



SUZANO PAPEL E CELULOSE S.A.
(“CNPJ/MF”) NO. 16.404.287/0001-55

MATERIAL FACT

In compliance with Paragraph 4 of article 157 of Law No. 6404/76 and provisions of the Brazilian Securities and Exchange Commission (“CVM”) Edict N^o 358/02, Suzano Papel e Celulose S.A. hereby informs its shareholders and the market in general, about projects which are part of Suzano’s **new growth cycle for the period 2008 through 2015**.

With the future implementation of these projects, the company’s annual pulp production capacity will increase by 4.3 million tons per year and its overall pulp and paper production capacity will total 7.2 million tons per year.

The projects announced herein include three planned pulp lines and the expansion of the Mucuri Unit:

Pulp unit in the south of State of Maranhão (1 line).

Pulp unit in the of State of Piauí (1 line).

Expansion of the Mucuri Unit production capacity by debottlenecking existing Lines 1 and 2.

Additionally, a new pulp line is also planned to be installed in one of the above mentioned units located in Maranhão, or Piauí or, another new unit to be defined.

The forecasted installed capacity of each new pulp line, based on technology of current projects, is approximately 1.3 million tons per year. The effective capacity will be determined when the respective engineering projects are prepared based on technology then available.

Pulp Unit in the South of State of Maranhão

Forestry Base

The initial base will be developed in partnership with Vale. Wood will be supplied from: (i) eucalyptus plantations from the *Vale Florestar Program* being carried out by Vale in the state of Pará; (ii) plantations in forestry assets acquired from Vale, located in the southeastern region of the state of Maranhão; and (iii) Suzano’s own plantations, as well as those of other local

producers through development programs and forestry partnerships in the states of Maranhão and Tocantins. These alternatives fully provide the forestry base for this pulp line.

The *Vale Florestar Program* is a Vale initiative that seeks to preserve and recover native forests along with the plantation of species for industrial production, seeking to foster sustainable development within the region.

The forestry assets acquired in item (ii) above include 84.5 thousand hectares of land, encompassing 34.5 thousand hectares planted with eucalyptus as well as areas for permanent preservation and legal reserve, which will be maintained as such.

Acquired forestry assets, as well as forests related to the partnership with Vale, rely on genetic material developed after many decades of research within the region. These forests, which are already being developed, will allow the anticipation of the production startup of this unit to 2013.

The partnership with Vale was formalized through the Memorandum of Understanding entered into on July 22, 2008, by and between Suzano and Vale; final agreements arising therefrom will be executed within 90 days as from the signing of said Memorandum.

Transportation Logistics

The new unit's production will be transported via Vale's North-South and Carajás Railroads; an agreement related thereto will be executed in accordance with the above mentioned Memorandum of Understanding.

Exports will be shipped through a port terminal to be defined in the São Luis region. Itaqui is one of the alternatives under analysis.

Institutional Support

Negotiations were finalized with the government of the State of Maranhão in regard to support for investments in infra-structure and incentives. A Letter of Intent is to be signed within the next few weeks.

Pulp Unit in the State of Piauí

Forestry Base

The forestry base to be implemented in the State of Piauí will be made up of 70% of Suzano's plantations and 30% of other local producers through development programs and forestry partnerships. The forestry base of this unit is practically complete, including the following: (i) areas already acquired; (ii) production from development programs and forestry partnerships and (iii) part of Suzano's areas already available in the Urbano Santos region in the State of Maranhão, which have already received environmental license.

The genetic material to be used for this forestry base is the product of research that Suzano conducts in this region since the 80s. The combination of availability of licensed areas and the result of the company's research will allow startup of the unit in 2014, with plantations with

levels of competitiveness and productivity comparable to the best in other regions within Brazil.

Transportation Logistics

The new unit's production will be transported via the railway of Companhia Ferroviária do Nordeste ("CFN"). An agreement will be executed pursuant to the Memorandum of Understanding entered by and between Suzano and CFN.

Exports will be shipped through a port terminal to be defined either in the state of Maranhão or Ceará.

Institutional Support

Negotiations were finalized with the government of the State of Piauí in regard to support for investments in infrastructure and incentives. A Letter of Intent is to be signed within the next few weeks.

Pulp line to be installed in one of the Units in Maranhão, Piauí or another Unit

Studies indicate the feasibility of implementing a second pulp line in each unit announced herein. Additionally, the studies indicate that a new unit in another site could also be feasible. Definition will be made in due time and production startup is forecasted for 2015.

Expansion of Mucuri Unit pulp production capacity

According to the engineering study being prepared, the production capacity of Lines 1 and 2, which will reach 1.8 million tons during 2009, may be increased by 400 thousand tons per year. The forestry base for this expansion project is already outlined and under implementation. Expansion could be completed as early as the second semester of 2011.

Necessary negotiations with the government of the State of Bahia for support to this initiative are underway, and are expected to be finalized within the following next weeks.

Capital Expenditure

Capex in each new line with capacity of 1.3 million tons per year, based on projects currently in progress, are estimated to be approximately US\$ 1.8 billion. For expansion of the Mucuri Unit an amount of around US\$ 500 million will be necessary.

Capex disbursement for industrial units will be made according to the construction and startup timetables for each unit.

Investments to establish the forestry base, for the new unit in Maranhão will amount to approximately US\$ 200 million, US\$ 110 million of which are earmarked for the acquisition of Vale's forestry assets, as previously mentioned. In Piauí, investments are forecasted to be approximately US\$ 370 million, and in Mucuri approximately US\$ 130 million, totaling an

estimated expenditure of US\$ 700 million to establish the forestry bases. These investments will be disbursed over the period 2008 to 2015.

Forecasted investments in the third line are being assessed and will be disclosed in due time.

Funds to implement these projects will derive from, in addition to Suzano's cash flow, a number of lending alternatives available for projects of this nature and, if convenient, from the equity markets as well as the Suzano Group.

Approval of the Projects by the Board of Directors

The industrial projects and the expansion of Mucuri's capacity, announced today, will be submitted at the time when the respective decisions are to be made, for approval by Suzano's Board of Directors, along with the relevant studies related to economic, environmental, market and infra-structure conditions.

Such projects are the outcome of detailed assessment of a number of alternatives. These new projects, which establish new reforestation fronts (greenfield projects), will be the basis for the new growth cycles. Suzano's Management believes that through these projects the company will be able to pursue its strategy for organic growth in highly favorable conditions, given that the alternatives selected are competitive in regard to the use of land, forest productivity and logistics infra-structure.

The execution capacity of Suzano's team, demonstrated in recent large projects, are a reliable reference for the implementation of this expansion on schedule and on budget, and for commitment to value generation in alignment with capital markets expectations.

The selected projects will help develop regions with vast potential and in their implementation Suzano will apply its social and environmental responsibility practices in pursuit of sustainable development.

São Paulo, July 23, 2008.

Bernardo Szpigel
Chief Financial and Investors Relations Officer
SUZANO PAPEL ECELULOSE S/A.
CNPJ/MF No. 16404.287/0001-55