

Operator:

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to the Suzano Pulp & Paper 1Q10 earnings conference call.

Today, we have a simultaneous webcast with slide presentation on the Internet that can be accessed at the site www.suzano.com.br/ir. There will be a replay facility for this call on the website.

We inform you that all participants will be able to listen to the conference during the Company's presentation. After the Company's remarks are over, there will be a question and answer session. At that time further instructions will be given. Should any participant need assistance during this conference, please press *0 for an operator.

Today's speaker will be Mr. Antonio Maciel Neto, CEO.

We also would like to inform that statements made during this conference may constitute forward-looking statements. Such statements are subject to known and unknown risks and uncertainties that could cause the Company's actual results to differ materially from those set forwards in the forward-looking statements.

I will now pass the floor to Mr. Antonio Maciel Neto, who will start today's conference call. Thank you.

Antonio Maciel Neto:

Good morning, everyone. Thank you very much for the attendance on this call. It is a pleasure to have this opportunity to talk about our 1Q results. As usual I will start with some remarks, and we have here all our senior management team, ready to answer the questions just after this brief introduction.

So, starting on the slides you have in front of you, I will present the highlights of 1Q10, starting with the overview of the global market. First talking about pulp, we have seen some restrictions in global pulp supply in different regions in 1Q10, the most important restriction was caused by the earthquake in Chile, but we had also climatic problems in the south of the United States, and ports strikes in Finland as well. From the supply side, this was an unusual quarter, with a lot of problems.

Global market pulp production reached 10 million tons, this is 9.5% higher than 1Q09, but 3.5% lower than the 4Q09. Here you have the opportunity to compare market pulp and eucalyptus pulp shipments. Compared to the 1Q09, we had a good progress, +6.7% for market pulp and +4.4% for eucalyptus pulp; when compared to the 4Q09 then we see some reduction: - 2.7% in market pulp and - 2.4% in eucalyptus pulp.

Pulp inventories are still very low: 26 days is the latest data we have. This is far below the historical average of 33 days. Probably in the future this historical average will be higher than this number, due to the fact that nowadays we have much more volume going to Asia, especially to China, and those transportation days will be, in the future, increase the historical average, or the average days of inventory. Thus, even considering the old reality, current inventories are at very low levels; considering the new reality, we would have a larger gap when compared to the average.

New price increases were announced for April and May, but these price increases are not reflected in the 1Q10 numbers; however it is important to highlight that we have already achieved, since April 1st, US\$ 890 per ton in the reference price, the CIF in Europe.

On the paper market, we have seen very strong domestic demand when compared to the 1Q09. We see good market recovery, as in the printing and writing paper grades in which the industry has increased 17.2% and in paperboard, with an increase of 36.3% compared to 1Q09. So, this is a very strong recovery, with the economy in good shape and recovering very well.

If you compare 1Q10 numbers with 4Q09, you are going to see a drop that is more than explained by the paper market seasonality. We have higher sales volumes in the 4Q every year, and in the 1Q normally we see lower paper sale levels. This is very normal in domestic market, due to the seasons of purchases of our key buyers.

However, we have also seen imports increase in the domestic market. In the printing and writing paper segment, imports were at 21.7% in 4Q09 and are at 24.6% in 1Q10. This is explained by the exchange rate that is currently very attractive to imports, since Brazilian Real is appreciated, and also by the development of the domestic economy. As we faced a slowdown in international markets due to the last crisis, imports were always present in Brazil, that was less affected by the crisis. Nevertheless, the exchange rate is really the key explanation for what happened in the 1Q10.

Looking at the global market, we have a lot of good news, in printing and writing paper market we have seen a good demand recovery compared to the 1Q09: in the United States 7.1% growth, in the Western Europe, 2.4%. So, the market overview is positive for the year, with very strong demand and a good recovery in domestic market, and also in the United States and Europe.

On page three we are going to talk about some 1Q10 highlights for Suzano, as we have already talked about the overall market. Suzano's production reached 653 thousand tons, with total sales volume of 642 thousand tons and net revenue of R\$ 971 million..Pulp production cash cost was R\$425 per ton, we had an increase in our cash cost, and we are going to talk about it a little bit later.

EBITDA reached a record of R\$ 504 million, margin of 51.9%, mainly due to some non-recurring items; EBITDA excluding non-recurring items was R\$ 315 million with margin of 32.4%. Here we can see that we have improved our margins, and this is a good trend compared to what we had in the last quarter. We are back to historical levels of over 30% in 1Q10 with the 32.4%.

A very important highlight of the quarter was the completion of the sale of our forestry asset in Minas Gerais, non-core assets, for R\$ 334 million. Net income of the quarter was R\$ 130 million, and the net debt to EBITDA ratio was 3.4x. Cash and equivalents were R\$ 2.4 billion on the end of March 2010.

Just a quick comment on the sale of our asset in Minas Gerais: results of this sale have already been considered in the 1Q10 EBITDA. When we see the improvement in the net debt/EBITDA ratio in this quarter, we have already considered the sales of the

forestry asset. However, the cash came after the end of the quarter, only in April, so it's not booked yet.

Page four, this is one page to comment our pulp business. Sales of 385 thousand tons in 1Q10, this is 6.6% lower than in 4Q09, and 8.5% lower than in 1Q09. This reduction in sales volume is explained by the Mucuri unit downtime that we announced in January. We have communicated to the market that we lost 42 thousand tons due to a maintenance downtime. If we have had this additional volume, we would have sold much more, because we had demand for that.

We had a good improvement at our average net price compared to 4Q09, and as well good improvements compared to the 1Q09, 23.5% higher. It's also important to underline that those numbers, as we had additional price increase in the beginning of April and in the beginning of May, will be even higher as we report the 2Q10. Net revenue from our pulp business was R\$ 448 million, 9.2% higher than in 4Q09 and 15% higher than in 1Q09, in Reais.

Destination of our pulp sales, that you can see here on the bottom, at the right side of the slide, Asia had 38.8% in 4Q09, and in this quarter 37.4%, very well aligned with that number; Europe 35.8% in 4Q09 and 36.4% in 1Q10, the same for Brazil, 17,8% in 4Q09 and 17,4% in 1Q10. So, we have had a very consistent destination for our pulp, aligned with our strategy.

On page five, some comments on paper business unit. The key point here is to compare our volumes in 1Q10 with those of 1Q09. You can see that for printing and writing grades there was an increase of sales volume of 11.9%, and for paperboard, an increase of 15.5%.

However, the average price in domestic market is still 9.9% below than in 1Q09. So, we have increased our prices but not enough to be at the same level of average price. Here we also have a big impact of exports, in which the exchange rate caused some damage in our numbers related to prices.

Domestic sales were 53.7% of the total sales and also here you can see what was mentioned before about the exports, average net prices in USD compared to 4Q09, increased 2.2% and in Reais, 6%. However, if compared to 1Q09, our price in Reais was 18.6% below the same period of last year. In USD you can see that we have increased our price by 4.4%.

Destination of our paper sales: you can see that in 4Q09 Brazil represented 55.1% and now it was 53.7%. However, the South and Central America had 12.6% in 4Q09 and now has 16.5%. So, the combination of Brazil, South and Central America together have about 70% of our paper sales.

North America has around 10.7% in the 1Q10 and 10.9% in the 4Q09. Europe, 12.4% in 1Q10 and 12.3% in 4Q09. So, that is also very well aligned in those two quarters regarding the paper destination and paper exports.

On page six, you see we had a higher share of pulp in the Suzano's revenue, 46% now in this quarter compared to 40% in 4Q09.

Pulp cash cost was 6.8% higher than in 4Q09. We had a higher cost related to the wood that we buy from our suppliers, this is also because now we are using a higher percentage of wood bought from our suppliers compared to the percentage that we had last year.

We also had an increase in the soda prices during the quarter, and a lower dilution of the fixed costs due to the loss of the production. So, as we took a downtime at Mucuri unit and we did not produce around 42 thousand tons in January, the dilution of fixed costs was weaker, we had a lower dilution of this value.

EBITDA margin was of 51.9%, as I have mentioned before. Non-recurring items were at R\$ 190 million, so the EBITDA for the normal standard operation was R\$ 315 million with a margin of 32.4%. On the bottom of the slide you see the graphs and you see that we are progressing very well regarding the EBITDA numbers and margins.

Page seven, just some piece of information about our debts and leverage: when we finished the quarter the total debt was R\$ 6.5 billion, cash and cash equivalents around R\$ 2.4 billion, so a net debt of around R\$ 4,088 million and this is equivalent to a net debt/EBITDA ratio of 3.4x. We see that we had a good progress compared to the end of 4Q09 when the net debt/EBITDA ratio was at 3.9x.

On the bottom of the page you can see the graph that shows the amortization schedule. So, we have cash and equivalents of R\$ 2.4 billion and here you can see that we are in a very good shape to pay our debt and we do not see any problem to maintain the solid finance position that Suzano has and has been gaining for a while.

Going to the final comments, my last page here, I relate to the key message just to conclude the presentation of this call. The first bullet point is related to the pulp and paper markets, higher demand on paper in the domestic market and pulp inventories below the historical levels, and as we have seen before, recovery of paper production in Europe and in the United States, this directly reflects on the pulp demand.

We do not foresee any big problem for the coming quarters. The recovery that we have seen in the United States and Europe is compared to a low base, but it is consistent and progressive. China keeps demanding pulp, with a lot of new paper machines, coming on stream in the coming years. Good for the supply and demand equation.

Operational margins are recovering, 32.4% in 1Q10. Good cost management and price combined with an improvement of volumes of pulp and paper business as well.

Solid financial position with strong management style maintaining an adequate debt profile and competitive debt cost. Now we see what we've planned before the crisis. Leverage reduction, from 3.9x in December 2009 to 3.4x in March 2010.

Talking about our growth strategy, the projects of Maranhão and Piauí are progressing well, green field project and basic engineering project in progress. Discussions about new technologies and alternatives to reduce cost and to improve production and productivity are in progress as well.

The industrial license process in Maranhão and the forest formation has already begun and we have most of it already concluded and now we are starting to work on the industrial project.

We have launched the forestry partnership program in Piauí, a program dedicated to small farmers, we registered a good number of farmers willing to participate with us in this project and we plan to have between 20% and 30% of the wood supply for the plant coming from small farms and partners, generating a lot of jobs and opportunities in the region. This has been extremely well accepted in the state and raises Suzano's reputation as well.

As I have mentioned in the beginning, the sale of the non-strategic forestry assets in Minas Gerais was an important achievement during this quarter..This was important for our assets, for the new growth cycle and also to improve our net debt and improve our cash condition.

Also yesterday, I hope you had the opportunity to look at the announcement we sent out to the market, we made an offer to acquire Futuragene. Futuragene is a technological biotech oriented company, with it's headquarters located in London, but they have their scientific and technological operation in Israel and also some operation in China.

This is a forest oriented company, with a wide project portfolio on different sectors, however their key projects are related to forests, and Suzano already owned about 7% of this company shares. We have projects with them and now we reached an agreement with the current shareholders for Suzano to buy the other 93% shares of Futuragene. This acquisition is 100% aligned with what we have discussed before, and related to our long-term vision.

You know that we have discussed many times with you about our obsession related to forestry productivity, this is one of the key leverages that we have to increase and to enhance the Company's value. We are a forestry-based company and the way we increase further the area that we manage and the supply of the wood is a key element of our competitiveness, productivity in the forest lands is extremely important.

This is what we can mention for now, we can only mention that this company has good projects in forests, although they have also studies in other areas as well, including the biofuels and other kind of plants. Along with the experience that Suzano has in this area, we are going to be able to move forward and to present good progress in productivity.

This is aligned with our strategy, to increase our productivity, and also very well aligned with our sustainability project as well, because the productivity means lower consumption of water and lower utilization of land. Productivity and technology, biotech in this case, for forest are extremely well aligned. So, this is a step forward as we build our future.

For now this is what we can say, we made the offer and now this is going to take some weeks to receive the final conclusion of the process that is going on in London, and as soon as we have the completion of the transaction, we are going to have the

opportunity to talk to you and give more details and go in depth with the strategy and how we are going to capture all the benefits of this acquisition.

So I will stop here, and I will return the floor to the coordinator and we will be happy to answer the questions that you are going to present. Thank you very much.

Marcelo Aguiar, Goldman Sachs:

Hi, everyone, thank you for the call. I have a couple of questions. I am going to make three at this point. You wrote in your press release that the price increase of February and March, the pulp price increase of February and March did not have a full impact in the quarter, so I would like to understand why this happened and what type of impact should this leftover for the 2Q for only those price increases, I mean February and March.

André Dorf:

Hi, Marcelo. It did not have the full impact basically because it happened after the quarter had started, I mean when we had the price increases in February and March, the quarter results did not capture in full these two moves. In addition to that, we have other price increases for April and May.

Marcelo Aguiar:

OK, André, I apologize for my question, so this is just because of a matter of when it was the increase, not because it was not fully implemented.

André Dorf:

That is right.

Marcelo Aguiar:

OK. And continuing on the price front, there is a bunch of announcements of paper price increases in Brazil and abroad, and you have several different grades of paper, can you just talk to us, or run through what you announced for the international market and what this represents when you compare, I mean, if those prices would remain in full for the quarter, what does this represent in a growth in a quarter-over-quarter basis?

Carlos Aníbal:

Marcelo, good morning. It is true that we made some announcements, we can expect in the export market for the 2Q10 an increase of around 5%. When we announced new prices, all the orders will come with the new prices, but until we produce the paper, we ship the paper, that takes us another one, two or even three months until we can capture in full the new prices. So again, for the 2Q10, you can consider a growth of around 5% in comparison with the 1Q10 in USD.

Marcelo Aguiar:

I am sorry, was this related to the international market or domestic market?

Carlos Aníbal:

International market.

Marcelo Aguiar:

And then there is a leftover for the 3Q10 of what you have now?

Carlos Aníbal:

We could expect another 5% to 7% for the 3Q10 as well. We need to bear in mind that when we announce prices in Europe, those prices are in local currency, so whenever there is a currency devaluation there, in USD the price would be the same, but that is applied only for Europe, in the other regions we expect to capture in full the new price increases.

Marcelo Aguiar:

OK, gentlemen, thank you very much. I have other questions but I am going to get back to the queue.

Alexandre Miguel, Itaú:

Hi. Good morning, everyone. My first question is regarding pulp prices, if you could elaborate on how do you see the supply demand scenario in the short term. We already saw some softwood producers announcing a US\$ 20 price increase for June, and we are wondering here if you think this would be the same case for hardwood.

Alexandre Yambanis:

We see supply and demand holding firm despite some reports from analysts that some traders in China are selling some inventories of both softwood and hardwood. This in our view is a simple dropping-and-taking exercise, we see supply and demand firm, we saw the announcement of US\$ 20 increase for the European market and we are analyzing the market to determine what course of action we should take. At this point, we would not like to give a forward answer regarding our prices.

Alexandre Miguel:

OK. Another question regarding the paper market in Brazil, can you elaborate on how you are seeing the demand growth going forward and how do you see competition, specially in the cardboard business or from imports in the coated business?

Carlos Aníbal:

OK. Good morning. Regarding demand, we are quite positive, on the top of the demand organic growth, due to the good momentum that we have in our economy, we

also have some special events like World Cup, elections and also the Brazilian book program which help us to increase or to improve even more the demand this year.

Regarding the imports, when we look at what took place in the 1Q10, tonnage wise, the numbers were pretty much the same of what we had in the 4Q09, which means that we did not have a big growth in volume. For most of the imports that we had in the 1Q10, the orders were placed there with the sellers outside at late 2009, when the price and the supply scenario were quite different than the one we have today. Today we have a much more limited supply, prices are moving up and therefore with all that together we believe that, on a percentage basis, we are going to see a drop of the imports now in the 2Q10 and that applies to coated paper and also to offset paper.

Regarding the competition in the cartonboard markets, I think Suzano has a unique position in terms of having a more complete scope of products; we have since the simplest one like the duplex, until the more complex like the triplex, where our market share is over 80%. We announced a price increase last year, our priority was to implement this price increase, we were successful, prices went up almost 5%.

We believe that we have a different and more complete scope of supply, we have a good quality, we have good applications, we have a good scope of services which allows us to work with pricing in a different way. So in the 1Q10, it is true that we lost market share, but we are working well to compensate and improve that in the 2Q10.

Alexandre Miguel:

OK. Thank you, Carlos.

Thiago Lofiego, Merrill Lynch:

Hi, good morning, gentlemen. So my first question is about your pulp cash cost per ton. If you could provide any color on why you increased third-party wood purchases and also if you are feeling any additional cost pressures in the other raw material fronts going forward. That would be my first question, please.

André Dorf:

Hi, Thiago. Regarding the cost, you are right, we had a 6.8% increase compared to 4Q09 and this is mainly related to an increase in the wood that we bought from third parties. This is because we adopted the strategy of reducing those purchases last year due to the crisis environment and now we are coming back to the 20% level third-party wood supply in our supply matrix. Just to give you the right number, we jumped from 8% in the 4Q09 to 17% in the 1Q10.

Ernesto Pousada:

Regarding the other raw material, we do not see any major change in the prices, in the cost of the raw materials.

Thiago Lofiego:

OK. So just going forward, should be this level of cash cost that we can expect for this year or are your planning on increasing even more third-party wood purchases?

André Dorf:

We believe that we can improve it incrementally due to more stability in the plants, because in the 1Q10 we had that non-planned downtime and that caused some disruptions in our cost. So we would expect overtime to go a little lower.

Ernesto Pousada:

Regarding the third-party wood supply, it should be the same going forward.

Thiago Lofiego:

OK. I mean, the R\$ 425 per ton, that is already adjusted for the operating problems, right? So I guess my question is: is the R\$ 425 million sustainable or should we expect it to come a little bit lower or higher?

André Dorf:

This is what Ernesto just mentioned, that although we had those costs related to the stop and maintenance downtime, not scheduled downtime, there were also some instabilities that affected the cost during January specifically. So, we should be able to improve a little bit this number going forward.

Thiago Lofiego:

OK. That is clear. Thank you. My second question is regarding the pulp demand. Do you expect any kind of pullback in the coming months as we enter the summer months in the Northern Hemisphere, or do you think the increased demand from Europe and North America should offset that seasonal traditional pullback?

Alexandre Yambanis:

We will likely see the seasonal traditional pullback, because it is a seasonal factor affecting paper demand in the Northern Hemisphere, especially in Europe. But if you wish, we have considered that seasonal pullback in our pricing scenario, so we see a fairly balanced market in terms of supply and demand, and in favor, you know, a tightness to continue.

Thiago Lofiego:

OK. Thank you.

Debbie Bobovnikova, JPMorgan:

I am going to ask the same question that you heard, but maybe in a slightly different fashion. But about the pulp price increase that we saw from 4Q09, if we look at the

previous price hikes, there has been a pretty good pattern when one producer comes out with a hike and then within a couple of days we see other producers following. This time it has been about a week now, and we are yet to see any other announcements. And this announcement seems to be the only one out there at much lower magnitude than we have seen in previous announcement, it is only for one region, Europe.

I am just wondering, I know you are not going to give us a very concrete outlook, but it seems like at least the emphasis, the hike of pulp prices is kind of slowing down. So, is that kind of your view that overall maybe pulp prices do not roll over, but at the same time it is hard to argue for much higher pricing, or do you think there is still such a tight supply demand scenario that we can see pulp prices significantly higher, given the outlook for fundamentals for paper demand as well as for pulp supply?

Alexandre Yambanis:

I would reference my answer by saying that the sky is not the limit when it comes to pulp prices. And pulp prices have already reached a level that is, I would call them, very comfortable.

Embedded with that, I would like to say that inventories are still very tight. Inventories concerning not only the 20 reporting nations, but we have insider, privileged information that we receive from agents and so forth, telling us that inventories, on the broad sense, are tighter than otherwise.

This being said, I guess I do not have an answer for the week delay for any other producer to react, other than to say that I imagine – and this is just my imagination – that people are taking some time to think about it and think what kind of move would be appropriated.

But overall I would emphasize that the market continues tight, not only from a supply standpoint, from the demand as well. This being said, we are reaching levels where I believe people would like to think before jumping.

Debbie Bobovnikova:

Very clear. And can you give us any color on what you are seeing in China right now. Because obviously the success we are seeing in terms of the demand from China and that shows a very short rollover versus a year ago but that was a very strong call.

I am just trying to get a sense from you, given that you have some kind of forward view on your customers demands, how strong has Chinese demand been in the past few months for you? And kind of how far forward, can you see that demand? And also if you can give us any more color, which sectors is it coming from? Is it more the tissue manufacturers, the printing and writing, the packaging guys, or is something going to the traders? Any color you can give us.

Alexandre Yambanis:

Chinese demand has been robust. I would like to say that the slower import into China in the 1Q10 was mainly, chiefly due to the exceptional events we experienced, namely

the earthquake in Chile, the strike in Scandinavia, the rains in North America and so forth.

Chinese demand to the best of our knowledge continues to be robust. We have and you have read as well from analysts reporting, that the subtraders have been selling pulp at discounted price to the list price. This is fairly normal at this point of the cycle. As we mentioned before, prices are pretty high at historical levels. Therefore it is normal to have traders realizing profits.

At this stage, they will not wait until the last moment of the peak to start doing it, so they started doing it already. This is not affecting any of our customers when it comes to demand from Suzano. We are getting all of our orders after the announced prices.

So, to finish your last question, going forward if I could give some color on the Chinese demand; as I mentioned earlier in the Portuguese version of the call, we have compounded anywhere from 3 million to 4.5 million tons of new paper capacity. This is a mixture between printing and writing, board and tissue, to come on-stream on the next 20 months.

Even if you consider some of the smaller paper mills might shut down because of competition with these newcomers, which are, of course, starting up with very modern and performing paper machines, even though you see that the demand, the pent-up demand in China will be more than sufficient to accommodate the April startup, and to accommodate all the optimizations, the small debottlenecking we will see around the world. So, we are very confident in the months going forward that the demand in China will continue to be healthy.

Debbie Bobovnikova:

But in terms of what you see from your own customers, are you seeing substantial strength in demand from your own customers in China in the next few months, or has there been a change?

Alexandre Yambanis:

No. What we see for our own customers, we could easily extrapolate to the market overall. I do not believe that our customers are cancelling the tonnages from our competitors and centralizing their purchases on Suzano. I do not believe this is the case. So, I believe that the market overall is still healthy.

Debbie Bobovnikova:

Perfect. And if I can just ask quickly one last different boring question, but there were a number of one-offs in the quarter, and I just wanted to understand a little bit better where they came from and what to expect in the coming quarters. I noticed there was an inventory loss provision of about R\$ 40 million, you also took a charge for your SG&A for doubtful accounts and there were some losses on your pulp swaps as well as your interest rate swaps. Can you give us a little bit more color in each of those three and what to expect in the coming quarters?

Bernardo Szpigel:

On these three topics, first we have some R\$ 41.7 million charged in our costs, and they are basically related to two things. One of them is tax provision. Taxes in Brazil, some of our VAT taxes, PIS/Cofins, has a legislation that is changing, the new legislation, recently changed, and it is subject to revisions from time to time, given the tax authorities of the court system, which is the exact interpretation that should be applied.

So, we review this at a continuous basis, and from time to time we make adjustments. This time around we reviewed again and we decided to increase provisions for that purpose. This represents about 1/3 of the R\$ 41.7 million that goes for that.

Then we also have conducted several reviews of all of our inventories, in particularly the case of our forestry and wood inventories. This was the result of that, we decided to increase our provision to reduce our inventories and put a charge on this; this represents something like another 1/3 of the R\$ 42 million. So, 2/3, one of them is tax and the other one is forestry inventories. And the other 1/3 is other general inventories in several different regions. These are non-recurring assets, we do not expect this to occur again.

On the bad debts, this is mainly one specific case. It is not something that in fact happened recently, it is something that we were working on, restructuring that would allow us to recover and restructure all of the debtors. In the end, we concluded that the debt would not be possible so we decided to take it to bad debt in the quarter. Again, this is non-recurring, it is a large one, but it is a non-recurring very specific item.

Then there was another one. Hedging, this is going to happen normally. Depending on the exchange rate position and, you know, there is volatility, we take some position in non-deliverable forwards, looking at down exports, we have explained this in other occasions. And it is based on the fluctuation of our position in NDF, non-deliverable forwards, against the volatility of the Real against the USD.

So, this quarter it moved on the negative side. And in previous quarters it has moved on the positive side. So, it is a fluctuation that will occur as the exchange rate changes.

Debbie Bobovnikova:

I was asking in particular about the pulp price, I think that is what is referencing the press release. So, at least, if I read it correctly, they are not your currency hedges but your pulp price hedges.

Bernardo Szpigel:

Also, due to a limited amount, the market for pulp swaps is very limited, unfortunately. It has not developed. But we do take positions regularly, looking at what is available in the market and our view of prices, so we take position to reduce the volatility of our pulp prices. So, depending on how prices move relative to our market position, this may reflect a loss.

Since pulp prices have moved up continuously because of facts that were not foreseen at the time, like the Chilean earthquake and the very tight supply and demand balance that we have. For some of these older contracts we had some losses.

Debbie Bobovnikova:

And where are you positioned today versus the end of the quarter and versus, let us say, a quarter ago in your pulp hedges?

Bernardo Szpigel:

It is about the same. This quarter alone we did not increase our position significantly. We did some – I do not recall exactly – something like 10 thousand tons for a period of 12 months. It is a limited amount.

André Dorf:

For derivatives as a whole we have US\$ 284 million in exposure.

Bernardo Szpigel:

In derivatives, yes.

André Dorf:

As a whole.

Bernardo Szpigel:

As a whole.

Alexandre Yambanis:

On the pulp swap, the market is very shallow and all we do is minor tonnages just to, first of all, contribute, because we think as it becomes less shallow and more broadly traded it would benefit the industry and in particular Suzano. But it is really a very tiny portion of our pulp sales.

Debbie Bobovnikova:

Thanks. And on those losses for SG&A on the bad debt account, is that related to the, let us say, 4Q08? Is that the economic downturn? Or when did that problem begin?

Bernardo Szpigel:

It is not related to the downturn. The thing is prior to the crisis and it was taking another direction in terms of restructuring the debtor, but it is not a recent event.

Debbie Bobovnikova:

OK. Thank you very much.

Juan Tavarez, Citi:

Hi, thank you. The first question is regarding the acquisition you did of Futuragene; obviously that should improve a lot of your yields for those new projects you have. Could you give us a sense of where your yields are today, and specifically for those two regions in Maranhão and Piauí? What type of yields do you see in those regions?

André Dorf:

Hi, Juan. Regarding the yields we have an average for the Company between 44 m³ and 45 m³ per hectare per year. This is the average for the Company. And we envision the yields in the Northeastern region, specifically in Maranhão and Piauí of around 40 m³. So, it is still above the Brazilian average but a little bit below our average.

In respect to the acquisition of Futuragene, as Maciel mentioned, we will not disclose anything as of now because the deal is ongoing, we still need the approval from their shareholders and the UK Court. So, we'll wait for that until we disclose more info about that.

Juan Tavarez:

OK, thanks. And on pulp demand, obviously the Euro is having a huge impact on the cost structures in Europe. Are you seeing any resistance for this main implementation? Or I guess another way is if it has been implemented, have you seen yourself having to negotiate, I guess, a larger discount with the Europeans?

Alexandre Yambanis:

No, Juan. We have fully implemented our main prices in Europe, without any resistance from the customers. And the weakening of the Euro has, if you wish, a compensating effect because it favors European papermakers' exports. So, between one and the other, prices have gone through without any resistance.

Juan Tavarez:

So, I guess with that, would it threaten your domestic market in paper in terms of seeing some of those imports coming to Brazil, now that we are seeing paper prices increase domestically as well? Do you see that as a risk?

Alexandre Yambanis:

Well, I will pass the word to my colleague Carlos on imported paper in Brazil, but I would like to say that the imports are not as significant as they are in the United States, for example, North America and other markets.

Carlos Aníbal:

So, coming from Europe, Juan, we have mainly coated paper. At the same time that we have a weaker Euro, we have prices in Europe moving up for coated paper. So, we do not believe we are going to see impact in the domestic market.

Juan Tavaréz:

OK. And also just one point that you stated in your press release about the spread between softwood and hardwood expanding. We have seen that pretty large for some time, but you noted that you have seen some substitution. Is there really more room for substitution there, between hardwood and softwood?

Alexandre Yambanis:

Definitely. If you consider that this Company produces a sheet of printing and writing paper out of 100% eucalyptus pulp, there is definitely more room for substitution. Substitution, of course, I am excluding the very special paper grades, which demand NBSK, for example, for extra strength. But substitution, in my opinion, has still a long way to go, in all categories. Even in tissue products substitution has a long way to go, as I said, and the potential is huge.

Juan Tavaréz:

All right, great. That was helpful. Thank you.

Bruno Savaris, Credit Suisse:

Hello, everyone. Just a simple question on the pulp market: recently there were some news about a couple of large paper producers in Europe announcing an agreement to jointly work on pulp procurement. If this is the case, in your view what could be the implications for the pulp market? Perhaps an increase in contract discounts or should it be just a punctual development? That is it. Thank you.

Alexandre Yambanis:

In the first place, I know that you are referring to the tissue and coated paper producers that announced that intention to purchase jointly. This is very premature to start with. From a legal standpoint that would represent quite some obstacles for us to deliver to such an entity, unless it was a full-blown JV, which is not the case for the time being. But, again, we have not seen enough data and details about that, so it is very difficult for us to express any comments.

Bruno Savaris:

OK. Thank you very much.

Marcos Assumpção, Itaú:

Hi, good morning, everyone. My first question is to Pousada, I am sorry if you already answered this one, I just got into the call. Can you comment a little bit on the operating performance of Mucuri in April and also in May, after the maintenance that was done in the beginning of the year?

Ernesto Pousada:

OK. I think I mentioned in the call, but actually we had problems in the beginning of the 1Q10, and after that, already in the 1Q10, in March, we reached a new record of production in Line 2 of Mucuri. And we reached again a very good and stable condition of production in the Mucuri mill.

Yes, April and May continue to be stable.

Operator:

This concludes our question and answer session for today. At this time I would like to turn the floor back to Mr. Antonio Maciel Neto for any closing remarks.

Antonio Maciel Neto:

OK. Thank you very much for the participation today. If you still have other questions to our team, we will be happy to answer them. Everybody will be available here, André, Andrea and the whole team. Please, direct your questions to them and we will be pleased to answer.

My key message, just to repeat what we said before, we are comfortable with the market conditions. As we mentioned before, domestic markets are very strong in paper, the international markets are recovering for pulp, demand in China remains strong, where you know that Suzano is well connected, we have very good contracts.

In fact, Alexandre and I, in two weeks, will be spending some time in Asia, visiting our customers and talking about the future. So, I think that, from the demand side, we have a strong position.

Our operations are more stable as we speak, so this is going to be reflected on costs, as well as we move forward. So, this will give us a continuous support in our financial positions, and will also support our growth strategy.

We are happy with this possible acquisition of Futuragene, to move forward on the productivity side of our forestry business. So, as soon as we have this deal completed we will disclose our perceptions about the future of the Company and how we can be organized to capture all the benefits of this acquisition in the future.

So, this is what we have for today. And I would like to thank everybody for the participation.

Operator:

Thank you. This concludes today's conference. Thank you for joining. You may now disconnect.



**Conference Call Transcript
1Q10 Results
Suzano Pulp & Paper (SUZB5 BZ)
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