



Material Fact



Publicly Held Company

Corporate Taxpayer ID (CNPJ/MF): 16.404.287/0001-55

Company Registry (NIRE): 29.3.0001633-1

MATERIAL FACT

São Paulo, October 26, 2016 – SUZANO PAPEL E CELULOSE S.A. (“Suzano” or “Company”), in compliance with CVM Instruction 358 of January 3, 2002, as amended, announces to its shareholders and the general market that, on October 25, 2016, the Company entered into with Companhia Siderúrgica Vale do Pindaré and with COSIMA – Siderúrgica do Maranhão Ltda. (jointly referred to as “Sellers”) an Agreement for the Purchase of Forest Assets, Purchase and Commitment to Purchase Rural Properties and Other Covenants (“Asset Purchase Agreement”), whereby, among other provisions, the Company acquired, or promised to acquire, from Sellers, part of the real estate and forest assets held thereby. The assets acquired include (i) approximately 75 thousand hectares of properties in the states of Maranhão and Tocantins, of which approximately 40 thousand hectares is arable land; and (ii) planted forests on said arable lands (“Forest Assets Purchase Transaction”). The total price to be paid in consideration for the acquisition of the properties and forests is an amount in local currency equivalent to two hundred and forty-five million U.S. dollars (US\$245,000,000.00). The purpose of the Forest Assets Purchase Transaction is to (a) increase the supply of wood at the Imperatriz Unit to meet the demand from the expansion in pulp production at said unit; (b) reduce the average distance of the forests supplying the Imperatriz Unit; and (c) guarantee, in the long term, the wood cost competitiveness of the unit. The Forest Assets Purchase Transaction is still subject to certain contractual and legal conditions, which include approval by Brazil’s antitrust agency CADE (Conselho Administrativo de Defesa Econômica). Furthermore, on October 25, 2016, the Company entered into with Queiroz Galvão Energia S.A. an Agreement to Purchase Shares and Other Covenants, whereby the Company acquired 100% of the shares issued by Mucuri Energética S.A., which owns a small hydropower plant located in the cities of Carlos Chagas and Pavão (“SHPP Acquisition”), with generation capacity of 19 MW-average, for a price in local currency equivalent to fourteen million U.S. dollars (US\$14,000,000.00). The SHPP Acquisition Transaction is subject to certain contractual and legal conditions, including approval by CADE and by the National Electric Power Agency (ANEEL), among others.

Suzano's Investor Relations department is available to shareholders to clarify any queries regarding the subject matter of this Material Fact notice at +55 (11) 3503-9061 or at ri@suzano.com.br.

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