

SUZANO PAPEL E CELULOSE S.A.

Brazilian Taxpayer ID (CNPJ/MF) No. 16.404.287/0001-55

MATERIAL FACT

For compliance with CVM Instruction No. 358/02, as amended, and further to the material fact released on September 3, 2010, in connection with projects comprising the new growth cycle, **Suzano Papel e Celulose S.A. (Bovespa: SUZB5)** (“Company”) announces to shareholders and the market that the Board of Directors has approved a financing transaction with the Brazilian Economic and Social Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social*), or BNDES, as follows:

Maranhão Project funding:

- **Loan amount:** approximately R\$2.7 billion, structured into tranches
- **Use of proceeds:** construction of a new industrial plant in the state of Maranhão and implementation of the operating support infrastructure and facilities, construction of a biomass cogeneration plant, working capital and acquisition of national machinery and equipment under the Sustain Investment Program - “PSI”, among other things
- **Conditions applying to the loan tranches:**
 - (i) **Term:** up to 138 months
 - (ii) **Grace periods:** up to 42 months before amortization begins
 - (iii) **Interest:** Long-Term Interest Rate (TJLP rate) plus a spread of 1.81% per annum or, as the case may be, exchange rate fluctuation plus 6.0% per annum and, in case the of the tranche linked to the PSI, rate of 5.5% per annum
- **Disbursements:** the disbursements will be made in line with the implementation schedule for the project phases

Debenture issuance:

As a condition of funding by the BNDES and for better adjustment of the capital structure, the Company anticipates implementing a private issue of compulsorily convertible debentures, pending approval at shareholders' meeting. The main characteristics of the issue are the following:

- **Aggregate amount of the issue:** R\$1,200,000,000.00
- **Series:** 1st Series - R\$401,819,000.00 convertible into shares of common stock; 2nd Series - R\$798,181,000.00 convertible into shares of class "A" preferred stock
- **Maturity:** sixty (60) years
- **Yield:** Extended Consumer Price Index (IPCA) plus 4.5% per annum
- **Convertibility:** after two (2) years from the issue date, at discretion of debenture holders or, after three (3) years from the issue date, at discretion of the Company
- **Conversion price:** R\$ 17.39 equivalent to the volume weighted average price for class "A" preferred stock issued by the Company, as determined on the basis of the 20 most recent trading sessions preceding December 15, 2010 (*exclusive*), plus a 12.5% premium
- **Underwriting commitment by BNDESPAR:** up to R\$564,000,000.00

Management anticipates calling a shareholders' meeting to decide on the debenture issue in the first quarter of 2011 and that shareholders of record at the time of the shareholders' meeting will be granted subscription privilege.

The financing transaction with the BNDES will be an important milestone for implementation of the growth plan, will promote the Company's strategy and consolidate its position as one of the largest pulp producers across the world.

São Paulo, December 20, 2010.

Antonio Maciel Neto

Chief Executive Officer and Investor Relations Officer

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