investor relations development. The award is sponsored by IR Magazine—the most important international publication related to investor relations—in partnership with the Revista RI Magazine and the Brazilian Institute of Investor Relations (IBRI).
- We received the Best in the Sector Award from the Brazil Pulp and Paper Technical Association (ABTCP) in the category of environmental preservation and printing paper manufacturer.
- We were considered to be a reference in operational excellence by the International Quality & Productivity Center (IQPC), an organization that has activities in many countries, focused on providing up-to-date developments and trends of business management practices in all fronts.
- Our paperboard line was the highlight during the Abre Design Packaging Award: seven of the twelve winning paperboard packages were made from Suzano products.
- Our *Escola Formare* and Social Dialogs programs were responsible for us winning the Alto Tietê Mogi News/ Chevrolet Award for Corporate Social Responsibility.
- Suzano achieved the SOPX New Product of the Year Award – the best launch in 2008 in the office paper segment – for Report® Carbon Neutral, in an award ceremony sponsored by the Stationery & Office Products Show, in London.
- In partnership with Orsa, we won the 18th Brazilian Packaging Award, an event promoted by *Embanews* magazine, in the Marketing/Promotional Packaging category, with the Report® market cart distributed by Suzano during the 2008 Escolar trade fair.
- We also earned the Sergipe Excellence Award, sponsored by the National Quality Foundation (FNQ) and the Sergipe Competitive Movement (MCS) to recognize work carried out by organizations to promote and disseminate management excellence.

In addition to these recognitions, we consolidated ourselves in 2009 as a company that holds the most extensive range of forest certifications worldwide, according to the International Accreditation Forum (IAF). We have the FSC seal (forest management), ISO 14001 (environment), ISO 9001 (quality) and OHSAS 18001 (occupational health and safety), among others. We also advanced on two fronts in 2009. The first was the forestry management certification recommended by Cerflor – Brazilian standard accredited by the National Institute of Metrology, Standardization and Industrial Quality (Inmetro) and by the international Programme for the Endorsement of Forest Certification Schemes (PEFC) that establishes the principles related to the three pillars of sustainability. Conducted by Bureau Veritas Certification, the inspection checked our forestry areas in São Paulo, all our areas in Bahia, Espírito Santo and Minas Gerais (except for the Aracruz consortium, currently called Fibria, and Conpacel), the farms of Boa União, Barra da Onça and Calubra located in Piauí State, and the Bacabinha Farm in the state of Maranhão. The other challenge we set for ourselves was to further improve our management system through SA 8000 certification, based on the Declaration of Human Rights, conventions and codes of conduct of the International Labor Organization (ILO) and of the United Nations (UN). All our units, with the exception of the new Offices in Piauí and Maranhão, which were recently implemented, have been recommended for certification—up to 2008 only SPP-Nemo's Anchieta Unit held the SA 8000 certification.

Vanéria Santos Conceição, during the arts & crafts workshop sponsored by Associação Comunitária Golfinho, in Mucuri (Bahia State)



The company's total investment was R$ 658.7 million, 36.4% more in relation to 2008, of which R$ 361.1 million was allocated to the expansion projects in Maranhão and Piauí.

building the future


Mauro Célio Braga Guimarães and Edson Rocha Lima, at the Cidelândia nursery (Maranhão State)

Business Performance

Forestry Business Unit

Contrary to market performance during the global financial crisis, 2009 was the best year ever for the forestry area, both in terms of physical growth as well as in identifying new business opportunities. We were among the companies that planted the most during the year (55,000 hectares or 73 million trees) and consumed the most planted forests (almost 9.1 million cubic meters or 33,700 hectares) in the pulp and paper sector in Brazil.

Part of this volume is a result of initiatives that are part of the new growth cycle. The company already acquired 75% of the land needed to supply the new mill in Maranhão and the other 25% will be purchased over the next two years. In Piauí, the 2008 and 2009 acquisitions, plus the land Suzano already owned in Maranhão and which will be allocated to this unit, already ensure the wood required for operation startup in 2014.

We also entered into a set of agreements with Vale that include in their object the acquisition of forests located in the southwestern tip of the state of Maranhão (the acquired forest base is comprised of 84,700 hectares of land, of which 34,500 hectares have already been planted with eucalyptus trees). The agreements also include the acquisition of lumber from eucalyptus plantations from the Vale Florestar Program, rolled out in the state of Pará, for the period between 2014 and 2028. We also consolidated our administrative structures at the two sites, where we already have over 100 direct employees—approximately 50 in corporate areas and approximately 50 in operations—and more than a thousand outsourced personnel specifically used in planting the forests. Direct employees work in either one of the two Forestry Operations Centers: the center in Maranhão, based out of Imperatriz, centralizes operations in the southwestern region of the state and northern area of Tocantins State; and the Teresina center, centralizes operations in Piauí and our base in Urbano Santos (Maranhão State).

In parallel, we dedicated time to obtaining the environmental permits, to training and developing outsourced personnel and carrying out social and environmental diagnosis of the municipalities located in areas of direct and indirect influence of the projects being conducted in the states of Maranhão, Piauí and Tocantins, in addition to giving continuity to the projects implemented in the Urbano Santos region. In December Suzano also participated in four public hearings in the northern region of the state of Tocantins, which brought together approximately 100 people per hearing, including residents, government and civil society representatives from each of the 20 municipalities where we intend to implement our forestry areas in the state. Members of the Secretariat of the Environment of the state of Tocantins (Naturatins) and other government agencies also participated. During these hearings we had the opportunity to present our projects for the region, a brief description of the Environmental Impact Report and Study (EIA/RIMA), our plans to offset these impacts, in addition to discussing the participants' expectations and answering their questions *(learn more about the community expectations in relation to the new growth cycle in the* Community *chapter).*

Additionally we carried out an extensive reform in one of the nurseries located in Cidelândia, which has an annual production capacity of 13 million seedlings and is part of the set of nurseries acquired from Vale. While in Piauí, we analyzed the possibility of setting up a new nursery with a capacity of 12 million seedlings per year.

We also signed a technology cooperation agreement with Vale in the region of Imperatriz, in the southwestern tip of Maranhão.

Sidney Ferreira Vaz, during harvest of eucalyptus in the municipality of Sarapuí (São Paulo State)

SUZANO PLANTED
73
million
TREES IN 2009,
I.E. 55,000 HECTARES

Raumão Pereira de Oliveira and Silvestre Mariano da Silva planting eucalyptus trees in the municipality of Elesbão Veloso (Piauí State)

They conduct both genetic improvement experiments on eucalyptus varieties to determine the most appropriate traits to survive the region's climatic conditions, as well as research the potential of other Brazilian species for a number of applications.

Innovative solutions were also the basis of these activities; including night planting, adopted to overcome the difficulties arising from the region's dry and hot climate that makes it hard to work and for seedlings to survive.

Suzano invested R$ 361 million in 2009 to carry out all these activities. In 2010, they will intensify investment with new acquisitions and planting in Maranhão and Piauí. Thus by the end of 2009 we had 597,000 hectares in the states of São Paulo, Bahia, Espírito Santo, Minas Gerais and Maranhão. Of this total, 270,000 hectares are occupied with the company's own eucalyptus plantations, 22,000 hectares are allocated to infrastructure, 55,000 hectares are available for plantations and 250,000 hectares, that is approximately 40% of the total area, are earmarked for environmental preservation, as established by legislation that sets forth that 20% of the land must be destined to legal reserves, in addition to the permanent preservation areas located predominantly along riverbeds.

Average productivity of our plantations remained at 44 m³/hectare/per year as recorded in 2008. We continue above the national average (the highest worldwide), which is 41 m³/hectare/year for eucalyptus trees, according to the Brazilian Association of Forest Plantation Producers (Abraf) data.

We also strived to redesign our Forestry Wood Partner Program that year; as from 2010 producers will receive differentiated treatment, depending on the size of their production area and adapting to the most suitable use of the soil in each region where we operate. The idea is to strengthen the technical, financial, technological and environmental support given to small producers as opposed to those that already have better infrastructure and investment conditions. Under the new model, we hope to double the number of participants—especially as result of the beginning of the Program in Maranhão and Piauí—which, by late 2009, was encompassed by 415 providers in Bahia and São Paulo covering a total of 92,000 hectares. We invested R$ 25 million in that initiative during the year. Our forestry wood partners account for the supply of 12.5% of the lumber used in our industrial processes and have advanced in achieving Forest Stewardship Council (FSC) certification: three of our partners obtained certification in 2009 and four were recommended, increasing their FSC-certified area to 6,131 hectares. *(Read more about the Forestry Wood Partner Program in the Suppliers chapter)*

Along with all these activities, we optimized our assets and sought to identify new business opportunities as well as other uses for lumber in line with our strategy of adding value to our forestry operations. *(Learn more in the Strategy and Management chapter).*

To face the challenges inherent with continuous improvement and the expansion of our activities we also promote administrative changes. The organizational structure, previously arranged by region, was restructured based on processes and was reinforced with the allocation of a professional exclusively to new business development.

Suzano created Social and Environmental Management Departments at the Forestry Business Unit realizing the importance of dealing with environmental and social issues in an integrated manner. These departments are more likely to establish relationships in the municipalities where we operate and will work together with industrial and forestry production.

Vanessa Sousa Barbosa, Regina Teixeira dos Santos, Eliana Rodrigues Guimarães and Edilma Peixoto Rios, at the Itabatã nursery in Mucuri (Bahia State)

Pulp Business Unit

Global pulp production in 2009 dropped 5.9% in relation 2008, due to several temporary shutdowns given decrease in demand and drastic price drop, as well as the definite closings announced throughout the year. Additionally in some regions, access to lumber was limited, either because of a lack of raw material in the region, especially in Asia, or because of restrictions imposed by severe weather conditions, as encountered in the southern states in the US.

Given this scenario, as from April 2009 the industry had a recovery in demand driven by Asia, more specifically China, which resulted in a significant retraction of global market pulp inventories, closing the year at 27 days of production—19 days lower than recorded for the same period for the previous year and 6 days below the historic average of 33 days. Despite this difficult scenario, we exceeded expectations thanks to the effort to align ties with our customers, to demonstrate the differentials of our pulp as well as a reinforced team spirit, which included great synergy with our international offices. Familiar with local culture and language, our teams that actively participate in key markets were essential in quickly gaining market share.

This ability to positively respond to the effects of the crisis is based on our long-term strategy that encompasses a three-faceted matrix: close relationship with our customers, constantly evaluated in terms of long-term strategic feasibility and solidity; end use of our pulp in high value added papers; and geographic focus, which allows us to streamline the logistics chain.

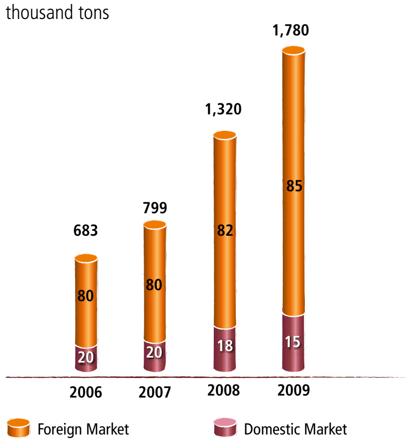
Thanks to this policy, we ended 2009 in a strong position and with low inventory, adequate price levels and record-breaking sales: 1.8 million tons, 34.8% more than the previous year. Of that total, 1,5194 tons were exported to the following regions: Asia (52.6%), Europe (38.6%), North America (7.8%) and Latin America (1%).

Moreover, given the importance of the international offices, in 2009 the Pulp Business Unit implemented a structural change that will result in greater synergy with the São Paulo headquarters, and will make operations and decision making more agile. These changes included the promotion of executives to key positions, seeking to optimize our talent and the creation of an Executive Market Development and North America Operation Management Department; the primary focus thereof is to increase our sales in strategic markets.

Mucuri Unit, state of Bahia

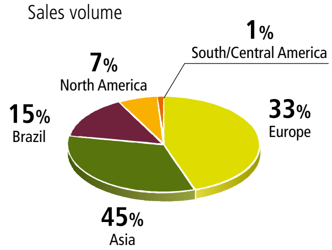
Pulp sales

thousand tons



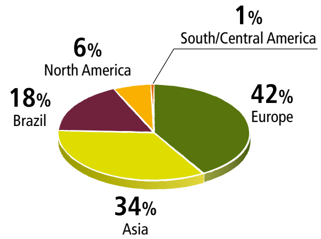
Final destination **of pulp** sales, **2009**

Sales volume

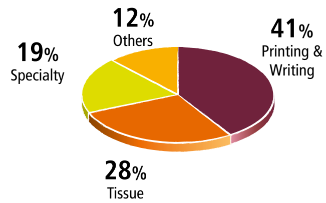


Final destination **of pulp** sales, **2008**

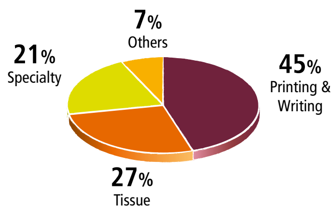
Sales volume



Pulp sales **per segment**, **2009**



Pulp sales **per segment**, **2008**



Paper Business Unit

Closer ties with customers, social and environmental certifications, dissemination of our product attributes and innovation found in our product portfolio. Having invested in these four fronts, throughout 2009 we reinforced our differentials in relation to the competition, maintaining our customer participation in a bearish year where demand was down and supply of imported products in the domestic market was abundant. An example of this investment was the launch of the paperboard TP White® family; a complete line of products to meet the needs of the pharmaceutical and food industries. This product was launched simultaneously in different markets, an unprecedented fact in our history: in Brazil it was unveiled at the event that brought together key customers and specialized media; in the US it was introduced during Pack Expo, the leading packaging trade fair in the country held in Las Vegas and; in Europe, with specific initiatives with groups of customers (Learn more about the launches in the Visibility section of the Intangible Assets chapter).

In addition, we consolidated the integration of our paperboard commercial sales structure in Latin America, seeking to expand to the entire region all the good service practices that we have developed in Brazil, highlighting the differentials of our products and offering custom-made solutions to our customers. We further strengthened our presence in digital channels: launching a new site for the Report® paper line (www.report.com.br); including the brand in social networks such as Orkut, Yahoo Respostas, Facebook and Twitter; and pursuing a sponsored links and banner strategy in third party sites and blogs.

We implemented a number of measures to increase interaction with our customers. We held meetings specifically for customers operating in different segments of the domestic market, such as printing, publishing and distribution companies. In order to better service our customers in the international market, we held our first Global Sales Meeting; the entire team dedicated to this market attended the meeting. We focused on training and strategically aligning this team, while at the same time providing essential information and know-how so they could understand how to differentiate our products.

Another important point for the year was the kickoff of the Go to Market project, focused on the domestic market Distribution channel. We are innovating the manner in which we manage this channel by adopting concepts that were successfully implemented in other segments of the industry, such as specific geographic regions for distributor operation and having the sales team work closer with this channel. In turn, it strengthens sales to the Distribution channel's customers and improves online exchange of information. All these new concepts are part of the Program for Distribution Excellence (*Programa de Excelência da Distribuição* – PED), which also encompasses a new training method for the Suzano Pulp and Paper Distribution Network, seeking growth and sustainability of the channel.

In relation to internal management, we further restructured our sales planning and inventory management processes, aiming to improve the service rendered to our customers, optimize working capital, as well as improve the use of our productive assets.

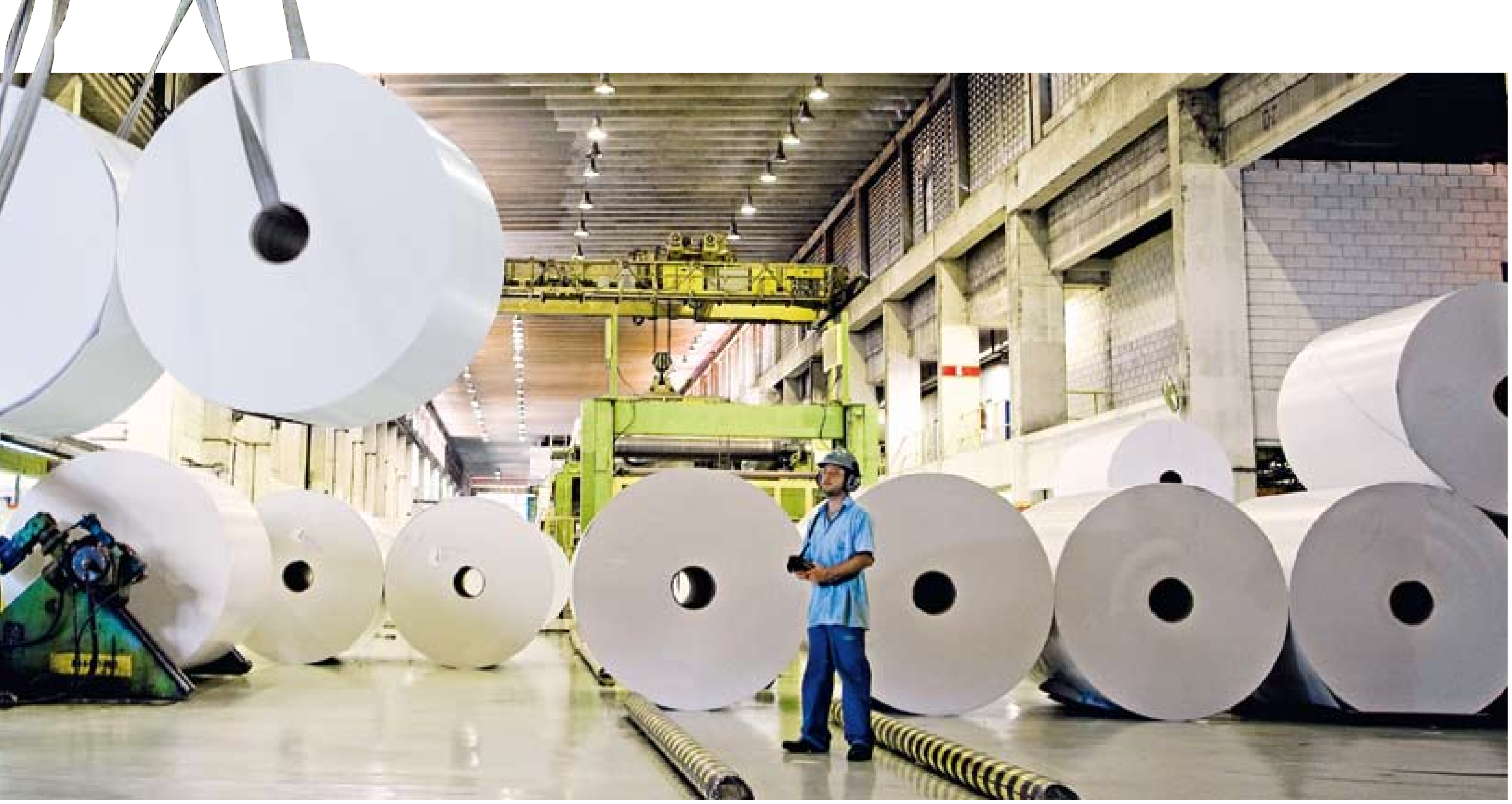
We implemented structural changes and adjusted our market approach at our international offices—in the US and Europe—as well as at our distributor Stenfar (Argentina) in order to align these operations with the new global economy:

United States

Sales in the US is up by 22.2% during a time when the demand for uncoated P&W paper dropped more than 11%. We improved service levels by opening two offices closer to customers in addition to the two existing offices. Automation of all billing processes of these offices also contributed to improving service and productivity of this process.

Europe

In a no less recessive market, where demand for uncoated P&W paper dropped approximately 13%, we increased our sales volume by 26.1%,



William Batista da Costa and Odirley Tavares de Oliveira, at the Suzano Unit (São Paulo State)

by better positioning our products. Our social and environmental certifications, once again, allowed us to market ourselves in a differentiated manner in relation to other market players.

Argentina

Throughout the year we implemented structural changes at our local distributor, Stenfar, seeking to prepare it to take advantage of growth opportunities in the Argentine market. At this unit, we have inventory of products closer to the customers and cutting machines to process the paper rolls, enabling the company to offer products and services with added value.

SSP-Nemo

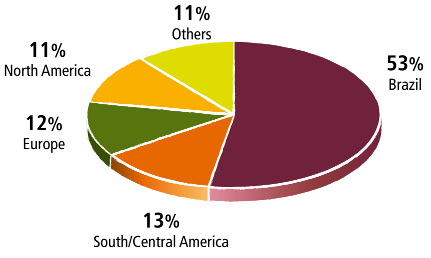
At our division specialized in the distribution of printing products in Brazil, we implemented changes to improve our structure and commercial operation, which allowed us to obtain important competitive advantages as early as in the 2nd half of 2009. We had a differentiated focus in trying to avoid default in payment of our approximately 8,000 customers—an initiative carried out with the assistance of the Commercial and Finance departments.

Paper sales

Sales volumes

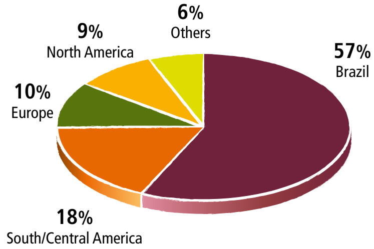
2009 Paper Exports

Sales volume



2008 Paper Exports

Sales volume



Operations

The Operations division covers Supply Chain activities, including Procurement, Production, Logistics, in addition to IT, Competitiveness and Innovation. In 2009, the operations division played an important role in negotiating with suppliers, which enabled Suzano, along with other measures, to deal with the post-crisis economic scenario. Every effort taken to stabilize Mucuri Line 2 production and to continue to produce at a competitive level helped us differentiate ourselves in relation to our competitors.

It was a challenging year for the Logistics division; we had periods of pulp shortage in the market and a transfer of raw materials to China, due to the slowdown in the US market. To deal with these different scenarios, we employed creativity and transparency and sought to identify solutions together with our suppliers—80% of which have contracts with us. Thus, the Operations Division consolidated itself in 2009 and in 2010 it will focus on the new growth cycle, which will require actions such as contracting and completion of basic engineering in Maranhão, conclusion of the processes to obtain environmental permits and the development of the required infrastructure (facilities, water and sewage pipelines, among others) and labor. The Engineering department helped us move forward in relation to the growth cycle in 2009 by concluding the conceptual engineering project, i.e. an overview of how the new mills are going to be, area by area and the estimated investment. This process was carried out taking into consideration available resources, analyzing potential sites for the new mills, their challenges in terms of wood supply, processing materials, power supply, infrastructure, pulp distribution and environmental impact. We also analyzed the technologies available or being developed around the world for the industry.

Another milestone last year was the fact that we were the first company in Latin America to be featured in the program developed by SAP to recognize its management system users; this feat was achieved through the Centro de Controle de Operações Logísticas (Logistic Operations Control Center - Cecol) Project implemented at the Mucuri Unit. The recognition was achieved because of the novelty and creativity of the project's design, which integrates, in real time, different systems and technology, increasing the productivity of our logistic operations and reducing costs.

Reducing costs was, in fact, the focus of the Procurement department. During negotiations, we cut our costs from a total of R$ 1 billion for the purchase of processing materials in 2008 to R$ 872 million in 2009; a 12.9% slash thanks to the joint effort in identifying alternatives with suppliers. These negotiations also allowed us to train the Procurement team and consequently consolidate our intelligence in this respect, establishing and standardizing procurement processes. The work included identifying markets and key suppliers, as well as the strengths of each supplier and their respective credit status. This will allow us to define, with our suppliers, key strategic partnerships that we will maintain in the years ahead.

Izaias Vieira Barbosa and Renato Sullyvan Santos Bomfim, at the Mucuri Unit (Bahia State)

Economic and Financial Performance

▸ (EC1)

Capital Stock

Our capital stock is divided in 107,821,512 common shares (SUZB3) and 206,660,984 preferred shares (SUZB5 and SUZB6); totaling 314,482,496 shares, traded on the São Paulo Stock Exchange (BM&F Bovespa). Of this total, on December 30, 2009, we had 2,537,343 preferred shares and 5,428,955 common shares in treasury.

At the end of December, SUZB5 preferred shares were quoted at R$ 20.50. These shares are part of the São Paulo Stock Exchange's corporate governance and Corporate Sustainability Index (ISE Bovespa), the latter for the fifth consecutive year.

In 2009, our shares went up in price by 76.3%, while the Ibovespa Index rose 82.7% and the IBRX-50 rose 72.4%. Our market value on December 30 reached R$ 6.3 billion (it was R$ 3.7 billion at the end of 2008).

In 2009, we had an average of 1,207 transactions per day and average daily volume of R$ 12 million. Free float in 2009 totaled 45.1% of all shares issued.

Shareholding composition (number of shareholders per asset range)

	2006		2007		2008		2009	
Range of share	# of shareholders	# of shares	# of shareholders	# of shares	# of shareholders	# of shares	# of shareholders	# of shares
Over 5.0 million	13	221.3	14	203.7	17	215.0	14	191.3
From 2 million to 4.99 million	9	29.5	12	37.9	10	29.3	13	38.5
From 1 million to 2 million	13	18.7	12	17.0	12	17.9	13	17.3
From 500 K to 0.99 million	17	12.2	23	14.7	22	14.9	25	17.2
From 200 K to 499 K	51	15.1	58	18.0	52	15.4	73	22.2
From 50 K to 199 K	112	11.0	132	13.9	126	12.9	156	15.8
From 10 K to 49 K	182	3.9	274	6.4	274	6.2	354	8.0
From 100 shares to 9.9 K	2,096	2.7	2,394	2.8	2,465	2.9	3,404	4.2
Less than 100 shares	1,027	0.1	1,031	0.0	1,114	0.0	1,104	28.5
Total	**3,520**	**314.5**	**3,950**	**314.5**	**4,092**	**314.5**	**5,156**	**314.5**

Investments and Prospects

Attaining to and concluding in 2009, the projected investments as planned for the period is a display of our confidence in the growth strategy that will lead us to double our production in the next few years. We acquired the land to set up the units in the states of Maranhão and Piauí, established offices at these locations and have already planted 14,000 hectares of eucalyptus trees.

In 2009, we invested approximately R$ 658.7 million to expand our activities in Maranhão and Piauí, in existing mills to streamline our operations, in the new growth cycle and in the forestry area. We maintained the practice of stand reform (replacing harvested trees by planting another), while most of the companies in the industry opted for coppicing as a means of mitigating the effects of the financial crisis. This decision will ensure the normality of our operations in seven years—when the plantation matures.

The manner in which we were able to successfully face the difficulties imposed during the crisis has led us to project even better results for 2010, when the economy is likely to stabilize. That is why we plan on investing even more in internal processes and systems and HR management.

TRANSPARENCY AND COMMITMENT WITH SOCIAL AND ENVIRONMENTAL DEVELOPMENT ARE THE BASIS OF OUR RELATIONSHIPS WITH OUR DIFFERENT PUBLICS

transparent relations

Renato Miguel Lipener and Natasha Ferreira Pires at the São Paulo Office

Personnel

Our human resource management policy is structured in line with the Strategic Planning Cycle decisions, which in turn allows the business profile to determine qualities and the skill-sets required from the professionals we wish to hire to be a part of our expansion plan.

To strengthen this alignment, in 2009 we designed our Personnel Performance Management System which will be fully rolled out in 2010 at all levels, except in the operational departments. The system contemplates an entire scope ranging from individual performance assessment to the succession plan. The process begins with the self-assessment, followed by the manager's assessment, based on which we prepare a diagnostic of the competencies and accomplishments. This process results in action and retention plans, based on the map of competencies underpinned by our Values. This new model, essential to bolster the growth cycle, has already been applied in 2009 at the executive officer and management levels and resulted in a series of training and reconfiguration of the compensation package, now based on meritocracy. While for the employees that work directly in operations, we have continued to apply continuous assessment and feedback policies. In 2009, regardless of the methodology employed, 100% of all our employees received performance review and career development plan for the fourth consecutive year. **(LA11 and LA12)**

Henrique Muller Carrari and Edeusa Maria Donabella Alves at the São Paulo Office

Moreover, in line with the rationalization of costs to deal with the effects of the global financial crisis, we took on a number of activities internally that were previously outsourced and adjusted working shifts. We also hired employees, especially in Maranhão and Piauí, in line with our strategy to give priority to workers from the communities surrounding our facilities. Of the 99 new hires last year, 64% were recruited from the local community **(EC7-partial)**. All employees are covered by collective bargaining agreements **(LA4)**.

We thus ended 2009 with 3,862 employees, 9% more than the year before.

Employee Profile – 2009

▸(**LA1**)

Total workforce by employment type, employment contract and region

	2007			2008			2009		
	Full time	Part Time	**Total**	Full time	Part Time	**Total**	Full time	Part Time	**Total**
Officers	7	–	7	7	–	7	11*	–	11
Managers	307	–	307	312	–	312	359	–	359
Specialists	719	1	720	732	1	733	733	1	734
Administrative personnel	323	–	323	359	–	359	370	–	370
Operational staff	2,149	–	2,149	2,122	–	2,122	2,387	–	2,387
Trainees	19	–	19	7	–	7	1	–	1
Total	**3,524**	**1**	**3,525**	**3,539**	**1**	**3,540**	**3,861**	**1**	**3,862**

** Up until 2008 we only included elected directors. As from 2009 we included elected directors as well as appointed officers*

Human Resources team
at the São Paulo
Office building

Profile per region ▸ (LA1)

	2008	2009
Brazil		
South	25	14
Southeast	2,239	2,257
Midwest	3	2
Northeast	1,273	1,589
North	–	–
Total	**3,540**	**3,862**
Abroad		
Argentina	136	117
United States	13	16
China	5	8
Switzerland	8	13
United Kingdon	12	8
Total	**174**	**162**

We offer all employees fixed salaries compatible with the market, established based on research conducted by the Hay Group do Brasil, and variable pay, which is calculated according with Profit Sharing and horizontal progression programs. The ratio of the lowest salary paid and the minimum wage is 2.13 at the Suzano Unit and 1.94 at the Mucuri Unit, sites where the majority of our employees work. **(EC5)**

We also offer full or part time hired professionals a number of benefits that go above and beyond what is established by law, such as health insurance, life insurance, dental insurance coverage, assistance for employees that have children with disabilities, back-to-school kit and toys for employees' children, transportation and cafeterias – in 2009 the cafeteria menu was standardized at all units in order to provide balanced and quality meals for employees and outsourced personnel. We additionally make a fixed monthly private pension fund contribution, managed by Brasilprev; full-time employees contribute up to 12% of their base salary and Suzano tops it up with 0.5% of each person's earning up to a cap of R$ 1,849.30. For employees with higher salaries we contribute up to 6% of the difference between this value and their nominal salary. The company seeks to support employees with special know-how with their retirement process, keeping them on as consultants after their employment contract has ended so that they may gradually sever their ties with the organization. In some cases, a third party consulting firm is contracted to assist them in this moment of transition. **(EC3)**

Profile per gender (in %) ▸ (LA13)

	2007		2008		2009	
	Women	Men	Women	Men	Women	Men
Officers	10	90	0	100	0	100
Managers	7	93	7	93	8	92
Specialists	24	76	28	72	29	71
Administrative personnel	37	63	26	71	28	72
Operational staff	2	98	2	98	2	98
Trainees	26	74	11	89	0	100
Total	**10**	**90**	**10**	**90**	**10**	**90**

Profile per age range (in %) ▸ (LA13)

	2007			2008			2009		
	- than 30 years	+ than 30 years to 50 years	+ than 50 years	- than 30 years	+ than 30 years to 50 years	+ than 50 years	- than 30 years	+ than 30 years to 50 years	+ than 50 years
Officers	0	60	40	0	63	38	0	73	27
Managers	2	77	21	3	75	22	6	77	17
Specialists	23	67	9	23	68	9	25	64	11
Administrative personnel	36	58	6	32	59	9	35	57	8
Operational staff	32	64	4	33	63	4	33	62	5
Trainees	100	0	0	100	0	0	100	0	0
Total # of Employees	**28**	**65**	**7**	**28**	**65**	**7**	**29**	**64**	**7**

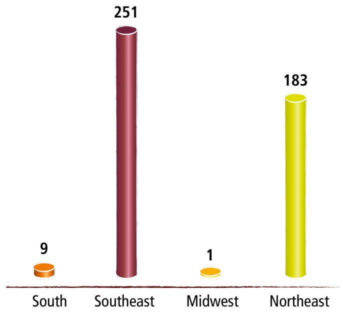
All our professionals must abide by a Code of Conduct that in 2009 was widely disseminated. (HR3) Along the same lines, last year we established a Conduct Committee, which worked with the already existing Conduct Sub-committee and made every effort to answer all outstanding complaints. Since they may be submitted anonymously, we established a maximum of 30 days for the author to get back in touch through this channel to check what measures had been adopted. In 2009, 93 complaints were submitted; 66% more than in 2008, when we received 56. Every single complaint was answered. GRI (4.8)

Furthermore, our social responsibility policy in relation to the non-employment/continued use of child or forced labor at each one of the units was checked in 2009 through the SA 8000 certification audits carried out by Bureau Veritas Certification, which identified no irregularities. (HR6 and HR7). The inspections did not identify any cases of indigenous rights' violation, either. In our Forestry Management Plan we established different standards for activities carried out in areas close to indigenous and *quilombolas (former slave)* communities. (HR9)

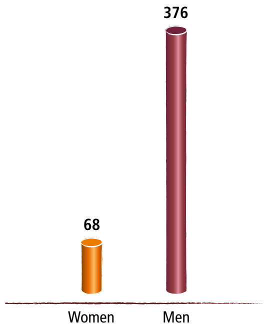
The collective bargaining agreement does not establish deadlines regarding the notification period for significant operational changes. (LA5)

Ana Luiza Fernandes Lucas and Adriana Damas dos Santos Nogueira, at Suzano Unit (São Paulo State)

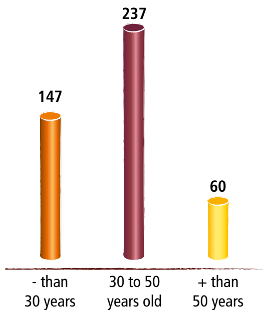
Turnover by region



Turnover by gender



Turnover rate by age range



Turnover rate by region (Brazil) ▸ (LA2)

	2007		2008		2009	
	Total	Turnover (%)	Total	Turnover (%)	Total	Turnover (%)
South	8	0	5	0	9	0.2
Southeast	218	6	254	7	251	6.5
Midwest	–	0	–	0	1	0
Northeast	86	2	115	3	183	4.7
North	–	0	–	0	–	0
Total	**312**	**8**	**374**	**11**	**444**	**11.5**

Turnover rate by gender ▸ (LA2)

	2007		2008		2009	
	Women	Men	Women	Men	Women	Men
Total	46	266	68	306	68	376
Turnover (%)	1	8	2	9	1.8%	9.7%

Turnover rate by age range ▸ (LA2)

	2007			2008			2009		
	- than 30 years	+ than 30 years to 50 years	+ than 50 years	- than 30 years	+ than 30 years to 50 years	+ than 50 years	- than 30 years	+ than 30 years to 50 years	+ than 50 years
Total	113	168	31	116	200	58	147	237	60
Turnover (%)	3	5	1	3	6	2	3.8	6.1	1.6

Marcos Paulo Rossi Sacco and Eliane Oliveira Miranda from the Imperatriz Office (Maranhão State)

Training by functional category (hours/year) ▸ **(LA10)**

	2007	2008	2009
Officers	23.50	27.22	8.32
Managers	62.66	57.55	65.17
Specialists	54.18	37.93	36.9
Administrative personnel	36.06	27.29	24.61
Operational staff	142.99	61.58	96.88
Overall Average	**107.31**	**52.72**	**75.34**

Development and Training

Aligned with our strategy of offering the conditions for our employees to continually seek professional and personal development, in 2009 we arranged 291,000 hours of training; a total 13,000 employee attendances, both through internal and external courses, i.e. an average of 75.3 hours of training per employee. Additionally, we had approximately 3,100 employees participate in 2,000 hours of distance learning courses. To offer all this we invested R$ 2.9 million; part of this budget was earmarked for subsidizing language courses and undergraduate and postgraduate degree. **(LA10)**

One of the initiatives was the launch of the E-Suzano Distance Education Portal, which allows employees to participate in training, post enquiries and keep himself/herself updated. The tool also helps us align internal knowledge, since employees from all the units, in Brazil and abroad, have access to the same content. The theme of the first E-Suzano course was the company's Code of Conduct and all Suzano employees had to complete it. The course covered, among other subjects, issues related to human rights. By the end of the year, two other modules were added to the Portal: a Management Excellence Model and Six Sigma. Another innovation during the period was the Green Beret Program, which seeks to train and retain teams of specialists in various internal departments. (*Read more about* Operational Excellence *in* Intangible Assets *chapter*).

WE OFFERED APPROXIMATELY 2,000 HOURS IN TRAINING AND 3,100 EMPLOYEES PARTICIPATED IN THE E-LEARNING COURSES

Within the scope of the Internship Program, which focuses on training talents that are contributing to building our future, we took the opportunities that arose in the academic area to share our sustainability strategy and business practices in order to attract potential candidates. We therefore participated in a series of these kinds of events in 2009, such as the Integration Workshop offered by the School of Engineering (Escola Politécnica) at the University of São Paulo (USP). By the end of the year, the Internship Program included 72 young professionals.

Bruna Machado, Julia Thomé Alvarez and Ariane Bacin, in the São Paulo Office

Safety, Health and Quality of Life

In 2009, through our ongoing effort to ensure we offer a high level of occupational safety we were able to slash our rate of occupational accidents by 38%; ending the period at 3.08 (including the new areas in the states of Maranhão and Piauí). To make sure that all our employees are committed to our Social Responsibility, Health and Safety policy, which is based on international standards and is certified by OHSAS 18001, we are active on several fronts. One of the fronts is generating awareness; in order to do so we use our Safety Dialogs, daily meetings for operational staff and weekly meetings for administrative staff at the manufacturing units used to reinforce the need to adopt 100% safe behavior, and campaigns such as *Sua Segurança Dentro e Fora da Empresa* (Your Safety Inside and Outside the Company). We still have the *Programa Acidente Zero* (Zero Accident Program), which rewards teams that have the best safety indicator results, and we discuss safety issues in various internal training modules. Furthermore, we carry out operational and behavioral deviation audits in relation to our Occupational Health and Safety System (SSO) and we inform the teams of their results, as well as the objectives, indicators and goals. Despite all the efforts and achievements in 2009 we had one fatal accident; an outsourced service provider employee working at our distribution unit, SPP-Nemo.

In all areas in our units we have Safety Subcommittees that report directly to the formal Occupational Health and Safety Committees, whose members are all fulltime Suzano employees **(LA6)** Furthermore, we entered into collective bargaining agreements with the unions that represent our employees to ensure the adoption of practices like the use of personal protective equipment and the right to refuse to work under unsafe conditions. These agreements cover all employees. **(LA9)**

We also encourage our professionals to adopt healthy habits through programs such as *Programa Saúde Nota 10* (Top Form Health Program); a voluntary program that in 2009 led over 2,000 employees to submit to physical assessments and take on the challenge of individual and collective goals: 0 cigarettes, five daily servings of fruit and vegetables, 10,000 steps per day, less than 25% Body Mass Index (BMI) and less than 100 cm of abdominal circumference for men (88 cm for women). Anyone who achieved these goals accumulated points; at the end of the year they were exchanged for prizes.

The *Programa Saúde Nota 10* (Top Form Health Program) is part of the Quality of Life Program, whose actions are based on four pillars: Health, Relationships, Mind and Culture.

Health and safety management* ▸ (LA7)

	2007	2008	2009
Rate of occupational accidents	9.62 (1)	4.97 (1)	3.08 (1)
Rate of lost days	54.12 (2)	31.02 (2)	16.46 (2)
Rate of absenteeism	1.1% (3)	1.1% (3)	0 (3)
Total number of fatal accidents	0	0	1 (4)

* *Our record is compliant with NBR 14.280.*

(1) *Occupational accidents with and without leave of absence – direct employees and service providers. These figures include small injuries.*

(2) *Just accidents (does not include days discounted) – direct employees and service providers.*

(3) *All absences during the year.*

(4) *Fatal accident involving service provider employee at the distribution unit SPP-Nemo, in São Paulo (São Paulo State)*

Health and Safety Management per Unit ▸ (LA7)

Rate of occupational accidents with leave of absence	2007	2008	2009
Suzano	0.16	0.33	0.00
Rio Verde	0.00	0.00	0.00
Mucuri	0.47	0.19	0.70
Embu	–	0.00	1.89
Bahia/Minas Gerais Forestry Business Unit	1.80	0.17	0.14
São Paulo Forestry Business Unit		0.39	0.00
Maranhão/Piauí Forestry Business Unit	–	–	0.00
SPP	–	0.00	3.21
São Paulo Office	–	0.00	0.00
Consolidated	**0.93**	**0.23**	**0.27**

Rate of occupational accidents without leave of absence	2007	2008	2009
Suzano	9.06	6.23	6.40
Rio Verde	11.94	8.11	5.76
Mucuri	16.15	6.16	3.72
Embu	–	5.03	1.89
Bahia/Minas Gerais Forestry Business Unit	4.32	2.07	1.08
São Paulo Forestry Business Unit		5.12	1.65
Maranhão/Piauí Forestry Business Unit	–	–	1.12
SPP	–	0.00	0.00
São Paulo Office	–	0.00	0.00
Consolidated	**8.70**	**4.74**	**2.81**

Number of lost days			
Suzano	0	64	0
Rio Verde	0	0	0
Mucuri	26	4	36
Embu	–	0	9
Bahia/Minas Gerais Forestry Business Unit	113	23	28
São Paulo Forestry Business Unit		53	0
Maranhão/Piauí Forestry Business Unit	–	–	0
SPP	–	0	0
São Paulo Office	–	0	0
Consolidated	**54**	**31**	**16**

RATE OF OCCUPATIONAL ACCIDENTS DROPPED BY

38%

IN RELATION TO 2008

100%

OF OUR EMPLOYEES ARE REPRESENTED ON FORMAL HEALTH AND SAFETY COMMITTEES

Assistance programs related to serious diseases ▸ (LA8)

	Education/Training		Counseling		Risk Prevention/ Control		Medical Treatment/Care	
Included in the programs	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Employees	X			x	x		x	
Employee's family members		x		x		x	x	
Community members		x		x		x		x

Diversity and Voluntary Work

Humanism and Diversity are two of our Values that we seek to adopt both internally and in our relations with our external public. Our organizational structure contemplates these values to the extent that we have multi-departmental committees and matricial service providers, which facilitates the exchange of ideas between colleagues from different cultures, backgrounds and regions. Our compensation policy is also constantly reviewed to ensure parity between men and women in the same functions.

Moreover, through a Conduct Adjusting Term (TAC) entered into with the Public Prosecutor's Office, we have committed to investing in programs to include individuals with disabilities in our workforce. One of these initiatives is the Program for the Inclusion of People with Disabilities, through which we promote talks and discussion weeks related to the subject in order to create awareness among employees about the importance of dealing with differences. Likewise, our training center offers training modules for individuals with disabilities from the community surrounding the Mucuri mill. In 2009 we trained 34 people; 20 attended the basic pulp and paper manufacturing course and 14 learned how to be radio-operators through a course offered in partnership with Senac.

Still in relation to diversity, our External Ombudsman received only one (anonymous) complaint in 2009 in relation to discrimination. It was a single case that was responded to the complainant; there was no need for a wide ranging action plan. **(HR4)**

On the other hand our Volunteer Program opened two new fronts in 2009, at the Mucuri Unit, which added to the activities of participants as volunteer teachers at the Formare schools. One of them is the *Suzano na Escola* (Suzano at School) Project, developed in partnership with NGO, Junior Achievement, which focuses on training employees to work as volunteers with 7th and 8th grade public school students to awaken in them the awareness of why it is important to conclude their studies. Throughout the year 25 employees worked on this project in their municipalities: Mucuri, Itabatã, Teixeira de Freitas, Pedro Canario and St. Mateus. Another initiative was the *Padrinhos do Educar e Formar* (Sponsors of the Educating and Training Program), in which 24 employees from the Forestry area assisted the Social and Environmental area in the refurbishment we sponsored in the Educating and Training Program. *(Read more about Formare schools and the Educar e Formar Program under the Community section of this chapter).*

Diversity Management – 2009 ▸ (LA13)

Employees with disabilities	Number	% of the total
Officers	0	0
Managers	1	0.3
Specialists	7	1
Administrative personnel	12	3.2
Operational staff	68	2.8
Trainees	0	0
Total # of Employees	**88**	**2.3**

Diversity management ▸ (LA13)

Employees with disabilities (%)	2007	2008	2009
Officers	0	0	0
Managers	0	0	0.3
Specialists	1	1	1
Administrative personnel	2	3	3.2
Operational staff	3	3	2.8
Trainees	0	0	0
Total # of Employees	**2**	**2**	**2.3**

Relationship between base-salary per gender (%) – 2009 ▸ (LA14)

	2007		2008		2009	
	Men	Women	Men	Women	Men	Women
Officers	NA	NA	NA	NA	NA	NA
Managers	99.1%	112.3%	99.8%	103.0%	99.6%	104.8%
Specialists	103.5%	89.3%	102.3%	94.0%	103.6%	91.3%
Administrative personnel	114.3%	76.1%	113.1%	68.2%	113.5%	65.1%
Operational staff	100.4%	80.9%	100.5%	74.4%	100.7%	69.0%
Trainees	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%

Suppliers

We ended 2009 with 2,829 active suppliers – not including the members of the Forestry Wood Partner Program – to whom we always seek to disseminate our values and practices focused on the sustainable management of the business. As a priority our suppliers are selected in regions where the units are installed.

We believe it is important to maintain a transparent relationship with our suppliers, giving due value to their contribution. We use strict qualification criteria to select our providers; it is during this phase that we check the social, environmental, occupational health and safety, economic and financial aspects of potential candidates, as well as their compliance with legislation and required environmental permits. If the processing material we need has a significant impact on the final product, the provider thereof is further submitted to industrial tests.

To substantiate all the data collected in the qualification phase, we carry out annual audits at key suppliers' facilities (12 in 2009, representing 3% of the total) in order to make sure that they do not employ children, or degrading or forced labor and that they comply with the legislation applicable to their industry, and specifically environmental and labor laws. The audits conducted last year did not identify any violation of human rights by our suppliers. **(HR2)**

406

COMPANIES, INCLUDING FORESTRY PARTNERS, PARTICIPATED IN DISSEMINATION INITIATIVES OF THE SA 8000 STANDARD, WHICH ADDRESSES HUMAN AND LABOR RIGHTS

To include our partners more in our day-to-day activities and encourage and value excellence in their work, we sponsor the Suzano Suppliers Award. In 2009, in its third edition, we awarded six companies in seven categories. The initiative is a mechanism for discussing excellence throughout the production and distribution chain; another novelty was the Innovation category.

Marcos Rogério Leme Cavalheiro and Nelson Ernesto Ferreira at the Alambari municipality nursery (São Paulo State)

Maria Eronilde de Almeida Silva, Marionete Sampaio Martins, Isabel de Araújo, Josimélia Viana Farrapo and Maria Ocilene da Conceição at the Cidelândia municipality nursery (Maranhão State)

Active suppliers per region ▸ (EC6)

	2007		2008		2009		Average	
Region	Items	%	Items	%	Items	%	Items	%
SP	2,100	70.09	2,285	71.25	2,019	71.37	**2,123**	**70.48**
BA	227	7.58	232	7.23	181	6.40	**209**	**6.95**
ES	190	6.34	196	6.11	170	6.01	**186**	**6.16**

In compliance with SA 8000, we held meetings with our partners to disseminate the standard, which addresses human and labor rights. In all, 406 companies (including forestry partners) participated in the activities. They were also asked to sign a term in which they agree with the SA 8000 principles.

Throughout the year, we talked to our suppliers, in particular members of the Forestry Wood Partner Program, to outline joint strategies to deal with the impact of the global financial crisis on our activities. One of the matters we addressed was the best time to acquire the wood, while guaranteeing that we will respect the time period of up to seven-years after planting for purchasing the same. This dialog is achieved with visits, carried out by the Forestry Wood Partner Management team from the Forestry Business Unit, to the residences of all forestry wood partners in the state of Bahia. The objective of these visits was also to assess their satisfaction in relation to the program.

Our Forestry Wood Partner Program that was established in the south of Bahia in 1992 is part of our strategy for promoting social and economic development in the areas where we operates. The Program involves the community in our business by disseminating eucalyptus growing, which is more profitable for the forestry wood partners than other activities that are carried out in the region: twice as much as sugarcane and three times more than cattle ranching. Additionally, the advantage of eucalyptus growing is that it can be done in association with other crops. *(Read more in the* Forestry Business Unit *section, of the Business performance in the Business Performance chapter).*

We have a standard contract that we use that contains social clauses and policies. However, not all contracts signed are based on this standard, especially agreements that are based on models provided by the other party. **(HR1)**

Customers

Our strategy of keeping close, strong and long-term ties with both our domestic and international customers was quite evident in 2009, as could be seen through our various initiatives. One of these initiatives is the Visit Program, which also targets communities, through which we have the opportunity of showing how we apply our sustainability strategy, the quality of our products and processes, as well as our environmental preservation actions. In 2009, some 700 customers participated in the program, which includes visits that are structured and planned according to the profile of the audience to the Suzano, Rio Verde and Mucuri Units. **(PR5)**

Additionally, we strengthened our communication with our external public by creating *Suzano em Destaque (*Suzano in the Limelight), a bi-weekly e-newsletter featuring the main news from us and the industry. To access it, simply register at our portal (www.suzano.com.br). The Suzano Responde channel received 347 customer contacts last year. Our customers also count on our wide range of certifications, which include the FSC seal (forest management), ISO 14001 (environment), ISO 9001 (quality) and OHSAS 18001 (occupational health and safety).

During the year we also intensified the orientation of our Pulp Business Unit towards maintaining direct relationships with customers. We held the third edition of Customers Meeting in Brazil; 15 Brazilian and international guests , representing 12 companies, participated. We held the *Suzano Pulp Technical Workshop* in France to strengthen ties with representatives from the technical departments of our customers and prospects, promote our technical support and R&D structures, as well as to promote the use of our eucalyptus pulp – Suzano Pulp. Representatives from 18 companies attended the workshop.

Also in line with our strategy of establishing closer ties and establish a presence in key markets around the globe, we participated in *Paper Week,* a symposium that brought together representatives from major US pulp and paper manufacturers. At the event, held in New York, conducted over 30 meetings with

APPROXIMATELY

700 customers VISITED OUR SUZANO, RIO VERDE AND MUCURI UNITS

representatives from the printing industry and converters, which resulted in closing important business deals. Another event in which we were represented was *Big Buyer,* the leading Italian trade fair and one of the largest in the European office supplies market. It is a traditional forum for major players in the international market to meet and for prospecting for business and closing deals.

Our marketing activities carried out in the period also focused on consolidating our relationship with customers. We participated in *Tissue World,* an event that includes a trade fair, exhibition and a technical conference and considered to be the largest tissue production chain conference in the world. The 2009 edition was held in Nice, France, and was attended by pulp

Rosangela Aparecida de Araujo and Josiane de Araujo Oliveira de Souza, from the commercial department at the São Paulo Office

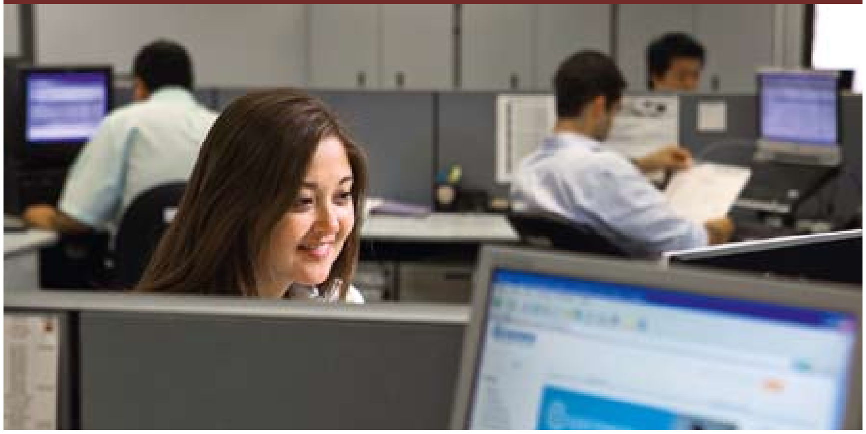
and paper-making machinery manufacturers, converters, distributors and customers.

In Brazil, we participated in various events, including the 14th annual Porto Franco Agribusiness Trade Fair (Expofran), held in Maranhão, whose objective is to foster business and promote development in the region; the 15th International Meat Production Chain Trade Fair (Feicorte), at which we introduced projects that stand out because of their sustainability and innovation; and the Integrated Solutions Forum, organized in São Paulo by Box Print, a packaging manufacturer; the theme of the Forum was *Safety and Innovation.*

Another successful marketing campaign was the Back-to-School Award Promotion: it focused on the children's line, specifically the Senninha Report® brand. The campaign was launched during the School Fair and it brought benefits for the entire chain; distributors and their salespersons, promoters and stationary stores, which won prizes according to the volume sold, and even for end consumers. Through the Report® Senninha brand we were also present in the 2009 Quatro Rodas Experience, an event held by the Quatro Rodas magazine at the Interlagos Racetrack.

All these initiatives were adopted in compliance with the Executive Council of Rules and Standards (CENP) specifications. **(PR6)** They are also supported by our Code of Conduct which, among other standards, ensures that all information relating to customers is treated confidentially. We therefore have a contract with an independent provider that is responsible for managing the e-mails we send our customers and also a system that controls and restricts e-mail access – each user has an exclusive login and password. Because of these precautions, last year we did not receive any complaint regarding breach of privacy and loss of customer data, nor did we have any recorded cases of non-compliance in publications, promotions or sponsorships. **(PR7 and PR8)**

With regard to our products, although they are not subject to health and safety regulations, they are manufactured under the strictest standards at all operational phases. Our products are also developed and processed according to the domestic and international rules and standards that are applicable in the areas in which we operate. Given all these precautions, no claims were filed against the company for non-compliance or impact of products and services on health and safety. **(PR1 and PR2)**



Tatiane Souza Kakunaka at the São Paulo Office

The Pulp Business Unit includes all product and service information on the packaging and material safety data sheet labeling. The Paper Business Unit has the same level of care in terms of labeling and strictly complies with Brazilian laws. Therefore, in 2009 we had zero cases of non-compliance in relation to labeling that might subject us to legal penalties. **(PR3, PR4 and PR9)**

Investors

We have a dedicated team that maintains constant and direct contact with investors, potential investors and capital market analysts, providing reliable and transparent information. We work in such a manner as to ensure equal treatment of and equal access to information, in accordance with best market practices and Brazilian Securities and Exchange Commission (CVM) and São Paulo Stock Exchange (BM&F Bovespa) regulations.

We communicate with investors through the Investor Relations department. On our site www.suzano.com.br/ri we make available press releases, reports and relevant facts, call notices and shareholders' general meeting minutes, quarterly financial reports (ITR) and annual financial reports (DFP), which are published on the CVM site, (www.cvm.gov.br), and investor events and presentations. We also have a specific e-mail (ri@suzano.com.br) and telephone number (5511 3503-9061) for investors to contact the Investor Relations department.

In 2009, we participated in several conferences in Brazil and abroad, in addition to non-deal roadshows in Canada and Brazil. We talked to approximately 1,000 investors, counting all the meetings, events and calls. For the fifth consecutive year e were included on the São Paulo Stock Exchange's Corporate Sustainability Index (BM&F Bovespa ISE) We won an award from the IR Magazine Awards Brazil as the company that achieved the greatest evolution in its investor relations and we were also highlighted by APIMEC as one of the companies with the best presentations in 2009.

Community

In 2009 we restructured the Social and Environment department, strengthening and expanding the team at each unit in order to infuse a culture of sustainability in all our activities and contacts in the areas in which we operate. We were thus able to strengthen our ties in the surrounding communities and to achieve, in a more structured and efficient manner, the required results for our projects and initiatives.

We also kicked off the process for developing a Corporate Social and Environmental Master Plan; an innovative shift since we deal with social and environmental matters internally in a participatory manner. Many different departments are being involved in this drafting process, which are analyzing and discussing Suzano's desired social and environmental identity for the years to come.

To contribute towards the sustainable development of the communities surrounding our mills and forests we seek to maintain transparent relationships with all our public. This agenda of ongoing dialog allows us to identify the possibilities in each region, which is the basis used in aligning our social and environmental initiatives with the local culture, customs and expectations.

From this perspective, in 2009 we started operations in the states of Maranhão, Piauí and Tocantins (Suzano's new growth cycle), sharing with community leaders, non-governmental organizations and government representatives the plans, intentions and phases of the project being devised for the region, thereby seeking to establish and strengthen relationships, in addition to answering potential questions they may have in relation to our activities. We took the opportunity to review actions and adjust them to our new model. In parallel, we transformed the supplier selection

and training stages in the three states into opportunities for getting closer to the communities by encouraging the recruitment of labor from the communities surroundings our forestry areas.

With the objective of learning about the reality of these communities we conducted social and environmental studies in the municipalities located in the areas of direct or indirect influence of the Forestry project. In total, we visited 88 municipalities in the states of Maranhão, Piauí and Tocantins and talked with approximately 800 stakeholders. Primary indicators related to composition of the income, infrastructure, education and health for each municipality were analyzed. This reality was subsequently checked on site, in each community, by carrying out interviews to talk about matters relative to the economic impact on the value chain, local social development and equilibrium of the ecosystem. **(SO1)**

All this information is identified in a risks and opportunities map, indicating the path to be taken, the relationships to be strengthened and issues that require further work, always in partnership with regional players and in favor of local sustainable development. We also began to conduct this study in the region of the Mucuri Unit (Bahia State) and it is expected be completed in 2010. The diagnosis included 12 communities in the region; 331 stakeholders were interviewed.

Since the social and environmental diagnosis identified the issue of food safety in the communities where our new sites are located, we implemented a Community Agriculture project. The goal is to strengthen food production, aligned with the training of small farmers and introduction of new crops, ensuring the transfer of technology to these new producers.

Children in front of the Ler É Preciso Community Library in Teresina (Piauí State)

Children with the teacher, Maria da Paz, in the Ler É Preciso Bruno Soares Community Library, Teresina (Piauí State)

In 2009, we completed social and environmental diagnosis studies in 88 municipalities in the states of Maranhão, Piauí and Tocantins and talked to approximately 800 *stakeholders*

In 2009, we trained in Bahia and began training in São Paulo of Social and Environmental agents who will establish relationships with the communities. This system will allow us to expand our network of contacts in accordance with the scale of the initiative. We also continued with the Social Dialogs in São Paulo; we held seven municipal meetings in the first half of the year and eight in the second half. The seven municipalities where we held meetings suggested implementing projects in partnership with us in different areas, i.e. income generation, environmental legislation and education, the strengthening of local entities and training individuals in the preparation of social projects. In the first half of the year we conducted 5 meetings in municipalities in Bahia and 3 municipalities in Espírito Santo involving a total of 131 participants. In the second half of the year, we replaced this approach with the *Suzano em Campo* (Suzano in the Field) Program, which visited 12 communities and listened to 331 people.

We also have the Suzano Responde communication channel that allows us to answer questions and receive suggestions, comments and complaints via e-mail (suzanoresponde@suzano.com.br). In 2009, we carried out a new campaign to promote the tool, which included the distribution of banners and materials in schools, resident associations, public health clinics and other sites that have a lot of movement. Thus, we ended 2009 having recorded 4,443 contacts, 1,271 of which were initiated by the community. Of the total, 3,379 were requests for information about the Company and 438 requests for information about our products, that is, almost 86% of the total. The number of complaints corresponded to 2.3% of the calls.

In 2009 we maintained our commitment to the *Na Mão Certa* (In the Right Hands) Program in the fight against child and teenager sexual exploitation. Among other initiatives, we held a meeting with nine SPPNemo Unit (Anchieta) transportation providers and counted on the participation of Childhood Brasil/ Instituto WCF-Brasil.

Vanuza Valentim Cicinato and Marly dos Santos Salvino at the Cooperana headquarters in the district of Juerana in Caravelas (Bahia State)

Fabrício Oliveira dos Santos, Klívia Greyce Santos Larceda, Debora de Souza Sales and Késia da Silva, Formare school students in Mucuri (Bahia State)

Social and Environmental Initiatives

In 2009, we invested R$ 31.3 million on education, environment and income generation- focused initiatives. If we take into account internal social and environmental projects, this figure goes up to R$ 55 million *(see chart on the next page).* One of the projects is the Educar e Formar (Educating and Training) Program, which works on three fronts: refurbishment of school facilities; educational support in a partnership with the Ayrton Senna Institute; and encouraging reading among children, with the Ecofuturo Institute. In 2009, we expanded the reach of the program by beginning activities in three municipalities in Minas Gerais and four in Espírito Santo. In the state of Bahia, where we already promote activities in Mucuri, Nova Viçosa, Caravelas, Alcobaça, Teixeira de Freitas and Ibirapuã, we started in the city of Medeiros Neto. We trained 403 teachers, benefitting 92,091 students. Fifteen school facilities in Espírito Santo, 5 in Minas Gerais and 15 in Bahia have been refurbished or adapted. With these changes we gave approximately 12,505 students better conditions under which to learn. **(EC8)**

Another initiative that Suzano has been carrying out since 2005 is the Formare Project, specifically for developing the potential of low-income youngsters in the communities neighboring the company's facilities. With schools in the Mucuri and Suzano Units, and since 2009 in Embu, too, the project prepares young people for the job market, with a syllabus that combines technical and humanist training. One of the differentials of the initiative is the involvement of the employees who work as volunteer teachers. With four classes having graduated and a fifth in progress, the schools have already trained 154 students over a four-year period. Of this total 60% are working, eighteen of them as our employees and nine at Suzano service providers.

We also support the Projeto ComUnidade, an initiative of the Association of Planted Forests Producers of the State of Bahia (Abaf) whose objective is to help generate income; the initiative is technically assisted by the consortium named Parceria 21. The goal is to stimulate local residents to organize themselves into coops that function as employment and income generation alternatives. In this line in 2009 the Argolo community, from the New Viçosa district, founded a fifth organization: Fruto da Terra Coalminers Coop.

In the Urbano Santos region (Maranhão State) we continued to carry out the Native Bees project, developed in partnership with the Native Bees Institute and the Federal University of Maranhão. The objective of the project is to train families in meliponiculture (native bee honey production) that, allied to activities to preserve ecosystems, offers environmental education and research incentives.

Last year we also continued to conduct the *Trilhas Ecológicas Project,* an environmental education program with guided visits along structured trails on our properties in the planted native forests located in the south of the state of Bahia (Mucuri and Caravelas) and in São Paulo (Itatinga) In 2009, we received 815 visitors.

We also invested in sports to take advantage of fiscal incentives. In 2009, we contributed to the Brazil Circuit of Races in the Fight Against Child Cancer, the Northeast Circuit against Child Cancer, the Franca basketball team, which is celebrating its 100 years, and the Jogo Aberto sports program organized by the Gol de Letra Foundation. We also sponsored the University of São Paulo's Mindlin Library and Associação Sociedade Cultura Artística with their cultural projects.

Our contribution has also extended to Funds Defending the Rights of Children and Teenagers in the municipalities where we operate. A total of 28 municipalities, 3 in Maranhão and Piauí, 12 in Bahia and 13 in São Paulo were involved.

Investment in **social and environmental responsibility** (internal and external)

(SO1)

DIMENSION	OBJECTIVES	MILLENNIUM GOALS
Economic Development	Initiatives, programs and projects geared to generate opportunities for the community through professionalization and income generation activities	Goal 1: Eradicate hunger and poverty
Health	Initiatives, programs and campaigns focused on preventing diseases, providing health and dental assistance and maintaining clinics and hospitals. The activities benefit mainly the communities where the companies are located, as well as their employees and family members	Goal 4: Reduce child mortality Goal 5: Improve expectant mother health Goal 6: Fight AIDS, malaria and other diseases
Education, Training and Professional Development	Initiatives, programs, projects and campaigns focused on educational activities, incentives for courses and schools and encouraging development and professional training. The activities benefit mainly the communities where the companies are located, as well as their employees and family members	Goal 2: Quality elementary and secondary education for all
Environment	Initiatives, programs and projects focused on environmental preservation, as well as awareness, especially among the younger generation, about the importance of the environment and its preservation. Private Natural World Heritage Reserves of public use, under the responsibility of sector industries, are also recorded	Goal 7: Quality of life and respect for the environment
Culture	Initiatives, programs and projects destined to redeem, disseminate and encourage culture in Brazil, expanding access thereto	Goal 8: Everybody working towards development
Community Support	Programs, projects, initiatives and campaigns destined to promote initiatives to foster citizenship, social reintegration, community service and encourage solidarity	Goal 1: Eradicate hunger and poverty Goal 3: Equality between men and valuing women
Sports, Integration and Leisure	Initiatives, programs and projects designed to encourage sports activities, social integration and leisure, specifically for employees and family members, as well as the communities where the companies are located	Goal 8: Everybody working towards development
Volunteer Work	Initiatives, programs and projects focused on encouraging and training company employees on volunteering and practice of their citizenship	Goal 8: Everybody working towards development
Subtotal		
Mucuri Project/BNDES/Corporate Management	Investment in infrastructure carried out in the southern tip of Bahia State to construct the second pulp line at the Mucuri mill and investments in corporate management	Goal 2: Quality elementary and secondary education for all Goal 4: Reduce child mortality Goal 5: Improve expectant mother health Goal 6: Fight AIDS, malaria and other diseases Goal 7: Quality of life and respect for the environment Goal 8: Everybody working towards development
Subtotal		
OVERALL INVESTMENT TOTAL		

1 ERADICATE EXTREME POVERTY AND HUNGER

2 ACHIEVE UNIVERSAL PRIMARY EDUCATION

3 PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

4 REDUCE CHILD MORTALITY

5 IMPROVE MATERNAL HEALTH

6 COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES

7 ENSURE ENVIRONMENTAL SUSTAINABILITY

8 GLOBAL PARTNERSHIP FOR DEVELOPMENT

TARGET AUDIENCE	MAIN PROJECTS	Amount invested (in R$)		Number of projects		Number of people serviced or benefitted	
		2008	2009	2008	2009	2008	2009
Rural communities near the Suzano (São Paulo State), Mucuri (Bahia), Maranhão and Minas Gerais Units	Productive Community ComUNIDADE and Native Bees Projects, Recyclable Investment Program – PIR	925,455	1,145,627	5	4	5,730	2,000
Mainly Suzano and Embu (São Paulo State), Mucuri (Bahia), Imperatriz (Maranhão State) and Teresina (Piauí State) Units employees and family members	Paineiras Hospital, Sesi (employee participation), Dental Insurance, Health Insurance (does not include employee participation), Employee Fitness Program, Quality of Life Week	23,322,646	23,341,086	7	6	154,956	116,339
Urban and rural communities near the Suzano and Embu (São Paulo State), Mucuri (Bahia) and Urbano Santos (Maranhão State) Units, in addition to schools throughout Brazil with the Ecofuturo Award	Scholarship, and Educar e Formar (Educate and Train) Program, Seedling Project, Formare, Encouraging Undergraduate Education, Professional Training, Estudar é Crescer (Learning Leads to Development Program), School Material Assistance, School Material Kit, Schools (Maintenance of Casa do Estudante in Bahia and other schooling units), Junior Guard, Children Maranhão Education Center, 1st Ecofuturo Award of Education for Sustainability	13,613,805	11,995,696	13	14	52,050	204,756
Urban and rural communities surrounding the Suzano, Embu (São Paulo State) and Mucuri (Bahia) Units and forests	Monitoring the Environment, Water Resources and Bird Population, FSC certification adjustments for certification, Ecology Trails, Data Collection on Mammals, Extra sampling of stacks and consumption material, Water and Effluents Monitoring, Nursery studies and research, Climatic Change, recovery initiatives, Biosolid Use Project, Forestry Dialog, Pomar Project	7,933,734	8,791,118	13	17	1,331,373	1,330,351
Urban and rural communities near the Suzano, Embu (São Paulo State), Mucuri (Bahia) and Maranhão Units, employees, family members and third parties, schools throughout Brazil through the Cultural Contest	Symphony, EmCantando Choir, Max Feffer Choir, Eucalyptus Band, Bumba Meu Boi Folklore Festivity, Sociedade Cultura Artística, Foundation Apoio of the University of São Paulo/Mindlin Library, Ler é Preciso Community Libraries, Ler e Escrever é Preciso Cultural Contest	200,360	3,487,365	8	12	2,637	252,144
Urban and rural communities near the Suzano, Embu (São Paulo State) and Mucuri (Bahia) Units, employees, family members and third parties	Golfinho Association, support provided to the NGO Ecofuturo Institute, Social and Environmental Sub-committee donations, Funds Defending the Rights of Children and Teenagers, Social Indicators and Social Dialogs	4,693,730	4,442,020	5	6	1.007.118	5,428
Urban communities near the Mucuri (Bahia) Unit, employees, family members and third parties. Races in the states of São Paulo, Minas Gerais, Rio de Janeiro, Federal District and Rio Grande do Sul, as well as in the northeast region	Expenses with clubs (CAM and GREJE), Brazil Circuit of Races in the Fight Against Child Cancer, Northeast Circuit Against Child Cancer, the Franca 100 years of basketball and the Jogo Aberto / Gol de Letra Foundation.	141,208	875,631	1	5	757	131,262
Urban and rural communities near the Suzano, Embu (São Paulo State) and Mucuri (Bahia) Units, employees, family members and third parties	Social Programs/Campaigns, Mc Happy Day, Suzano at School/Junior Achievement, Reading Day, Sponsors of the Educar e Formar Program	82,444	78,333	4	4	32,951	10,155
		50,913,382	**54,156,876**	**56**	**68**	**2,587,572**	**2,052,435**
Urban and rural communities near the Mucuri (Bahia) Unit, employees, Piauí and Maranhão	Social Center, Social and Environmental Master Plan, Social and Environmental Diagnosis	1,002,026	1,200,000	6	3	750,301	4,336
		1,002,026	**1,200,000**	**6**	**3**	**750,301**	**4,336**
		51,915,408	**55,356,876**	**62**	**71**	**2,620,288**	**2,056,771**

Gabriel Marcos (to the right) and Carlos Eduardo Santos at the Bruno Soares Ler É Preciso Community Library in Teresina (Piauí State)

The Ecofuturo Institute

In 2009, when we celebrated 85 years in operation, the Ecofuturo Institute – a Civil Society Organization of Public Interest (Oscip) of which we are sponsoring partners – celebrated a decade of their work; its mission is to generate and disseminate knowledge and practices for the collective development of a sustainable culture both on an individual and social group level. The organization seeks to promote reading and writing skills, environmental education and natural reserves' management, and carries out its programs in partnership with NGOs, universities, public authorities and private initiative.

The National Reading and Literature Day celebrated for the first time in October 2009:

140

activities in 10 States, involving 7,000 people

Ler é Preciso (Reading is Necessary) – Founded in 1999, the program seeks to help transform the educational reality in Brazil, where much of the 'literate' population does not understand what they read, nor are they able to communicate using the written word: a phenomenon known as functional illiteracy, which affects about 32% of the literate Brazilian population over 15 years of age. Thus, through integrated projects, directed especially at children, young people, teachers and community leaders the Ler é Preciso program seeks to expand access to knowledge and human values contained in books. The Ler é Preciso Community Library Project, which relies on a technical partnership with the National Foundation for Children's and Young People's Books (FNLIJ), aims at establishing sound public policies that promote more universal access to quality books and teach the younger generation how to read. In total there are 84 libraries in 11 states throughout the country; approximately 40,000 users visit these libraries every month. The project has already trained 2,188 reading promoters and library assistants to use texts in a collective manner, conducting reading activities for all age groups. In 2009, five more Community Libraries were opened in the states of Amazonas, Piauí, Rio Grande do Sul and São Paulo, sponsored by Suzano, JHSF and Satipel. One of the libraries was opened in the prison of Bauru, as endorsed by the Nelson Mandela Foundation.

In order to improve understanding in relation to the qualitative impacts of the project on the communities benefited thereby, since 2008 the Ecofuturo Institute, along with FNLIJ, has been developing a project that aims to create and analyze sustainability and impact indicators for the Community Libraries and introduce a remote monitoring system.

The project is coordinated by economist Ricardo Paes de Barros, IPEA's public policy research coordinator. Preliminary data obtained from an analysis conducted in 2009 reveal that the project has a strong impact on children's learning performance; communities where the project's libraries have been set up were able to reduce the school dropout rate between 1st and 4th grade by 0.6 percentage points every year in comparison to other communities that do not have access to libraries. This is a unique project both for Brazil and abroad and results will be made available to society free of charge.

THE ECOFUTURO EDUCATION FOR SUSTAINABILITY AWARD WAS HELD FOR THE FIRST TIME IN 2009; 398 PROJECTS WERE SUBMITTED BY TEACHERS FROM THE 27 BRAZILIAN STATES

The Ecofuturo Education for Sustainability Award – Held for the first time in 2009; it received 398 projects from teachers from the 27 Brazilian states. Teachers and schools from all over Brazil were invited to submit their best sustainability projects, lesson plans and course syllabus to promote greater awareness regarding sustainability in its broadest sense, developed based on a book entitled *A Vida que a Gente quer Depende do que a Gente Faz* (The Life We Wish For Depends On What We Do), published by the Ecofuturo Institute. Creativity, uniqueness, originality and fostering cooperative action were decisive points in selecting the projects.

The eight award-winning projects were published in a book entitled *Saber Cuidar* (Knowing How to Take Care). An electronic version (in Portuguese) of the book is available at www.ecofuturo.org.br/premio. The printed version will be sent to all project participants, Departments of Education and government agencies. The Award was sponsored by Suzano Pulp and Paper and Lazam MDS, and was conducted in partnership with the Victor Civita Foundation, All for Education, System Marketing, Alê Abreu, Vieira, Drigo e Vasconcellos Advogados.

Award-winning project authors received cash prizes and the teachers' schools received a computer, printer and a collection of ecology and literature books.

National Reading Day – The National Movement for Reading Literature from the Cradle achieved major accomplishments in 2009, when the country celebrated the first National Reading and Literature Day and Week, October 12 through 16. During this period, 30 partner organizations of the Ecofuturo Institute carried out approximately140 activities in 10 states, involving some 70 cities and 7,000 people throughout the month of October. Partners such as the Everyone in Favor of Education Movement, Portal EducaRede of the Telefónica Foundation, the C&A Institute, Alfabetização Solidária (Literacy Initiative), and Pastoral da Criança, among others, were engaged in disseminating the campaign, promoting the content prepared by the Ecofuturo Institute and the link to the National Reading Day site.

Ecofuturo Institute Team at the São Paulo Office

The Ecofuturo Institute made electronic *Brincar de Ler* Reading Passport and banners available to its entire network of contacts, in addition to a hotsite with all the materials produced for the project and tools, such as blogs and a twitter page for teachers, librarians, parents and anyone who was involved in organizing the encounter between readers and the reading of a good book.

The actions to disseminate the content and share data online reached about 3 million people, confirming just how much can be achieved when working in a network, mobilizing partners and multiplying information.

The cherry on last year's cake, was the National Reading and Literature Day Seminar, held in Brasília, on October 14 and 15 in partnership with the Senate Board of Education, Culture and Sports. The objective was to discuss cooperative actions between public and private sectors for universalizing access to books and reading. Experts, researchers, public authorities and private sector representatives, as well as civil society organizations attended the event; During the meeting they shared the real experiences they had for promoting universal access to reading.

Programa Investimento Reciclável (Recyclable Investment Program – PIR) – The result of the partnership between Suzano, Grupo Santander Brasil and the Avina Foundation which is coordinated by the Ecofuturo Institute, the initiative provides financial support for recyclable material collector coops in the municipalities of São Paulo and offers management improvement training courses. In 2009, the funds allocated to the program totaled R$ 360,000, which must be repaid (interest-free) by the participants within 24 months. A management committee monitors the development of the coops involved, which among other tasks, discusses the operating guidelines and analyzes their results.

Parque das Neblinas Park – Managed by the Ecofuturo Institute, the park located in Bertioga (São Paulo State) is a true open-air laboratory for environmental research. So much so that in 2009, 518 of its 2,800 hectares of private reserve were classified as Private Natural World Heritage Reserve (RPPN) by the Secretariat of the Environment of the state of São Paulo. In the Parque das Neblinas Park there are activities for observing and interacting with nature, including hiking trails, biking and canoeing on the Itatinga River, and guided tours that include bird watching and studying the orchid biodiversity as well as photography workshops. With its excellent infrastructure for welcoming groups, the Park received over 2,500 visitors in 2009. The various research studies conducted to date reinforce the important role the Parque das Neblinas plays in preserving biodiversity: 315 native tree species, approximately 35 large mammals, 227 bird species and 47 species of amphibians have been identified, many of which are endangered or endemic species. Accordingly, the management of non-wood forestry products, such as the Juçara Palm and the Cambuci, is encouraged in the Parque das Neblinas Park as an alternative way for valuing the remaining forestry areas by involving the surrounding rural landowners, interacting with the community and promoting the use of native species in cooking. This initiative is a unique example of the preservation and social use of the forest, environmental education, and the generation of jobs and income for the neighboring community.

Rildes Ferreira de Souza Neris, Anita Pereira Thomas, Iracilda Pitorra da Costa and Adileusa Pereira Thomas at the arts & crafts workshop sponsored by Associação Comunitária Golfinho, in Mucuri (Bahia)

Government and Society

Transparency and commitment to social and environment development are the basis of our relationship with government and society in general, and these values are revealed through various aspects. We are signatories of i) the Global Pact, a United Nations (UN) initiative to disseminate principles in the areas of human rights, labor relations, the environment and the fight against corruption; ii) the Eight Millennium Development Goals, also established by the UN, which establishes reaching the objectives by 2015 related to eradicating poverty, health, quality of life and the environment; iii) Corporate Pact for Integrity and Against Corruption, spearheaded by the Ethos Institute and UNDP (United Nations Development Programme); and iv) the National Pact to Eradicate Slave Labor, connected to the Ethos Institute and the International Labor Organization. In 2009 we joined the Sustainable Amazon Forum, an organization whose mission is to mobilize social groups and promote cooperation for coordinating projects aimed at attaining a fair and sustainable Amazon. The Forum's agenda in 2009 prioritized climate change as an issue, to which the company was equally committed throughout the year *(Learn more in the Environment chapter).*

We are also associated, as a representative of our industry, with a number of entities that seek to promote environmental protection as well as social development, such as The Nature Conservancy (TNC), World Wide Fund for Nature (WWF), International Council of Forest and Paper Association (ICFPA), FSC International and FSC Brazil, Ethos Institute for Companies and Social Responsibility, Brazilian Institute of Corporate Governance (IBGC), Brazilian Institute of Investor Relations (IBRI), Brazilian Pulp and Paper Association (Bracelpa), Brazil Pulp and Paper Technical Association (ABTCP), Brazilian Association of Forest Plantation Producers (Abraf), Planted Forest Producers Association of the State of Bahia (Abaf) and the Florestar Fund. Another organization which we joined in 2009, although we are already part of the international arm, the World Business Council for Sustainable Development (WBCSD), was the Brazilian Business Council for Sustainable Development (CEBDS); its challenge is to create a harmonious relationship between the three dimensions of sustainability within the business community.

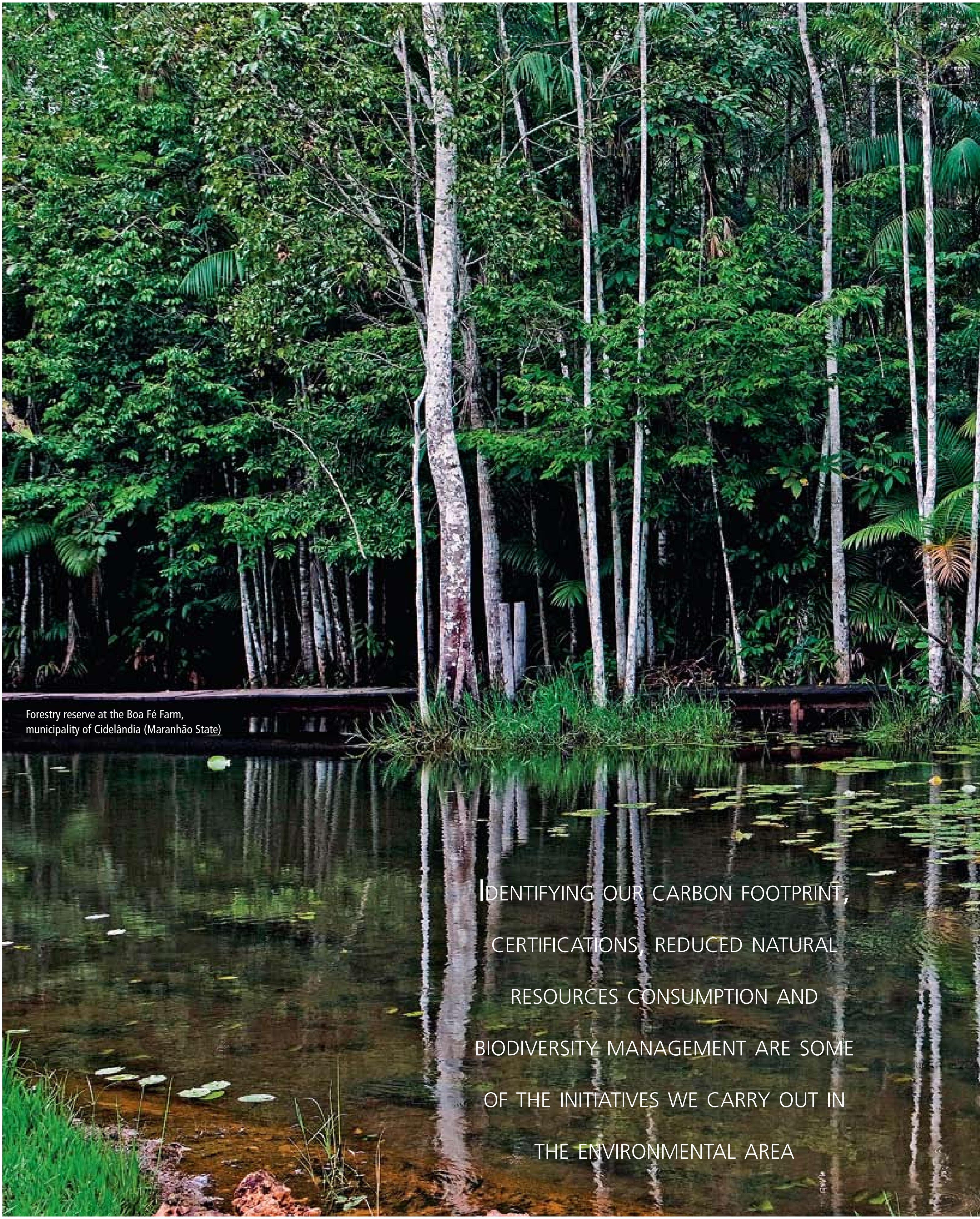
Through these participations, we were able to help in drafting public policies. Some examples of this include: the work carried out with the Getulio Vargas Foundation to adapt the GHG Protocol – global tool for accounting for greenhouse gases – to the Brazilian reality; becoming a member of Empresas pelo Clima (EPC – loosely translated as Companies Unite for Climate) established in 2009 as a platform for sector leaders in the fight against climate change in Brazil; and participating in drafting documents for the Brazilian government with proposals for international negotiations that were taken to the UN Conference of the Parties 15 (COP 15) GRI (**4.12 and 4.13**)

In addition, we continued monitoring the entire legislative agenda, directly and through Bracelpa and Abraf, in order to contribute to the debate and the pursuit of solutions for pulp and paper industry-relevant issues. This monitoring was improved in 2009 with the creation of the Internal Governmental Affairs System (SIAG), available on our intranet; the goal of the system is enable searches of the profiles – and related events – of federal, state and municipal political authorities.**(SO5)**

Considering that 2010 is an election year, the allocation of funds to parties or candidates was defined internally in order not to constitute any ideological discrimination. The list of those that received donations can be accessed online on the Superior Electoral Court's (www.tse.gov.br) website. **(SO6)**

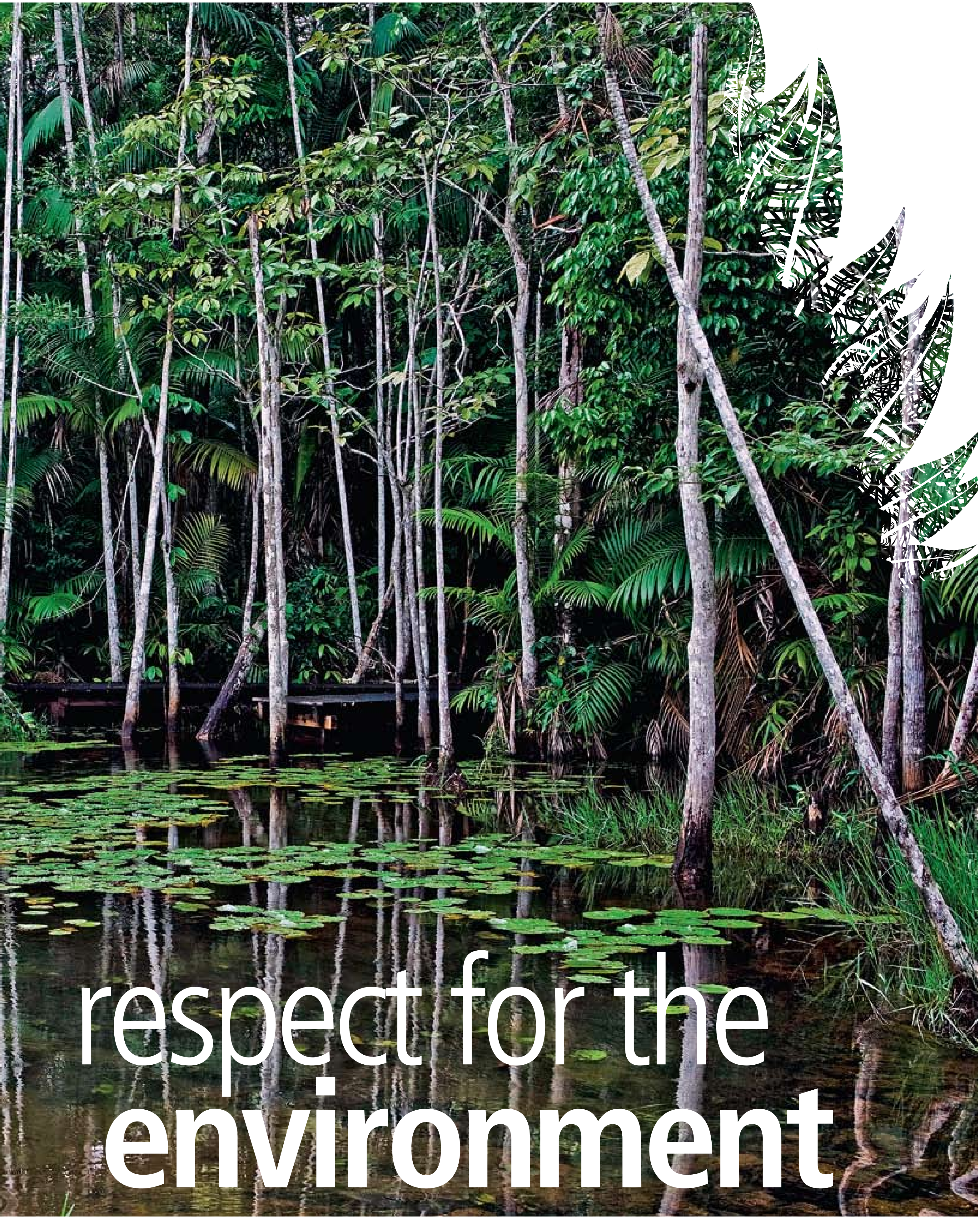
Thanks to these ethically-based practices, in 2009 we were not brought to court for unfair competition, antitrust or monopoly suits, nor did we receive any fines for non-compliance with laws and regulations. **(SO7 and SO8)**

In relation to potential cases of corruption, we deal with them as established in our Internal Audit procedures, which seeks, through the mapping out of internal processes, to identify any possible risks of deviation. The audit cycle occurs every three years; the most critical processes are nonetheless audited annually in all units. Another aspect that helps in these cases is our Code of Conduct and the External Ombudsman (read more about each one of them in the Corporate Governance chapter). In 2009, all our employees received Code of Conduct training through the e-Learning course.**(SO2, SO3 and SO4)** Also with regard to training, the professionals of the two security companies that we have contracts with in São Paulo and in Bahia, received refresher training in which Human Rights was included in the content. **(HR8)**



Forestry reserve at the Boa Fé Farm, municipality of Cidelândia (Maranhão State)

IDENTIFYING OUR CARBON FOOTPRINT, CERTIFICATIONS, REDUCED NATURAL RESOURCES CONSUMPTION AND BIODIVERSITY MANAGEMENT ARE SOME OF THE INITIATIVES WE CARRY OUT IN THE ENVIRONMENTAL AREA



respect for the **environment**

Enviroment

(EC2)

Working with

Our commitment to environmental preservation, the conscious use of natural resources and a reduction in the impact of our activities on the environment can be observed on several fronts. One of them is through our certifications: all our production areas, except for the new offices in Maranhão and Piauí, have ISO 14001 certification and are audited by Bureau Veritas Certification. Some of our forestry areas in São Paulo, Bahia and Espírito Santo are also FSC-certified. We therefore operate in strict compliance with environmental laws and regulations.

In 2009 we invested R$ 7.01 million in our mills in terms of environmental protection, 8.5% less than in 2008. In the forestry area, this investment totaled R$ 1.89 million **(EN30-parcial)**. One of the initiatives adopted, which is unprecedented in the pulp and paper industry in Brazil, was identifying our carbon footprint. This goes beyond just preparing an inventory of our greenhouse gas emissions (GHGs), which we have performed since 2003. This practice encompasses measuring gases throughout a product's lifecycle, including not only production, the logistics involved in transporting inputs and raw materials, but also final sale, use and disposal of the product.

Based on the PAS 2050 methodology and with the assistance of the consultancy firm ICF Internacional, we were able to quantify the carbon footprint of the pulp produced at our Mucuri Unit. The calculation of this footprint and its result was validated and certified by the Carbon Trust, an institution internationally recognized for its work in promoting a low carbon economy. This project will continue in 2010 and will be extended to other Suzano products.

The emissions' inventory, on the other hand, calculates both direct and indirect greenhouse gas emissions of all our activities and units, ranging from the planting of the tree to the delivery of the goods at the ports (foreign market) or to regional warehouses in different states (domestic market). The inventory is carried out based on the guidelines of the Brazilian GHG Protocol program, an initiative of the Center for Sustainability of the Getúlio Vargas Foundation (FGV) in collaboration with other organizations, such as the World Resources Institute (WRI). In 2009, the 2008 calculation totaled 996,295 kilos of equivalent CO^2, in the 1, 2 and 3 scopes (*see footnote in the table* below).

The inventory is fundamental when it comes to identifying the amount and source of emissions and is thus used to guide us in identifying the actions to be adopted to reduce them. With this understanding, in 2009, based on the results obtained, we started work on mapping out opportunities for reducing emissions in all areas, both from movable sources (trucks, forklifts, etc), as well as from stationary sources (machinery and equipment). The initiative resulted in a series of projects that will be evaluated and implemented as from 2010. In addition to these initiatives we carried out activities to create awareness among employees for reducing consumption of, for example, electricity. **(EN16, EN17 and EN18-parcial)**

Also in relation to climate change, we are a full member of the Chicago Climate Exchange (CCX), the largest carbon credit exchange for carbon originating from planted forests; and, for the third consecutive year, we completed the Carbon Disclosure Project (CDP) questionnaire, that seeks to identify the initiatives adopted by organizations around the world in relation to climate changes. It was thanks to these efforts that we were awarded the Época Award on Climate Changes, given by Época Magazine in partnership with PriceWaterhouseCoopers.

Emission Inventory*

	2006	2007	2008****
Total direct and indirect greenhouse gas emissions by weight**(in tons of CO_2)	607,000	792,000	996,295
Other relevant indirect greenhouse gas emissions by weight***(in tons of CO_2)	121,100	134,700	227,846

* This inventory does not include the new areas in the states of Maranhão and Piauí, given that in 2008 they had not yet been acquired.

** Scopes 1, 2, and 3 of the Greenhouse Gasses Inventory carried out every year by the Company are included in the indicator. The concept of scope is in accordance with the WRI/WBCSD GHG protocol.

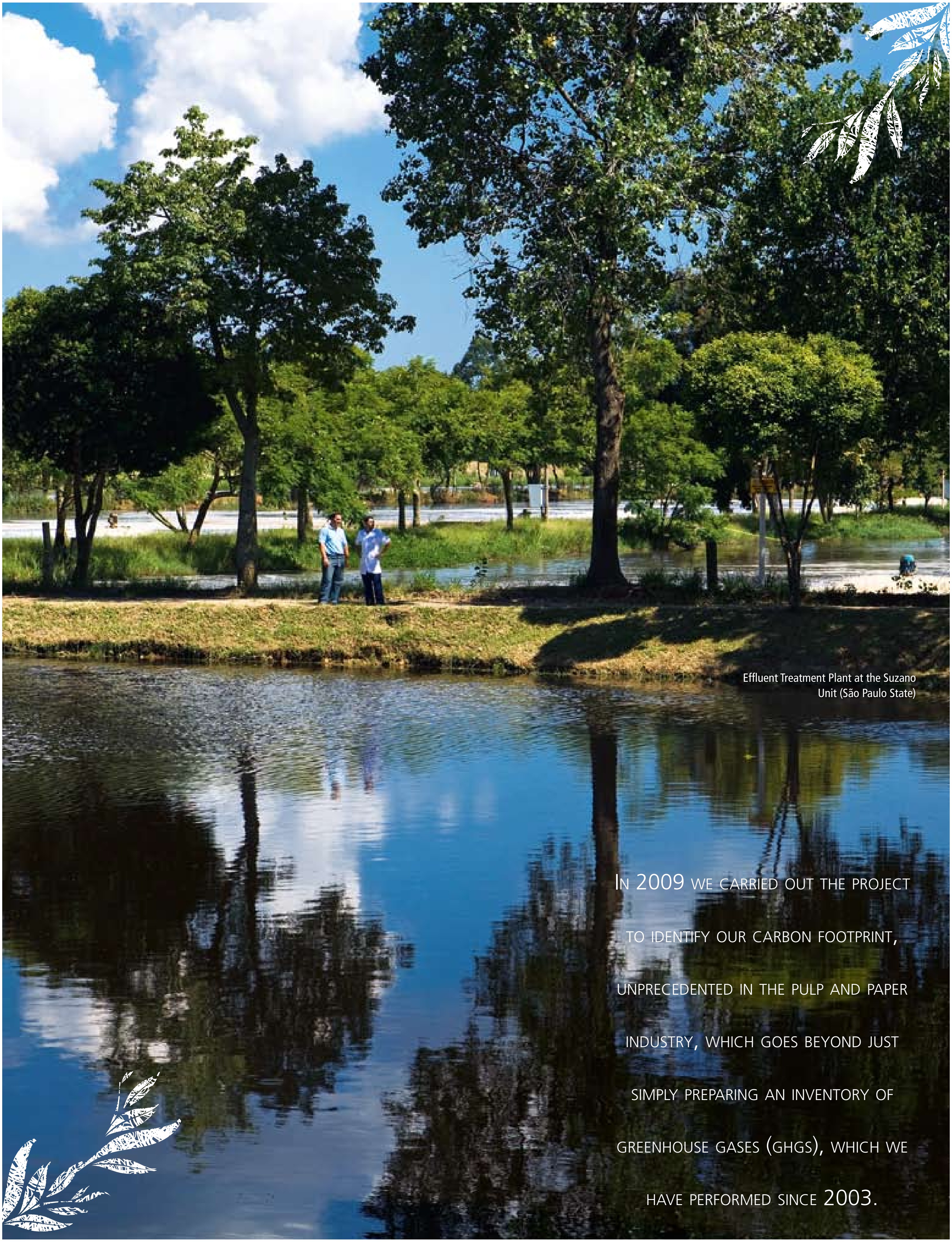
** Scopes 2 and 3 of the Greenhouse Gasses Inventory carried out every year by the Company are included in the indicator. The concept of scope is in accordance with the WRI/WBCSD GHG protocol.

**** This year, we included SPP-Nemo emissions, our division that specializes in the distribution of printing products in Brazil, as well as our Home Office.

Scope 1: direct Greenhouse Gas emissions – Greenhouse Gas emissions from the company itself (physical emissions), including emissions from the burning of fuel, manufacturing processes, waste treatment and the transportation of company property.

Scope 2: indirect Greenhouse Gas emissions – liquid emissions from energy imports and exports, as is the case with imported and exported electricity and steam.

Scope 3: other indirect Greenhouse Gas emissions – all of the other sources of emissions that can possibly be attributed to Company activities. Outsourced transport services were included in this scope.



Effluent Treatment Plant at the Suzano Unit (São Paulo State)

In 2009 we carried out the project to identify our carbon footprint, unprecedented in the pulp and paper industry, which goes beyond just simply preparing an inventory of greenhouse gases (GHGs), which we have performed since 2003.

Emission Management ▸ (EN20)

Mucuri Industrial Unit			
Emissions (in tons)	**2007**	**2008**	**2009**
SOx (total)	154	627	1,073.25
NOx (total)	234	787	888.56
Particulate Material (total)	2,633	3,066	3,167
TRS (total)	28	11	67

Suzano Industrial Unit			
Emissions (in tons)	**2007**	**2008**	**2009**
SOx (total)	264	131	159.62
NOx (total)	506	729	1,980.55
Particulate Material (total)	281	322	236.87
TRS (total)	1.79	2.18	2.59

Embu Industrial Unit*			
Emissions (in tons)	**2007**	**2008**	**2009**
Nox	NA	8.68	7.54

Rio Verde Industrial Unit*			
Emissions (in tons)	**2007**	**2008**	**2009**
NOx (total)	–	–	83

**Boilers burn natural gas and emit only NOx*

Biodiversity

In 2009, Suzano and the Ecofuturo Institute signed the Pact to Recover and Preserve the Atlantic Coastal Rain Forest, a public and private initiative that seeks to preserve fragments of the Atlantic Coastal Rain Forest that still exist and recuperate over 15 million hectares of vegetation by 2050. We are committed to these objectives, as is corroborated by the fact we reserve 40% of our areas for the preservation of native vegetation, including permanent preservation areas, legal reserves and other areas exclusively allocated for preservation, the equivalent of 250,000 hectares, in the states of São Paulo, Minas Gerais, Espírito Santo, Bahia, Piauí and Maranhão.

Our new forestry areas in Piauí, Maranhão, and Tocantins are within Brazilian Savannah (Cerrado), semi-arid (Caatinga) and Amazon biomes, and we are already planning to form ecological corridors that will interconnect fragments of native forest and allow species of flora and fauna to move between the forests. In this way we are ensuring the preservation of biodiversity and the sustainability of our activities.

We also form part of the Parque das Neblinas Park conservation project – located in Bertioga (São Paulo State) at our Sertão dos Freires Farm. In 2009, 518 of its 2,800 hectares of private reserve were classified as a Private Natural World Heritage Reserve (RPPN) by the Secretariat of the Environment of the state of São Paulo. To obtain this classification the biological wealth of areas must have been highly conserved. At the Parque das Neblinas Park, Suzano and the Ecofuturo Institute have developed a series of projects to preserve endangered species, such as the Wooly Spider Monkey, the biggest primate originally from the Americas, and forest species management, such as the juçara palm and the cambuci, a common fruit tree found in the Atlantic Coastal Rain Forest.

Another two of our areas are likely to be classified as RPPN: a 1,100-hectare area on the banks of the Mucuri River, state of Bahia, and another 300-hectare farm called Entre Rios, located in Bofete (São Paulo State). In our inventory of the mammals located on these sites; we identified 57 species (31 in Mucuri, of which seven are deemed to be endangered, and 26 in Angatuba, 14 of which also endangered). We also monitor bird species; we identified the presence of more than 400 species, including woodpeckers, ornate hawk-eagles, blue-bellied parrots, planalto hermit and white-tailed kite.

In 2009, we monitored three sub-basins in São Paulo, in the Cabeceiras do Paraitinga basin; one in the state of Bahia, on the Peruíbe River; and one in the state of Maranhão, on the Palmira River, through Hydrus, a water resource monitoring program that provides a prognosis of water availability, the water consumption of forestry plantations and the influence of the seasons on water balance, enabling us to adjust water management and monitor water resource conditions.

Last year we also obtained a license from Companhia Ambiental do Estado de São Paulo (Cetesb) to use biomass ashes (eucalyptus bark and wood that are not used for in pulp production) from the Suzano Unit boilers as fertilizer in our plantation areas in São Paulo – a first for our industry. Rich in nutrients such as calcium and potassium, the material is essential for correcting the soil, in addition to providing a cost saving for the company.

All aspects and environmental impacts of forestry management are identified and controlled. We take special environmental management precautions on sites that are close to high biodiversity areas. We promoted the *Floresta Viva* (Living Forest) Program, seeking to prevent forest fires, and in 2009, we recorded no significant forest fires around these areas. **(EN11, EN12, EN13 and EN14)**

Water

Saving natural resources is an integral part of our Strategic Planning and collective goals; a challenge that requires the involvement of all our employees. In the context of the growth cycle, the expansion of the Unit Mucuri was already planned in such a way as to increase pulp production capacity without entailing a proportional increase in water consumption. Mucuri Unit's Line 2 also has one of the lowest water consumptions in the market, equivalent to 32.6 m^3/t at the end of 2009. The Unit also has a strict policy to control and optimize the previously achieved results, which includes daily consumption goals for all areas and a panel set up in the monitoring system. So if a sector exceeds its limit, measures are immediately taken to return to the pre-established levels.

Over the past three years the Suzano and Rio Verde Units have workgroups that focus on reducing water consumption. By detecting each sector's consumption, they are able to define goals and improve controls, which include online monitoring. As a result of this work, the Suzano Unit cut its consumption by 9.7% in 2009 in comparison to the previous year, and ended the period with a consumption of 37.04 m^3/t.

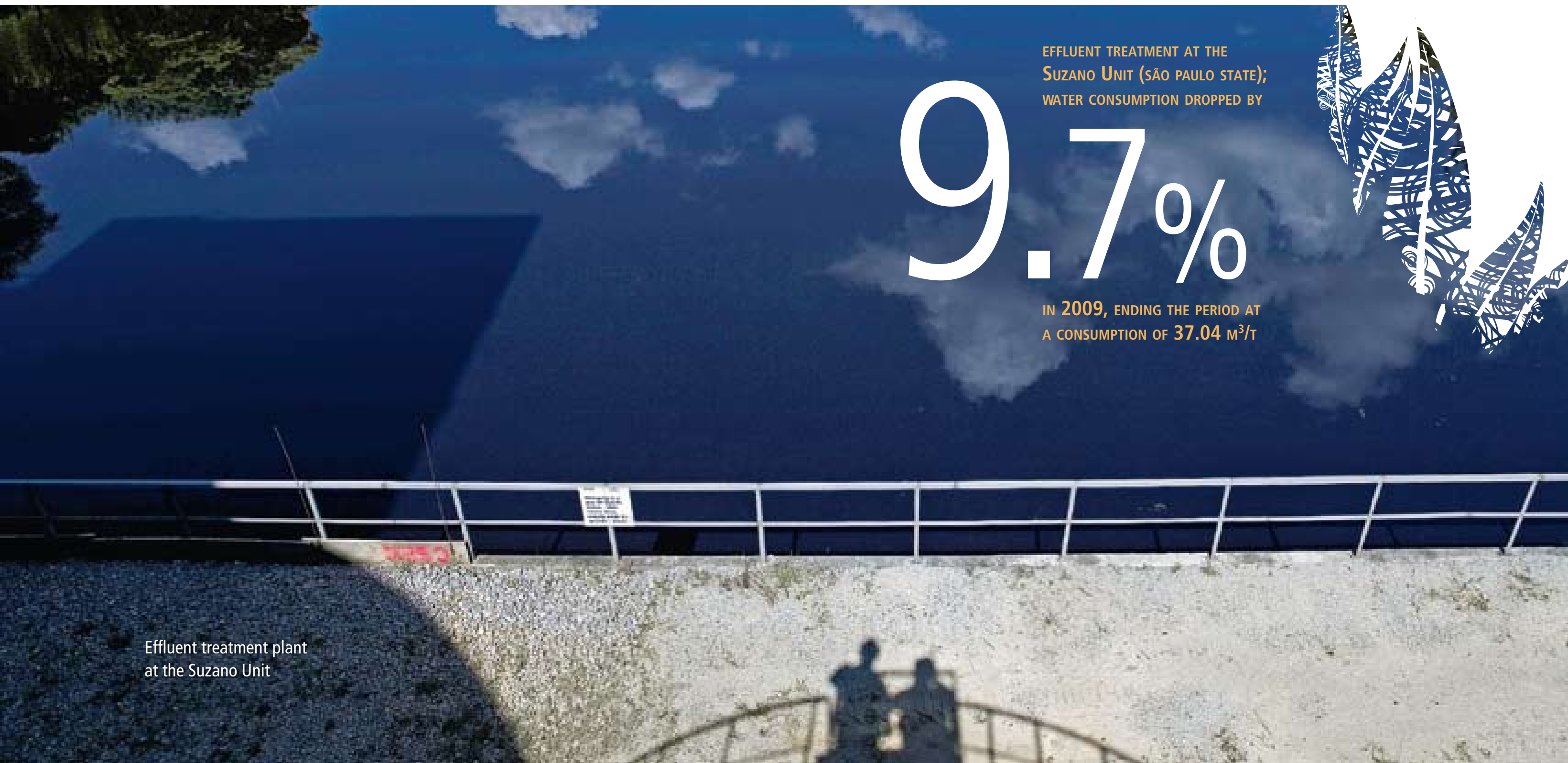
In our São Paulo forestry area, water consumption in the plant nursery increased from 2.66 m^3/t to 4.74 m^3/t due to two specific factors of this year: the stocking of nearly one million seedling for several months for the Lease Program, during which time irrigation was carried out manually outside the standard operating system, consuming more water than usual; and change in seedling management, which reduced the number of plants from 66 to 48 per tray. In Mucuri, where the increase went from 3.76 m^3/t to 4.13 m^3/t this was because of the higher temperatures throughout the year and longer seedling storage period, accounting for greater water consumption.

Another tool that underpins our policy to save natural resources is the Practical Guide of Conscientious Water and Energy Consumption which in addition to providing information to employees on how to reduce and optimize consumption both at work and at home, encourages them to think of ways to reduce consumption and submit their ideas to the Programa Click (Click Program).

Seedling Production*

	2007	2008	2009
São Paulo	22,496,976	17,069,302	11,698,096
Bahia	28,306,112	48,960,647	47,453,053

*In 2009 these figures include own seedlings and those acquired from third parties



Effluent treatment plant
at the Suzano Unit

Water Management ▸ (EN8 and EN9 partial)

		2007	2008	2009
Mucuri Unit				
Total water consumption per source	Mucuri River water consumption (specific)	42.7 m³/t	33.0 m³/t	32.6 m³/t
	Mucuri River water consumption (total)	37,905,559 m³	52,406,046 m³	53,584,020 m³

		2007	2008	2009
Suzano Industrial Unit				
Total water consumption per source	Tietê River water consumption (specific)	44 m³/t	41.05 m³/t	37.04 m³/t
	Tietê River water consumption (total)	28,780,680 m³	27,950,700 m³	24,108,936 m³
Water sources significantly affected by water removal	Tietê River flow (total)	38,160 m³/h	41,400 m³/h	91,067 m³/h
	Water consumption (total)	3,050 m³/h	3,190 m³/h	2,752 m³/h
	Water consumption %	7.99	7.71	3.03

		2007	2008	2009
Rio Verde Industrial Unit				
Total water consumption per source	Tietê River water consumption (specific)	NA	18.37 m³/t	18.74 m³/t
	Tietê River water consumption (total)	NA	1,014,751 m³	926,091 m³

		2007	2008	2009
Embu Industrial Unit				
Total water consumption per source	Embu-Mirim River water consumption (specific)	9.9 m³/t	9.6 m³/t	7.9 m³/t
	Embu-Mirim River water consumption (total)	ND	477,525 m³	301,287 m³
	Groundwater consumption (total)	ND	22,375 m³	22,562 m³
	Water consumption (total)	510,305 m³	499,900 m³	323,849 m³

		2007	2008	2009
Forestry Unit				
Total water consumption per source	Nurseries and outlet consumption	577,271 m³	173,992 m³	184,470 m³*
	Nurseries and outlet consumption – Bahia (specific)	4.22 m³/t	3.76 m³/t	4.13 m³/t
	Nurseries and outlet consumption – São Paulo (specific)	2.43 m³/t	2.66 m³/t	4.74 m³/t

*This figures includes consumption of water in the nurseries and plantation areas. Note that in the Mucuri Unit region water consumption in the plantations is considered insignificant and therefore no permit is required.

Energy and Chemical Recovery ▸ (EN6)

At Suzano we work towards reducing energy consumption and achieving self-sufficiency. At the Mucuri Unit, for example, we produce 97.75% of the energy we consume internally, and for the most part from renewable sources, by reusing wood waste. This is possible thanks to the chemical recovery process we use at our mills. The Kraft process enables us to recover the chemicals used in pulping and at the same time allows us to use the waste from the wood cooking process to generate energy. After this step, the chemical recovery process is concluded with lime, which together with sodium sulfate and soda, will produce green and white liquor, which will return to the beginning of the process for a new wood cooking cycle, with minimal replacement. This gives us direct environmental gains, having reduced waste and generated energy.

We own a 17.9% share of the Amador Aguiar Hydroelectric Power Plant, which represents 100% of our electricity needs at the Suzano, Rio Verde and Embu Units. In the past few years, the Suzano Unit has managed to make its operation more eco-efficient, continuously reducing specific energy consumption from 3.57 GJ/t in 2006 to 3.38 GJ/t in 2009, a reduction of more than 5%.

The new mills we will install in Maranhão and Piauí, which have been planned according to our sustainability strategy, will be self-sufficient in terms of electricity which will allow us to sell the excess energy generated.

Energy Management ▸ (EN3 and EN5)

		2007	2008	2009
Mucuri Unit				
Direct power consumption broken down by primary source of energy (in GJ)	Purchased electricity consumption	337,791.6	156,403.5	90,964
	Consumption of electricity produced at mill	2,572,672.30	3,973,549.90	4,043,260
	Fuel oil consumption	3,357,070.7	2,794,350	2,049,453
Suzano Industrial Unit				
Direct power consumption broken down by primary source of energy (in GJ)	Purchased electricity consumption	1,410,152	1,433,265	1,459,983
	Consumption of electricity produced at mill	863,095	890,489	737,278
	Fuel oil consumption	597,898	664,493.18	1,135,422.08
	Natural gas consumption	4,892,145	5,027,565.98	4,105,793.26
Rio Verde Industrial Unit				
Direct power consumption broken down by primary source of energy (in GJ)	Purchased electricity consumption	155,438	167,709	151,390
	Consumption of electricity produced at mill	0	0	0
	Natural gas consumption	501,953	472,585	469,123.05
Embu Industrial Unit				
Direct power consumption broken down by primary source of energy (in GJ)	Purchased electricity consumption	133,633	121,993	111,476
	Consumption of electricity produced at mill	0	0	0
	Natural gas consumption	196,724	204,186	172,861
Forestry Unit				
Direct power consumption broken down by primary source of energy (in GJ)	Diesel consumption*	155,894.5	213,694.4	1,302,779
	Gasoline consumption **	12,573	13,526	10,240
	Ethanol consumption *(in liters)****	–	–	169,277.04
Indirect power consumption broken down by primary source of energy (in GJ)	Electricity consumption	4,113	3,710	2,417

* In 2009, for diesel, we considered the consumption of 85% from third-parties at the São Paulo Forestry Unit (UNF-SP) (none of our own vehicles are diesel-powered), total third party and own consumption at the Bahia Forestry Unit (UNF-BA) and own consumption at the Piauí Forestry Unit (UNF-PI). There is as yet no data available for the new Maranhão Forestry Unit (UNF-MA).

** In 2009, for gasoline, we considered 100% of our own consumption and 85% of third parties at UNF-SP and at UNF-BA and UNF-PI solely our own consumption (there are no third parties). There is as yet no data available for the new Maranhão Forestry Unit.

*** We publish consumption in liters, since the GRI manual does not provide a conversion factor from ethanol to GJ. We only considered 100% of our own consumption and 85% of third party consumption at UNF-SP. There is no data available for the others.

Effluents and Waste

Our commitment to reducing our impact on the environment also includes initiatives aimed at ensuring the quality of effluents. At the Mucuri Unit, for example, the Effluent Treatment Plant (ETE) is equipped with a nutrient dosage mechanism, cooling tower and a Moving Bed Biofilm Reactor (MBBR) treatment system. Additionally, part of the local waste, as at the Suzano Unit, is sold to a company that recycles the material and uses it in pulp-based products. The bark of the tree with sand is also sold to be used as a source of energy by small businesses.

As a result of our investments in research, we used biosolid fertilizer at the Itatinga (São Paulo State) Forestry Center, thus avoiding the disposal of the material, which comes from the dry mud from sewer waste of Sabesp treatment stations, in landfills.

The discharge of water at the Mucuri Unit does not have a significant impact. In Suzano, 2,850 m^3/h of effluents are discharged into the system, representing 3.13% of the Tietê River flow. At the Rio Verde Unit, 96 m^3/h of effluents are discharged into the system, representing 0.106% of the Tietê River flow. In 2009, none of our mills had any significant recorded spills. **(EN23 and 25)**

Effluents and Waste Management ▸ (EN21, EN22, EN24 and EN25)

		2007	2008	2009
	Rio Verde Industrial Unit			
Total water discharge by quality and destination	Generation of liquid effluents	979,414 m^3	934,771 m^3	842,815 m^3
	Organic load (DBO5) in the final effluent (total)	117 t	127 t	118 t
	Chemical oxygen demand (DQO) in the final effluent (total)	384 t	435 t	301 t
Total weight of waste by type and disposal method	Hazardous waste	NA	< 1 t	<1 t
	Non-hazardous waste	NA	4,894 t	2,086 t
Weight of waste transported, imported, exported, or treated that is considered to be hazardous under the terms of the Basel Convention	Reuse	NA	4,894 t	1,334 t
	Recycling	NA	–	–
	Recovery	NA	–	–
	Incineration	NA	< 1 t	< 1 t
	Landfill	NA	7.85 t	8.3 t
	Stored at the site	NA	0	0

		2007	2008	2009
	Embu Industrial Unit			
Total water discharge by quality and destination	Generation of liquid effluents	354,052 m^3	482,902 m^3	288,376 m^3
	Organic load (DBO5) in the final effluent (total)	6.42 t	4.34 t	2.5 t
	Chemical oxygen demand (DQO) in the final effluent (total)	49.2 t	56.17 t	37.63 t
Total weight of waste by type and disposal method	Hazardous waste	40.2 t	–	3.0 t
	Non-hazardous waste	2,818 t	2,917 t	2,057 t
Weight of waste transported, imported, exported, or treated that is considered to be hazardous under the terms of the Basel Convention	Reuse	10 t	16 t	519 t
	Recycling	328 t	123 t	809,53 t
	Recovery	–	–	–
	Incineration	0.002 t	0.006 t	0.0035 t
	Landfill	2,818 t	2,917 t	2,057 t
	Stored at the site	0	0	2.96 t

		2007	2008	2009
Mucuri Industrial Unit				
Total water discharge by quality and destination	Generation of liquid effluents	35,826,602m³	45,681,703m³	46,224,461m³
	Organic load (DBO5) in the final effluent (total)	1,194 t	1,686 t	1,684 t
	Chemical oxygen demand (DQO) in the final effluent (total)	18,068 t	18,542 t	19,795 t
	Absorbable halogens (AOx) in the final effluent (total)	94 t	118 t	85 t
	Total Organic Carbon (TOC) in the final effluent	NA	NA	NA
Total weight of waste by type and disposal method	Hazardous waste	82 t	93 t	NA
	Non-hazardous waste	170,590 t	228,434 t	262,397 t
Weight of waste transported, imported, exported, or treated that is considered to be hazardous under the terms of the Basel Convention	Composting	NA	52,739 t	NA
	Recycling	37,742 t	7,758 t	7,671 t
	Recovery	7,245 t	NA	37,838 t
	Incineration	4,347 t	2,161 t	12,361 t
	Landfill	34,514 t	69,524 t	70,748 t
	Stored at the site	86,742 t	96,249 t	133,779 t

		2007	2008	2009
Suzano Industrial Unit				
Total water discharge by quality and destination	Generation of liquid effluents	27,612,552 m³	28,385,096 m³	24,952,374 m³
	Organic load (DBO5) in the final effluent (total)	710 t	694 t	649 t
	Chemical oxygen demand(DQO) in the final effluent (total)	4,953 t	5,189 t	4,377 t
	Absorbable halogens (AOx) in the final effluent (total)	37 t	32.7 t	24.31 t
	Total Organic Carbon (TOC) in the final effluent	NA	NA	NA
Total weight of waste by type and disposal method	Hazardous waste	8 t	8.8 t	27 t
	Non-hazardous waste	110,653 t	121,473 t	86,672 t
Weight of waste transported, imported, exported, or treated that is considered to be hazardous under the terms of the Basel Convention	Reuse	4,076 t	104,615 t	59,586 t
	Recycling	61,690 t	–	–
	Recovery	1,500 t	–	–
	Incineration	7 t	< 1 t	7.64 t
	Landfill	14,681 t	25,667 t	27,119 t
	Stored at the site	0	30,000 t	30,000 t
Identification, size, protection status and rate of biodiversity of bodies of water and habitats significantly affected by water discharge and drainage	Tietê River flow	38,160 m³/h	41,400 m³/h	91,067 m³/h
	Effluent flow	3,050 m³/h	3,206 m³/h	2,850 m³/h

Report® Paper Production Line

Materials, products and services

We seek to continuously adopt solutions that help reduce the use of materials and inputs, without, however, compromising the quality of our products and the profitability of our operations. An example of this policy is the development of eucalyptus clones that adapt to different ecosystems and that have a higher silvicultural yield, resulting in a higher rate of conversion of wood into pulp and lower chemical consumption.

On the other hand, we seek to compensate damage to the environment by having products such as Report Carbon Neutral® in our portfolio, whose greenhouse effect gases emitted during the manufacturing process are offset with the planting of trees. Reciclato® is made up of 75% of Report® paper production line pre-consumption scrap and 25% post-consumption scrap. **(EN26 and EN29 partial)**

Material Consumption ▸ (EN1 and EN2)

Materials used per weight or volume

		2007	2008	2009
Mucuri Industrial Unit	Wood consumption (total)	2,528,115 t	5,160,272 t	5,356,735 t
	Caustic soda, sodium sulphate and lime consumption (total)	82,978 t	101,424 t	107,709 t
	Materials consumption (total)	2,611,093 t	5,261,696 t	5,464,444 t
	Percentage of renewable materials	97	98	98
		2007	**2008**	**2009**
Suzano Industrial Unit	Wood consumption (total)	1,387,607 t	1,377,395 t	1,305,704 t
	Caustic soda, sodium sulphate and lime consumption (total)	290,070 t	255,647 t	249,268 t
	Materials consumption (total)	1,677,617 t	1,633,042 t	1,554,972 t
	Percentage of renewable materials	83	84	84
		2007	**2008**	**2009**
Rio Verde Industrial Unit	Pulp raw material consumption (total)	NA	47,293 t	41,964 t
	Starch, optical bleach and calcium carbonate consumption (total)	NA	5,747 t	4,790 t
	Materials consumption (total)	NA	53,040 t	46,754 t
	Percentage of renewable materials	NA	89	90
		2007	**2008**	**2009**
Embu Industrial Unit	Pulp raw material consumption (total)	NA	45,726 t	38,155 t
	Starch, kaolin and calcium carbonate consumption (total)	NA	5,697 t	8,554 t
	Materials consumption (total)	NA	51,423 t	46,709 t
	Percentage of renewable materials	NA	89	81,7 t
		2007	**2008**	**2009***
Forestry Unit	NPK limestone consumption (total)	2.21 t/ha	1.14 t/ha	2.34 t/ha

* Part of the increase in 2009 is because of the inclusion of the Piauí site. This figure does not include the Maranhão site

Materials used that are from recycling

		2007	2008	2009
Suzano and Rio Verde Industrial Units*	Scrap paper	16,835 t	21,022 t	9,623 t
	Percentage of recycled processing material	1.58	1.37	0.66
Embu Industrial Unit	Scrap paper	NA	13,845 t	17,710 t
	Percentage of recycled processing material	NA	30.28	37.92

* Scrap production and production at Santher considered for all materials used

Fines and Sanctions ▸ (EN28)

	2007	2008	2009
Suzano Unit			
Incidents and fines or non-monetary sanctions imposed as result of non-compliance with applicable environmental regulations	1	0	2*
Cash value of significant fines	0	0	0
Embu Unit			
Incidents and fines or non-monetary sanctions imposed as result of non-compliance with applicable environmental regulations	0	0	0
Cash value of significant fines	0	0	0
Mucuri Unit			
Incidents and fines or non-monetary sanctions imposed as result of non-compliance with applicable environmental regulations	0	0	0
Cash value of significant fines	0	0	0

*The two infringement notices were issued on 09/23/2008 because of odor emissions arising as result of technical equipment problems. They were sent by Cetesb on 01/22/2009 and received by Suzano on 01/27/2009 and, consequently recorded in 2009. An appeal was filed against one of these notices, which was granted, but we have still not received formal notification from Cetesb.

Annual Social Balance – **IBASE** – 2009

Suzano Pulp and Paper

1 – Base of Calculation	2009 Amount (Thousands of reals)	2008 Amount (Thousands of reals)
Net revenue (RL)	3,642,299	4,296,122
Operational result (RO) [(1)]	1,141,698	-583,926
Gross payroll (FPB) [(2)]	354,749	315,860

2 – Internal Social Indicators	Amount (Thousand)	% over FPB	% over RL	Amount (Thousand)	% over FPB	% over RL
Food	20,162	5.68%	0.55%	22,589	7.15%	0.53%
Compulsory payroll charges	84,132	23.72%	2.31%	73,807	23.37%	1.72%
Social security	4,893	1.38%	0.13%	4,120	1.30%	0.10%
Health	25,998	7.33%	0.71%	22,810	7.22%	0.53%
Occupational safety and health	6,768	1.91%	0.19%	6,554	2.07%	0.15%
Education [(3)]	5,603	1.58%	0.15%	5,094	1.61%	0.12%
Culture	57	0.02%	0.00%	113	0.04%	0.00%
Training and professional development [(4)]	2,396	0.68%	0.07%	3,460	1.10%	0.08%
Daycare or daycare assistance	209	0.06%	0.01%	177	0.06%	0.00%
Profit sharing	41,814	11.79%	1.15%	49,995	15.83%	1.16%
Others	12,892	3.63%	0.35%	14,836	4.70%	0.35%
Total – Internal social indicators	204,928	57.77%	5.63%	203,555	64.44%	4.74%

3 – External Social Indicators	Amount (Thousand)	% over RO	% over RL	Amount (Thousand)	% over RO	% over RL
Education	4,281	0.37%	0.12%	5,476	NA	0.13%
Culture	3,431	0.3%	0.1%	87	NA	0.0%
Health and sanitation	0	0.00%	0.00%	0	NA	0.00%
Sports	876	0.08%	0.02%	141	NA	0.00%
Fighting hunger and food safety	0	0.00%	0.00%	0	NA	0.00%
Others	7,099	0.62%	0.19%	6,621	NA	0.15%
Total contributions to society	15,687	1.37%	0.43%	12,325	NA	0.29%
Taxes (excluding payroll charges)	354,447	31.05%	9.73%	253,128	NA	5.89%
Total – External social indicators	370,134	32.42%	10.16%	265,453	NA	6.18%

4 – Environmental Indicators	Amount (Thousand)	% over RO	% over RL	Amount (Thousand)	% over RO	% over RL
Investments related to the company's production/operation	7,014	0.61%	0.19%	9,970	NA	0.23%
Investments in programs and/or external projects	1,256	0.11%	0.03%	228	NA	0.01%
Total investments in the environment	8,270	0.72%	0.23%	10,198	NA	0.24%
Regarding the establishment of "annual goals" to minimize waste, overall consumption in production/operations and increase efficient natural resources use, the company:	( ) has no targets ( ) fulfills from 0 to 50% (X) fulfills from 51 to 75% ( ) fulfills from 76 to 100%			( ) has no targets ( ) fulfills from 0 to 50% (X) fulfills from 51 to 75% ( ) fulfills from 76 to 100%		

5 – Personnel Indicators	2009	2008
Number of employees at the end of the period	3,862	3,540
Number of employees hired during the period	752	366
Number of outsourced employees	6,855	6,066
Number of interns	72	64
Number of employees over 45 years of age	801	635
Number of women who work in the company	402	368
% of management positions occupied by women	0.73%	0.62%
Number of black people that work at the company	n/a	n/a
% of management positions occupied by black people	n/a	n/a
Number of professionals with disabilities or special needs	88	85

6 – Relevant information regarding the exercise of corporate citizenship		2009			2010 Targets	
Ratio between the highest and lowest wage at the company		30.41			no target established	
Total number of occupational accidents		6 [5]			5% decrease	
Social and environmental projects developed by the company were defined by:	( ) board	(X) board and management	( ) all the employees	( ) board	(X) board and management	( ) all the employees
The standards of safety and health in the occupational environment were defined by:	( ) board and management	( ) all the employees	(X) everyone + Internal Committee on Accident Prevention	( ) board and management	( ) all the employees	(X) everyone + Internal Committee on Accident Prevention
Regarding freedom to belong to a union, the right to collective bargaining and internal representation of the workers, the company:	( ) does not get involved	(X) follows the ILO standards	( ) encourages and follows the ILO	( ) does not get involved	(X) follows the ILO standards	( ) encourages and follows the ILO
Social security includes:	( ) board	( ) board and management	(X) all the employees	( ) board	( ) board and management	(X) all the employees
Profit sharing includes:	( ) board	( ) board and management	(X) all the employees	( ) board	( ) board and management	(X) all the employees
When selecting suppliers, the same standards of ethics and social and environmental responsibility adopted by the company:	( ) are not considered	(X) are suggested	( ) are required	( ) are not considered	(X) are suggested	( ) are required
Regarding employee participation in voluntary work programs, the company:	( ) does not get involved	( ) supports the initiative	(X) organizes and encourages	( ) does not get involved	( ) supports the initiative	(X) organizes and encourages
Total number of consumer complaints filed[6]:	at the company 1,301	at Procon 0	in Court 0	at the company 1,642	at Procon 0	at Justiça 0
% of complaints and criticisms answered or solved:	at the company 100 %	at Procon 0 %	in Court 0 %	at the company 100 %	at Procon 0 %	at Justiça 0 %
Total added value to be distributed (in thousands R$)	In 2009: 962,910			In 2008: 1,807,111		
Distribution of Added Value (DVA):	24.80% government 41.46% employees 23.67% shareholders (54.88)% third parties 64.95% retained			(9.55)% government 21.20% employees 0.00% shareholders 113.52% third parties (25.17)% retained		

7 – Other Information

[1] Operating result is between gross profit and EBT (Earnings before Income Tax), i.e. before non-operating expenses and revenues.
[2] The sum of compensation (salaries, bonuses, commissions and extras), 13th salary, vacation and compulsory social charges (INSS, FGTS and social contribution).
[3] Expenses with education at all levels, education reimbursement, scholarships, magazine subscriptions, library expenses (excluding staff) and other educational expenses
[4] Resources invested in training, courses, internships (excluding salaries) and expenses specifically for career-related employee professional development.
[5] Accidents with leave of absence
[6] Technical product and service-related complaints (claims).

Corporate Information

Suzano Pulp and Paper
Av. Brigadeiro Faria Lima, 1.355 – 8° andar
01452-919 – São Paulo (SP)
Phone: (5511) 3503-9000
www.suzano.com.br

Investor Relations Management Division
Phone: (5511) 3503-9061
E-mail: ri@suzano.com.br
www.suzano.com.br/ri

Board of Directors
David Feffer
Daniel Feffer
Boris Tabacof
Jorge Feffer
Claudio Thomaz Lobo Sonder
Antonio de Souza Corrêa Meyer
Oscar de Paula Bernardes Neto
Marco Antonio Bologna
Nildemar Secches
Augusto Esteves de Lima Júnior

Board of Officers
Antonio dos Santos Maciel Neto
Alexandre Yambanis
André Dorf
Bernardo Szpigel
Carlos Alberto Griner
Carlos Anibal Fernandes de Almeida Júnior
Ernesto Peres Pousada Júnior
João Comério

Audit Committee
Luiz Augusto Paes
Rubens Barletta
José Luiz Montans Anacleto Júnior

Independent Auditor
Ernst & Young Auditores Independentes S.S.
Av. President Juscelino Kubitschek, 1.830, 5° - 8° andares
Condomínio São Luiz – Itaim Bibi
CEP 04543-900 – São Paulo (SP)

Shares – Brazil
BM&F Bovespa – São Paulo Stock Exchange (São Paulo State)
Common: ticker symbol SUZB3 (traded in lots of 100)
Preferred: ticker symbols SUZB5 and SUZB6

Shares – Europe
Latibex – Latin American Stock Exchange (Madri - Spain)
Preferred: Class "A": ticker symbol brsuzbacnpa3

Shares – United States
ADR1 Program, shares traded in the OTC market; each ADR represents three shares.

Composition of the Capital Stock

Class of shares	# of shares
Common	107,821,512
Preferred, A	205,120,105
Preferred, B	1,540,879
Total	314,482,496

Custodian Bank
Banco Itaú
Av. Engenheiro Armando de Arruda Pereira, 707 – 9o andar
Torre Eudoro Villela
04344-902 – São Paulo (SP)

Deposit Bank
The Bank of New York
101 Barclay Street – New York, NY – 10286 – USA

Liquidity Provider
Credit Suisse S.A. Corretora de Títulos e Valores Mobiliários
Av. Brig. Faria Lima, 3. 064 –14° andar
01451-000 – São Paulo (SP)

Debentures
Trustee: Pentágono S.A DTVM
Avenida das Américas, 4.200 – Bloco 4
Ed. Buenos Aires, sala 514
22640-102 – Rio de Janeiro (RJ)

Financial Statements

2009

Report of **independent auditors**

The Board of Directors and Shareholders
Suzano Papel e Celulose S.A.

1. We have audited the balance sheets of Suzano Papel e Celulose S.A., and the consolidated balance sheets of Suzano Papel e Celulose S.A. and subsidiaries as of December 31, 2009 and 2008, and the related statements of income, changes in shareholders' equity, cash flows and added value for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements. The assets, liabilities and statement of income accounts of Consórcio Paulista de Papel e Celulose, for the year ended December 31, 2009, and to the four-month period ended December 31, 2008, and the individual and consolidated statements of income accounts of the joint subsidiary Ripasa S.A. Papel e Celulose, for the eight-months period ended August 31, 2008, were audited by other independents auditors. Our opinion relating to equity pickup, assets and liabilities and statement of income accounts of Consórcio Paulista de Papel e Celulose, and the result of shareholder's equity of the joint subsidiary Ripasa S.A. Papel e Celulose, included in the Company's unconsolidated and consolidated financial statements, are exclusively based on the opinion of those auditors.

2. Our audits were conducted in accordance with generally accepted auditing standards in Brazil and included: a) the planning of our work, taking into consideration the materiality of balances, the volume of transactions and the accounting and internal control systems of the Company and its subsidiaries; b) the examination, on a test basis, of documentary evidence and accounting records supporting the amounts and disclosures in the financial statements; and c) an assessment of the accounting practices used and significant estimates made by management of the Company and its subsidiaries, as well as an evaluation of the financial statement presentation, taken as a whole.

3. In our opinion, based on our audits and on the report of other independent auditors, the financial statements referred to in paragraph 1 present fairly, in all material respects, the financial position of Suzano Papel e Celulose S.A., and the financial position of Suzano Papel e Celulose S.A. and subsidiaries as of December 31, 2009 and 2008, the results of their operations, changes in their shareholders' equity, cash flows and added value for the years then ended in accordance with the accounting practices adopted in Brazil.

Salvador, March 02, 2010.

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

Antonio Carlos Fioravante
Accountant CRC-1SP184973/O-0/S-BA

Balance sheets

December 31, 2009 and 2008 (In thousands of reais).

Assets	Parent Company 2009	Parent Company 2008	Consolidated 2009	Consolidated 2008
Current assets				
Cash and cash equivalents (Note 5)	**2,261,889**	1,921,063	**2,533,285**	2,176,312
Derivatives (Note 23)	**11,641**	1,737	**12,961**	16,939
Trade accounts receivable (Note 6)	**958,763**	1,391,670	**621,195**	790,042
Inventories (Note 7)	**499,976**	585,867	**605,657**	881,568
Income and social contribution taxes (Note 8)	**237,587**	333,700	**238,825**	361,025
Deferred income and social contribution taxes (Note 9)	**62,385**	60,766	**69,297**	131,351
Due from related parties (Note 17)	**1,500**	380	**–**	–
Indemnification for land expropriation (Note 10)	**6,162**	–	**6,162**	–
Other accounts receivable	**49,595**	40,723	**55,554**	44,964
Prepaid expenses	**5,226**	4,411	**5,319**	4,509
Total current assets	**4,094,724**	4,340,317	**4,148,255**	4,406,710
Noncurrent assets				
Long term assets				
Derivatives (Note 23)	**9,315**	577	**15,089**	14,449
Income and social contribution taxes (Note 8)	**110,407**	152,436	**110,408**	152,440
Deferred income and social contribution taxes (Note 9)	**495,424**	644,199	**501,818**	646,647
Due from related parties (Note 17)	**1,111**	49,083	**–**	–
Indemnification for land expropriation (Note 10)	**55,461**	–	**55,461**	–
Advances to suppliers (Note 11)	**243,480**	215,632	**243,480**	215,632
Judicial deposits	**62,194**	90,020	**64,969**	92,366
Assets available for sale	**90,365**	–	**90,365**	–
Other accounts receivable	**44,314**	32,222	**52,483**	43,902
	1,112,071	1,184,169	**1,134,073**	1,165,436
Permanent assets				
Investments (Note 12)	**231,213**	240,311	**13,843**	8,100
Property, plant and equipment (Note 13)	**6,663,331**	6,551,349	**6,961,336**	6,876,776
Intangible (Note 14)	**501,462**	501,457	**501,462**	501,457
Total permanent assets	**7,396,006**	7,293,117	**7,476,641**	7,386,333
Total noncurrent assets	**8,508,077**	8,477,286	**8,610,714**	8,551,769
Total assets	**12,602,801**	12,817,603	**12,758,969**	12,958,479

Liabilities and shareholders´equity	Parent Company 2009	Parent Company 2008	Consolidated 2009	Consolidated 2008
Current liabilities				
Trade accounts payable	**262,667**	219,067	**268,050**	277,318
Loans and financing (Note 15)	**1,268,002**	1,690,813	**1,287,752**	1,703,942
Debentures (Note 16)	**113,747**	32,863	**113,747**	32,863
Derivatives (Note 23)	**37,052**	150,039	**51,654**	151,022
Taxes payable other than on income	**40,548**	10,130	**42,938**	36,812
Payroll and taxes payable	**72,540**	72,008	**74,345**	75,715
Payable to related parties (Note 17)	**19,092**	15,917	**–**	521
Debt with acquisition of lands, farms and reforestation (Note 21)	**58,756**	–	**61,262**	–
Accounts payable	**43,765**	45,545	**48,079**	54,826
Dividends and interest on shareholders´equity (Note24)	**170,464**	470	**170,464**	470
Income and social contribution taxes	**–**	–	**2,017**	3,630
Deferred income and social contribution taxes (9)	**19,743**	19,474	**19,743**	19,474
Total current liabilities	**2,106,376**	2,256,326	**2,140,051**	2,356,593
Noncurrent liabilities				
Loans and financing (Note 15)	**4,183,258**	4,907,536	**4,411,577**	5,094,183
Debentures (Note 16)	**685,963**	804,056	**685,963**	804,056
Derivatives (Note 23)	**23,810**	51,652	**25,727**	54,398
Payable to related parties (Note 17)	**174,119**	116,850	**–**	–
Debt with acquisition of lands, farms and reforestation (Note 21)	**92,381**	–	**164,565**	–
Accounts payable	**7,576**	3,321	**7,576**	3,321
Income and social contribution taxes	**14,107**	13,200	**14,107**	13,200
Deferred income and social contribution taxes (Note 9)	**625,939**	623,350	**625,939**	623,350
Provision for contingencies and actuarial liabilities (Note 18)	**278,955**	262,767	**286,833**	269,137
Share based payments (Note 20)	**12,851**	3,582	**12,851**	3,582
Total noncurrent liabilities	**6,098,959**	6,786,314	**6,235,138**	6,865,227
Shareholders´equity				
Capital	**2,054,430**	2,054,430	**2,054,430**	2,054,430
Capital and income reserves	**2,343,036**	1,720,533	**2,329,350**	1,682,229
Total shareholders´equity	**4,397,466**	3,774,963	**4,383,780**	3,736,659
Total liabilities and shareholders´equity	**12,602,801**	12,817,603	**12,758,969**	12,958,479

Statements of income*

Years Ended December 31, 2009 and 2008 (In thousands of reais)

	Parent Company		Consolidated	
	2009	2008	2009	2008
Gross sales	**4,144,328**	4,879,104	**4,466,022**	4,648,193
	–	–	**–**	–
Sales deductions	**(502,029)**	(582,982)	**(513,276)**	(584,597)
Net sales	**3,642,299**	4,296,122	**3,952,746**	4,063,596
Cost of goods sold	**(2,592,386)**	(2,651,148)	**(3,043,078)**	(2,647,236)
Gross profit	**1,049,913**	1,644,974	**909,668**	1,416,360
Operating income (expense)				
Selling expenses	**(354,916)**	(408,697)	**(158,489)**	(200,920)
General and administrative expenses	**(188,116)**	(173,935)	**(205,240)**	(205,250)
Management' fees (Note 17)	**(23,445)**	(42,135)	**(25,539)**	(46,154)
Financial expenses (Note 26)	**589,312**	(2,040,461)	**572,022**	(2,095,657)
Financial income (Note 26)	**73,331**	625,523	**124,378**	521,960
Equity pickup in subsidiaries and affiliates (Note 12)	**(10,342)**	(122,934)	**–**	(515)
Amortization of goodwill (Note 14)	**–**	(79,044)	**–**	(79,044)
Other operating income (expenses), net (Note 25)	**5,961**	12,782	**15,299**	53,437
Operating income (loss)	**1,141,698**	(583,927)	**1,232,099**	(635,783)
Income and social contribution taxes (Note 9)	**(288,383)**	149,144	**(354,167)**	184,475
Net income for the period	**853,315**	(434,783)	**877,932**	(451,308)
Net earnings per share	**2,78392**	(1,41847)		
Number of outstanding shares at the years end	**306,516**	306,516		

Statements of changes in shareholders' equity*

Years ended December 31, 2009 and 2008 (In thousands of reais)

		Capital reserves			Income reserves				
Parent Company	**Capital**	**Tax incentives**	**Special goodwill reserve**	**Treasury shares**	**Legal reserve**	**Reserve for capital increase**	**Special statutory reserve**	**Retained earnings**	**Total**
Balances at December 31, 2007	2,054,427	303,507	108,723	(15,080)	149,315	1,614,315	181,254	–	4,396,461
Capital increase due to convertion of debentures into shares	3	–	–	–	–	–	–	–	3
Loss for the year	–	–	–	–	–	–	–	(434,783)	(434,783)
Acquisition of own shares	–	–	–	(186,718)	–	–	–	–	(186,718)
Destination:									
Allocation of loss	–	–	–	–	–	(434,783)	–	434,783	–
Balances at December 31, 2008	**2,054,430**	**303,507**	**108,723**	**(201,798)**	**149,315**	**1,179,532**	**181,254**	**–**	**3,774,963**
Net income for the year	–	–	–	–	–	–	–	**853,315**	**853,315**
Destination:									–
Interest on shareholders' equity allocated and paid on November 11, 2009	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(35,296)**	**(35,296)**
Interest on shareholders' equity allocated on December 21, 2009 and paid on March 10, 2010	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(192,247)**	**(192,247)**
Proposed dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,269)**	**(3,269)**
Tax incentives reserve SUDENE – Superintendência do Desenvolvimento do Nordeste	**–**	**35,715**	**–**	**–**	**–**	**–**	**–**	**(35,715)**	**–**
Legal reserve	**–**	**–**	**–**	**–**	**42,666**	**–**	**–**	**(42,666)**	**–**
Reseve for capital increase	**–**	**–**	**–**	**–**	**–**	**489,711**	**–**	**(489,711)**	**–**
Special statutory reserve	**–**	**–**	**–**	**–**	**–**	**–**	**54,411**	**(54,411)**	**–**
Balances at December 31, 2009	**2,054,430**	**339,222**	**108,723**	**(201,798)**	**191,981**	**1,669,243**	**235,665**	–	**4,397,466**

* See accompanying notes

Statements of cash flows*

Years ended December 31, 2009 and 2008 (In thousands of reais)

	Parent Company		Consolidated	
	2009	**2008**	**2009**	**2008**
Cash flows from operating activities				
Net income (loss) for the year	**853,315**	(434,783)	**877,932**	(451,308)
Adjustments to reconcile net income (loss) to cash provided by operating activities:				
Depreciation, depletion and amortization	**475,988**	375,334	**485,022**	451,763
Income on sale of property, plant and equipment	**(39,632)**	(19,107)	**(39,626)**	(23,395)
Equity pickup in subsidiaries and affiliates	**10,342**	122,934	**–**	515
Amortization of goodwill	**–**	79,044	**–**	79,044
Foreign exchange, net	**(1,053,747)**	1,113,623	**(1,029,157)**	1,039,018
Interest expenses, net	**414,930**	364,180	**428,709**	373,905
(Gains) losses on derivatives instruments, net	**(51,676)**	234,446	**(33,932)**	213,916
Deferred income and social contribuitions taxes	**288,383**	(149,144)	**354,167**	(184,475)
Others taxes	**109,187**	118,748	**142,526**	129,832
Provision for contigencies and actuarial liabilities	**(475)**	44,599	**1,033**	31,266
Shares based payments	**9,269**	–	**9,269**	–
Reversal of others provisions	**1,483**	(19,439)	**1,483**	(20,684)
Interest expenses with the acquisition of own shares	**–**	110,860	**–**	110,860
Changes in assets and liabilities, current and noncurrent:	**–**			
Decrease (increase) in trade accounts receivable	**432,907**	(468,718)	**168,847**	(55,882)
Decrease (increase) in inventories	**85,891**	(44,376)	**275,911**	(228,283)
Decrease (increase) in recoverable taxes	**138,142**	(128,600)	**164,232**	(130,608)
Increase in other current and noncurrent assets	**(60,889)**	(130,330)	**(107,456)**	(39,396)
Settlement of derivatives contracts	**(71,478)**	(27,350)	**(71,478)**	(36,212)
	–	–	**–**	–
Increase (decrease) in trade accounts payable	**43,600**	(92,302)	**(9,268)**	(67,962)
Increase (decrease) increase in other current and noncurrent liabilities	**184,238**	(84,936)	**140,779**	(3,541)
Interest paid	**(311,528)**	(268,656)	**(318,550)**	(284,980)
Payment of others taxes and contributions	**(73,890)**	(79,182)	**(75,037)**	(86,881)
Payment of income and social contribution taxes	**(171,920)**	–	**(177,366)**	(52,675)
Net effect of Ripasa spin-off and merger of Conpacel	**–**	41,621	**–**	41,621
Net cash provided by operating activities	**1,209,474**	658,466	**1,185,074**	805,458
Cash flows used in investing activities				
Increase in investments	**(63)**	–	**(5,052)**	–
Increase in property, plant, equipment and intangible assets	**(675,228)**	(910,029)	**(658,658)**	(1,065,854)
Receipt from sales of property, plant and equipments	**67,345**	59,210	**67,383**	66,011
Net effect of Ripasa spin-off and merger of Conpacel	**–**	610,393	**–**	583,035
Net cash used in investing activities	**(607.946)**	(240.426)	**(596.327)**	(416.808)
Cash flows (used in) provided by financing activities				
Payment of dividends and interest on shareholders´equity	**(35,347)**	(64,619)	**(35,347)**	(64,619)
Proceeds from financing and loans	**2,193,959**	2,962,611	**2,288,303**	2,996,337
Settlement of derivatives contracts	**(36,317)**	(4,104)	**(25,796)**	(3,672)
Payment of financing and loans	**(2,382,997)**	(2,070,378)	**(2,399,331)**	(2,177,194)
Own shares acquisition	**–**	(297,578)	**–**	(297,578)
Net effect of Ripasa spin-off and merger of Conpacel	**–**	(82,534)	**–**	(82,534)
Net cash (used in) provided by financing activities	**(260,702)**	443,398	**(172,171)**	370,740
Effects on exchange rate variation on cash and cash equivalents	**–**	–	**(59,603)**	77,002
Increase in cash and cash equivalents	**340,826**	861,438	**356,973**	836,392
Cash and cash equivalents at the begining of the year	**1,921,063**	1,059,625	**2,176,312**	1,339,920
Cash and cash equivalents at the end of the year	**2,261,889**	1,921,063	**2,533,285**	2,176,312
Increase in cash and cash equivalents	**340,826**	861,438	**356,973**	836,392

* See accompanying notes

Statements of value added*

Years ended December 31, 2009 and 2008 (In thousands of reais)

	Parent Company		Consolidated	
	2009	2008	2009	2008
Revenues				
1.1) Sale of products and services	**4,118,013**	4,847,392	**4,428,460**	4,670,736
1.2) Other operating income	**88,895**	80,839	**105,520**	146,800
1.3) Income related to the construction of own assets	**89,840**	68,602	**89,912**	68,602
1.4) Complement of allowance for doubtful accounts	**(3,398)**	(9,101)	**(3,398)**	(10,030)
	4,293,350	4,987,732	**4,620,494**	4,876,108
2– Inputs acquired from third parties				
2.1) Cost of goods and services sold	**(1,562,851)**	(1,519,587)	**(2,009,684)**	(1,466,965)
2.2) Materials, electricity, outsourced services and others	**(1,295,608)**	(1,646,164)	**(1,099,773)**	(1,364,765)
2.3) Loss of asset	**(58,982)**	(60,431)	**(58,982)**	(60,431)
	(2,917,441)	(3,226,182)	**(3,168,439)**	(2,892,161)
3– Gross value added	**1,375,909**	1,761,550	**1,452,055**	1,983,947
4– Depreciation, depletion and amortization	**475,988**	375,334	**485,022**	451,763
5– Net value added generated by the Company	**899,921**	1,386,216	**967,033**	1,532,184
6– Value added received in transfer				
Equity pickup in subsidiaries and affiliates	**(10,342)**	(122,934)	**–**	(515)
Financial income	**72,311**	625,523	**123,358**	521,960
Others	**1,020**	(79,044)	**1,012**	(79,043)
Amortization of goodwill	**–**	(79,044)	**–**	(79,044)
Others	**–**	–	**(8)**	1
Dividends received from investments recorded at cost	**1,020**	–	**1,020**	–
	62,989	423,545	**124,370**	442,402
7– Value added to be distributed	**962,910**	1,809,761	**1,091,403**	1,974,586
8– Value added distribution				
Employees	**399,190**	376,432	**408,469**	409,557
Salaries	**316,286**	294,213	**324,561**	326,308
Benefits	**64,819**	65,190	**65,822**	66,193
Government Severance Indemnity (FGTS)	**18,085**	17,029	**18,086**	17,056
Taxes and contribuitions	**238,881**	(236,356)	**315,253**	(143,623)
Federal	**321,545**	(160,726)	**394,637**	(113,246)
State	**(85,301)**	(78,334)	**(82,905)**	(34,423)
Municipal	**2,637**	2,704	**3,521**	4,046
Remuneration to third parties	**(528,476)**	2,104,468	**(510,251)**	2,159,960
Interest	**508,677**	935,224	**516,991**	965,707
Rentals	**60,836**	64,007	**61,771**	64,303
Exchange variation	**(1,097,989)**	1,105,237	**(1,089,013)**	1,129,950
Remuneration in shareholder's equity	**853,315**	(434,783)	**877,932**	(451,308)
Dividends and Interest in shareholder's equity	**230,812**	–	**230,812**	–
Retained profits / Loss of the year	**622,503**	(434,783)	**647,120**	(451,308)
	962,910	1,809,761	**1,091,403**	1,974,586

* See accompanying notes.

1. Operations

The core business of Suzano Papel e Celulose S.A. (hereinafter referred to as Company or Suzano) and its subsidiaries, with operating production units in Bahia and São Paulo States, 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, which do not have industrial plants.

2. Basis of the preparation and presentation of financial statements

The authorization for the issuance of these financial statements was granted in the meeting of the Board of Directors held on March 02, 2010.

The financial statements were prepared in accordance with the regulations established by the Brazilian Securities and Exchange Commission (CVM), observing the guidelines contained in the Corporation Law (Law No. 6,404/76), with new provisions introduced, amended and repealed by Law No. 11,638, of December 28, 2007, by MP No. 449, of December 03, 2008, later converted into Law No. 11,941, of May 27, 2009, and by the Technical Pronouncements, applicable to the Company, issued by the Financial Accounting Standards Board (CPC) and approved by the Brazilian Securities and Exchange Comission (CVM) and the Brazil's National Association of State Boards of Accountancy (CFC), whose main objective is to harmonize the accounting practices adopted in Brazil with the International Financial Reporting Standards (IFRS).

The original version of Technical Pronouncement "CPC 02 - Effects of Changes in Foreign Exchange Rates " - provided in items 4 and 5 the accounting, to certain foreign subsidiaries, of their operations as if their were a branch of the Company. These items were related, mainly, to the accounting treatment to be given to such subsidiaries and required the integration of their assets, liabilities, income (loss) and cash flows to the financial statements of the Parent Company. The accounting treatment related to original "CPC 02" has raised various questions about the characterization of these subsidiaries and the corporate accounting impacts arising from their application. For the year ended December 31, 2008 and for the three quarterly financial information presented in 2009, the Company requested and obtained from CVM the authorization to do not apply to its financial statements the accounting treatment stated in the items 4 and 5 of the original version of CPC02.

On March 27, 2009, CFC issued Resolution CFC No. 1164/09, requiring the mandatory adoption of paragraphs 4 and 5 of the Technical Pronouncement CPC 02 (original version) only for the year ended as of December 31, 2009. Subsequently, the CPC issued the document "Revision nº 1 - Technical Pronouncements Guidance" for the revision of Technical Pronouncements CPC 02, 03, 16, 26 and 36, and Technical Guidance OCPC 01, approved by CVM according to "Deliberação CVM No. 624", of January 28, 2010, through which changes were made in some of the paragraphs of these rules. Specifically regarding the changes introduced in CPC 02, the application of paragraphs 4 and 5, which established the integration of assets, liabilities, income (loss) and cash flows of certain foreign subsidiaries to the financial statements of the Parent Company, is no longer required.

3. Summary of significant accounting practices

3.1 Statement of income

Sales are recorded at their gross amounts, including taxes and discounts, which are presented as sales deductions. Sales and expenses are recorded on accrual basis. Sales of products are recognized in the statement of income when its amounts can be measured reliably, all risks and rewards inherent to the product are transferred to the buyer, the Company does not have more control or responsibility over the goods sold and it is probable that the economic benefits will be generated for the Company. Revenues are not recognized if there is significant uncertainty to their realization. Interest income and expense are recognized by the effective interest rate method as financial income or expenses.

3.2 Investment and translation of balances denominated in foreign currency

a) Investments and translation of balances denominated in foreign currency

The Company's functional currency is the Brazilian Real (BRL), which is the same currency of preparation and presentation of unconsolidated and consolidated financial statements. The financial statements of each consolidated subsidiary, which includes interests in affiliates determined by equity method, are prepared based on the functional currency of each entity.

For the subsidiaries located abroad, their monetary assets and liabilities were translated from their functional currency into Reais at the foreign exchange rate prevailing on the balance sheet closing dates, and income statement was translated at the average monthly rates for the years. The nonmonetary assets and liabilities were translated from their functional currency into Reais at the foreign exchange rate of the date of the transaction (historical rate), as well as the income and expenses lines of the statements of income. These subsidiaries are valued by the equity method at Parent Company, and the equity pickup is recognized according to the Parent Company's investment percentage of equity interest.

Investments in subsidiaries and affiliate companies located in Brazil, which the Company has significant influence, are valued by the equity method at Parent Company. Other permanent investments are recorded at cost, less provision for loss, when applicable.

b) Transactions denominated in foreign currency:
Monetary assets and liabilities denominated in foreign currency are translated into the functional currency (Brazilian Real - BRL) at the foreign exchange rate prevailing on the date of the corresponding balance sheets. Gains and losses resulting from restatement of these assets and liabilities, recorded between the exchange rate prevailing on the date of the transaction and the year closing dates, are recognized as financial income or expenses in the income statement.

3.3 Financial instruments

Financial instruments are only recognized from the date on which the Company becomes party of the financial instruments contractual provisions. Upon recognition, they are initially recorded at fair value plus transaction costs that are directly attributable to their acquisition or issuance, except for financial assets and liabilities classified at their fair value through the profit or loss, in which case such costs are directly recorded in the income statement for the year. They are subsequently measured at every balance sheet date, pursuant to the rules established for each classification of financial assets and liabilities. The Company does not apply the *"hedge accounting"* under OCPC03 (replacing the CPC 14).

3.3.1 Financial assets

They are classified among the categories below according to the purpose for which they were acquired or issued:

a) Financial assets measured at fair value through profit or loss: these include financial assets held for trading and assets designated at initial recognition at fair value through profit or loss and derivatives. They are classified as for trading if they were generated for short-term sale or repurchase purposes. At each balance sheet date, they are measured at fair value. Interest, monetary restatement, foreign exchange and variations arising from the valuation at fair value are recognized as financial income or expenses in income statement when incurred.

b) Payables and receivables: non-derivative financial assets with fixed payments, and not quoted in active market. Upon initial recognition, they are measured at amortized cost by the effective interest rate method. Interest, monetary restatement and foreign exchange, less impairment, when applicable, are recognized as financial income or expenses in the income statement when incurred.

The mainly financial assets recognized by the Company are: cash and cash equivalents, marketable securities, unrealized gains on transactions with derivatives, classified as category 3.3.1 (a), and trade accounts receivable, classified in category 3.3.1 (b).

The Company has not identified financial assets that would be classified as held to maturity investments

3.3.2 Financial liabilities

They are classified among the categories below according to the nature of the financial instruments issued or taken out:

a) Financial liabilities measured at fair value through profit or loss: these include liabilities usually negotiated before maturity, liabilities designated at initial recognition at fair value through profit or loss and derivatives. At each balance sheet date, they are measured at fair value. Interest, monetary restatement, foreign exchange and changes arising from the valuation at fair value, when applicable, are recognized in the income statement when incurred.

b) Financial liabilities not measured at fair value: Non-derivative financial liabilities that are not usually negotiated before maturity. Upon initial recognition they are measured at amortized cost by the effective interest rate method. Interest, monetary restatement and foreign exchange, where applicable, are recognized in the income statement when incurred.

The mainly financial liabilities recognized by the Company are: accounts payable to suppliers, debt with the purchase of land, The mainly financial liabilities recognized by the Company are: accounts payable to suppliers, debt related to purchase of land, farms and reforestation, loans and financing and debentures, classified in category 3.3.2 (b) and unrealized losses on transactions with derivatives, classified as category 3.3.2 (a).

3.3.3 Fair value

The fair value of financial instruments actively traded on organized markets is determined based on quoted market prices at the balance sheet closing dates. In the absence of active market, fair value is determined by valuation techniques. These techniques include using recent market transactions between independent parties, references to the fair value of similar financial instruments, analysis of discounted cash flows or other valuation models.

3.4 Cash and cash equivalents

These include cash, positive balances in bank account, marketable securities redeemable within 90 days before the balance sheet dates and with insignificant risk of change in their fair value. Marketable securities included in cash equivalents are classified under "financial assets at fair value through profit or loss."

3.5 Trade accounts receivable

These are classified as a category of financial instruments, "payables and receivables", and are being presented at net realizable value, with foreign exchange restatement where stated in foreign currency. An allowance for doubtful accounts was set up by management in an amount considered sufficient to cover doubtful receivables.

3.6 Inventories

These are valued at acquisition or production cost, which does not exceed their fair value. Provisions for obsolete or slow-moving inventories are accrued when deemed necessary by management.

3.7 Property, plant and equipment

These are recorded at acquisition, buildup or construction cost, including interest and other financial charges incurred during project development or construction, restated by inflation rates based on the legislation in force until December 31, 1995.

Depreciation is calculated using the straight-line method at the rates mentioned in Note 13 and takes into account their estimated useful lives. Effects of any changes in these estimates, if relevant, are treated as a change in accounting estimates and recognized prospectively in the income statement. Financial charges and expenses that significantly increase the useful life of assets are capitalized at the value of fixed assets and depreciated based on the same criteria and useful lives determined for the item of the property, plant and equipment which they were added. Spending on maintenance and repairs, which do not significantly increase the useful life of assets are recorded as an expense when incurred.

Timber resources are valued at acquisition, development and maintenance costs and has its depletion based on the volume collected at the average cost of harvested area.

Property, plant and equipment are net of Social Contribution Tax on Gross Revenue for Social Integration Program (PIS) / Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS) and State Value-Added Tax (ICMS) and the contra entry is recorded as recoverable taxes.

3.8 Lease transactions:

Finance lease agreements are recognized in property, plant and equipment and in loans and financing, for the lower of the present value of minimum lease payments or its fair value, plus, when applicable, the initial direct costs incurred in the transaction. The amounts recorded in property, plant and equipment are depreciated over the economic useful lives of the assets or the estimated lease agreement term, depending on the specific characteristics of each transaction. Implicit interest on loans and financing recognized in liabilities is recorded in the income statement by the effective interest rate method. Operating lease agreements are recognized as expenses on a systematic basis that represents the period in which the benefit from the leased asset is obtained, even if such payments are not made on such basis.

3.9 Intangible assets

These refer to goodwill generated in the acquisition of investments until December 31, 2008, and were amortized on a straight-line basis over 5 to 10 years until that date based on future profitability. Since January 1st, 2009, goodwill was not longer amortized and should be only submitted to annual impairment test (see Note 14).

3.10 Provision for impairment of assets

Management reviews, on an annual basis, the net carrying amount of assets to assess events or changes in operating, economic and technological circumstances that may indicate impairment. When such evidence is identified, and the net carrying value exceeds recoverable value, a provision for impairment is accrued by adjusting net carrying value to recoverable value.

3.11 Actuarial Liabilities

Defined-benefit plans are assessed by an independent actuary at each year end, to verify whether contribution rates are sufficient to determine reserves needed for current and future commitments. Actuarial gains or losses are recognized in the income statement on the accrual basis.

3.12 Other assets and liabilities

A liability is recognized in the balance sheets when the Company has a legal or constructive obligation arising from a past event, the settlement of which is expect result in an outflow. Provisions are recorded reflecting the best estimates of the risk involved.

Other assets are recognized in the balance sheets when their future economic benefits are likely to be generated for the Company and their cost or value can be safely measured. Contingent assets are not recognized.
Assets and liabilities are classified as current whenever their realization or settlement is likely to occur in the following twelve months. Otherwise, they are stated as noncurrent.

3.13 Income and social contribution taxes

Taxation on profit for the year comprises both Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL), including current and deferred taxes, which are calculated based on taxable profit, at the rates prevailing at each balance sheet date, as follows: (i) IRPJ - calculated at the rate of 25% on the adjusted accounting profit (15% of taxable profit, plus a surtax of 10% for the profits that exceed R$ 240 in the year), (ii) CSLL – calculated at the rate of 9% on the taxable profit. Therefore additions to net income deriving from temporarily non-deductible expenses or exclusions from temporarily non-taxable profit upon determination of current taxable profit generate deferred tax assets or liabilities.

Deferred tax assets and liabilities arising from income and social contribution tax losses and temporary differences are recorded in accordance with CVM Rule 371/02.

3.14 Government grants

Government grants are recognized when there is reasonable assurance that conditions established by government have been met and that they shall be received. They are recorded as revenue or reducing expenses in the income statement for the period of the benefit and enjoyment. Then are allocated to reserve for tax incentives in shareholder's equity.

3.15 Share-based payments

The Company's officers and directors receive part of their compensation: i) based on shares with settlement in cash, and ii) based on shares with settlement in shares or alternatively in cash.

The expenses related to share-based payment plans settled in cash are initially recognized in the income statement, during the period in which the services are received against a financial liability, measured at fair value at the grant date. Subsequently the amounts recorded as liabilities are re-measured at fair value at each balance sheet date against the line "administrative expenses" in the income statement.

For share-based payment plans with option to be settled in cash or shares, the related expenses are recognized in the income statement, similarly to the cash-settled plans described in the paragraph above. However, at the exercise date, if such options are exercised by the officer in order to receive shares of the Company, the related financial liability is reclassified to an account in the shareholder's equity called "purchase options". Otherwise, the Company settles the financial liability in cash.

3.16 Adjustment to present value of assets and liabilities

Noncurrent monetary assets and liabilities are monetarily restated and, therefore, are adjusted to present value. Adjustment to present value of current monetary assets and liabilities is calculated and recorded only if considered significant when compared to overall financial statements. For purposes of recording and determination of relevance of present value effects, the adjustment is calculated taking into consideration the contractual cash flows and explicit interest rates, or the implicit rates in certain cases, of the related assets and liabilities. Based on the analysis performed and management's best estimation, the Company concluded that the present value adjustment related to current assets and liabilities is insignificant when compared to the overall financial statements taken, and thus, no adjustment was recorded.

3.17 Accounting estimates

They are used for the measurement and recognition of certain assets and liabilities shown in the financial statements of the Company and its subsidiaries. The determination of these estimates take into account the experiences of past and current events, assumptions about future events, and other objective and subjective factors, based on the management's judgment, to determine the amounts to be recorded in these financial statements. Significant items subject to estimates include: selection of useful lives of property, plant and equipment and intangible assets; allowance for doubtful accounts; provision for inventory losses and provision for losses on investments; analysis of impairment on fixed and intangible assets; deferred income and social contribution taxes; interest rates and timing applied to determine the adjustments of the present value of certain assets and liabilities; provision for contingencies and actuarial liabilities; measurement of the fair value on shares based payments and financial instruments; assumptions applied to disclosure the sensitivity analysis according to OCPC 03. Settlement of those transactions involves certain estimations that could result in amounts significantly different from those recorded in the financial statements due to inaccuracies inherent in the process on their determination. The Company reviews its estimates and assumptions at least on a quarterly basis.

3.18 Statements of cash flows and statements of value added

The statements of cash flows have been prepared and are presented in accordance with CVM Rule No. 547, of August 13, 2008, which approved the Technical Pronouncement CPC 03 - Statement of Cash Flows. The statements of value added were prepared and are presented in accordance with CVM Rule No. 557, of November 12, 2008, which approved the Technical Pronouncement CPC 09 - Statement of Value Added.

3.19 Earning (loss) per share

The calculation is done according to the equation "net income (loss) / number of outstanding shares" at each year end.

4. Consolidated financial statements

The criteria adopted for preparing the consolidated financial statements are those provided for by Law No. 6,404/76, with new provisions introduced, amended and repealed by Law No. 11,638/07, and Law No. 11,941, of May 27, 2009 and the criteria established in rules issued by CVM.

The main consolidation procedures are:

- Elimination of intercompany assets and liabilities accounts balances;
- Elimination of investment in the subsidiaries' capital, reserves and retained earnings;
- Elimination of intercompany income and expenses balances, and unearned income arising from intercompany transactions;
- Elimination of tax charges due on unearned income, presented as deferred taxes in the consolidated balance sheets.

The consolidated financial statements include the financial statements of Suzano Papel e Celulose and the direct and indirect subsidiaries described in Note 12.

The fiscal year of the subsidiaries and affiliate companies included in the consolidated financial statements is the same of the parent company, and the accounting policies have been consistently applied by the consolidating companies and are consistent with those used in the previous year.

As required by CVM Rule N°. 247/96, the main financial information of Asapir Produção Florestal e Comércio Ltda. ("Asapir") and Conpacel are stated below. Asapir has been subject to proportional consolidation in accordance with quotaholders agreement with Votorantim Papel e Celulose SA ("VCP"). The assets, liabilities and income statement accounts of Conpacel were proportionally integrated to financial statements of the Parent Company.

Asapir

Balance Sheet	2009
Assets	
Current Assets	27,475
Noncurrent Assets	35,698
Long Term Assets	27,318
Property, Plant and Equipment	8,380
	63,173
Liabilities and shareholders' equity	
Current Liabilities	1,681
Noncurrent Liabilities	15,516
Shareholders' Equity	45,976
	63,173

Income Statement	2009
Net sales	3,967
Cost of goods sold	(607)
Gross profit	3,360
Operating expenses, net	(7,804)
Net operating loss	(4,444)
Income and social contribuition taxes	759
Loss for the year	(3,685)

Conpacel

Assets	2009
Current assets	
Inventories	67,379
Other assets	5,675
Total current assets	**73,054**
Noncurrent assets	
Long term assets	12,391
Property, plant and equipments	1,206,144
Intangible	5,027
Total noncurrent assets	**1,223,562**
Total assets	**1,296,616**

Liabilities	2009
Current liabilities	
Trade accounts payable	26,434
Others liabilities	24,656
Total current liabilities	**51,090**
Noncurrent liabilities	
Provision for contingencies	273
Payable to related parties	1,245,253
Total noncurrent liabilities	**1,245,526**
Total liabilities	**1,296,616**

Reconciliation of net income (loss) for the years and shareholders' equity between consolidated and Parent Company:

	Net income (loss)		Shareholders´equity	
	2009	2008	2009	2008
Parent Company	**853,315**	(434,783)	**4,397,466**	3,774,963
Elimination reversal of unrealized income recorded by the parent company in transactions with subsidiaries	**87,085**	(74,824)	**(18,075)**	(105,161)
Income and social contribution taxes on the elimination above	**(62,468)**	58,299	**6,146**	68,614
Sale of other assets from parent company to subsidiaries	**–**	–	**(1,757)**	(1,757)
Consolidated	**877,932**	(451,308)	**4,383,780**	3,736,659

5. Cash and cash equivalents

	Parent Company		Consolidated	
	2009	2008	2009	2008
Cash and banks	**19,369**	23,222	**278,944**	77,719
Marketable securities	**2,242,520**	1,897,841	**2,254,341**	2,098,593
	2,261,889	1,921,063	**2,533,285**	2,176,312

Marketable securities refer substantially to bank deposit certificates, compromised transactions, investment funds, treasury bonds (LTN), agricultural credit bonds (LCA's) and foreign deposits in cash, denominated in US Dollars.

At December 31, 2009, these marketable securities were remunerated at rates from 99.0% to 115.0% of Brazilian Interbank Deposit Certificate (CDI) (99.0% to 107.0% at December 31, 2008) except for: i) a portion of the LCA's, with maturity date less than 30 days, have a rate between 20.0% and 40.0% of the Interbank Deposit Certificate – CDI, and ii) LTN with a prefixed rate of 10.20% per year.

Cash and cash equivalents are classified as financial assets held for trading and, therefore, were measured as described in Note 3.3.1 (a).

6. Trade accounts receivable

	Parent Company		Consolidated	
	2009	2008	2009	2008
Domestic receivables				
Third parties	**372,193**	436,068	**377,138**	443,742
Foreign receivables				
Subsidiaries	**617,738**	985,021	**–**	–
Third parties	**4,705**	3,603	**282,839**	382,704
Discounted export receivables	**(232)**	(315)	**(232)**	(315)
Allowance for doubtful accounts	**(35,641)**	(32,707)	**(38,550)**	(36,089)
	958,763	1,391,670	**621,195**	790,042

At December 31, 2009, the Company had outstanding *"vendor"* operations with its customers in the amount of R$ 144,979 (R$ 144,128 at December 31, 2008), in which the Company acts as an intervening guarantor. Such operations are represented by the same amount in the consolidated financial statements.

Trade accounts receivable have been classified in the category of financial assets "payables and receivables" and, therefore, were measured as described in Note 3.3.1 (b).

7. Inventories

	Parent Company		Consolidated	
	2009	2008	2009	2008
Finished goods				
Pulp				
In Brazil	**20,991**	27,632	**20,991**	27,632
Abroad	**–**	–	**40,688**	196,206
Paper				
In Brazil	**127,434**	162,564	**127,434**	162,564
Abroad	**–**	–	**60,820**	98,730
Work in process	**20,045**	43,403	**20,045**	43,402
Raw materials	**146,789**	159,315	**147,069**	159,543
Maintenance and other materials	**206,016**	205,349	**209,909**	205,887
Provision for inventories losses	**(21,299)**	(12,396)	**(21,299)**	(12,396)
	499,976	585,867	**605,657**	881,568

8. Recoverable taxes

	Parent Company		Consolidated	
	2009	2008	2009	2008
Recoverable social contribution tax	**10,460**	49,499	**10,500**	49,558
Recoverable income tax	**55,299**	75,994	**56,094**	76,827
Recoverable PIS / COFINS	**150,045**	221,751	**150,045**	221,791
State value added tax (ICMS)	**125,535**	117,995	**125,631**	144,300
Provision for losses in state value added tax (ICMS)	**(6,986)**	–	**(6,986)**	–
Federal value added tax (IPI)	**2,751**	10,109	**2,751**	10,109
Others	**10,890**	10,788	**11,198**	10,880
	347,994	486,136	**349,233**	513,465
Current assets	**237,587**	333,700	**238,825**	361,025
Noncurrent assets	**110,407**	152,436	**110,408**	152,440

In addition to accelerated incentive depreciation referred to in Note 9, Law No. 11,196, dated November 21, 2005, also authorizes the use of PIS / COFINS credits on purchases made from January 1, 2006, of certain machinery and equipment (fixed assets) within 12 months instead of previous 24 months.

The amount of recoverable PIS / COFINS stated in the table above basically refers to tax credits on purchase of property, plant and equipment for the Mucuri project. The Company will realize such credits against tax debts deriving from the increase in commercial activities and through offsetting against other federal taxes, in accordance with the SRF Ruling No. 600/05.

From the amount of ICMS recoverable shown in the table above, R$ 58,216 at December 31, 2009 (R$ 44,387 at December 31, 2008) refers to tax credits on export of pulp and paper generated at Mucuri plant located in Bahia State. In order to realize these amounts, the Company has requested the Finance Office of the State of Bahia – SEFAZ/BA to recognize the authenticity of the tax credits generated from August 2006 to September 2008, already audited by fiscal authorities, by the amount of R$ 37,901. Currently the Company awaits fiscal authorities to recognize the authenticity of those tax credits in order to offset or trade them in an active market, for which the expected average discount is approximately 12%. Based on those facts, the Company recorded a provision for loss of a portion of these credits amounting to R$ 6,986.

9. Income and social contribution taxes

Tax neutrality upon first-time adoption of Law No. 11,638/07

The Company opted for the Transition Tax Regime (RTT) introduced by Law No. 11,941, of May 27, 2009, whereby the calculation of Corporate Income Tax (IRPJ), Social Contribution Tax on Net Profit (CSLL), Social Integration Program (PIS), and for Social Security Financing (COFINS), for the biennium 2008-2009, continue to be determined based on the accounting methods and criteria established by Law No. 6,404 of December 15, 1976, effective at December 31, 2007. As a result, deferred income and social contribution taxes calculated on the adjustments arising from the first-time adoption of the new accounting practices set forth by Law 11,638/08 and Law No. 11,941/09, were recorded in the financial statements of the Company, where applicable, in accordance with CVM Rule No. 371. The Company will disclose such option in its Corporate Income Tax Return (DIPJ) for 2009.

Deferred income and social contribution taxes

Deferred income and social contribution taxes are recorded to reflect future tax effects, attributable to temporary differences and income and social contribution tax losses.

The deferred income and social contribution taxes derive from:

	Parent Company		Consolidated	
	2009	2008	2009	2008
Assets				
Income tax losses carryforward	**346,539**	436,346	**348,973**	436,346
Social contribution tax loss carryforward	**9,084**	34,336	**10,026**	34,336
Temporary differences:				
- On provisions	**106,076**	105,437	**116,006**	178,470
- On goodwill amortization	**53,631**	81,424	**53,631**	81,424
Effects generated by Law 11,941/09 and 11,638/07	**42,479**	47,422	**42,479**	47,422
	557,809	704,965	**571,115**	777,998
Current assets	**62,385**	60,766	**69,297**	131,351
Noncurrent assets	**495,424**	644,199	**501,818**	646,647

	Parent Company		Consolidated	
	2009	2008	2009	2008
Liabilities				
Accelerated depreciation	**592,805**	607,687	**592,805**	607,687
Goodwill amortization	**36,522**	–	**36,522**	–
Timber resources costs	**3,924**	4,819	**3,924**	4,819
Effects generated by Law 11,941/09 and 11,638/07	**12,431**	30,318	**12,431**	30,318
	645,682	642,824	**645,682**	642,824
Current liabilities	**19,743**	19,474	**19,743**	19,474
Noncurrent liabilities	**625,939**	623,350	**625,939**	623,350

The first-time adoption of Law No. 11,638/07 and MP No. 449/08, later converted into Law No. 11,941/09, prohibited the amortization of goodwill for the periods starting on January 1st., 2009. However, for tax purposes, such amortization continues to be an exclusion allowed when calculating Income and Social Contribution taxes. Thus, the Company recorded deferred income and social contribution tax liabilities on amounts amortized for taxes purposes in the year ended as of December 31, 2009.

The composition of accumulated tax losses and negative basis of social contribution is show bellow:

	Parent Company		Consolidated	
	2009	2008	2009	2008
Income tax losses carryforward (*)	**1,386,155**	1,745,384	**1,395,892**	1,745,384
Negative basis of social contribuition	**100,932**	381,511	**111,402**	381,511

(*) On December 31, 2009 the credits on tax losses carryforward were reduced by the amount of R$ 33,549, for use as a partial payment of tax obligations, through the REFIS program, as described in Note 18.

According to CVM Rule No. 371/02, the Company, based on the expectation of generating future taxable profit in a technical study approved by management, recognized tax credits on temporary differences, income and social contribution tax losses, with no prescription period.

The carrying value of deferred asset is annually reviewed by the Company and the resulting adjustments have not been significant when compared to management's initial estimate.

	Parent Company		Consolidated	
	2009	2008	2009	2008
Noncurrent liabilities				
2010	–	136,599	–	136,599
2011	**65,658**	95,686	**65,658**	95,686
2012	**71,731**	98,384	**73,681**	98,384
2013	**87,257**	98,720	**87,257**	98,720
2014	**62,542**	96,819	**62,542**	96,819
2015	**73,969**	62,710	**73,969**	62,710
2016 on	**134,267**	55,281	**138,711**	57,729
	495,424	644,199	**501,818**	646,647

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.

Income tax – Reduction of 75% SUDENE - Mucuri Unit (line 1)

The Company obtained from SUDENE (former ADENE), 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 Unit plant net sales revenues (line 1 of pulp and paper mill). Income tax reduction from this tax benefit is recorded as reduction of income and social contribution tax in the statement of income. However, at the end of each period the tax reduction recorded during the year is allocated to capital reserve as a partial destination of the net income of the year, in accordance with the legal rules that has prohibited that this tax benefit be distributed as dividend. The Company did not use this tax benefit for the year ended as of December 31, 2008, since the Company presented taxable loss. In the year ended as of December 31, 2009, this tax benefit was used.

Income tax – Reduction of 75% SUDENE - Mucuri Unit (line 2)

The Company formalized a requirement to obtain a similar tax incentive from SUDENE in order to reduce income tax for line 2 of Mucuri pulp (expansion). On August 18, 2009, the Company obtained the Certificate of Income Tax Deduction No. 0082/2009 issued by SUDENE, granting the income tax deduction benefit and non-refundable surtax in the percentage of 75%, for a period of enjoyment of 10 years, effective for calendar year starting in 2009 through 2018. The Company has used this tax incentive for the year ended as of December 31, 2009.

Income tax – incentive of accelerated depreciation on Mucuri Unit

The Law No. 11,196, of 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 SUDENE 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 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 and the depreciation recorded in each of the years for these assets must be added in future years to taxable income.

Reconciliation of 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:

	Parent Company		Consolidated	
	2009	2008	2009	2008
Income (loss) before income and social contribution taxes	**1,141,698**	(583,927)	**1,232,099**	(635,783)
Reversal of equity pickup	**10,342**	122,934	**–**	515
Income (loss) after reversal of equity pickup	**1,152,040**	(460,993)	**1,232,099**	(635,268)
Income and social contribution taxes calculated at the combined nominal tax rate of 34%	**(391,694)**	156,738	**(418,914)**	215,991
Analysis of the effective income and social contribution taxes rates:				
Profits from foreign subsidiaries	**(123)**	(184)	**–**	(3,795)
Exchange variation on investments abroad	**–**	–	**(3,350)**	(23,768)
Inventories losses in subsidiaries	**–**	–	**(32,859)**	–
Tax effects of Law 11,941/09 over subsidiareis	**7,814**	(9,016)	**–**	–
Interest on shareholders' equity	**77,364**	–	**77,364**	–
Tax incentives – Rouanet and SUDENE tax reduction	**35,715**	–	**35,715**	–
Non-taxable gain on indemnity for asset expropriation	**19,024**	–	**19,024**	–
Debts of Summer Plan Amnesty as Provided by Law 11,941/09	**(31,564)**	–	**(31,564)**	–
Others	**(4,919)**	1,606	**417**	(3,953)
Current income and social contribution taxes	**(184,644)**	(11)	**(190,115)**	(33,216)
Deferred income and social contribution taxes	**(103,739)**	149,155	**(164,052)**	217,691
Total income and social contribution taxes (expenses) income recorded in the year	**(288,383)**	149,144	**(354,167)**	184,475
Effective tax rate	**25.0%**	32.4%	**28.7%**	29.0%

10. Indemnification for land expropriation

On July 1st, 1987, Companhia Santista de Papel, one of the invested companies owned by the former group Ripasa S.A. Papel e Celulose (subsequently named Consortium Paulista de Papel - Conpacel), filed a claim requiring indemnity due to indirect expropriation of its property, which was declared in an area of public interest (property included in the State Park of Serra do Mar). On December 2, 2004, the Company had a favorable judicial decision. During this phase, given the uncertainties related to the receipt of the amounts and for not having ownership of the expropriated property, the former Ripasa wrote off the net book value of these lands and did not record the amount receivable in its financial statements.

However, on January 28, 2008, the 2nd Judicial District Court of Cubatão issued an official communication to the Chief Justice requiring necessary actions to revert the amount in favor to the Company, through issuance of securities to cover court-ordered debts, payable in ten (10) annual equal and successive installments (2010 to 2019), duly restated by the indexes established in the related court decision. The first installment was deposited in court on the last day of January 2010, and is temporarily blocked based on preliminary injunction. The Company's management and its legal advisers expect to reverse this decision as soon as possible. Given the above and the existence of historical of judicial judgment regarding the expropriation action in previous years, the Company's management recognized the receivable right in its financial statements for the year ended on December 31, 2009, of which R$ 10,956 of principal was recorded in the line "net operating income", R$ 44,998 related to interest and to the remaining principal amount was recorded in the line "financial income", both against the group of other accounts receivable, classified in current and noncurrent assets.

11. Advances to suppliers – Foment program

This incentive program, under which local independent farmers plant eucalyptus in their own land, reached 77.8 thousand hectares*, with 1,324* contracts, in 57* cities. At December, 2009 timber from these farmers represented 12.5%* of total Company consumption (23%* in December 31, 2008), classified as current and noncurrent assets.

On December 31, 2009, the Company granted advances to farmers related to this incentive program in total amount of R$ 249,150 (R$

218,434 in December 31, 2008), classified as current and noncurrent assets.

* Not audited by independent auditors

12. Investments

	Parent Company		Consolidated	
	2009	2008	2009	2008
Investments in subsidiaries and affiliates	**221,691**	232,273	**–**	–
Other investments (*)	**11,222**	11,223	**19,382**	11,223
Provision for losses in other investments (*)	**(1,700)**	(3,185)	**(5,539)**	(3,123)
	231,213	240,311	**13,843**	8,100

(*) The investments carried at cost were classified at permanent assets, as management has no intention to negotiate them in the short term.

Detailed position on investments

		2009 Data from subsidiary / affiliate			Equity pickup		Investments	
		Shareholders´ equity	Net income (loss) for the year	Interest	2009	2008	2009	2008
Parent Company								
Ripasa S.A. Celulose e Papel	(a)	**–**	**–**	**50%**	**–**	30,163	**–**	–
Asapir Prod Florestal Com Ltda		**45,976**	**(3,685)**	**50%**	**(1,843)**	806	**22,988**	24,830
Comercial e Agrícola Paineiras Ltda.		**185,892**	**6,585**	**100%**	**6,585**	14,065	**185,892**	179,303
Stenfar S.A., Ind. Com. Imp. Y Exp.	(c)	**1,603**	**(1,763)**	**15.70%**	**(1,170)**	797	**1,603**	2,773
Suzano Trading Ltd.	(b)/(c)	**(25,193)**	**(15,119)**	**100%**	**(11,119)**	(178,176)	**(25,193)**	(14,075)
Suzano America, Inc.	(c)	**11,520**	**1,697**	**100%**	**(1,663)**	4,051	**11,520**	13,188
Bahia Sul Holdings GmbH	(c)	**3**	**(8)**	**100%**	**(12)**	(44)	**4**	(52)
Suzano Europe S.A.	(c)	**9,164**	**2,691**	**100%**	**823**	5,542	**9,164**	8,347
Sun Paper and Board Limited	(c)	**15,740**	**774**	**100%**	**(2,357)**	285	**15,740**	18,099
Ondurman Emp Imobiliarios Ltda		**(27)**	**(86)**	**100%**	**(86)**	9	**(27)**	9
Buran Emp Imobiliarios Ltda	(f)	**–**	**376**	**100%**	**376**	(32)	**–**	(30)
Grasdate Emp Imobiliarios Ltda	(e)	**–**	**3**	**100%**	**3**	(3)	**–**	(1)
Vanua Emp Imolbiliarios Ltda	(e)	**–**	**121**	**100%**	**121**	(120)	**–**	(118)
Vale do Jequetinhinha Sivicultura e Part Ltda	(g)	**–**	**–**	**100%**	**–**	–	**–**	–
Turmalina Sivicultura e Participações Ltda	(g)	**–**	**–**	**100%**	**–**	–	**–**	–
Pakprint S.A	(d)	**–**	**–**	**20%**	**–**	277	**–**	–
Total investments in subsidiaries and affiliatess					**(10,342)**	(122,934)	**221,691**	232,273
Other investments, net of valuation allowance							**9,522**	8,038
Total investments					**(10,342)**	(122,934)	**231,213**	240,311
Consolidated								
Other investments, net of valuation allowance							**13,843**	8,100
Affiliates					–	(515)	**–**	–
Total investments							**13,843**	8,100

a) On August 31, 2008, this subsidiary was completely spun off, and its shareholder's equity was transferred to the Company, to VCP and for the setup of Asapir. On September 1, 2008, land transferred to the Company was added to its property, plant and equipment;

b) At December 31, 2009, investment in this subsidiary considered the exclusion of unrealized profit in inventory, net of tax effects, in the amount of R$ 58 (R$ 632 at December 31, 2008);

c) The equity pickup of these subsidiaries located abroad, regarding the year ended December 31, 2009, includes exchange rate gain on investment in subsidiaries amounting to R$ 10,621 (gain of R$ 59,958 for the year ended December 31, 2008);

d) This affiliate was sold by the Company in September 2008;

e) These subsidiaries were dissolved in May 2009;

f) This subsidiary was dissolved in September 2009;

g) Refer to the special purpose entity (SPE), set up in December 2009 for the sale of land, farms, and reforestation in Minas Gerais (see Note 29).

Acquisition of Ripasa

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.

After the option exercised by the group of the former controlling shareholders of Ripasa in 2008, remaining 786,403 shares class "A" are still unavailable to be exercised, whose restated amount is R$ 42,721. Market value of these shares under option, based on the price of preferred shares in BOVESPA at December 31, 2009, would be R$ 16,121. The Company has not booked this option because can be qualified as the exception provided for in paragraph 2 (l) of CPC 14.

13. Property plant and equipment

Parent Company	Average annual depreciation rate in Dec/09	2009 Cost	2009 Depreciation	2009 Net	2008 Net
Buildings	3.18%	1,145,759	(430,716)	715,043	743,968
Machinery and equipment (*)	4.28%	7,136,360	(3,059,935)	4,076,425	4,265,412
Other depreciable assets	16.37%	233,373	(187,837)	45,536	53,371
Land and farms	–	712,877	–	712,877	582,861
Timber resources	–	1,081,533	–	1,081,533	860,371
Construction in progress	–	31,917	–	31,917	45,366
Net property, plant and equipment		10,341,819	(3,678,488)	6,663,331	6,551,349

Consolidated	Average annual depreciation rate in Dec/09	2009 Cost	2009 Depreciation	2009 Net	2008 Net
Buildings	3.18%	1,151,997	(436,392)	715,605	744,778
Machinery and equipment (*)	4.28%	7,136,591	(3,060,102)	4,076,489	4,265,487
Other depreciable assets	16.37%	463,108	(212,137)	250,971	267,581
Land and farms	–	799,481	–	799,481	688,407
Timber resources	–	1,086,873	–	1,086,873	865,157
Construction in progress	–	31,917	–	31,917	45,366
Net property, plant and equipment		10,669,967	(3,708,631)	6,961,336	6,876,776

(*) Considers the amounts recognized under finance leasing operations described in Note 15.

At December 31, 2009, other assets substantially refer to the turbines of the Complexo Energetico Amador Aguiar, in the amount of R$ 201,990 (R$ 208,595, at December 31, 2008).

On 31 December 2009, the Company had recorded in its assets the amount of R$ 144,640 for reforestation and R$ 89,124 for land and farms, which relate primarily to purchases from the contracts with Vale S.A. (see Note 21).

In accordance with CVM Resolution No. 193/96, the Company records as 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 December 31, 2009 amounts to R$ 419,098 (R$ 438,490 on December 31, 2008).

The Company adopts the procedure to periodically review the estimated economic useful life of its property, plant and equipment, used to determine their depreciation, depletion and amortization rates. Effects of possible changes in those estimates, if significant, are treated as changes in accounting estimates and recognized on a prospective basis in the statements of income.

The Company's management did not identify indicators of impairment of its property, plant and equipment.

14. Intangible assets – unconsolidated and consolidated

Intangible assets recorded in the unconsolidated and consolidated financial statements of the Company at December 31, 2009 and 2008, relate to goodwill arising from investment acquisitions, and are economically based on future profitability expectations. The business combinations that generated these intangible assets were: (i) Goodwill arising from the acquisition of equity interest of Ripasa S.A. Celulose e Papel, during the years 2005 to 2007, amortized by the straight-line method for a period of 10 years until December 31, 2008; (ii) Goodwill arising from the acquisition controlling equity interest of B.L.D.S.P.E. Celulose e Papel SA, on March 30, 2007, amortized by the straight-line method for 5 years until December 31, 2008.

The following is a statement of the changes in intangible assets:

	Costs	Amortization	Write-Offs	Net
Ripasa S.A. Celulose e Papel	722,646	(185,477)	–	537,169
B.L.D.S.P.E. Celulose e Papel S.A.	49,305	(5,973)	–	43,332
Ariemil Industria de Papeis Ltda	21,121	(438)	(20,683)	–
Agua Fria Industria de Papeis Ltda	47,104	(978)	(46,126)	–
Balances at December 31, 2007	**840,176**	**(192,866)**	**(66,809)**	**580,501**
Ripasa S.A. Celulose e Papel	**–**	**(69,759)**	**–**	**(69,759)**
B.L.D.S.P.E. Celulose e Papel S.A.	**–**	**(9,285)**	**–**	**(9,285)**
Balances at December 31, 2008	**840,176**	**(271,910)**	**(66,809)**	**501,457**
Ripasa S.A. Celulose e Papel	**5**	**–**	**–**	**5**
Balances at December 31, 2009	**840,181**	**(271,910)**	**(66,809)**	**501,462**

The Company assessed the carrying value of goodwill based on its value in use, through the model of discounted cash flows of the cash generating units, representing the set of tangible and intangible assets used in the operation. The process for estimating the value in use involves the use of assumptions, judgments and estimates about future cash flows, growth rates and discount. Assumptions about future cash flows and projections for growth are based on the Company's long-term business, approved by the Board of Directors, as well as on comparable market data, and represent the best estimate of management, of economic conditions that will exist during the useful lives of all economic assets that provide the generation of cash flows.

The key assumptions used in estimating the value in use, to which assets recovery value is more sensitive, are described as follow: (i) Revenues – Revenues were projected based on the Company's business plan covering the period between 2010 and 2014; (ii) Costs and operating expenses – Costs and expenses were projected based on historical performance of the Company and its growth was projected in line with growth in sales, considering their relation, and (iii) Capital Investment – Investments in capital were estimated considering the infrastructure needed to support growth of sales.

The key assumptions were estimated considering the Company's historical performance, based on macroeconomic assumptions reasonable and consistent with external sources of information, based on projections of the financial market, documented and approved by the members of the Company's management.

In accordance with the techniques of economic valuation, value in use is assessed for periods of 5 years. The revenue growth rates used are consistent with the long-term macroeconomic expectations which are annually reviewed based on historical performance and prospects for the sector in which the Company operates.

At December 31, 2009, the test of impairment of the Company's intangible assets did not result in the recognition of losses, given that value in use exceeds its net accounting value at the assessment date.

15. Loans and financing

	Index			Average annual interest rate Dec/2009	Parent Company 2009	Parent Company 2008	Consolidated 2009	Consolidated 2008
To acquire property, plant and equipment:								
BNDES - Finem	TJLP	(1)	(2)	8.39%	**1,811,753**	1,808,300	**1,876,437**	1,889,498
BNDES - Finem	Basket of currencies		(2)	6.44%	**286,137**	374,815	**286,137**	374,815
BNDES - Finame	TJLP	(1)	(2)	7.02%	**9,637**	10,909	**9,637**	10,909
BNDES - Finame	Basket of currencies			7.05%	**120**	229	**120**	229
BNDES - Automatic	TJLP	(1)	(2)	9.30%	**4,622**	6,444	**4,622**	6,444
BNDES - Automatic	Basket of currencies			6.83%	**477**	890	**477**	890
FNE - BNB	Fixed rate			8.50%	**147,921**	157,408	**147,921**	157,408
FINEP	TJLP			5.12%	**14,599**	7,636	**14,599**	7,636
Rural credit	Fixed rate + CDI			6.85%	**22,321**	21,328	**22,321**	21,328
Financial leasing	CDI + US$			9.51%	**77,136**	93,110	**77,136**	93,110
For working capital:								
Export financing	US$			3.57%	**2,192,358**	3,148,259	**2,280,195**	3,148,259
Imports financing	US$		(3)	2.22%	**258,369**	404,055	**346,755**	522,610
Nordic Investment Bank	US$		(4)	5.74%	**87,572**	118,130	**87,572**	118,130
Export credit note	CDI			7.67%	**382,836**	374,615	**382,836**	374,615
Export credit note	US$			6.65%	**53,867**	70,110	**53,867**	70,110
BNDES - EXIM	TJLP		(1)	9.54%	**100,792**	–	**100,792**	–
Others					**743**	2,111	**7,905**	2,134
					5,451,260	6,598,349	**5,699,329**	6,798,125
Less current liabilities (includes interest payable)					**1,268,002**	1,690,813	**1,287,752**	1,703,942
Noncurrent liabilities					**4,183,258**	4,907,536	**4,411,577**	5,094,183
Long-term loans and financing mature as follows:								
2010					–	1,290,562	–	1,301,639
2011					**845,110**	864,760	**942,396**	992,687
2012					**1,286,203**	821,109	**1,296,430**	832,186
2013					**525,942**	666,984	**623,228**	678,061
2014					**463,065**	354,866	**473,291**	365,943
2015					**400,732**	372,576	**410,049**	382,670
2016					**388,403**	372,997	**392,380**	377,315
2017 onwards					**273,803**	163,682	**273,803**	163,682
					4,183,258	4,907,536	**4,411,577**	5,094,183

1) Term of the corresponding capitalization that exceeds the 6% Long-tem Interest Rate (TJLP) released by the Central Bank;
2) Financing and loans are secured, depending on the agreements, by: (i) mortgages of plant; (ii) rural properties and timberland; (iii) fiduciary alienation of assets object of financing; (iv) securities from shareholders and (v) bank guarantee.
3) In October 2006, BNP Paribas and Société Générale granted financing to the Company, in the proportion of 50% each, totaling US$150 million, for financing of equipment imported for the Mucuri Project. This contract provides clauses specifying maximum levels of indebtedness and leverage, and the Company obtained the preventive agreement of the banks to increase, this year, the limit to the ratio between Net Consolidated Debt and Consolidated EBITDA. Thus, the clauses determining maximum levels of indebtedness and leverage could be fulfilled at December 31, 2009.
4) In November 2006, the Nordic Investment Bank entered into a Credit Facility Agreement with the Company, in the amount of up to US$50 million, for the financing of equipment and skilled labor for the Mucuri Project. This agreement includes clauses specifying maximum indebtedness and leverage levels, and the Company obtained the preventive agreement of the bank to increase, this year, the limit to the ratio between Net Consolidated Debt and the Consolidated EBITDA. Thus, the clauses determining maximum levels of indebtedness and leverage could be fulfilled at December 31, 2009.

Finance lease

The Company has contracts for financial lease, related to:

i) Equipment used in the industrial manufacturing of pulp, located in the city of Suzano-SP, Limeira-SP and Mucuri-BA. These contracts are denominated in US Dollars and have clauses option to purchase such assets at the end of the lease term, ranging from 8 to 15 years, at a price substantially below its fair value.

ii) Hardware and installation service. These contracts were entered in Reais and have clauses specifying option to purchase the assets at the end of 5 years, at a price substantially below their fair value.

The Administration has the intention to exercise these options on the dates specified in each agreement.

Amounts capitalized in property, plant and equipment, net of depreciation, and the present value of the mandatory installment of the contract (financing) for these assets, recorded in the unconsolidated and consolidated financial statements of the Company related to the years ended December 31, 2009 and 2008, are stated below:

	Unconsolidated and consolidated	
	2009	2008
Machinery and equipments	**98,557**	94,954
(–) Accumulated Depreciation	**(39,236)**	(30,434)
Property, Plant and Equipments, net	**59,321**	64,520
Present Value of minimum lease payments		
Less 1 year	**14,986**	14,249
More than 1 year and less than 5 years	**50,280**	60,917
More than 5 years	**11,870**	17,944
Total of present Value of minimum lease payments	**77,136**	93,110
Financial charges to be accrued in future	**12,959**	23,168
Value of the minimum payments at the end of the contracts	**90,095**	116,278

16. Debentures – Unconsolidated and consolidated

Issue	Series	Units	2009 Current	2009 Noncurrent	2009 Current and Noncurrent	2008 Current and Noncurrent	Index	Interest	Due date
3rd	1st	333,000	**29,362**	**426,577**	**455,939**	459,624	IGP–M	10% *	1/4/2014
3rd	2nd	167,000	**904**	**95,765**	**96,669**	130,842	USD	9.85%	7/5/2019
4th	1st	79,735	**27,889**	**54,659**	**82,548**	82,399	TJLP	2.50%	1/12/2012
4th	2nd	159,471	**55,592**	**108,962**	**164,554**	164,054	TJLP	2.50%	1/12/2012
			113,747	**685,963**	**799,710**	836,919			

* The securities were issued with a R$ 38,278 discount that has been fully incorporated to the securities total value, changing the effective interest rate from 8% p.a. to 10% p.a.

3rd issue of debentures

The 3rd 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 plus cupom of 8% p.a., payable annually, and was priced on the basis of the concepts set in Instruction CVM Nº 404, by granting premium and discount on the issue price. The second series, not traded on the market, was fully purchased by Banco Votorantim.

The Debenture holders' General Meeting held on May 22, 2007 approved the change in the maturity date of the second series Debentures, from previously 10 years, maturing on April 1, 2014, to 15 years maturing on May 7, 2019, as well as the interest rate which, until May 22, 2007, was 10.38% p.a. and, from that date on, and until maturity, changed to 9.85% p.a.

Third issued debentures have clauses determining the level of indebtedness and leverage indicators, based on the annual and quarterly Company's consolidated financial statements. As of December 31, 2009, the Company was in compliance with all clauses of its contracts.

4th issue of debentures

The 4th issue, made in August 2006 with date of issuance as of December 1st, 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 1st, 2010, 2011 and 2012. Annual interest amounts to 2.5% p.a., plus TJLP (up to 6%), payable on a half-year basis, on the 1st 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 R$ 17.30 per share, from January 1st, 2007. 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 December 31, 2009, the Company was in compliance with all clauses of its contracts.

17. Related parties

Balances and transactions for the year ended December 31, 2009

	Assets				Liabilities			2009
	Current		Noncurrent		Current	Noncurrent		Income/ Expenses
Consolidated companies								
Suzano Trading Ltd.	**610,429**	(4)	**1,111**		**2,635**	**174,119**	(3)	**1,901,273**
Suzano America, Inc.	**282**		**–**		**285**	**–**		**–**
Suzano Europe S.A.	**149**		**–**		**2,902**	**–**		**–**
Comercial e Agrícola Paineiras Ltda.	**–**		**–**		**1,986**	**–**		**(27,256)**
Stenfar S/A Indl. Coml.Imp. Y.Exp.	**8,378**	(4)	**–**		**33**	**–**		**26,522**
Ondurman Emp Imobiliarios Ltda.	**–**		**–**		**–**	**–**		**(2,036)**
Asapir Prod Florestal Com Ltda.	**–**		**–**		**11,251**	**–**		**–**
	619,238		**1,111**		**19,092**	**174,119**		**1,898,503**
Nonconsolidated companies								
Suzano Holding S.A.	**–**		**–**		**–**	**–**		**(7,538)**
SPP Agaprint Indl. e Coml. Ltda.	**7,303**	(1)	**–**		**–**	**–**		**13,383**
Central Distribuidora de Papéis Ltda.	**18,058**	(1)	**–**		**–**	**–**		**56,325**
Nova Mercante de Papéis Ltda.	**12,303**	(1)	**–**		**–**	**–**		**33,487**
Nemonorte Imóveis e Participações Ltda.	**–**		**–**		**–**	**–**		**(232)**
Mabex Representações e Participações Ltda.	**–**		**–**		**–**	**–**		**(343)**
Brasilprev Seguos e Previdência S.A.	**–**		**–**		**–**	**–**		**(4,203)**
Lazam MDS Corretora e Adm. Segutros S.A.	**–**		**–**		**–**	**–**		**(248)**
Consolidated	**37,664**		**–**		**–**	**–**		**90,631**
Parent Company	**656,902**		**1,111**		**19,092**	**174,119**		**1,989,134**

Balances and transactions for the year ended December 31, 2008

	Assets				Liabilities			2008
	Current		Noncurrent		Current	Noncurrent		Income/ Expenses
Consolidated companies								
Suzano Trading Ltd.	974,301	(4)	1,490		2,397	116,850	(3)	2,333,015
Suzano America, Inc.	386		–		253	–		–
Suzano Europe S.A.	240		–		53	–		–
Comercial e Agricola Paineiras Ltda.	–		–		1,426	–		(29,990)
Ripasa S.A. Celulose e Papel	–		–		–	–		3
Stenfar S/A Indl. Coml.Imp. Y.Exp.	10,474	(4)	–		16	–		30,564
Grasdate Empreendimentos Imobiliários Ltda.	–		13,661		–	–		–
Vanua Empreendimentos Imobiliários Ltda.	–		22,607		–	–		–
Ondurman Empreendimentos Imobiliários Ltda.	–		7,480	(2)	–	–		–
Buram Empreendimentos Imobiliários Ltda.	–		3,845	(2)	–	–		–
Asapir Produção Florestal e Comércio Ltda.	–		–		11,251	–		–
	985,401		49,083		15,396	116,850		2,333,592
Nonconsolidated companies								
Suzano Holding S.A.	–		–		–	–		(9,185)
SPP Agaprint Indl. e Coml. Ltda.	3,339	(1)	–		–	–		12,236
Central Distribuidora de Papéis Ltda.	16,839	(1)	–		–	–		50,839
Nova Mercadante Papeis Ltda	19,963	(1)	–		–	–		33,442
Nemonorte Imóveis e Participações Ltda.	–		–		–	–		(194)
Mabex Representações e Participações Ltda.	–		–		–	–		(131)
Brasilprev Seguos e Previdência S.A.	–		–		521	–		(3,873)
Lazam MDS Corretora e Adm. Segutros S.A.	–		–		–	–		(259)
Consolidated	40,141		–		521	–		82,875
Parent Company	1,025,542		49.083		15,917	116,850		2,416,467

(1) For these related parties, the Company has *vendor* transaction in the amount of R$ 27,136 at December 31, 2009 (R$ 37,235 at December 31, 2008);

(2) Advances for future capital increase;

(3) This refers to financing of imports, denominated in U.S. dollars, maturing on August 19, 2011, taken out by Suzano Trading Ltd. (wholly-owned subsidiary), and remitted to the Company in operation for pre-payment of export;

(4) This refers to transactions for the sale of commercial paper and pulp;

(5) Expenses with the supplementary private pension plan.

Transactions with related parties were conducted under normal market conditions.

Compensation of executive members

Expenses relating to compensation of key personnel of the Company's management recognized in unconsolidated and consolidated income statement for the year amounted to R$ 23,445 and R$ 25,539 at December 31, 2009 (R$ 42,135 and R$ 46,154 at December 31, 2008), respectively.

18. Provisions 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.

	Parent Company					
	2009			2008		
	Judicial deposits	Provision	Net liabilities	Judicial deposits	Provision	Net liabilities
Taxes	**7,116**	**(89,420)**	**(82,304)**	7,115	(125,355)	(118,240)
Social security	**–**	**(3,278)**	**(3,278)**	–	(3,411)	(3,411)
Labor and civil	**5,192**	**(16,869)**	**(11,677)**	7,933	(20,597)	(12,664)
Actuarial liabilities	**–**	**(181,696)**	**(181,696)**	–	(128,452)	(128,452)
	12,308	**(291,263)**	**(278,955)**	15,048	(277,815)	(262,767)

	Consolidated					
	2009			2008		
	Judicial deposits	Provision	Net liabilities	Judicial deposits	Provision	Net liabilities
Taxes	**7,116**	**(89,420)**	**(82,304)**	7,115	(125,355)	(118,240)
Social security	**–**	**(3,278)**	**(3,278)**	–	(3,411)	(3,411)
Labor and civil	**5,192**	**(24,747)**	**(19,555)**	7,933	(26,967)	(19,034)
Actuarial liabilities	**–**	**(181,696)**	**(181,696)**	–	(128,452)	(128,452)
	12,308	**(299,141)**	**(286,833)**	15,048	(284,185)	(269,137)

Below is presented the movement of the provision for contingencies (without deducting the judicial deposits) and actuarial liabilities:

	Parent Company		Consolidated	
	2009	2008	2009	2008
At beginning of the year	**277,815**	163,332	**284,185**	224,732
New proceedings and actuarial liabilities complement	**66,241**	84,741	**68,672**	88,920
Monetary restatement	**13,923**	15,104	**13,923**	16,717
Transfers between current and noncurrent	**–**	11,470	**–**	11,470
Contingency from Ripasa merger	**–**	43,310	**–**	–
Write-off of proceedings	**(66,716)**	(40,142)	**(67,639)**	(57,654)
At end of the year	**291,263**	277,815	**299,141**	284,185

Significant contingencies are commented below:

PIS/COFINS – In the second quarter of 2009, the Company reversed the provision for contingencies for PIS and COFINS in the amount of R$ 15,952, due to reassessment of tax risks and decadence of the related obligation.

In the third quarter of 2009, the Company redeemed judicial deposits relating to processes for which final and unappealable decisions have been wised, relating to increase in the PIS and COFINS tax bases, in the amount of R$ 31,491.

The Company's management, together with its legal counsel, reassessed the provision and decided to reverse the amount of R$ 20,874 at December 31, 2009 (R$ 20,091 at December 31, 2008). This reversal was recorded in the statement of income during the fourth quarter of 2009, in the same lines in which it was recorded in the past, where R$ 9,068 was accounted for as other operating income (expenses), corresponding to the principal and R$ 11,806 as financial expenses, corresponding to monetary restatement based on the Selic rate of this provision. The decision to conduct such reversal was made based on processes and appeals judged by the Federal Supreme Court (STF) regarding increase in the PIS and COFINS tax bases arising from application of paragraph 1, article 3 of Law No. 9718/98, in addition to changes in laws impacting the matter.

The Company still has judicial deposits relating to PIS and COFINS, amounting to R$ 41,734..

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) process 16327,0001341/2005-72, and on the exchange variation included in equity pick-up of foreign investments (IN 213/2002) process 16327.001342/2005-17. The 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. On January 29, 2010, the process number 16327.0001341/2005-72 was judged by the 2nd Ordinary Panel of Judges of the Administrative Board of Tax Appeals (CARF), and a favorable decision was handed down to the Company.

Balance Sheet Monetary Restatement (Summer Plan) – The Company was discussing in Court the right of deducting the expenses with income and social contribution taxes, depreciation, write-offs and items controlled in the 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 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 1st District of the Superior Court of Justice (STJ), the index for monetary restatement regarded as valid and legal is 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%.

In May 2009, the Federal Government launched a new debt installment program, known as the Crisis REFIS, which permitted the settlement of taxes pending payment in up to 180 months, entitling to reductions of up to 100% of the penalty and charges previously added to the original debt. The program has as its object the settlement of debts with "Secretaria da Receita Federal do Brasil (SRF)" and the Office of the Attorney-General of the Public Finances (PGFN), overdue until November 30, 2008. The debts of previous amnesty programs, such as the former REFIS, PAES, PAEX or regular installments may also be paid in installments, discounting the amount paid until the application for the new installment program.

At December 31, 2009, the offset and updated Summer Plan amount was of R$ 108,168. However, the Company adhered to the Crisis REFIS and in December 2009 settled, in cash, the pending tax in the amount of R$ 65,113, of which R$ 33,549 was paid by offsetting tax losses (reducing deferred income tax assets classified in current assets) and R$ 31,564 was paid in cash (reducing cash and cash equivalents). The payment of this obligation generated an expense in statement of income in the amount of R$ 65,113, of which R$ 31,564 was recognized as Income and Social Contribution Tax expenses, relating to the principal amount, and the remaining R$ 33,549 was recognized as financial expenses, corresponding to monetary restatement based on the SELIC, since, at the time, such contingency was not accrued in view of the likelihood of a favorable outcome being assessed as possible, in the opinion of management and its legal counsel.

Actuarial liabilities: 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 2003 (until 1998 for former employees of Ripasa) 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. 9,658/98.

At December 31, 2009, these groups were composed by 4,425 participants (owners and dependents), and the amount accrued by the Company related to the future obligation of these benefits, calculated by an independent actuary and recorded by the Company, amounted to R$ 181,696 (R$ 128,452 at December 31, 2008). The actuary methods adopted comply with NPC Nº 26/2000, of IBRACON, validated by Resolution CVM Nº 371/2000. The economic and biometric assumptions used for 2009 calculation were as follows: discount rate of 6.75% p.a., increase in medical costs of 3.0% p.a. and biometric general mortality table AT-83.

19. Defined contribution private pension plan

In January 2005, the Company established a new Defined Contribution Plan as a supplementary private pension plan to its employees, named Suzano Prev, by contracting a financial institution for its administration. 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 this Plan. The contributions paid by the Company for the year ended December 31, 2009 amounted to R$ 4,204, and the employees' contributions amounted to R$ 5,506 (R$ 3,873 and R$ 5,435 for the year ended December 31, 2008, respectively).

20. Share-based payments

Share-based payments – cash settled transactions

Under the long-term incentive plan (ILP) share appreciation rights ("share rights"), which can only be settled in cash, are granted for the Company's main executives and key professionals (beneficiaries). General conditions for granting the share rights are defined by specific regulations presented in the guidelines and conditions, managed by the Executive Board and established in the articles of incorporation and by the Company's Board of Directors. We highlight the conditions below.

On an annual basis, the Executive Board establishes performance indicators for the corporation (acquisition of condition), which are vesting targets for the share rights, which can only be settled in cash. The amounts of share rights to be granted are defined by dividing the amount of wages granted by the average of the closing prices of the Company's preferred shares traded in the last 90 sessions. The amounts given in wages are determined based on: i) achievement of goals; ii) discretionary value allocated by the Executive Board in relation to the progress level of the performance indicators, iii) vested quantities, based on the beneficiary's short-term compensation investment, limited to two salaries, added by a similar amount contributed by the Company. Share rights are granted to beneficiaries by dividing the total amount of wages granted by the average price of the Company's preferred shares established in the last 90 sessions. Between 2004 and 2006, the share rights appreciation was limited to 120% of their value at the vesting date. A group of executives is entitled to a percentage tied to the performance of the Company in relation to its competitors.

The regulation establishes the following conditions for these beneficiaries to be entitled to exercising phantom shares (conditions of acquisition and non-acquisition): i) in the programs in which vesting is possible, as item iii) in the previous article, in case of the dismissal for cause or voluntary resignation, if applicable, the beneficiary automatically loses any right to exercise the phantom shares granted to him with no indemnification whatsoever, except only in vesting-related quantities; ii) in case of dismissal without cause or retirement before becoming vested to the exercise of phantom shares, given to the beneficiary the right to immediately exercise all of the phantom shares stock, iii) in the absence of the situation (i) above, the conditions of acquisition are considered fully met, thus allowing to the beneficiary exercising his phantom shares as defined by the regulations.

Except under the above mentioned conditions of non-acquisition, phantom shares may be exercised only after a one to three years vesting *(period of acquisition)* and, where applicable, to a maximum period of six years from the date of the grant.

The exercise price for each phantom share (price in exercise), by which the beneficiaries may exercise their option, is calculated as follows:

Pe = [VMA + (DIV+JCP)] x TRS, where:

Pe = exercise price of the original lot which was set on the date of grant, according to the terms of the Plan.

VMA = average price of shares of the Company established in the last 90 sessions from the date of exercise.

JCP + DIV = correspond to dividends and interest on capital distributed in the period between the grant and exercise, where applicable.

TRS = percentage tied to the performance of the Company in relation to its competitors that can vary from 50% to 125%, where applicable.

In July 2008, the Company decided to anticipate the granting of the ILP in 2008 and 2009, keeping the end of the vesting period for 2011 and 2012. The information on this advance is shown in the summary below.

Additionally, for certain executives, the Company established another long-term incentive program. The conditions for payment of compensation to such beneficiaries occur in January of each year, if the market value of the Company exceeds the highest market value observed in January of the previous three years. The amount of compensation paid to the executives is a function of increasing market value of the preferred shares in relation to the January of previous year, and is paid in the subsequent March. The market value of the Company's preferred shares is determined by multiplying average price quotation of preferred shares, determined based on the last 90 sessions, by the total amount of preferred shares.

At December 31, 2009, the maximum limit of compensation to be paid from 2009 to 2011, by this plan, for all the executives included, is US$ 1.0 million.

This program determines that such compensation be entirely designed by the beneficiaries through the purchase of the Company's shares in the open market, and the maintenance thereof safe kept and unavailable in percentage and varying periods over time, with the deadline by 2011.

The sale of shares by the beneficiary out of the specified periods, implies in an indemnification to the Company for the total value transacted plus the fine of 1% per month. In the event of dismissal without cause, by the Company, the beneficiary may sell all their shares without the limits of time and percentage of retention.

Share-based plans payable in shares or alternatively in cash

At the Extraordinary General Meeting held on August 29, 2008, was approved the Option Plan to Purchase preferred class "A" shares of the Company to certain officers. On August 10, 2009 (grant date) the Board, through of the Special Committee formed for this purpose, approved the Rules and the Contract of the First Share-based plan of the Company.

The plan establishes general conditions for the granting, by the Company, of options to purchase preferred class "A" shares of own issuance to officers, administrators and employees (beneficiaries), to be defined in specific regulations administered by the Management Committee, according to the guidelines and conditions established by the Company's statute and Board of Directors.

According to this Plan, the options granted may not exceed 2% of the total shares of subscribed and paid-up capital of the Company, and must originate, as may be suggested by the Management Committee and approved by the Board from: (i) the issuance of new shares, within the limit of authorized capital of the Company, and / or (ii) shares held in treasury. During the vesting period (period in which the options can not be exercised and certain conditions should be meet), the Beneficiary may not dispose of or accrue any charges that fall on these Options.

At the meeting of the Special Committee, appointed by the Board of Directors for this purpose, held on August 10, 2009 (date of grant) was approved the first regulation of the Share Purchase Option Plan, whereby the Company granted purchase options to beneficiaries, on the total amount of 400,000 of preferred class "A" shares of its issue, and determined the following conditions for these beneficiaries to have the right to exercise these options (condition for acquisition and non-acquisition): i) in case of termination for just cause or voluntary resignation or retirement, the beneficiary automatically loses any right to exercise options that were granted, without compensation, ii) in the event of termination without just cause, the exercise date of each option will be early exercisable, and the beneficiary can immediately exercise all the options, and iii) the absence of situation (i) above, the vesting conditions are deemed fully complied with, thus allowing that the beneficiary exercise the options as defined by the regulation.

Except under the conditions of non-acquisition mentioned above, vesting periods were defined, during which the beneficiaries may exercise their options, in whole or in part, on limited amounts of shares, as follows:

Grace period	Number of preferred class "A" shares
1st date of exercise: from 06/01/2010 to 12/31/2012	50.000 shares or 12.5% of total of shares under option
2nd date of exercise: from 06/01/2011 to 12/31/2012	50.000 shares or 12.5% of total of shares under option
3rt date of exercise: from 06/01/2012 to 12/31/2012	Balance of shares or 75% of total of shares under option

The price for each preferred class "A" share (exercise price) for which beneficiaries may partially or fully exercise their option, is calculated as follows:

$Pe = Pb \times (1+WACC)^{t/252} - (D+JCP) \times (1+WACC)^{t/252}$, where:

Pe = Exercise Price of the original lot which was set on the grant date, according to the terms of the Plan.

Pb = Base Price set at RS$ 18.20 per option.

WACC = weighted average cost of capital of the Company, to be calculated using the average of the WACC awarded to the Company by the market analysts of four renowned financial institutions. The first adjustment will be applied on June 01, 2010, based on the average of the WACC awarded to the Company in the immediately preceding month (May 2010); the following differentials are calculated for each period of 12 months, or "pro rata temporis" if the exercise of the Option occurs before completing the subsequent 12 month period.

D+JCP = corresponds to the dividends and interest on equity distributed in the period at issue.

If (i) on the date of exercise of the Options, the difference between the Exercise Price and the unit price of the preferred Class "A" shares issued by the Company, traded on the São Paulo Stock Exchange at the start of each vesting period, is less than RS$ 10.00 (ten reais), or (ii) the beneficiary declares that he does not want to exercise the Option in whole or in part, alternatively, the Company shall make an extraordinary payment in cash ("Extraordinary Payment") to the Beneficiary in the amount corresponding to the following equation:

$Pex = VR - ((PM \times Q)-(Pe \times Q))$

Pex = Extraordinary payment.

RV = Reference Value, which is calculated by (RS$ 10.00 x Qty. Options of the series not exercised by the beneficiary)

PM = Market Price, corresponding to the unit price of the shares issued by Company, traded on the Sao Paulo Stock Exchange (BOVESPA) at the beginning of each vesting period.

Q = Quantity of options of the series not exercised by the beneficiary.

Pe = Exercise Price of the original batch which was set on the grant date, according to the terms of the Plan.

On December 31, 2009, there are 2,537 thousands preferred shares in treasury that could back the options granted in the Plan.

The table below shows the maximum percentage of dilution of the holding to which current shareholders may be submitted in the event the *beneficiaries* exercise until 2012 all stock options granted and not opt for the alternative settlement in current currency:

Assumptions	2009
Quantity of shares (thousand)	206,661
Balance of series awarded in force (thousand)	400
Percentage maximum of dilution of equity	0.19%

Summary of information relating to compensation plans based on shares

Below is the movement of the series in place and pursued, of the plans for stock-based compensation:

Long Term Incentive – Phantom Shares

											2009
Program awarded	awarded date	Fair value in the awarded date	Fair value at the end of period	1st date exercice	2nd date exercice and settlement	Quantity					Average price of the shares exercised
						awarded	Exercised	Exercised by fired	Not exercised by fired	Total at 12/31/2009	
ILP2005	march, 06	10.03	19.87	march, 09	march, 12	10,965	–	–	–	10,965	–
ILP2006 (P)	may, 07	23.38	19.87	sept, 10	sept, 13	24,884	–	–	–	24,884	–
ILP2006 (D)	may, 07	16.32	19.87	sept, 10	sept, 13	12,626	–	–	–	12,626	–
ILP2007 (PN)	march, 08	34.74	22.58	march, 11	march, 14	120,586	–	–	–	120,586	–
ILP2007 (PA)	march, 08	43.38	20.62	march, 11	matrch, 14	5,227	–	–	–	5,227	–
ILP2007 (PE)	aug, 08	34.74	22.58	sept, 14	–	7,197	–	–	–	7,197	–
ILP2008 (R2)	march, 08	25.68	18.07	march, 10	–	285,089	–	–	–	285,089	–
ILP2008 (R3)	march, 08	25.68	18.07	march, 11	–	190,936	–	–	–	190,936	–
ILP2008 (A)	july, 08	34.74	22.58	march, 12	march, 15	62,416	–	–	–	62,416	–
ILP2009 (A)	july, 08	34.74	22.58	march, 13	march, 16	62,416	–	–	–	62,416	–
ILP2008 (PN)	jan, 09	18.01	22.58	march, 12	march, 15	13,879	–	–	–	13,879	–
ILP2008 (PN)	march, 09	15.11	22.58	march, 12	march, 15	218,248	–	–	–	218,248	–
ILP2009 (D)	march, 09	15.11	22.58	march, 12	march, 15	100,591	–	–	–	100,591	–
ILP2009 (M)	sept, 09	15.92	22.58	march, 12	march, 15	174,597	–	–	–	174,597	–
TOTAL						**1,289,657**	–	–	–	**1,289,657**	–

Parent Company and Consolidated

											2008
Program awarded	awarded date	Fair value in the awarded date	Fair value at the end of period	1st date exercice	2nd date exercice and settlement	Quantity					Average price of the shares exercised
						awarded	Exercised	Exercised by fired	Not exercised by fired	Total at 12/31/2009	
ILP2004	may, 05	12.68	26.01	sept, 08	sept, 11	33,894	(33,894)	–	–	–	26.01
ILP2005	march, 06	10.03	15.50	march, 09	marcgh, 12	10,965	–	–	–	10,965	–
ILP2006 (P)	may, 07	23.38	15.50	sept, 10	sept, 13	31,818	–	(6,934)	–	24,884	16.85
ILP2006 (D)	may, 07	16.32	15.50	sept, 10	sept, 13	12,626	–	–	–	12,626	–
ILP2007 (PN)	march, 08	37.74	17.61	march, 11	march, 14	152,445	–	(24,231)	(3,689)	124,525	16.77
ILP2007 (PA)	march, 08	43.38	21.04	march, 11	march, 14	5,634	–	–	–	5,634	–
ILP2007 (PE)	aug, 08	34.74	17.61	sept, 14	–	7,197	–	–	–	7,197	–
ILP2008 (R1)	march, 08	25.68	14.09	march, 09	–	877	–	–	–	877	–
ILP2008 (R2)	march, 08	25.68	14.09	march, 10	–	285,089	–	–	–	285,089	–
ILP2008 (R3)	march, 08	25.68	14.09	march, 11	–	190,936	–	–	–	190,936	–
ILP2008	july, 08	34.74	17.61	march, 12	march, 15	72,104	–	–	(2,375)	69,729	–
ILP2009	july, 08	34.74	17.61	march, 13	march, 16	66,706	–	–	(2,375)	64,331	–
TOTAL						**870,291**	**(33,894)**	**(31,165)**	**(8,439)**	**796,793**	**19.88**

Long Term Incentive – Options to purchase preferred shares class "A"

Parent Company and Consolidated

										Dec/2009
Series awarded	Date of Award	1st date Exercise	2nd date of exercise and settlement	Price		Quantity of Shares				
				In the date of award	End of period	Awarded	Exercised	Note exercised by fired	Expired	Total at 12/31/2009
Série I	08/10/2009	06/01/2010	12/31/2012	11.36	10.70	50,000	–	–	–	50,000
Série II	08/10/2009	06/01/2010	12/31/2012	11.36	10.70	50,000	–	–	–	50,000
Série III	08/10/2009	06/01/2010	12/31/2012	11.36	10.70	300,000	–	–	–	300,000
TOTAL						**400,000**	–	–	–	**400,000**

Recognition and measurement of fair value of share-based payments

To determine the fair value of phantom shares, and of options to purchase preferred shares class "A" with an alternative settlement in local currency, the Company identified as model for calculation of the program, the arithmetic average of the closing price of the last 90 (ninety) sessions for the share Suzb5 of each year, multiplied by TRS of 125%, when applicable.

For the ILP 2007 program, due to the alternative of choosing shares combined of share and option share, defined in the current program policy in December 2007, for purposes of determining the fair value of phantom shares, and also to measure at fair value of the purchase options related to preferred share class "A", the Company adopted the American mathematical model Bjerksund & Stensland, which considers the rate of distribution of dividends and the following mathematical assumptions:

Description of assumptions	Indicators	
	Phanton Shares	Options
Price of the asset base (1)	R$ 18.07 / share	R$ 20.50 / share
Expected volatility (2)	41.02% p.a.	46.28% p.a.
Average of expectation of phanton shares / option (3)	4.23 years	3.04 years
Expectation of dividends	2,76% p.a.	
Interest rate weighted average risk-free (5)	average of 12.66%	average of 12.43%

(1) The price of the asset base was defined considering the arithmetic mean of the closing pricesof the last 90 sessions for share Suzb5;

(2) The expected volatility was calculated for each date of exercise, considering the time remaining to complete the vesting period, and the historical volatility of returns, considering the standard deviation of 90 observations of returns;

(3) The average life expectancy of phantom stock was defined by time remaining until the date of exercise;

(4) The expectation of dividends is based on the historical earnings per share of the Company;

(5) The weighted average interest rate free of risk used was the pre-rate curve in real (expectation of the DI) expected in the open market, which is the best basis for comparison with the interest rate free of risk of the Brazilian market. The rate used to the date of exercise changes in accordance with the vesting period.

The fair value of compensation granted to executives in the form of long-term incentive programs – phantom shares and option to purchase of preferred share class "A" with alternative of settlement in cash, is allocated during the vesting period as expenses in the financial statements of the Company, as administrative expenses account against a financial liability of share-based payment in non-current liabilities.

The corresponding values for services recognized in the unconsolidated and consolidated financial statements, are shown in the table below:

	Liabilities		Statetement of Income	
	2009	2008	2009	2008
Plan of remuneration based on shares (noncurrent liabilities)	**12,851**	3,582		
Income (expenses) with remunetation based on shares - Phanton Shares (*)			**(8,721)**	17,497
Expenses with remuneration based on shares - Options to purchase shares			**(548)**	–
Total of (expenses) Income with remuneration based on shares			**(9,269)**	17,497

(*) Refers to the change in fair value measurement of share-based compensation.

21. Debt with acquisition of land, farms and reforestation

On July 13, 2009, was ratified the partnership with Vale S/A ("Vale") to develop forest-based projects, thus ensuring part of the projects in the new cycle of growth of the Company. On such date, contracts totaling R$ 233,367 were signed by the companies, as follows: i) acquisition of 8.2 million m³ of already planted eucalyptus forests in the amount of R$ 144,640, payable in 12 quarterly installments, and ii) acquisition of 84.7 thousand hectares of land totaling R$ 88,727, as follows: ii.a) 12.9 thousand hectares of land, totaling R$ 13,727, purchased directly by the parent Company to be paid in 12 quarterly installments, and ii.b) 71.8 thousand hectares, in the amount of RS$ 75,000, purchased by the subsidiary Ondurman Empreendimentos Ltda ("Ondurman"), payable in 168 monthly installments, with the flow of receivables arising from this transaction being transferred by Vale, under the same contract, to the Brazilian Securities, a securitization company which, in turn, used them to cover the issuance of Certificates of Real Estate Receivables (CRI's).

The issuance of CRI's occurred on October 27, 2009 and was structured in accordance with CVM Ruling No. 476/2009, with payment terms equal to the flow of receivables that were used to cover the transaction. The 168 monthly installments of R$ 877 shall be adjusted by the basic savings restatement index (Reference Rate – TR), and due dates starting and ending on 11.27.2009 and 10.27.2023 respectively. The operation was formally established after signature of all parties involved on the "Agreement for Installment Purchase and Sale of Properties, Issuance of Real Estate Credit Notes, Assignment of Credits and Other Covenants", which was used by Brazilian Securities to cover the referred issuance. Oliveira Trust Distribuidora de Títulos e Valores Mobiliários S/A has acted as trustee on this transaction.

As a guarantee of compliance with the principal and accessory obligations assumed by the Company in the "Agreement for Installment Purchase and Sale of Properties, Issuance of Real Estate Credit Notes, Assignment of Credits and Other Covenants", the mortgage of the units of interest of Ondurman was set up and warranties by the parent were granted, both in favor of Brazilian Securities.

In the event of impossibility to dispose of any of the properties acquired in the transaction, as a result of events preventing the permanent transfer of assets during the contract period, Suzano may opt, if of its interest, to indemnify the securitization company on behalf of Vale, terminating the assignment of the property at issue. In this case, Suzano shall be subsequently reimbursed by the seller by the indemnified amounts, monetarily restated and increased by interest.

At December 31, 2009, the debt arising from purchase of land, farms and reforestation recorded in current and noncurrent liabilities amount to RS$ 58,756 and RS$ 92,381 respectively, in the parent company, and RS$ 61,262 and RS$ 164,565, respectively, in consolidated.

22. Commitments

Vale Florestar

In 2009 the Company signed a contract with Vale for acquisition of 31.5 million m3 of wood from eucalyptus plantations of the Vale Florestar Program, in the implementation phase in the State of Pará since 2007, to be provided to the Company during the period from 2014 to 2028. The price conditions for these volumes will be determined on occasion of the harvest to be delivered to the Company.

Rail Freights

To meet an important part of the logistics needs for the future industrial unit at Maranhão Estate, the Company signed a contract with Ferrovia Norte Sul S/A, for transportation of 1.3 million tons per year of eucalyptus pulp as from 2014, for a period of 360 months as from the first day of the month immediately subsequent to the effective start-up of this new plant.

23. Financial instruments

a) Overview

The Company's management is focused on generating consistent and sustainable results over time. Factors of external risk related to fluctuations of market prices may introduce an unwelcome level of volatility in the Company's cash flows and income statement. To manage this volatility, so as not to distort or hinder the Company's consistent growth over a long time, the Company has policies and procedures for market risk management.

These policies seek: (i) to protect the Company's cash flows and assets against fluctuations of the market prices of raw material and products, exchange rates and interest rates, price indices and restatement, or other assets or instruments traded on net value or not ("market risk") to which the value of assets, liabilities and cash flow of the Company are exposed; and (ii) to optimize the process of taking out financial instruments for protection against exposure to risk, drawing on natural *hedges* and correlations between prices of different assets and markets, avoiding the waste of funds through taking out inefficient operations. All financial transactions entered by the Company have the objective of protecting it against existing exposures, being forbidden the assuming of new risks, except those arising from operating activities of Suzano.

The process of market risk management comprises the following sequential steps and resources: (i) identification of risk factors and exposure of the value of assets, cash flows and income statement of the Company to market risks; (ii) measurement and report of the values at risk; (iii) assessment and definition of the strategies for managing of market risks; and (iv) implementation and monitoring of performance of the strategies. The evaluation and control of exposures to risk are made with the aid of the operating integrated systems, with the proper segregation of duties in the reconciliations with the counterparties.

The Company uses the more liquid financial instruments and: (i) does not take out leveraged transactions or other types of embedded options which change its purpose of protection *(hedge);* (ii) has no debt with double index or other forms of implicit options; and (iii) neither has transactions that require margin deposit or other forms of guarantee for the credit risk of the counterparties.

b) Assessment

The financial instruments recorded in the balance sheets, such as cash and cash equivalents and loans and financing, are accounted for their contractual values. Marketable securities and derivative contracts, used for protection purposes only, are valued at their fair value.

For determining fair values of assets or liquid financial instruments traded on the public market, was used the closing market price at the balance sheet dates. The fair value of *swaps* and of the interest rate and index is calculated at the present value of its future cash flows, discounted at current interest rates available for operations with conditions and terms of similar remaining maturity, while the fair value of futures contracts or the term of exchange rate is determined by using the *forward* exchange rates prevailing at the balance sheet dates.
The fair value of debt from the Company's 1st series of the 3rd issue of debentures is calculated based on the secondary market quotations published by the ANDIMA at the balance sheet dates. To determine the fair value of assets or financial instruments traded on the over-the-counter market or non-liquid financial instruments, different assumptions and methods were used based on regular market conditions (and not in settlement or forced sale) at each balance sheet date, including the use of models to assess the options and estimate values of discounted future cash flows. The fair value of contracts for the pricing of pulp is obtained by listing prices for similar or equivalent instruments with the main participants in this market.

The result of the financial instruments negotiation is recognized at the date of closing or contracting operations, where the Company undertakes to buy or sell these instruments. The obligations based on the financial instruments contract are removed from our financial statements only when these instruments expire or when risks, rights and obligations arising there from are transferred.

The comparison between the fair value and carrying value of the outstanding financial instruments are as follows:

	2009		2008	
	Carrying amount	Fair market value	Carrying amount	Fair market value
Assets				
Cash and cash equivalents	**2,533,285**	**2,533,285**	2,176,312	2,176,312
Gain with derivatives (current/noncurrent)	**28,050**	**28,050**	31,388	31,388
Trade accounts receivable	**621,195**	**621,195**	790,042	790,042
Liabilities				
Trade accounts payable	**268,050**	**268,050**	277,839	277,839
Loans and financing (current and noncurrent)	**5,699,329**	**5,539,657**	6,798,125	6,650,196
Debentures (current and noncurrent)	**799,710**	**838,888**	836,919	815,454
Loss with derivatives (current/noncurrent)	**77,381**	**77,381**	205,420	205,420

c) Credit risk

Sales and credit policies, determined by the Company's management and its subsidiaries, aim to minimize any default risks of their customers. This goal is achieved through the careful selection of customers, which considers their payment capacity (credit analysis), and the diversification of sales (spread risk), in addition to obtaining guarantees or contract of instruments to mitigate the credit risks, especially the policy of credit insurance for exports.

d) Interest and exchange rate risk

The collection of funds and *hedge* exchange rate policy of the Company are guided by the fact that more than 50% of net revenue comes from exports with prices in Dollars, while most of the production cost is tied to the Real. This structure allows that the Company engage financing for export in Dollars at more competitive costs than those of local lines and reconcile financing payments with the flow of receipts from sales, providing a natural *hedge* of cash for these commitments. The exceeding revenue in dollars not tied to the commitments of debt and other obligations is sold in the exchange market by the time of the funds inflow into the country.

As additional protection, sales of Dollars in futures markets are contracted as a way to provide attractive levels of operating margins for one portion of the revenue. Sales in the futures markets are limited to a minority percentage of the exceeding of the measurements on the timeline of one year and, therefore, are in accordance with the ready availability of foreign change rate for short-term sale.

At December 31, 2009, the main transactions entered into for the future sale of Dollars was US$ 316.6 million, being US$ 241.6 million through of NDF's (Non Deliverable Forwards) simple and US$ 75 million through of zero cost collar. Their due dates are distributed between February 2010 and January 2011, so as to fix the operating margins of the minority portions of sales over this period. The cash effect of these operations will occur only in their mature, when generating a cash receipt or disbursement, as appropriate.

So, in the case of a depreciation of the Real, as occurred in 2008, two effects are observed: (i) the first, negative and sharp, is related to the restatement of net currency exposure (balance of assets and liabilities accounts stated in foreign currency, including, among others, the balances of gross debt and cash denominated in Dollars, the inventory, accounts receivable and payable in foreign currency and the value of positions in *swaps* of currency to *hedge* the currency exposure of cash flows); and (ii) the second, positive and permanent, is related to the higher operating cash generation due to increased revenue from exports denominated in Dollars.

In addition to the foreign exchange *hedge* operations, contracts are concluded for the *swap* from floating interest rates to fixed rates, to reduce the effect of changes in interest rates on the debt value, and contracts of *swap* between different interest rates and rates restatement, as a way to minimize the disconnection among the different financial assets and liabilities. In this way, at December 31, 2009, the Company had opened (i) US$ 980.2 million in outstanding *swaps* to fix the Libor on contracts for financing, (ii) US$ 150 million in swaps of the Coupon exchange rate of Libor of 3 months fixed rate, and (iii) US$ 37.5 million in swaps of TR and Previous for % for DI.

The Company does not adopt the *hedge accounting*. Thus, all results (gains and losses) recorded in the transactions with derivatives (settled and outstanding) are fully recognized in the unconsolidated and consolidated income statement for the year. The Note 26 (net financial income/expenses) shows gains and losses of the derivatives that affected the statement of income for the years.

e) Outstanding derivatives

The consolidated positions of derivatives outstanding at December 31, 2009 and 2008, grouped by asset or referential index, all traded on the over-the-counter market, are stated below:

Description	Due to	Reference Value (notional)		Fair Value		Remnants at			
						Dec 31, 2009		Dec 31, 2008	
		Dec 31, 2009	Dec 31, 2008	**Dec 31, 2009**	Dec 31, 2008	**to pay**	**to receipt**	to pay	to receipt
Swaps in Foreign Currency									
Asset Position – US$ Libor	from 01/04/2010	**1,706,764**	1,409,211	**1,607,366**	1,415,639	**–**	**–**	–	–
Liabilities Position – US$ Tax Pré	till 4/11/19	**1,706,764**	1,409,211	**1,660,993**	1,483,711	**–**	**–**	–	–
Subtotal				**(53,627)**	(68,072)	**62,927**	**9,300**	69,291	1,219
Risk Value (VaR) [(1)]				**3,736**	6,707	**–**	**–**	–	–
Swaps of Taxes and Index									
Asset Position - R$ Tax Pré		**10,000**	10,000	**11,894**	10,530	**–**	**–**	–	–
Asset Position - TR + Cupom	from 04/14/2010	**27,500**	67,500	**33,447**	76,241	**–**	**–**	–	–
Asset Position - Cupom US$	till 10/5/10	**–**	70,120	**–**	70,945	**–**	**–**	–	–
Liabilities Position - % DI		**37,500**	147,620	**43,770**	157,616	**–**	**–**	–	–
Subtotal				**1,571**	100	**–**	**1,571**	1,675	1,775
Risk Value (VaR) [(1)]				**8**	2,617	**–**	**–**	–	–
Swaps of Currency									
Purchase Position in R$ x US$ Sold Position in US$ x R$	from 02/08/2010 till 10/1/11	**420,695**	701,100	**5,732**	(134,454)	**–**	**–**	–	–
Subtotal				**5,732**	(134,454)	**–**	**5,732**	134,454	–
Risk Value (VaR) [(1)]				**5,573**	25,687	**–**	**–**	–	–
Options fo currency									
Purchase Position in R$ x US$	from 02/01/2010	**130,590**	–	**(565)**	–	**–**	**–**	–	–
Sold position in R$ x US$	till 1/11/10	**130,590**	–	**4,353**	–	**–**	**–**	–	–
Subtotal				**3,788**	–	**565**	**4,353**	–	–
Risk Value (VaR) [(1)]				**987**	–	**–**	**–**	–	–
Swaps of Commodities									
Sold Position in Pulp BHKP	from 03/31/2010 till 12/31/2010	**226,913**	90,021	**(13,889)**	18,449	**–**	**–**	–	–
Subtotal				**(13,889)**	18,449	**13,889**	**–**	–	18,449
Risk Value (VaR) [(1)]				**3,687**	774	**–**	**–**	–	–
Others									
Asset Position - Cupom Currency	from 03/11/2010	**261,180**	397,290	**44,700**	63,978	**–**	**–**	–	–
Liabilities Position - US$ Libor Fixed	till 11/9/13	**261,180**	397,290	**37,606**	54,033	**–**	**–**	–	–
Subtotal				**7,094**	9,945	**–**	**7,094**	–	9,945
Risk Value (VaR) [(1)]				**79**	326	**–**	**–**	–	–
Total in Swaps				**(49,331)**	(174,032)	**77,381**	**28,050**	205,420	31,388

[(1)] VaR with temporary horizon of 1 day, and with safety level of 95%

The same positions of the consolidated outstanding derivatives at December 31, 2009, and 2008 grouped by counterparty, are shown below:

Description	Reference Value (nocional) at		Fair Value at		Remnants at Dec 31, 2009	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008	to pay	to receipt
Swaps in Foreign Currency						
Counterparty						
Banco Itaú BBA S.A.	**522,359**	701,100	**(28,586)**	(43,551)		
JP Morgan	**322,122**	432,345	**(8,254)**	(11,904)		
Banco Standard S.A.	**130,590**	–	**(1,809)**	–		
Banco Santander	**31,342**	42,066	**(95)**	203		
Standard Chartered	**406,212**	233,700	**(8,310)**	(12,820)		
BTG Pactual	**294,139**	–	**(6,573)**	–		
Subtotal			**(53,627)**	(68,072)	**62,927**	**9,300**
Swaps of Taxes and Index						
Counterparty						
Banco Itaú BBA S.A.	**10,000**	75,520	**384**	1.033		
Banco Santander	**27,500**	52,100	**1,187**	(670)		
Unibanco	**–**	20,000	**–**	(263)		
Subtotal			**1,571**	100	**–**	**1,571**
Swaps of Currency						
Counterparty						
Sold Position in R$ x US$						
Standard Bank	**47,500**	–	**386**	–		
Merrill Lynch	**87,060**	–	**1,564**	–		
BTG Pactual	**60,942**	–	**431**	–		
Banco Itaú BBA S.A.	**–**	46,740	**–**	(12,228)		
Banco Santander	**–**	58,425	**–**	(1,059)		
Banco do Brasil S.A.	**207,781**	315,495	**3,038**	(68,912)		
HSBC Bank Brasil S.A	**–**	210,330	**–**	(36,167)		
Rabobank Brasil	**17,412**	70,110	**313**	(16,088)		
Subtotal			**5,732**	(134,454)	**–**	**5,732**
Swaps of Currency						
Counterparty						
Purchase Position in R$ x US$						
Merrill Lynch	**43,530**	–	**(380)**	–		
Votorantin	**43,530**	–	**(185)**	–		
Standard Chartered	**43,530**	–	**0**	–		
Sold Position Holder in R$ x US$						
Merrill Lynch	**43,530**	–	**970**	–		
Votorantin	**43,530**	–	**970**	–		
Standard Chartered	**43,530**	–	**2,413**	–		
Subtotal			**3,788**	–	**565**	**4,353**
Swaps of Commodities						
Counterparty						
Nordea Bank Finland P/C	**208,108**	90,021	**(11,738)**	18,449		
Standard Chartered	**18,805**	–	**(2,151)**	–		
Subtotal			**(13,889)**	18,449	**13,889**	**–**
Others						
Counterparty						
JP Morgan	**261,180**	397,290	**7,094**	9,945		
Subtotal			**7,094**	9,945	**–**	**7,094**
Total in Swaps			**(49,331)**	(174,032)	**77,381**	**28,050**

f) Settled derivatives

The positions of derivatives accumulated settled during the years ended December 31, 2009 and 2008, grouped by asset or referential index, all traded on the over-the-counter market, are shown below:

Description	Due to	Reference Value (notional) at		Fair Value of settlement at	
		Dec 31, 2009	Dec 31,2008	**Dec 31, 2009**	Dec 31,2008
Swaps in Foreign Currency					
Asset Position – US$ Libor	2008: Feb, 14 – Nov, 26	**1,646,954**	607,620	**–**	–
Liabilities Position – US$ Tax Pré	**2009: Jan, 05 – Dec, 21**	**1,646,954**	607,620	**–**	–
Subtotal				**(14,595)**	(2,845)
Swaps of Taxes and Index					
Asset Position – TR + Cupom	2008: May, 19 till Aug, 20	**–**	54,500	**–**	–
Asset Position – Cupom US$	**2009: Apr, 28 – Dec, 03**	**110,120**	–	**–**	–
Liabilities Position – % DI		**110,120**	54,500	**–**	–
Subtotal				**(22,185)**	(238)
Swaps of Currency					
Purchase Position in US$ x R$	2008: Jan, 02 – Dec, 29	**60.942**	6.555.285	**–**	–
Sold Position in US$ x R$	**2009: Jan, 02 – Dec, 01**	**824,831**	7.677.045	**–**	–
Subtotal				**(71.478)**	(27.567)
Option of Currency					
Purchase Position in "call" and Sold in "put" (R$/US$)	2008: Jun, 06 – Sep, 01	**–**	350,550	**–**	–
Subtotal				**–**	255
Swaps of Commodities					
Sold Position of Pulp BHKP	2008: Jan, 08 – Nov, 07 **2009: Jan, 08 – Dec, 07**	**73,838**	95,639	**–**	–
Subtotal				**10,485**	(9,489)
Others					
Asset Position - Cupom Exchange	**2009: Nov, 09 – Dec, 11**	**35,193**	–	**–**	–
Liabilities Position - US$ Libor pré		**35,193**	–	**–**	–
Subtotal				**499**	–
Total in Swaps		**–**	–	**(97,274)**	(39,884)

g) Sensitivity analysis

The table below shows the sensitivity of the consolidated derivative positions outstanding at December 31, 2009, as show in item (e), the variations of prices and rates in the underlying assets:

Description	Fair Value	Scenary at 12/31/2010			
		Risk	**Probaly**	**Deterioration 25%**	**Deterioration 50%**
Swaps in Foreign Currency Asset US$ Libor x Liabilities US$ Pré [1]	(53,628)	Low of Libor	(55,286)	(78,148)	(102,522)
Swaps of Currency Taxes and Index Asset Pré [2] and TR [3] in R$ x Liabilities % DI	1,571	Hight of curve Previus and Hight of Cupom TR	1,500	1,237	955
Swaps of Currency (NDF) Sold Position in R$ x US$ [4]	5,732	Hight of Exhange Rates R$/US$	4,407	(101,007)	(206,421)
Purchase Position Exchange Currency - R$ x US$[5]	(565)	Hight of Exhange Rates R$/US$	(598)	(11,340)	(41,408)
Sold Position Exchange Currency - R$ x US$ [5]	4,353	Hight of Exhange Rates R$/US$	4,155	30	0
Swaps of Commodities Scenary pf Pulp [6]	(13,889)	Hight of pulp price	(12,900)	(47,016)	(81,132)

[(1)] Probaly scenary source: Bloomberg - Market curve at 01/04/2010. Tax Libor of 6 months probaly at 12/31/2010: 0.43% p.y.
Deterioration of 25%: Tax Libor of 6 months at 12/31/2010 of 0.33% p.y. Deterioration of 50%: Tax Libor of 6 months at 12/31/2010 of 0.21% p.y

[(2)] Probaly scenary source: Boletion Focus of Banco Central of 12/31/2009. Selic Tax probaly at 12/31/2010 of 10.85 p.y.
Deterioration of 25%: Selic Tax at 12/31/2010 of 13.56% p.y. Deterioration of 50%: Selic Tax at 12/31/2010 of 16.28% p.y

[(3)] Probaly scenary source: BM&F - Market curve of 01/04/2009. Cupom of TR probaly at 12/31/2010: 8.79% p.y.
Deterioration of 25%: Cupom of TR at 12/31/2010 of 10.99% p.y. Deterioration of 50%: Cupom of TR at 12/31/2010 of 13.19% p.y

[(4)] Probaly scenary souce: Boletim Focus of Banco Central of 12/31/2009. Exchange Rates probaly in 12/31/2010: R$ 1,75 / US$
Deterioration of 25%: Exchnge Rates at 12/31/2010 of R$ 2,19 / US$. Deterioration of 50%: Exchange rates at 12/31/2010 of R$ 2,63 / US$

[(5)] Probaly scenary source: Boletim Focus of Banco Central of 12/21/2009. Exchange Rates probaly at 12/31/2010: R$ 1,75 / US$.
Deterioration of 25%: Exchange Rates at 12/31/2010 of R$ 2,19 / US$. Deterioration of 50%: Exchange Rates at 12/31/2010 of R$ 2,63 / US$

[(6)] Probaly scenary source: RISI Report at 12/31/2009. Probaly pulp price BHKP at 12/31/2010; US$ 690/ ton.
Deterioration of 25%: Price at 12/31/2010 of US$ 862,50 / ton. Deterioration of 50%: Price at 12/31/2010 of US$ 1.035 /ton.

It should be emphasized that the administration of these positions is dynamic and that, using current mechanisms for the limitation of loss (stop loss systems) and of risk exposure, which in turn is impacted by the volatility of assets, positions are adjusted as soon adventitious losses are materialized. Thus, if an impairment scenario will take place as illustrated in the table above, the Company's positions subject to this impairment have already been dismantled to meet the limits established in the stop *loss systems*.

No probable scenario was specified for December 31, 2009 or the sensitivity analysis to the *swaps* listed in the "Other" category in the table of item (e), since these *swaps* relate to arbitration operations between the Libor rate and coupon exchange, with both rates pre-set for these operations, preventing the possibility of any result different than that already provided contractually.

24. Shareholder's Equity

Capital

At December 31, 2009, and 2008, subscribed and fully paid-in capital comprised R$ 2,054,430, divided into 314,482,496 shares, with no par value, of which: 107,821,512 were common registered share; 205,120,105 were preferred class "A" shares and 1,540,879 are preferred class "B" shares, both registered. 5,428,955 common shares, 1,009,583 preferred shares class "A" and 1,527,759 preferred class "B" are in treasury.

Preferred shares class "A" have right to dividends per share, at least, 10% higher than those allocated to common shares. Preferred shares class "B" have right to the priority dividend of 6% p.a. on equity interest or at least 10% higher than those allocated to common shares. Preferred shares are not entitled to voting, except where provided by law.

Dividends and interest on equity capital

The Company's statute establish a minimum dividend of 25%, calculated on annual net income, adjusted as provided for by article 202 of Law No. 6,404/76, amended and repealed by Law No. 11,638 of December 28, 2007, by MP No. 449, of December 03, 2008, later converted into Law No. 11,941, of May 27, 2009.

According to the option provided for in Law No. 9,249/95 and in the manner provided for in article 32 of the Company's statute, management has calculated interest on equity capital, limited to variation pro rata of the Long-Term Interest Rate - TJLP on gross amounts: i) RS$ 35,296, subject to withholding income tax amounting to RS$ 4,732, resulting in a net value for shareholders of RS$ 30,564, credited and paid on November 11, 2009; ii) RS$ 192,245, subject to withholding income tax amounting to RS$ 25,490, resulting in a net value for shareholders of RS$ 166,755, credited on December 30, 2009, payable on March 10, 2010.

Interest on equity capital, pursuant to CVM Ruling No. 207/96, was charged to the account minimum mandatory dividends, for the amount net of withholding income tax, recorded as financial expenses, reversed in a specific account and charged back to statement of income, thus not affecting the net income, except for the tax impacts recognized in the income and social contribution tax account.

The dividend and interest on capital was calculated as follows:

	2009
Net income of the parent company	**853,315**
Tax incentives reserve	**(35,715)**
Legal reserve	**(42,666)**
Net income adjusted	**774,934**
Mandatory dividends - 25%	**193,734**
Allocation of dividends from income tax deducted at source (IRRF) on interest on shareholder's equity by CVM Deliberation 207/96	**34,131**
Dividends minimum after charging of IRRF	**227,865**
Interest on own capital paid (gross of IRFF in the amount of R$ 4,732)	**35,296**
Interest on own capital, to pay (gross of IRRF in the amount of R$ 25,490)	**192,247**
Balance of dividends minimum mandatory	**324**
Completion of the minimum dividend proposed by the Administration	**2,945**
Dividend and interest on own capital total	**230,812**

Income Reserves

The reserve for the capital increase is composed of 90% of the remaining balance, after legal reserves and dividends, of income for the year and the Company aims to ensure appropriate operating conditions.

The special statutory reserve comprises the remaining 10%, and aims to ensure continuity of dividend distribution.

25. Other operating income, net

	Parent Company		Consolidated	
	2009	2008	2009	2008
Gain (loss) on sale of other products	**(2,873)**	4,880	**7,526**	7,493
Reversal (complement) of provision for contingencies	**–**	15,784	**(2,398)**	32,205
(Loss) gain on sale of electric energy	**–**	–	**(704)**	9,518
Provision for inventories write-off	**(8,903)**	(5,766)	**(8,921)**	(5,778)
Tax recoverable	**15,191**	10,839	**15,191**	10,839
Other income **(a)**	**3,419**	24,192	**5,484**	31,033
Provision of actuarial liabilities	**(53,264)**	(58,196)	**(53,264)**	(58,196)
Gain on sale of property, plant and equipments	**39,632**	12,001	**39,626**	8,792
Reversal of provision of buildings write-off	**–**	–	**–**	8,145
Gain of investments sale	**1,803**	9,048	**1,803**	9,386
Gain with indemnity **(b)**	**10,956**	–	**10,956**	–
Other operating income	**5,961**	12,782	**15,299**	53,437

(a) At 2008, it substantially relates to the offset of suppliers for items of operating performance of equipment, within in the prescription period, considered recoverable by management with suppliers.

(B) Gain with securities issued to cover court-ordered debts (See Note No. 10)

26. Net financial income/loss

	Parent Company		Consolidated	
	2009	2008	2009	2008
Interest expenses	**(413,101)**	(401,902)	**(421,601)**	(417,785)
Monetary and exchange rate variation	**1,097,989**	(1,105,237)	**1,089,013**	(1,129,950)
Loss on derivatives transactions	**(48,546)**	(411,001)	**(38,886)**	(421,645)
Other financial expenses **(a)**	**(47,030)**	(122,321)	**(56,504)**	(126,277)
Total financial expenses	**589,312**	(2,040,461)	**572,022**	(2,095,657)
Interest income	**202,076**	209,006	**202,519**	217,081
Interest on indemnity **(b)**	**44,998**	–	**44,998**	–
Gain on derivatives transactions	**100,222**	176,555	**72,818**	207,729
Monetary and exchange rate variation	**(273,965)**	239,962	**(195,957)**	97,150
Total financial income	**73,331**	625,523	**124,378**	521,960
Financial results, net	**662,643**	(1,414,938)	**696,400**	(1,573,697)

(a) From 2008 balance, the amount of RS$ 110,860 is related to the extra-judicial agreement paid to the old group of Ripasa controlling shareholders.
(B) Interest income on securities issued to cover court-ordered debt (See Note No. 10).

27. Statement of EBITDA adjusted (unaudited)

	Parent Company		Consolidated	
	2009	2008	2009	2008
Operating income	**1,141,698**	(583,927)	**1,232,099**	(635,783)
Financial expenses	**(589,312)**	2,040,461	**(572,022)**	2,095,657
Financial income	**(73,331)**	(625,523)	**(124,378)**	(521,960)
Equity pickup in subsidiaries and affiliates	**10,342**	122,934	**–**	515
Goodwill amortization	**–**	79,044	**–**	79,044
Depreciation, depletion and amortization	**475,988**	375,334	**485,022**	451,763
Earnings before equity pickup in subsidiaries and affiliates, income and social contribution taxes, interest, depreciation, depletion and amortization – Adjusted EBITDA	**965,385**	1,408,323	**1,020,721**	1,469,236
Nonoperating result of another expenses with the effect of the Law 11,941/09	**(11,829)**	(37,147)	**(11,835)**	(31,868)
EBITDA adjusted without the nonoperating result	**977,214**	1,445,470	**1,032,556**	1,501,104

28. Insurance coverage

The Company maintains insurance coverage for operating risks and others to protect their assets of property and plant equipment, and its inventories.

The amount of the insurance agreement is considered sufficient, based on the opinion of expert insurance advisors, to cover adventitious losses.

29. Subsequent events

Production stoppages at the Mucuri Unit:

During January 2010, Line 2 of the Mucuri Unit suffered interruptions in the production of market pulp due to technical problems. Total estimated production loss resulting from such unscheduled stoppages for maintenance is of 42 thousand tons.

Disposal of Lands and Forests

The Company and its subsidiary Comercial e Agricola Paineira Ltda. signed contracts with Mata Mineira Investimentos Florestais Ltda. and Fazenda Turmalina Holdings, LLC. for sale of approximately 50 thousand hectares of land in Minas Gerais, of which about 13 thousand hectares refers to eucalyptus plantations. The value of the sale of these assets is RS$ 311 million, subject to adjustments resulting from audit to be performed by the buyers. The transaction will be concluded and related payment will occur during the first half of 2010.

The purposes of the assets sold was not the production of pulp and paper and their sale does not impact the current operations or future projects of the Company.

The properties subject matter of this transaction at December 31, 2009 are recorded in the balance sheet, under noncurrent assets as assets available for sale.

New Technical Pronouncements, Guidance and Interpretations issued during 2009 and 2010 to be applied for the financial year beginning as of January 1st, 2010

In 2009 the Brazilian FASB (CPC) issued and the CVM approved several Technical Pronouncements, Interpretations and Guidance with mandatory effectiveness only for years beginning as from January 1st., 2010, with the requirement that the companies restate the comparative financial statements.

Optionally, the Company could have anticipated to December 31, 2009 adoption of the pronouncements whose adoption is mandatory for years beginning as from January 1st., 2010, provided it occurred in its entirety. The Company decided not to exercise this option for the 2009 financial statements and, to the best of its judgment, has assessed the previously issued pronouncements, concluding that, except for the technical pronouncements below, there will be no significant impact on the Company's unconsolidated and consolidated financial statements, considering the transactions existing on December 31, 2009.

• CPC 20 Borrowing Costs, approved by CVM Resolution No. 577 of June 05, 2009;

• CPC 21 Interim Financial Reporting, approved by CVM Resolution No. 581 of July 31, 2009;

• CPC 22 Operating Segments, approved by CVM Resolution No. 582 of July 31, 2009;

• CPC 26 Presentation of Financial Statements, approved by CVM Resolution No. 595 of September 15, 2009;

• CPC 27 Property, Plant and Equipment, approved by CVM Resolution No. 583 of July 31, 2009;

• CPC 29 Agriculture, approved by CVM Resolution No. 596 of September 15, 2009;

• CPC 32 Income Taxes, approved by CVM Resolution No. 599 of September 15, 2009;

• CPC 33 Employee Benefits, approved by CVM Resolution No. 600 of October 07, 2009;

• CPC 38, 39 and 40 Financial Instruments: Recognition and Measurement, Presentation, Disclosure, approved by CVM Resolution No. 604 of November 19, 2009;

• Revision No. 1 of Technical Pronouncements and Technical Guidance, approved by CVM Resolution No. 624 of January 28, 2010;

• ICPC 10 Interpretation on Initial Application to Property, Plant and Equipment and Investment Property of Technical Pronouncements CPCs 27, 28, 37 and 43, approved by CVM Resolution No. 619 of December 22, 2009.

GRI Summary

▸ GRI (**3.12**)

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Reporting Parameters		
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● Answered ◑ Partially Answered ○ Not answered

		2002 "according with*"	C	C+	B	B+	A	A+
Required	Self-declared			✓		With External Audit		With External Audit
Optional	Examined by third parties			✓				
	Examined by the GRI							

Profile	Level	Page
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Global **Compact**

The United Nations Global Compact relies on the engagement of the private sector to advance in the context of social responsibility, seeking to establish a global economy that is more sustainable and inclusive. The principles set forth by the Pact are aligned with Suzano's Ethics and Code of Conduct. They include commitments related to the protection of human rights, labor rights, the environment and anti-corruption.

Please find below, our performance index in relation to the ten Global Compact principles that are related to the key GRI Indicators, principles that assure the Report quality, according with GRI.

	GLOBAL COMPACT PRINCIPLES	GRI RELATION	PAGES
1	Respect and protect human rights	HR1, HR2, HR3	51,56 and 57
2	Make sure no human rights are abused	HR2, HR3	51 and 56
3	Support freedom of association in the workplace	LA4	48
4	Abolish forced labor	HR7	51
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6	Eliminate discrimination in the workplace	LA10, LA11, LA13 and LA14	48, 50, 52 and 55
7	Support a precautionary approach to environmental challenges	EN (all)	72 to 81
8	Promote environmental responsibility	EN1 to EN30	72 to 81
9	Encourage the employment of technologies that do not harm the environment	EN16 to EN25	72, 74, 78 and 79
10	Combat corruption in all its forms, including the use of extortion and payoffs	SO2, SO3 and SO4	69

SA **8000**

SA 8000 is a social responsibility standard which aims to improve working conditions, ensure compliance with labor rights and dignity in work relations, both within the Company as well as throughout the production chain (suppliers and subcontractors). In 2009, all our units, with exception of the new offices in the states of Piauí and Maranhão, were recommended for certification. Below is an index cross-referencing our Sustainability Report with our conformity with SA 8000 requirements, in compliance with item 9.13 of the standard. More information is available at www.suzano.com.br under Suzano Papel e Celulose> Sustainability > Certifications> SA 8000.

REQUIREMENTS	GRI RELATION	PAGES
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IV.9 – Management System – Suppliers and subcontractor control	EC6	56 and 57

Independent assurance statement by Bureau Veritas Certification

INTRODUCTION

Bureau Veritas Certification Brasil (Bureau Veritas) has been contracted, for the fourth consecutive year, by Suzano Papel e Celulose S.A. (Suzano S.A.), to conduct an independent verification of its 2009 Annual Sustainability Report (hereinafter referred to as Report), including analysis of the content, quality and scope thereof. The information published in the report is of full responsibility of Suzano S.A.'s management. Our responsibility is limited to the independent assessment of its content according with the scope established below.

SCOPE OF WORK

Suzano S.A. requested Bureau Veritas Certification to include in the scope of work, independent verification of information relating to:

- Data and information provided in the 2009 Report;
- Suitability and robustness of complementary systems and processes used to collect, review and compile reported information;
- Assessment of the Report in comparison with the following key principles of the Accountability Standard AA1000 (2003)1:
  - Completeness
  - Materiality
  - Responsiveness
- Assessment of the Report in accordance with the principle of Stakeholder Engagement, Context of Sustainability, Balance, Comparability, Accuracy, Regularity, Clarity and Reliability, as defined in the GRI G3 (2006) Sustainability Reporting Framework.

Excluded from the scope of our work is any verification of information relating to:

- Activities outside the defined verification period;
- Positional statements (expressions of opinion, belief, aim or future intention) by Suzano S.A. and statements of future commitment.

METHODOLOGY

Our work was conducted in accordance with Bureau Veritas' standard protocol for Independent Verification of Sustainability Reports, based on current best practice[2] encompassing the following activities:

1. Interviews with personnel (process owners) involved in preparing the Report;
2. Analysis of documentary evidence provided by Suzano S.A. for the reporting period (2009);
3. Audit of performance information and data in relation to principles that assure quality of the report, according with GRI G33 standard3;
4. Review of Report preparation process, according with relevant Principles of the AA 1000 (2003) accounting standard;
5. Visit to the Mucuri and Suzano units as well as the São Paulo head office;
6. Review of stakeholders engagement activities developed by Suzano S.A.;
7. Systematic assessment used to determine key issues included in the Report, taking into consideration the context of sustainability and balance of the information published.

The work was planned and carried out to provide reasonable, rather than absolute assurance, offering an appropriate basis for our conclusions.

OUR FINDINGS

- The information and data presented in the Report were deemed to be accurate and free of any significant error or false statements, within our scope of work;
- Most of the information included in the Report was obtained from and managed by Suzano S.A.'s Integrated Management System, which is certified by the following internationally recognized standards: ISO 9001/2008, ISO 14001/2004 and OHSAS 18001/2007;
- Internal mechanisms for collection, analysis and compilation of published information as well as the control of relevant documents and its traceability, may be considered to be reliable;
- The scope of the Report was extended in this 2009 edition, to include the plantations in the states of Maranhão, Piauí and Tocantins, according with information published in the 2008 Report. Information regarding activities carried out in these regions was also obtained from and managed by Suzano S.A.'s Integrated Management System

- Significant changes were made to the methodology used to determine key subject matters for this Report. There is documented use of individual questionnaires and results obtained from an extensive social and environmental diagnosis, enabling the company to identify specific key issues, such as social and environmental impacts of the new growth cycle and investments made in the states of Maranhão and Piauí.
- The Report presents information in balanced manner in regard to 2009, covering subject matters and initiatives that did not yield the expected result. This allows the reader to establish a sound opinion in regard to the performance in terms of the sustainability of Suzano S.A.'s activities.
- The Report provides clear and transparent information, and can be considered accessible and understandable to the various stakeholder groups.
- The content of the 2009 Sustainability Report has progressed in terms of maturity of the collection and consolidation process of relevant information, allowing readers to compare Suzano's sustainability performance over time.
- We hereby ratify the self-evaluation conducted by Suzano S.A., as specified in the Index included in the Report; therefore ranking Suzano S.A. with a C+ classification, pursuant to GRI G3 Framework criteria.

Based on the work carried out, we recommend that Suzano S.A. take the following into consideration when preparing the next Report:

- Prioritize the training of those responsible for information related to GRI performance indicators. Production of data compliant with the "Group of Indicator Protocols" specified in the Sustainability Reporting Framework (GRI G3) is extremely important;
- Provide more in-depth details in relation to key topics for the new projects in Maranhão and Piauí, thus allowing the reader to better understand the economic, social and environmental analysis;
- Establish a formal procedure that engages all relevant stakeholder groups in order to establish a medium- to long-term strategy in determining materiality. Seek greater interaction with the following groups: Market Analysts, Forestry Wood Partners and NGOs;
- Goals and targets could be presented in a systematic and objective manner. Many areas of improvement are mentioned throughout the report in a disperse manner, making it difficult for readers to clearly analyze the organization's performance;
- Discuss, in a consolidated manner, stakeholder expectations during public hearings related to environmental licensing process for the new operations in Maranhão and Piauí.
- Provide more information regarding the use and availability of water resources at the Forestry Business Unit, an issue that is internationally recognized as relevant for the industry;
- Considering the recent growth cycle in the states of Maranhão and Piauí, Suzano should improve its process on how to identify and assess key issues for publication in the next report.

STATEMENT OF INDEPENDENCE AND IMPARTIALITY

Bureau Veritas Certification is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with almost 180 years history in providing independent assurance services.

No member of the assurance team has a business relationship with Suzano S.A. We conducted the assurance review in an independent manner, and believe that there was no conflict of interest.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities.

CONTACT INFORMATION

Bureau Veritas Certification is available to answer any questions online at:

www.bureauveritascertification.com.br /faleconosco.asp
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[1] Published by *AccountAbility: The Institute of Social and Ethical Accountability* http://www.accountability.org.uk

[2] Bureau Veritas' independent assurance protocol is based on the International Standard on Assurance Engagements (ISAE 3000), GRI G3 Sustainability Reporting Framework and the AA1000 Assurance Standard (2003).

[3] It encompasses the Principles of Balance, Comparability, Accuracy, Regularity, Clarity, Reliability and Timeliness.

Suzano Pulp and Paper Annual Sustainability Report

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Please feel free to contact us to answer any questions and/or make suggestions regarding the content of this report, through the following communication channels:

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