Financial Statements

Suzano Papel e Celulose S.A.

December 31, 2009 and 2008
With Report of Independent Auditors

Suzano Papel e Celulose S.A.

Financial statements

December 31, 2009 and 2008

Contents

A free translation from Portuguese into English of Report of Independent Auditors of financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil

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

Suzano Papel e Celulose S.A.

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

	Parent Company		Consolidated	
	2009	2008	2009	2008
Assets				
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
Recoverable 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
Recoverable 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
Long term assets	**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 assets (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

	Parent Company		Consolidated	
	2009	**2008**	**2009**	**2008**
Liabilities and shareholdes´equity				
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 related taxes	**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 (Note 24)	**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 (Note 24)				
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

See accompanying notes.

Suzano Papel e Celulose S.A.

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, 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 (loss) for the year	**853,315**	(434,783)	**877,932**	(451,308)
Net income (loss) per share	**2,78392**	(1,41847)		
Number of outstanding shares at the years end	**306,516**	306,516		

See accompanying notes.

Suzano Papel e Celulose S.A.

Statements of changes in shareholders' equity
Years ended December 31, 2009 and 2008
(In thousands of reais)

Parent Company	Capital	Capital reserves: Tax incentives	Capital reserves: Special goodwill reserve	Capital reserves: Treasury shares	Income reserves: Legal reserve	Income reserves: Reserve for capital increase	Income reserves: 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)	-
Reserve 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.

Suzano Papel e Celulose S.A.

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 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) 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 contribuitions	**(73,890)**	(79,182)	**(75,037)**	(86,881)
Payment of income and social contribuition 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 equipment	**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.

Suzano Papel e Celulose S.A.

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

	Parent Company		Consolidated	
	2009	2008	2009	2008
Revenues				
Sale of products and services	**4,118,013**	4,847,392	**4,428,460**	4,670,736
Other operating income	**88,895**	80,839	**105,520**	146,800
Income related to the construction of own assets	**89,840**	68,602	**89,912**	68,602
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
Inputs acquired from third parties				
Cost of goods and services sold	**(1,562,851)**	(1,519,587)	**(2,009,684)**	(1,466,965)
Materials, electricity, outsourced services and others	**(1,295,608)**	(1,646,164)	**(1,099,773)**	(1,364,765)
Loss of assets	**(58,982)**	(60,431)	**(58,982)**	(60,431)
	(2,917,441)	(3,226,182)	**(3,168,439)**	(2,892,161)
Gross value added	**1,375,909**	1,761,550	**1,452,055**	1,983,947
Depreciation, depletion and amortization	**475,988**	375,334	**485,022**	451,763
Net value added generated by the Company	**899,921**	1,386,216	**967,033**	1,532,184
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
Value added to be distributed	**962,910**	1,809,761	**1,091,403**	1,974,586
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 of shareholders	**853,315**	(434,783)	**877,932**	(451,308)
Dividends and Interest in shareholder's equity	**230,812**	-	**230,812**	-
Retained earnings / 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.

2. Basis of the preparation and presentation of financial statements (Continued)

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 Investments and translation of balances denominated in foreign currency

a) Investments, functional currency and presentation of the financial statements

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.

3. Summary of significant accounting practices (Continued)

3.2 Investments and translation of balances denominated in foreign currency (Continued)

a) Investments, functional currency and presentation of the financial statements (Continued)

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. Summary of significant accounting practices (Continued)

3.3 Financial instruments (Continued)

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.

3. Summary of significant accounting practices (Continued)

3.3 Financial instruments (Continued)

3.3.2. Financial liabilities: (Continued)

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 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. Summary of significant accounting practices (Continued)

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. Summary of significant accounting practices (Continued)

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. Summary of significant accounting practices (Continued)

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. Summary of significant accounting practices (Continued)

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. Summary of significant accounting practices (Continued)

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. Summary of significant accounting practices (Continued)

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.

(In thousands of reais, except where specifically mentioned otherwise)

4. **Consolidated financial statements** (Continued)

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 contribution taxes	**759**
Loss for the year	**(3,685)**

Conpacel

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

	2009
Liabilities	
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**

(In thousands of reais, except where specifically mentioned otherwise)

4. Consolidated financial statements (Continued)

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).

(In thousands of reais, except where specifically mentioned otherwise)

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

(In thousands of reais, except where specifically mentioned otherwise)

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.

(In thousands of reais, except where specifically mentioned otherwise)

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 11,638/07 and 11,941/09	**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

(In thousands of reais, except where specifically mentioned otherwise)

9. Income and social contribution taxes (Continued)

Deferred income and social contribution taxes (Continued)

	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 11,638/07 and 11,941/09	**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.

(In thousands of reais, except where specifically mentioned otherwise)

9. Income and social contribution taxes (Continued)

Deferred income and social contribution taxes (Continued)

Based on this technical analysis of future taxable income using the current year balances, the Company expects to recover these tax credits in the following years:

	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.

9. Income and social contribution taxes (Continued)

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.

(In thousands of reais, except where specifically mentioned otherwise)

9. Income and social contribution taxes (Continued)

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 rate:				
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

(In thousands of reais, except where specifically mentioned otherwise)

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.

(In thousands of reais, except where specifically mentioned otherwise)

12. **Investments** (Continued)

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 Comercial 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 Empreendimentos Imobiliarios Ltda.		(27)	(86)	100%	(86)	9	(27)	9
Buran Empreendimentos Imobiliarios Ltda.	(f)	-	376	100%	376	(32)	-	(30)
Grasdate Empreendimentos Imobiliarios Ltda.	(e)	-	3	100%	3	(3)	-	(1)
Vanua Empreendimentos Imobiliarios Ltda.	(e)	-	121	100%	121	(120)	-	(118)
Vale do Jequetinhinha Sivicultura e Participações Ltda.	(g)	-	-	100%	-	-	-	-
Turmalina Sivicultura e Participações Ltda.	(g)	-	-	100%	-	-	-	-
Pakprint S.A	(d)	-	-	100%	-	(277)	-	-
		-	-	20%	-	-	-	-
Total investments in subsidiaries and affiliates					(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

12. **Investments** (Continued)

Detailed position on investments (Continued)

(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.

(In thousands of reais, except where specifically mentioned otherwise)

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).

(In thousands of reais, except where specifically mentioned otherwise)

13. Property, plant and equipment (Continued)

Consolidated

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**

14. Intangible assets – unconsolidated and consolidated (Continued)

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.

(In thousands of reais, except where specifically mentioned otherwise)

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.

(In thousands of reais, except where specifically mentioned otherwise)

15. Loans and financing (Continued)

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 equipment	**98,557**	94,954
(-) Accumulated depreciation	**(39,236)**	(30,434)
Property, plant and equipment, net	**59,321**	64,520
Present value of minimum lease payments :		
Less than 1 year	**14,986**	14,249
More than 1 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

(In thousands of reais, except where specifically mentioned otherwise)

16. Debentures - unconsolidated and consolidated

			2009			2008	Index	Interest	Due date
Issue	Series	Units	Current	Noncurrent	Current and Noncurrent	Current and Noncurrent			
3rd	1st	333,000	**29,362**	**426,577**	**455,939**	459,624	IGP-M	10% *	04/01/2014
3rd	2nd	167,000	**904**	**95,765**	**96,669**	130,842	USD	9,85%	05/07/2019
4th	1st	79,735	**27,889**	**54,659**	**82,548**	82,399	TJLP	2,50%	12/01/2012
4th	2nd	159,471	**55,592**	**108,962**	**164,554**	164,054	TJLP	2,50%	12/01/2012
			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.

16. Debentures - unconsolidated and consolidated (Continued)

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.

(In thousands of reais, except where specifically mentioned otherwise)

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 Participaçoes	-		-	-	-		(232)
Mabex Representações e Participações Ltda	-		-	-	-		(343)
Brasilprev Seguos e Previdência S.A	-		-	-	-		(4,203)
Lazam MDS Corretora e Adm. Seguros S.A.	-		-	-	-		(248)
Consolidated	37,664		-	-	-		90,631
Parent Company	656,902		1,111	19,092	174,119		1,989,134

(In thousands of reais, except where specifically mentioned otherwise)

17. Related parties (Continued)

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	-	-	-
Onduman 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 Participaçoes	-	-	-	-	(194)
Mabex Representações e Participações Ltda	-	-	-	-	(131)
Brasilprev Seguos e Previdência S.A	-	-	521	-	(3,873)
Lazam MDS Corretora e Adm. Seguros 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.

(In thousands of reais, except where specifically mentioned otherwise)

17. Related parties (Continued)

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)

(In thousands of reais, except where specifically mentioned otherwise)

18. Provisions for contingencies and actuarial liabilities (Continued)

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
Contingencies 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.

18. Provisions for contingencies and actuarial liabilities (Continued)

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.

18. Provisions for contingencies and actuarial liabilities (Continued)

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.

20. Share-based payments (Continued)

Share-based payments – cash settled transactions (Continued)

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.

20. Share-based payments (Continued)

Share-based payments – cash settled transactions (Continued)

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.

(In thousands of reais, except where specifically mentioned otherwise)

20. Share-based payments (Continued)

Share-based plans payable in shares or alternatively in cash (Continued)

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:

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

(In thousands of reais, except where specifically mentioned otherwise)

20. Share-based payments (Continued)

Share-based plans payable in shares or alternatively in cash (Continued)

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 x Q)-(Pe x 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%

(In thousands of reais, except where specifically mentioned otherwise)

20. Share-based payments (Continued)

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

						Quantity					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**	**awarded**	**Exercised**	**Exercised by fired**	**Not exercised by fired**	**Total at 12/31/2009**	**Average price of the shares exercised**
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	march, 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**	**-**

(In thousands of reais, except where specifically mentioned otherwise)

20. Share-based payments (Continued)

Summary of information relating to compensation plans based on shares (Continued)

Parent company and consolidated

						Quantity					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**	**awarded**	**Exercised**	**Exercised by fired**	**Not exercised by fired**	**Total at 12/31/2008**	**Average price of the shares exercised**
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	march, 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

(In thousands of reais, except where specifically mentioned otherwise)

20. Share-based payments (Continued)

Summary of information relating to compensation plans based on shares (Continued)

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

Parent Company and Consolidated										Dez/2009
				Price		Quantity of Shares				
Series awarded	Date of Award	1st date Exercise	2nd date of exercise and settlement	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**	**06/01/2012**	**12/31/2012**	**11,36**	**10,70**	**50,000**	**-**	**-**	**-**	**50,000**
Série III	**08/10/2009**	**06/01/2012**	**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:

(In thousands of reais, except where specifically mentioned otherwise)

20. Share-based payments (Continued)

Recognition and measurement of fair value of share-based payments (Continued)

	Indicators	
Description of assumptions	**Phantom 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 (4)	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 prices of 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 noncurrent liabilities.

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

	Liabilities		Statement of income	
	2009	**2008**	**2009**	**2008**
Plan of remuneration based on shares (noncurrent liabilities)	**12,851**	3,582	-	**-**
Income (expenses) with remuneration based on shares - Phantom 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.

23. Financial instruments (Continued)

a) Overview (Continnued)

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.

(In thousands of reais, except where specifically mentioned otherwise)

23. Financial instruments (Continued)

b) Assessment (Continued)

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.

23. Financial instruments (Continued)

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.

23. Financial instruments (Continued)

d) Interest and exchange rate risk (Continued)

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:

(In thousands of reais, except where specifically mentioned otherwise)

23. Financial instruments (Continued)

e) Outstanding derivatives (Continued)

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	**from**								
Asset Position - US$ Libor	**01/04/2010 till**	**1,706,764**	1,409,211	**1,607,366**	1,415,639	-	-	-	-
Liabilities Position - US$ Tax Pré	**11/04/2019**	**1,706,764**	1,409,211	**1,660,993**	1,483,711	-	-	-	-
Sub Total		**-**	-	**(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	**from**								
Asset Position - R$ Tax Pré	**04/14/2010 till**	**10,000**	10,000	**11,894**	10,530	-	-	-	-
Asset Position - TR + Cupom	**05/10/2010**	**27,500**	67,500	**33,447**	76,241	-	-	-	-
Asset Position - Cupom US$		**-**	70,120	**-**	70,945	-	-	-	-
Liabilities Position - % DI		**37,500**	147,620	**43,770**	157,616	-	-	-	-
Sub Total		**-**	-	**1,571**	100	-	**1,571**	1,675	1,775
Risk Value (VaR) (1)		**-**	-	**8**	2,617	-	-	-	-
Swaps of Currency	**from**								
Purchase Position in R$ x US$	**02/08/2010 till**								
Sold Position in US$ x R$	**01/10/2011**	**420,695**	701,100	**5,732**	(134,454)	-	-	-	-
Sub Total		**-**	-	**5,732**	(134,454)	-	**5,732**	134,454	-
Risk Value (VaR) (1)		**-**	-	**5,573**	25,687	-	-	-	-
Options of Currency	**from**								
Purchase Position in R$ x US$	**02/01/2010 till**	**130,590**	-	**(565)**	-	-	-	-	-
Sold Position in R$ x US$	**11/01/2010**	**130,590**	-	**4,353**	-	-	-	-	-
Sub Total		**-**	-	**3,788**	-	**565**	**4,353**	-	-
Risk Value (VaR) (1)		**-**	-	**987**	-	-	-	-	-
Swaps of Commodities	**from**								
Sold Position in Pulp BHKP	**03/31/2010 till**	**226,913**	90,021	**(13,889)**	18,449	-	-	-	-
Sub Total	**12/31/2010**	**-**	-	**(13,889)**	18,449	**13,889**	-	-	18,449
Risk Value (VaR) (1)		**-**	-	**3,687**	774	-	-	-	-
Others	**from**								
Asset Position - Cupom Currency	**03/11/2010 till**	**261,180**	397,290	**44,700**	63,978	-	-	-	-
Liabilities Position - US$ Libor Fixed	**09/11/2013**	**261,180**	397,290	**37,606**	54,033	-	-	-	-
Sub Total		**-**	-	**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

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

(In thousands of reais, except where specifically mentioned otherwise)

23. Financial instruments (Continued)

e) Outstanding derivatives (Continued)

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	-	-	-	-	-
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

(In thousands of reais, except where specifically mentioned otherwise)

23. Financial instruments (Continued)

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	**-**	-
Sub Total		**-**	-	**(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	**-**	-
Sub Total		**-**	-	**(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	**-**	-
Sub Total		**-**	-	**(71,478)**	(27,567)
Option of Currency					
Purchase Position in "call" and Sold in "put" (R$/US$)	2008: Jun, 06 - Sep, 01	**-**	350,550	**-**	-
Sub Total		**-**	-	**-**	255
Swaps of Commodities	2008: Jan, 08 - Nov, 07				
Sold Position of Pulp BHKP	**2009: Jan, 08 - Dec, 07**	**73,838**	95,639	**-**	-
Sub Total		**-**	-	**10,485**	(9,489)
Others					
Asset Position - Cupom Exchange	**2009: Nov, 09 - Dec, 11**	**35,193**	-	**-**	-
Liabilities Position - US$ Libor pré		**35,193**	-	**-**	-
Sub Total		**-**	-	**499**	-
Total in Swaps		**-**	**-**	**(97,274)**	(39,884)

(In thousands of reais, except where specifically mentioned otherwise)

23. Financial instruments (Continued)

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		Hight of curve Previus and			
Asset Pré (2) and TR (3) in R$ x Liabilities % DI	1,571	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	-
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.

23. Financial instruments (Continued)

g) Sensitivity analysis (Continued)

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.

(In thousands of reais, except where specifically mentioned otherwise)

24. Shareholder's equity (Continued)

Dividends and interest on equity capital (Continued)

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.

(In thousands of reais, except where specifically mentioned otherwise)

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).

(In thousands of reais, except where specifically mentioned otherwise)

27. Statement of adjusted EBITDA (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.

29. Subsequent events (Continued)

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.

29. Subsequent events (Continued)

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

- 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.