

**SUZANO PAPEL E CELULOSE S.A.**  
CNPJ/MF nº 16.404.287/0001-55

## **MATERIAL FACT**

**Suzano Papel e Celulose S.A.** (“Company” or “Suzano”), in accordance with article 157, paragraph 4, of Law 6,404/76 and the provisions set forth in CVM Instruction 358/02, announces, to its shareholders and to the market in general, the decision to invest in a company dedicated to the production of biomass for energy.

In 2009, the Company reviewed its strategic plans and assessed global trends, its own assets, competencies and future opportunities. As a result of such revision, the Company established ambitious and innovative growth plans.

In addition to investments in pulp and biotechnology that have already been announced to the market, the Company decided to invest in the production of wood pellets for energy. Pellets are dehydrated, pressed particles of ground wood that, by concentrating greater energy value per ton, can be considered the most efficient form to transport biomass for energy over long distances.

The search for renewable energy sources is a global trend that has been gaining importance in recent years. The European Union stands out in this respect for having established aggressive targets and incentives to substitute fossil fuels for renewable sources in its energy mix. Renewable energy from biomass will play an important role in this context.

Suzano, with almost four decades of experience in forest management, has been very successful in its experimental development of eucalyptus forests for the energy market in the last three years. These forests are based on the selection of specific clones, plantation of more trees per hectare and reduced harvesting cycle (between two and three years). The dedicated energy crop management results in high yields and competitive costs will provide the Company with the opportunity to replicate its competitive advantage in the global pulp market to the pellets business.

Suzano’s presence in the pellets business will be through Suzano Energia Renovável (“Suzano Renewable Energy”), which will invest in three production units in the Northeast of Brazil. Each mill will produce 1 million tons of wood pellets and start ups will occur between 2013 and 2014. Forest management services will be provided to the new company by Suzano in virtue of a long term contract.

Total investment amounts to approximately US\$800 million. The Company is assessing alternatives for the capital structure of Suzano Renewable Energy that minimize Suzano’s capital contribution into the new company. The structure mentioned above will be announced as soon as it is defined.

The Executive Board of Suzano Renewable Energy will be comprised by the following executives:

André Dorf, current Strategy, Corporate Development and Investor Relations Executive Officer at Suzano, will take office as CEO. He has been with the Company for seven years and acted as Executive Director of the Paper Business Unit and was also responsible for Mucuri (Line 2), Maranhão and Piauí expansion projects during the conceptual engineering phase. Prior to Suzano, André worked at JP Morgan in Brazil and New York, Chase Manhattan and Banco Patrimônio/Salomon Brothers. He has a bachelor degree in business administration from Fundação Getúlio Vargas (“FGV”).

Willy Jordan, current Executive Financial Manager at Suzano, will take office as CFO. He has been with the Company for four years and manages the treasury, financial planning, internal controls and credit. Prior to Suzano, Willy worked at SAB Trading and at Banco Itaú. He has a bachelor degree in economics from PUC-Rio and has master degree in economics from the EPGE/FGV.

Marcos Stolf will take office as COO. He has been working in forestry industry for over twenty-five years, with experience in project and business development involving wood products. He worked at Celulose Irani, Amcel (Marubeni Group), International Paper, Champion Papel e Celulose in Brazil and Weldwood in Canada. Marcos has a bachelor degree in forest management from ESALQ-USP and MBA from FGV.

Antonio Maciel Neto, current CEO of Suzano will accumulate Investor Relations responsibilities at the Company as of August 16, 2010.

Suzano Renewable Energy was created to be the leader in the global wood pellets market. The renewable energy business is an important part of the Company’s growth plans, and reinforces its competencies and forestry business activities.

São Paulo, July 29, 2010.

André Dorf  
Investor Relations Officer