



Suzano Papel e Celulose S.A.

Report on the quarterly
information review – ITR
March 31, 2012



KPMG Auditores Independentes
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Report on the quarterly information review - ITR

To
The Board of Directors and Shareholders
Suzano Papel e Celulose S.A.
Salvador - BA

Introduction

We have reviewed the individual and consolidated interim financial information of Suzano Papel e Celulose S.A. ("Company"), included in the Quarterly Financial Information referring to the quarter ended March 31, 2012, comprising the balance sheet as of March 31, 2012 and the statements of income and comprehensive income for the three-month period then ended, and the statement of changes in equity and cash flow statement for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation and fair presentation of these individual interim financial information in accordance with Committee for Accounting Pronouncements CPC 21 (R1) – Interim Financial Information and the consolidated interim financial information in accordance with CPC 21 (R1) and the international standard IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board – IASB, and presented in a manner consistent with the rules of the Brazilian Securities and Exchange Commission applicable to the preparation of Quarterly Financial Information. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Brazilian and International Standards on interim financial information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual Interim Financial Information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the Quarterly Financial Information described above are not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of Quarterly Financial Information – ITR and presented in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission.

Conclusion on the consolidated financial interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the Quarterly Financial Information described above are not prepared, in all their material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of the Quarterly Financial Information – ITR and presented in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission.



Other matters

Statements of value added

We also reviewed the individual and consolidated statements of value added (DVA), for the three months period ended on March 31, 2012, prepared under management's responsibility, for which the disclosure in the interim information is required in accordance with the rules issued by the Brazilian Securities and Exchange Commission applicable to the preparation of Quarterly Financial Information and considered additional information for IFRS which does not require this disclosure. These statements were submitted to the same review procedures previously described and, based on our review, nothing has come to our attention that would lead us to believe that they have not been fairly stated, in all its material respects, in accordance with the individual and consolidated Quarterly Financial Information taken as whole.

Audit and review of values corresponding to the prior years and comparative periods

The values corresponding to the individual and consolidated financial information to the year ended as at December 31, 2011 and interim financial information to the quarter ended March 31, 2011, presented to comparison purposes, were previously, audited and reviewed, by other independent auditors whose issued its unqualified reports dated March 23, 2012 and May 10, 2011, respectively.

São Paulo, May 9, 2012

KPMG Auditores Independentes

CRC SP-014428/F-7

Original report in Portuguese signed by

Anselmo Neves Macedo

Accountant CRC SP-160482/O-6 S-BA

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Company Information / Capital Breakdown

Number of Shares (in thousands)	Current Quarter 3/31/2012
Paid-in Capital	
Common	140,039
Preferred	268,853
Total	408,892
Treasury Shares	
Common	6,786
Preferred	4,155
Total	10,941

Company Information / Cash Dividends

Event	Approval	Type	Date of Payment	Type of Share	Class of Share	Amount per Share (R\$/share)
Board of Directors Meeting	12/22/2011	Interest on Shareholders' Equity	3/15/2012	Common		0.22619
Board of Directors Meeting	12/22/2011	Interest on Shareholders' Equity	3/15/2012	Preferred	Class A Preferred	0.24881
Board of Directors Meeting	12/22/2011	Interest on Shareholders' Equity	3/15/2012	Preferred	Class B Preferred	0.24881

Individual Financial Statements / Balance Sheet - Assets**R\$ (in thousands)**

Code	Description	Current quarter 3/31/2012	Previous year 12/31/2011
1	Total Assets	21,908,096	21,389,338
1.01	Current Assets	5,661,724	5,429,729
1.01.01	Cash and Cash Equivalents	3,245,862	3,089,769
1.01.03	Receivables	1,346,076	1,389,712
1.01.03.01	Trade	1,346,076	1,389,712
1.01.03.01.01	Third Parties	466,036	538,011
1.01.03.01.02	Related Parties	16,829	4,470
1.01.03.01.03	Subsidiaries	863,211	847,231
1.01.04	Inventories	665,487	583,031
1.01.06	Recoverable Taxes	255,449	254,200
1.01.06.01	Current Recoverable Taxes	255,449	254,200
1.01.06.01.01	Recoverable Income and Social Contribution Taxes	90,002	85,080
1.01.06.01.02	Recoverable Taxes and Contributions	165,447	169,120
1.01.07	Prepaid Expenses	4,883	5,592
1.01.08	Other Current Assets	143,967	107,425
1.01.08.03	Other	143,967	107,425
1.01.08.03.01	Derivatives Gains	3,955	5,066
1.01.08.03.02	Other Accounts Receivable	80,743	68,617
1.01.08.03.04	Receivables from Properties and Forests Sold	10,096	10,158
1.01.08.03.05	Advance to Suppliers - Development Program	47,896	18,435
1.01.08.03.06	Related Parties	1,277	5,149
1.02	Non-Current Assets	16,246,372	15,959,609
1.02.01	Long-Term Assets	3,103,810	3,047,200
1.02.01.05	Biological Assets	2,511,101	2,437,883
1.02.01.08	Receivables from Related Parties	2,874	27,940
1.02.01.08.02	Receivables from Subsidiaries	2,874	27,940
1.02.01.09	Other Non-Current Assets	589,835	581,377
1.02.01.09.03	Derivatives Gains	16,650	11,493
1.02.01.09.04	Recoverable Taxes and Contributions	122,384	115,428
1.02.01.09.05	Advance to Suppliers - Development Program	273,832	276,501
1.02.01.09.06	Other Receivables	67,107	68,874
1.02.01.09.07	Receivables/Indemnification from Land Expropriation	56,721	56,721
1.02.01.09.08	Judicial Deposits	53,141	52,360
1.02.02	Investments	598,992	535,393
1.02.02.01	Equity Interest	598,992	535,393
1.02.02.01.02	Interest in Subsidiaries	598,992	535,393
1.02.03	Property, Plant and Equipment	12,491,797	12,324,112
1.02.03.01	Operational Property, Plant and Equipment	11,339,501	11,428,832
1.02.03.02	Leased Property, Plant and Equipment	51,385	55,071
1.02.03.03	Construction in Progress	1,100,911	840,209
1.02.04	Intangible Assets	51,773	52,904

Individual Financial Statements / Balance Sheet – Assets

R\$ (in thousands)

Code	Description	Current quarter 3/31/2012	Previous year 12/31/2011
1.02.04.01	Intangible Assets	51,773	52,904
1.02.04.01.02	Goodwill	34,057	34,057
1.02.04.01.03	Other Intangible Assets	17,716	18,847

Individual Financial Statements / Balance Sheet – Liabilities**R\$ (in thousands)**

Code	Description	Current quarter 3/31/2012	Previous year 12/31/2011
2	Total Liabilities	21,908,096	21,389,338
2.01	Current Liabilities	3,328,012	3,104,451
2.01.01	Payroll and Related Charges	104,906	97,995
2.01.01.01	Payroll Charges Liabilities	16,482	17,048
2.01.01.02	Labor Liabilities	88,424	80,947
2.01.02	Trade Accounts Payable	389,083	377,467
2.01.02.01	Domestic Suppliers	364,654	357,329
2.01.02.02	Foreign Suppliers	24,429	20,138
2.01.03	Tax Liabilities	24,558	41,130
2.01.03.01	Federal Tax Liabilities	17,939	32,928
2.01.03.01.02	Other Federal Tax Liabilities	17,939	32,928
2.01.03.02	State Tax Liabilities	4,490	5,377
2.01.03.03	Municipal Tax Liabilities	2,129	2,825
2.01.04	Loans and Financing	2,539,275	2,175,061
2.01.04.01	Loans and Financing	2,458,422	2,064,175
2.01.04.01.01	In Domestic Currency	1,086,166	740,689
2.01.04.01.02	In Foreign Currency	1,372,256	1,323,486
2.01.04.02	Debentures	80,853	110,886
2.01.05	Other Liabilities	270,190	412,798
2.01.05.01	Related Party Liabilities	55,932	78,094
2.01.05.01.02	Debts with Subsidiaries	55,932	78,094
2.01.05.02	Other	214,258	334,704
2.01.05.02.01	Dividends and Interest on Shareholders' Equity Payable	629	83,869
2.01.05.02.04	Derivative Losses	24,541	28,666
2.01.05.02.05	Accounts Payable	56,400	69,248
2.01.05.02.06	Debt from Acquisition of Land and Reforestation	33,321	48,925
2.01.05.02.07	Unrealized Profit	79,465	78,976
2.01.05.02.08	Advance from Customers	19,902	25,020
2.02	Non-Current Liabilities	8,834,203	8,611,338
2.02.01	Loans and Financing	5,484,018	5,218,337
2.02.01.01	Loans and Financing	4,744,196	4,473,623
2.02.01.01.01	In Domestic Currency	2,848,341	2,596,955
2.02.01.01.02	In Foreign Currency	1,895,855	1,876,668
2.02.01.02	Debentures	739,822	744,714
2.02.02	Other Liabilities	1,223,534	1,275,456
2.02.02.01	Related Party Liabilities	1,190,678	1,237,493
2.02.02.01.02	Debts with Subsidiaries	1,190,678	1,237,493
2.02.02.02	Other	32,856	37,963
2.02.02.02.03	Derivative Losses	23,564	28,457
2.02.02.02.04	Accounts Payable	9,292	9,506
2.02.03	Deferred Taxes	1,722,323	1,715,910
2.02.03.01	Deferred Income and Social Contribution Taxes	1,722,323	1,715,910
2.02.04	Provisions	404,328	401,635
2.02.04.01	Provisions for Tax, Pension, Labor and Civil Claims	167,254	163,128
2.02.04.01.01	Provisions for Tax Claims	143,524	140,537
2.02.04.01.02	Provisions for Pension and Labor Claims	16,620	16,335

Individual Financial Statements / Balance Sheet – Liabilities**R\$ (in thousands)**

Code	Description	Current quarter 3/31/2012	Previous year 12/31/2011
2.02.04.01.04	Provisions for Civil Claims	7,110	6,256
2.02.04.02	Other Provisions	237,074	238,507
2.02.04.02.04	Provision for Actuarial Liabilities	221,591	218,627
2.02.04.02.05	Share-Based Compensation	10,677	10,082
2.02.04.02.06	Other Provisions	4,806	9,798
2.03	Equity	9,745,881	9,673,549
2.03.01	Paid-in Capital	3,445,569	3,445,569
2.03.02	Capital Reserves	978,112	977,902
2.03.02.04	Granted Options	1,402	1,192
2.03.02.05	Treasury Shares	-227,405	-227,405
2.03.02.07	Tax Incentives	65,783	65,783
2.03.02.08	Debentures - 5 th Issue	1,138,332	1,138,332
2.03.04	Income Reserve	2,628,739	2,628,739
2.03.04.01	Legal Reserve	231,926	231,926
2.03.04.02	Statutory Reserve	259,821	259,821
2.03.04.11	Reserve to Increase Capital	2,136,992	2,136,992
2.03.05	Retained Earnings/Accumulated Losses	7,182	0
2.03.06	Asset valuation adjustment	2,614,449	2,621,339
2.03.08	Other Comprehensive Income/(Loss)	71,830	0
2.03.08.02	Net Income/Loss for the Period	71,830	0

Individual Financial Statements / Statement of Income**R\$ (in thousands)**

Code	Description	Year-to-date 1/1/2012 to 3/31/2012	Previous year 1/1/2011 to 3/31/2011
3.01	Income from the Sale of Goods and/or Services Rendered	974,518	1,032,016
3.02	Cost of Goods Sold and/or Services Rendered	-782,017	-674,692
3.03	Gross Profit	192,501	357,324
3.04	Operating Expense/Income	-137,902	-152,563
3.04.01	Selling Expenses	-109,198	-95,491
3.04.02	General and Administrative Expenses	-86,227	-75,788
3.04.04	Other Operating Income	34,694	8,174
3.04.05	Other Operating Expenses	-6,242	-3,697
3.04.06	Equity Accounting in Subsidiaries and Affiliates	29,071	14,239
3.05	Earnings Before Financial Result and Taxes	54,599	204,761
3.06	Financial Income (Expenses)	14,110	-10,966
3.06.01	Financial Income	57,262	57,814
3.06.02	Financial Expenses	-43,152	-68,780
3.07	Earnings Before Income Taxes	68,709	193,795
3.08	Income and Social Contribution Taxes	3,121	-50,006
3.08.01	Current	9,534	-31,783
3.08.02	Deferred	-6,413	-18,223
3.09	Net Income/(Loss) from Continued Operations	71,830	143,789
3.11	Net Income for the year	71,830	143,789
3.99	Earnings per Share - (Reais/Share)		
3.99.01	Basic Earnings per Share		
3.99.01.01	Common	0.16924	0.34015
3.99.01.02	Class A Preferred	0.18617	0.37198
3.99.01.03	Class B Preferred	0.18616	0.37149
3.99.02	Diluted Earnings per Share		
3.99.02.01	Common	0.14310	0.33995
3.99.02.02	Class A Preferred	0.15741	0.37148
3.99.02.03	Class B Preferred	0.16138	0.37149

Individual Financial Statements / Statement of Comprehensive Income

R\$ (in thousands)

Code	Description	Year-to-date 1/1/2012 to 3/31/2012	Previous year 1/1/2011 to 3/31/2011
4.01	Net Income for the Period	71,830	143,789
4.02	Other Comprehensive Income/(Loss)	292	0
4.02.01	Exchange Variation on Foreign Investments	292	0
4.03	Comprehensive Income for the Period	72,122	143,789

Individual Financial Statements / Statement of Cash Flows – Indirect Method**R\$ (in thousands)**

Code	Description	Year-to-date 1/1/2012 to 3/31/2012	Previous year 1/1/2011 to 3/31/2011
6.01	Net Cash from Operating Activities	-28,676	69,208
6.01.01	Cash Generated in Operations	144,882	276,940
6.01.01.01	Net Income for the Period	71,830	143,789
6.01.01.02	Depreciation, Depletion and Amortization	158,719	144,058
6.01.01.03	Income on Sale of Permanent Assets	-29,537	-10,462
6.01.01.04	Equity Pick-up in Subsidiaries and Affiliates	-29,071	-14,239
6.01.01.05	Exchange and Monetary Variations, Net	-103,455	-43,607
6.01.01.06	Interest Expenses, Net	132,852	95,541
6.01.01.07	Deferred Income and Social Contribution Taxes Expenses	6,413	18,223
6.01.01.08	Addition to Actuarial Liabilities	5,834	4,215
6.01.01.09	Additional Provision for Contingencies	1,202	4,753
6.01.01.10	Share-Based Compensation Expenses	925	1,125
6.01.01.11	Net Derivative Gains (Losses)	-7,796	-8,308
6.01.01.15	Additional Allowance for Doubtful Accounts	950	5,317
6.01.01.16	Provision for Inventory Losses	-2,491	0
6.01.01.17	Reversal of Provision for Deductions	-1,432	-4,293
6.01.01.20	Other Provisions	-60,061	-59,172
6.01.02	Changes in Assets and Liabilities	-173,558	-207,732
6.01.02.01	Decrease (Increase) in Accounts Receivable	46,685	-32,661
6.01.02.02	(Increase) in Inventories	-79,466	-97,840
6.01.02.03	(Increase) in Recoverable Taxes	-43,383	-33,393
6.01.02.04	(Increase) in Other Current and Non-Current Assets	-39,685	-17,810
6.01.02.06	Increase in Trade Accounts Payable	11,616	29,988
6.01.02.07	Increase in Other Current and Non-Current Liabilities	75,388	86,132
6.01.02.08	Payment of Interest	-63,385	-67,520
6.01.02.09	Payment of Other Taxes and Contributions	-73,857	-74,628
6.01.02.10	Payment of Income and Social Contribution Taxes	-7,471	0
6.02	Net Cash used in Investment Activities	-361,132	-1,700,846
6.02.01	Additions to Property, Plant and Equipment	-274,525	-1,404,972
6.02.02	Additions to Biological Assets	-125,280	-312,067
6.02.03	Additions to Investments	0	-10
6.02.05	Proceeds from the Sale of Assets	38,673	16,203
6.03	Net Cash Provided by (Used in) Financing Activities	545,901	-265,920
6.03.01	Funding	895,979	51,372
6.03.02	Settlement of Derivative Operations	-5,268	2,192
6.03.03	Payment of Loans	-261,570	-191,041
6.03.05	Payment of Dividends and Interest on Shareholders' Equity	-83,240	-128,443
6.05	Increase (Decrease) of Cash and Cash Equivalents	156,093	-1,897,558
6.05.01	Cash and Cash Equivalents at the Beginning of the Year	3,089,769	3,484,168
6.05.02	Cash and Cash Equivalents at the End of the Year	3,245,862	1,586,610

(A FREE TRANSLATION OF THE ORIGINAL IN PORTUGUESE)

ITR – Quarterly Information – March 31, 2012 - SUZANO PAPEL E CELULOSE SA

Version: 1

Individual Financial Statements / Statement of Changes in Equity – 1/1/2012 to 3/31/2012

R\$ (in thousands)

Code	Description	Paid-In Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserve	Retained Earnings	Other Comprehensive Income	Equity
5.01	Opening Balances	3,445,569	977,902	2,628,739	0	2,621,339	9,673,549
5.03	Adjusted Opening Balances	3,445,569	977,902	2,628,739	0	2,621,339	9,673,549
5.04	Equity Transactions with Shareholders	0	210	0	0	0	210
5.04.03	Recognized Granted Options	0	210	0	0	0	210
5.05	Total Comprehensive Income/(Loss)	0	0	0	71,830	292	72,122
5.05.01	Net Income for the Period	0	0	0	71,830	0	71,830
5.05.02	Other Comprehensive Income/(Loss)	0	0	0	0	292	292
5.05.02.06	Exchange Variation on Investees	0	0	0	0	292	292
5.06	Internal Changes in Equity	0	0	0	7,182	-7,182	0
5.06.05	Asset Valuation Adjustment net of Deferred Income and Social Contr. Taxes	0	0	0	7,182	-7,182	0
5.07	Closing Balances	3,445,569	978,112	2,628,739	79,012	2,614,449	9,745,881

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ITR – Quarterly Information – March 31, 2012 - SUZANO PAPEL E CELULOSE SA

Version: 1

Individual Financial Statements / Statement of Changes in Equity– 1/1/2011 to 3/31/2011

R\$ (in thousands)

Code	Description	Paid-In Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserve	Retained Earnings	Other Comprehensive Income	Equity
5.01	Opening Balances	2,685,183	-161,272	2,666,821	0	3,449,939	8,640,671
5.03	Adjusted Opening Balances	2,685,183	-161,272	2,666,821	0	3,449,939	8,640,671
5.04	Equity Transactions with Shareholders	0	211	0	0	0	211
5.04.03	Recognized Granted Options	0	211	0	0	0	211
5.05	Total Comprehensive Income/(Loss)	0	0	0	143,789	0	143,789
5.05.01	Net Income for the Period	0	0	0	143,789	0	143,789
5.07	Closing Balances	2,685,183	-161,061	2,666,821	143,789	3,449,939	8,784,671

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ITR – Quarterly Information – March 31, 2012 - SUZANO PAPEL E CELULOSE SA

Individual Financial Statements / Statement of Added Value

R\$ (in thousands)

Code	Description	Year-to-date 1/1/2012 to 3/31/2012	Previous year 1/1/2011 to 3/31/2011
7.01	Income	1,266,598	1,231,170
7.01.01	Sale of Goods, Products and Services	1,122,076	1,172,783
7.01.02	Other Income	36,742	10,822
7.01.03	Income from Construction of Own Assets	108,730	47,692
7.01.04	Reversal of/Allowance for Doubtful Accounts	-950	-127
7.02	Input Acquired from Third Parties	-945,392	-768,001
7.02.01	Cost of Products Sold and Services Rendered	-627,416	-489,883
7.02.02	Supplies, Electricity, Outsourced Services and Others	-317,976	-278,108
7.02.03	Loss/Recovery of Assets	0	-10
7.03	Gross Added Value	321,206	463,169
7.04	Retentions	-158,719	-144,058
7.04.01	Depreciation, Amortization and Depletion	-158,719	-144,058
7.05	Net Added Value Produced	162,487	319,111
7.06	Added Value from Transfers	86,333	72,053
7.06.01	Equity Pick-up in Subsidiaries and Affiliates	29,071	14,239
7.06.02	Financial Income	57,262	57,814
7.07	Total Added Value to Distribute	248,820	391,164
7.08	Distribution of Added Value	248,820	391,164
7.08.01	Personnel	152,152	132,301
7.08.01.01	Direct Compensation	124,875	106,115
7.08.01.02	Benefits	20,347	20,219
7.08.01.03	F.G.T.S. (Government Severance Indemnity Fund for Employees)	6,930	5,967
7.08.02	Taxes, Fees and Contributions	-46,616	29,044
7.08.02.01	Federal	-9,425	53,135
7.08.02.02	State	-39,053	-26,086
7.08.02.03	Municipal	1,862	1,995
7.08.03	Value Distributed to Providers of Capital	71,454	84,848
7.08.03.01	Interest Rates	143,370	138,533
7.08.03.02	Rentals	24,016	20,249
7.08.03.03	Other	-95,932	-73,934
7.08.03.03.01	Monetary Variation Losses	-95,991	-73,968
7.08.03.03.02	Other	59	34
7.08.04	Value Distributed to Shareholders	71,830	143,789
7.08.04.03	Accumulated Losses/Retained Earnings for the Period	71,830	143,789
7.08.05	Other	0	1,182
7.08.05.01	Other Taxes, Fees and Contributions	0	1,182

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ITR – Quarterly Information – March 31, 2012 - SUZANO PAPEL E CELULOSE SA

Consolidated Financial Statements / Balance Sheet – Assets

R\$ (in thousands)

Code	Description	Current quarter 3/31/2012	Previous year 12/31/2011
1	Total Assets	22,157,149	21,657,079
1.01	Current Assets	5,645,613	5,372,151
1.01.01	Cash and Cash Equivalents	3,572,011	3,273,938
1.01.03	Receivables	822,325	983,058
1.01.03.01	Trade	822,325	983,058
1.01.03.01.01	Third Parties	805,496	978,588
1.01.03.01.02	Related Parties	16,829	4,470
1.01.04	Inventories	822,929	722,401
1.01.06	Recoverable Taxes	269,309	265,001
1.01.06.01	Current Recoverable Taxes	269,309	265,001
1.01.06.01.01	Recoverable Income and Social Contribution Taxes	92,774	86,242
1.01.06.01.02	Recoverable Taxes and Contributions	176,535	178,759
1.01.07	Prepaid Expenses	5,692	6,015
1.01.08	Other Current Assets	153,347	121,738
1.01.08.03	Other	153,347	121,738
1.01.08.03.01	Derivatives Gains	9,165	16,675
1.01.08.03.02	Other Accounts Receivable	86,190	76,470
1.01.08.03.04	Receivables from Properties and Forests Sold	10,096	10,158
1.01.08.03.05	Advance to Suppliers - Development Program	47,896	18,435
1.02	Non-Current Assets	16,511,536	16,284,928
1.02.01	Long-Term Assets	3,082,859	3,014,890
1.02.01.05	Biological Assets	2,473,788	2,406,595
1.02.01.06	Deferred Taxes	732	685
1.02.01.06.01	Deferred Income and Social Contribution Taxes	732	685
1.02.01.09	Other Non-Current Assets	608,339	607,610
1.02.01.09.03	Derivatives Gains	29,954	32,914
1.02.01.09.04	Recoverable Taxes and Contributions	122,432	115,476
1.02.01.09.05	Advance to Suppliers - Development Program	273,832	276,501
1.02.01.09.06	Other Receivables	68,147	69,774
1.02.01.09.07	Receivables/Indemnification from Land Expropriation	56,721	56,721
1.02.01.09.08	Judicial Deposits	57,253	56,224
1.02.03	Property, Plant and Equipment	13,237,511	13,071,482
1.02.03.01	Operational Property, Plant and Equipment	12,084,408	12,175,692
1.02.03.02	Leased Property, Plant and Equipment	51,385	55,071
1.02.03.03	Construction in Progress	1,101,718	840,719
1.02.04	Intangible Assets	191,166	198,556
1.02.04.01	Intangible Assets	191,166	198,556
1.02.04.01.02	Goodwill	34,057	34,057
1.02.04.01.03	Other Intangible Assets	157,109	164,499

(A FREE TRANSLATION OF THE ORIGINAL IN PORTUGUESE)

ITR – Quarterly Information – March 31, 2012 - SUZANO PAPEL E CELULOSE SA

Consolidated Financial Statements / Balance Sheet – Liabilities

R\$ (in thousands)

Code	Description	Current quarter 3/31/2012	Previous year 12/31/2011
2	Total Liabilities	22,157,149	21,657,079
2.01	Current Liabilities	3,292,527	3,084,566
2.01.01	Payroll and Related Charges	108,974	101,697
2.01.01.01	Payroll Charges Liabilities	16,585	17,095
2.01.01.02	Labor Liabilities	92,389	84,602
2.01.02	Trade Accounts Payable	404,851	414,723
2.01.02.01	Domestic Suppliers	385,961	357,329
2.01.02.02	Foreign Suppliers	18,890	57,394
2.01.03	Tax Liabilities	29,120	44,293
2.01.03.01	Federal Tax Liabilities	21,444	35,909
2.01.03.01.01	Income and Social Contribution Taxes Payable	2,882	997
2.01.03.01.02	Other Federal Tax Liabilities	18,562	34,912
2.01.03.02	State Tax Liabilities	4,591	5,378
2.01.03.03	Municipal Tax Liabilities	3,085	3,006
2.01.04	Loans and Financing	2,600,593	2,253,024
2.01.04.01	Loans and Financing	2,519,740	2,142,138
2.01.04.01.01	In Domestic Currency	1,094,038	748,570
2.01.04.01.02	In Foreign Currency	1,425,702	1,393,568
2.01.04.02	Debentures	80,853	110,886
2.01.05	Other Liabilities	148,989	270,829
2.01.05.02	Other	148,989	270,829
2.01.05.02.01	Dividends and Interest on Shareholders' Equity Payable	629	83,869
2.01.05.02.04	Derivative Losses	24,965	29,435
2.01.05.02.05	Accounts Payable	62,700	75,627
2.01.05.02.06	Debt from Acquisition of Land and Reforestation	38,933	54,370
2.01.05.02.08	Advance from Customers	21,762	27,528
2.02	Non-Current Liabilities	9,118,741	8,898,964
2.02.01	Loans and Financing	6,707,457	6,490,681
2.02.01.01	Loans and Financing	5,967,635	5,745,967
2.02.01.01.01	In Domestic Currency	2,871,890	2,622,438
2.02.01.01.02	In Foreign Currency	3,095,745	3,123,529
2.02.01.02	Debentures	739,822	744,714
2.02.02	Other Liabilities	155,805	162,049
2.02.02.02	Other	155,805	162,049
2.02.02.02.03	Derivative Losses	23,564	28,457
2.02.02.02.04	Accounts Payable	9,292	9,506
2.02.02.02.05	Debt from Acquisition of Land and Reforestation	122,949	124,086
2.02.03	Deferred Taxes	1,843,534	1,837,008
2.02.03.01	Deferred Income and Social Contribution Taxes	1,843,534	1,837,008
2.02.04	Provisions	411,945	409,226
2.02.04.01	Provisions for Tax, Pension, Labor and Civil Claims	174,871	170,916
2.02.04.01.01	Provisions for Tax Claims	143,521	140,538
2.02.04.01.02	Provisions for Pension and Labor Claims	24,240	24,122
2.02.04.01.04	Provisions for Civil Claims	7,110	6,256
2.02.04.02	Other Provisions	237,074	238,310
2.02.04.02.04	Provision for Actuarial Liabilities	221,591	218,627

(A FREE TRANSLATION OF THE ORIGINAL IN PORTUGUESE)

ITR – Quarterly Information – March 31, 2012 - SUZANO PAPEL E CELULOSE SA

Consolidated Financial Statements / Balance Sheet – Liabilities

R\$ (in thousands)

Code	Description	Current quarter 3/31/2012	Previous year 12/31/2011
2.02.04.02.05	Share-Based Compensation	10,677	10,082
2.02.04.02.06	Other Provisions	4,806	9,601
2.03	Consolidated Equity	9,745,881	9,673,549
2.03.01	Paid-in Capital	3,445,569	3,445,569
2.03.02	Capital Reserves	978,112	977,902
2.03.02.04	Granted Options	1,402	1,192
2.03.02.05	Treasury Shares	-227,405	-227,405
2.03.02.07	Tax Incentives	65,783	65,783
2.03.02.08	Debentures - 5th Issue	1,138,332	1,138,332
2.03.04	Income Reserve	2,628,739	2,628,739
2.03.04.01	Legal Reserve	231,926	231,926
2.03.04.02	Statutory Reserve	259,821	259,821
2.03.04.11	Reserve to Increase Capital	2,136,992	2,136,992
2.03.05	Retained Earnings/Accumulated Losses	7,182	0
2.03.06	Asset valuation adjustment	2,614,449	2,621,339
2.03.08	Other Comprehensive Income/(Loss)	71,830	0
2.03.08.02	Net Income (Loss) for the Period	71,830	0

(A FREE TRANSLATION OF THE ORIGINAL IN PORTUGUESE)

ITR – Quarterly Information – March 31, 2012 - SUZANO PAPEL E CELULOSE SA

Consolidated Financial Statements / Statement of Income

R\$ (in thousands)

Code	Description	Year-to-date 1/1/2012 to 3/31/2012	Previous year 1/1/2011 to 3/31/2011
3.01	Income from the Sale of Goods and/or Services Rendered	1,037,576	1,057,149
3.02	Cost of Goods Sold and/or Services Rendered	-852,592	-740,630
3.03	Gross Profit	184,984	316,519
3.04	Operating Expense/Income	-113,718	-114,953
3.04.01	Selling Expenses	-54,896	-47,165
3.04.02	General and Administrative Expenses	-93,013	-77,861
3.04.02.01	Administrative Expenses	-93,013	-77,861
3.04.04	Other Operating Income	37,378	10,514
3.04.05	Other Operating Expenses	-3,187	-441
3.05	Earnings Before Financial Result and Taxes	71,266	201,566
3.06	Financial Income (Expenses)	88	-5,587
3.06.01	Financial Income	45,560	74,670
3.06.02	Financial Expenses	-45,472	-80,257
3.07	Earnings Before Income Taxes	71,354	195,979
3.08	Income and Social Contribution Taxes	476	-52,190
3.08.01	Current	6,935	-33,679
3.08.02	Deferred	-6,459	-18,511
3.09	Net Income/(Loss) from Continued Operations	71,830	143,789
3.11	Consolidated Net Income for the year	71,830	143,789
3.11.01	Attributable to Controlling Shareholders	71,830	143,789
3.99	Earnings per Share - (Reais/Share)		
3.99.01	Basic Earnings per Share		
3.99.01.01	Common	0.16924	0.34015
3.99.01.02	Class A Preferred	0.18617	0.37198
3.99.01.03	Class B Preferred	0.18616	0.37149
3.99.02	Diluted Earnings per Share		
3.99.02.01	Common	0.14310	0.33995
3.99.02.02	Class A Preferred	0.15741	0.37148
3.99.02.03	Class B Preferred	0.16138	0.37149

(A FREE TRANSLATION OF THE ORIGINAL IN PORTUGUESE)

ITR – Quarterly Information – March 31, 2012 - SUZANO PAPEL E CELULOSE SA

Consolidated Financial Statements/ Statement of Comprehensive Income

R\$ (in thousands)

Code	Description	Year-to-date 1/1/2012 to 3/31/2012	Previous year 1/1/2011 to 3/31/2011
4.01	Consolidated Net Income for the Period	71,830	143,789
4.02	Other Comprehensive Income/(Loss)	292	0
4.02.01	Exchange Variation on Foreign Investments	292	0
4.03	Consolidated Comprehensive Income for the Period	72,122	143,789
4.03.02	Attributable to Non-Controlling Shareholders	72,122	143,789

(A FREE TRANSLATION OF THE ORIGINAL IN PORTUGUESE)

ITR – Quarterly Information – March 31, 2012 - SUZANO PAPEL E CELULOSE SA

Consolidated Financial Statements / Statement of Cash Flows – Indirect Method

R\$ (in thousands)

Code	Description	Year-to-date 1/1/2012 to 3/31/2012	Previous year 1/1/2011 to 3/31/2011
6.01	Net Cash from Operating Activities	154,848	166,584
6.01.01	Cash Generated in Operations	183,664	258,615
6.01.01.01	Net Income for the Period	71,830	143,789
6.01.01.02	Depreciation, Depletion and Amortization	162,864	146,061
6.01.01.03	Income on Sale of Permanent Assets	-29,647	-10,462
6.01.01.05	Exchange and Monetary Variations, Net	-90,385	-64,520
6.01.01.06	Interest Expenses, Net	137,415	113,524
6.01.01.07	Deferred Income and Social Contribution Taxes Expenses	6,459	18,511
6.01.01.08	Addition to Actuarial Liabilities	5,834	4,215
6.01.01.09	Additional Provision for Contingencies	1,031	4,139
6.01.01.10	Share-Based Compensation Expenses	925	1,125
6.01.01.11	Net Derivative Gains (Losses)	1,165	-16,112
6.01.01.15	Additional Allowance for Doubtful Accounts	897	5,249
6.01.01.16	Provision for Inventory Losses	-2,491	0
6.01.01.17	Reversal of Provision for Deduction	-29,314	-27,732
6.01.01.20	Other Provisions	-52,919	-59,172
6.01.02	Changes in Assets and Liabilities	-28,816	-92,031
6.01.02.01	Decrease (Increase) in Accounts Receivable	189,150	2,462
6.01.02.02	(Increase) in Inventories	-103,670	-135,011
6.01.02.03	(Increase) in Recoverable Taxes	-46,442	-34,477
6.01.02.04	(Increase) Reduction in Other Current and Non-Current Assets	-37,667	15,083
6.01.02.06	Increase (Reduction) in Trade Accounts Payable	-9,872	28,320
6.01.02.07	Increase in Other Current and Non-Current Liabilities	128,951	176,335
6.01.02.08	Payment of Interest	-67,938	-67,520
6.01.02.09	Payment of Other Taxes and Contributions	-73,857	-76,514
6.01.02.10	Payment of Income and Social Contribution Taxes	-7,471	-709
6.02	Net Cash used in Investment Activities	-355,461	-1,763,241
6.02.01	Additions to Property, Plant and Equipment	-274,880	-1,467,255
6.02.02	Additions to Biological Assets	-119,255	-312,179
6.02.03	Additions to Investments	0	-10
6.02.05	Proceeds from the Sale of Assets	38,674	16,203
6.03	Net Cash Provided by (Used in) Financing Activities	505,409	-304,514
6.03.01	Funding	898,726	51,372
6.03.02	Settlement of Derivative Operations	-1,974	-178
6.03.03	Payment of Loans	-308,103	-227,265
6.03.05	Payment of Dividends and Interest on Shareholders' Equity	-83,240	-128,443
6.04	Exchange Variation on Cash and Cash Equivalents	-6,723	-4,022
6.05	Increase (Decrease) of Cash and Cash Equivalents	298,073	-1,905,193
6.05.01	Cash and Cash Equivalents at the Beginning of the Year	3,273,938	3,735,438
6.05.02	Cash and Cash Equivalents at the End of the Year	3,572,011	1,830,245

(A FREE TRANSLATION OF THE ORIGINAL IN PORTUGUESE)

ITR – Quarterly Information – March 31, 2012 - SUZANO PAPEL E CELULOSE SA

Version: 1

Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2012 to 3/31/2012

R\$ (in thousands)

Code	Description	Paid-In Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserve	Retained Earnings	Other Comprehensive Income	Equity	Non-Controlling Interest	Consolidated Equity
5.01	Opening Balances	3,445,569	977,902	2,628,739	0	2,621,339	9,673,549	0	9,673,549
5.03	Adjusted Opening Balances	3,445,569	977,902	2,628,739	0	2,621,339	9,673,549	0	9,673,549
5.04	Equity Transactions with Shareholders	0	210	0	0	0	210	0	210
5.04.03	Recognized Granted Options	0	210	0	0	0	210	0	210
5.05	Total Comprehensive Income/(Loss)	0	0	0	71,830	292	72,122	0	72,122
5.05.01	Net Income for the Period	0	0	0	71,830	0	71,830	0	71,830
5.05.02	Other Comprehensive Income/(Loss)	0	0	0	0	292	292	0	292
5.05.02.06	Exchange Variation on Investees	0	0	0	0	292	292	0	292
5.06	Internal Changes in Equity	0	0	0	7,182	-7,182	0	0	0
5.06.05	Asset Valuation Adjustment net of Deferred Income and Social Contr. Taxes	0	0	0	7,182	-7,182	0	0	0
5.07	Closing Balances	3,445,569	978,112	2,628,739	79,012	2,614,449	9,745,881	0	9,745,881

(A FREE TRANSLATION OF THE ORIGINAL IN PORTUGUESE)

ITR – Quarterly Information – March 31, 2012 - SUZANO PAPEL E CELULOSE SA

Version: 1

Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2011 to 3/31/2011

R\$ (in thousands)

Code	Description	Paid-In Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserve	Retained Earnings	Other Comprehensive Income	Equity	Non-Controlling Interest	Consolidated Equity
5.01	Opening Balances	2,685,183	-161,272	2,666,821	0	3,449,939	8,640,671	0	8,640,671
5.03	Adjusted Opening Balances	2,685,183	-161,272	2,666,821	0	3,449,939	8,640,671	0	8,640,671
5.04	Equity Transactions with Shareholders	0	211	0	0	0	211	0	211
5.04.03	Recognized Granted Options	0	211	0	0	0	211	0	211
5.05	Total Comprehensive Income/(Loss)	0	0	0	143,789	0	143,789	0	143,789
5.05.01	Net Income for the Period	0	0	0	143,789	0	143,789	0	143,789
5.07	Closing Balances	2,685,183	-161,061	2,666,821	143,789	3,449,939	8,784,671	0	8,784,671

(A FREE TRANSLATION OF THE ORIGINAL IN PORTUGUESE)

ITR – Quarterly Information – March 31, 2012 - SUZANO PAPEL E CELULOSE SA

Consolidated Financial Statements / Statement of Value Added

R\$ (in thousands)

Code	Description	Year-to-date 1/1/2012 to 3/31/2012	Previous year 1/1/2011 to 3/31/2011
7.01	Income	1,335,448	1,261,898
7.01.01	Sale of Goods, Products and Services	1,185,134	1,197,916
7.01.02	Other Income	42,481	16,418
7.01.03	Income from Construction of Own Assets	108,730	47,692
7.01.04	Reversal of/Allowance for Doubtful Accounts	-897	-128
7.02	Input Acquired from Third Parties	-958,658	-781,646
7.02.01	Cost of Products Sold and Services Rendered	-630,807	-553,948
7.02.02	Supplies, Electricity, Outsourced Services and Others	-327,851	-227,688
7.02.03	Loss/Recovery of Assets	0	-10
7.03	Gross Added Value	376,790	480,252
7.04	Retentions	-162,864	-146,061
7.04.01	Depreciation, Amortization and Depletion	-162,864	-146,061
7.05	Net Added Value Produced	213,926	334,191
7.06	Added Value from Transfers	45,560	74,670
7.06.02	Financial Income	45,560	74,670
7.07	Total Added Value to Distribute	259,486	408,861
7.08	Distribution of Added Value	259,486	408,861
7.08.01	Personnel	156,372	135,172
7.08.01.01	Direct Compensation	128,528	108,480
7.08.01.02	Benefits	20,839	20,710
7.08.01.03	F.G.T.S. (Government Severance Indemnity Fund for Employees)	7,005	5,982
7.08.02	Taxes, Fees and Contributions	-42,841	32,108
7.08.02.01	Federal	-5,653	56,199
7.08.02.02	State	-39,053	-26,086
7.08.02.03	Municipal	1,865	1,995
7.08.03	Value Distributed to Providers of Capital	74,125	96,610
7.08.03.01	Interest Rates	154,641	156,696
7.08.03.02	Rentals	24,367	20,534
7.08.03.03	Other	-104,883	-80,620
7.08.03.03.01	Monetary Variation Losses	-104,942	-80,654
7.08.03.03.02	Other	59	34
7.08.04	Value Distributed to Shareholders	71,830	143,789
7.08.04.03	Accumulated Losses/Retained Earnings for the Period	71,830	143,789
7.08.05	Other	0	1,182
7.08.05.01	Other Taxes, Fees and Contributions	0	1,182

Comments on the Performance

São Paulo, May 10, 2012. Suzano Papel e Celulose (Bovespa: SUZB5), one of the largest integrated pulp and paper producers in Latin America, announces today its consolidated results for the first quarter of 2012 (1Q12). The consolidated financial statements were prepared in accordance with CVM standards and the CPCs and comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB). The operational and financial information is presented based on consolidated figures and in Brazilian real. Note that figures may present discrepancies due to rounding. Non-financial data, such as volume, quantity, average price, average quotes and EBITDA in Brazilian Real and U.S. Dollar were not examined by our independent auditors.

1Q12 Highlights

- Production volume of 765 thousand tons: 453 thousand tons of market pulp and 311 thousand tons of paper.
- Sales volume of 725 thousand tons: 448 thousand tons of market pulp and 277 thousand tons of paper.
- Higher domestic paper prices.
- Successive increases in pulp list prices.
- Global pulp inventories equivalent to 31 days of production (March 2012), below historical levels.
- Net revenue of R\$1,037.6 million in the quarter.
- Impact of the unscheduled downtime in Mucuri Unit on the Company's results.
- EBITDA of R\$238.2 million in the quarter.

R\$ thousand, except where otherwise indicated	1Q12	1Q11	Δ Y-o-Y	4Q11	Δ Q-o-Q
Net Revenue	1,037,576	1,057,149	-1.9%	1,336,360	-22.4%
Exports	545,166	610,261	-10.7%	709,653	-23.2%
Domestic Market	492,410	446,888	10.2%	626,706	-21.4%
EBITDA	238,193	353,515	-32.6%	415,040	-42.6%
EBITDA Margin (%)	23.0%	33.4%	-10.5p.p.	31.1%	-8.1p.p.
Net Financial Results	88	(5,587)	n.a.	(75,764)	n.a.
Net Income	71,830	143,789	-50.0%	208,090	-65.5%
Net Debt	5,736,039	5,159,818	11.2%	5,469,767	4.9%
Net Debt / EBITDA (x)	4.8x	3.3x	1.5x	4.2x	0.6x

Operational Data (kton)

Sales	725	678	7.0%	909	-20.3%
Market Pulp	448	431	3.9%	508	-11.8%
Paper	277	246	12.4%	401	-31.0%
Production	765	765	0.0%	842	-9.2%
Market Pulp	453	456	-0.6%	503	-9.8%
Paper	311	309	0.9%	339	-8.2%

Note: Company's consolidated information includes the total effect of the acquisition of the Limeira Unit (as of January 31, 2011) and KSR (as of March 1, 2011)

Comments on the Performance

Market Overview

Pulp: 3.8% growth in eucalyptus pulp shipments in 1Q12 versus 1Q11

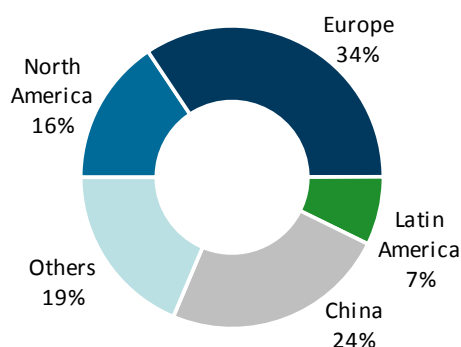
Global pulp shipments moved up 1.6% and 2.1% in relation to 4Q11 and 1Q11, respectively. Strong demand in China was the main driver for growth over 1Q11, while demand in Europe and other regions (Asia, excluding China, and Africa) fueled growth over 4Q11.

Eucalyptus pulp shipments fell by 8.5% over 4Q11, reflecting high demand in December, and increased by 3.8% over 1Q11, in line with estimates for the quarter.

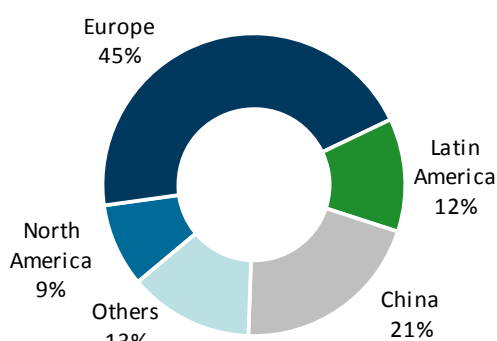
('000 tons)	1Q12	1Q11	Δ Y-o-Y	4Q11	Δ Q-o-Q
Shipments - Market Pulp	10,965	10,741	2.1%	10,796	1.6%
North America	1,714	1,790	-4.2%	1,796	-4.6%
Europe	3,763	4,086	-7.9%	3,573	5.3%
Latin America	803	758	5.9%	792	1.4%
China	2,639	2,218	19.0%	2,780	-5.1%
Others	2,046	1,889	8.3%	1,855	10.3%
Shipments - Eucalyptus Bl. Hardwood	3,700	3,563	3.8%	4,045	-8.5%
North America	330	330	0.0%	433	-23.8%
Europe	1,669	1,751	-4.7%	1,549	7.7%
Latin America	448	401	11.7%	428	4.7%
China	761	675	12.7%	1,159	-34.3%
Others	492	406	21.2%	476	3.4%

Source: PPPC (Pulp and Paper Products Council – World 20 Report)

1Q12 Market Pulp Shipments



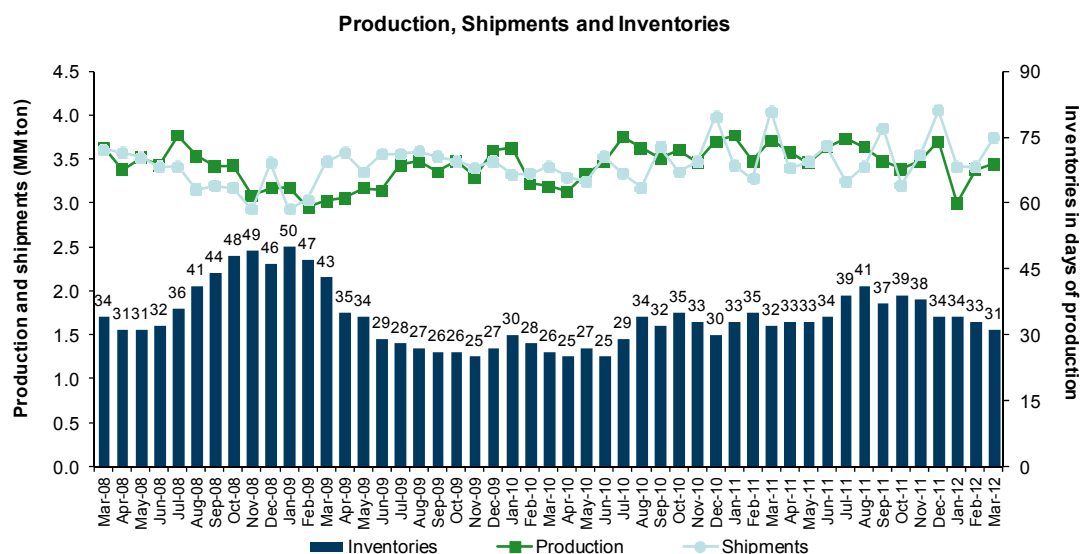
1Q12 Eucalyptus Bl. Hardwood Shipments



Market pulp production totaled 9.8 million tons in 1Q12, down 7.1% and 10.5% from 4Q11 and 1Q11, respectively.

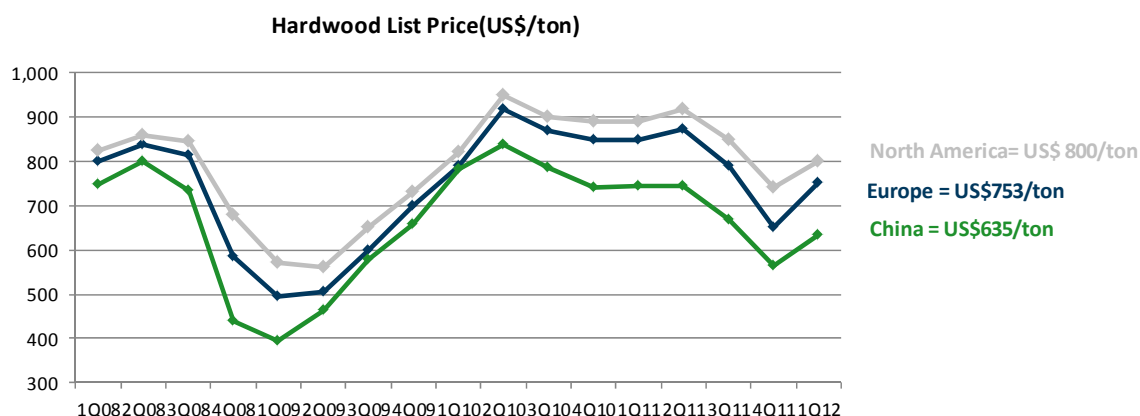
Comments on the Performance

In March, global pulp inventories came to 31 days of production, with 34 days for hardwood and 29 days for softwood, 3 days less than at the close of 4Q11, with an increase of 1 day for hardwood and a reduction of 7 days for softwood. During the first quarter of 2012, global pulp inventories in March were 2 days lower than in February, with a reduction of 1 day for hardwood and 2 days for softwood.



Source: FPPC (Pulp and Paper Products Council – World 20 Report)

At the end of 1Q12, hardwood prices were on average US\$78/ton higher than at the close of 4Q11 and US\$98/ton lower than at the close of 1Q11.



Source: Europe and China – FOEX (BHKP list price for the last week of each month) / North America – RISI (BEKP list price)

Comments on the Performance

In March, eucalyptus pulp prices reached US\$635/ton in China, US\$753/ton in Europe and US\$800/ton in North America (Source: FOEX and RISI). The spread between softwood and hardwood list prices closed the quarter at US\$91/ton.

Paper: Demand for paperboard in 1Q12 increased 7.7% compared to 1Q11

According to Bracelpa (Brazilian Association of Pulp and Paper Producers), domestic demand for **printing and writing paper and paperboard** fell by 16.8% over the previous quarter and by 7.0% over the same period in 2011.

During 1Q12, the Brazilian paper industry sales of **printing and writing paper and paperboard** were flat when compared to 1Q11, while imports fell 27% in the same period. The combination of these two factors is responsible for the demand shrinking when comparing to the same period in 2011.

Brazilian Demand (tons)	1Q12	1Q11	Δ Y-o-Y	4Q11	Δ Q-o-Q
Paperboard	138,087	128,176	7.7%	147,582	-6.4%
Printing & Writing	410,120	461,560	-11.1%	511,130	-19.8%
Coated	144,308	155,655	-7.3%	138,752	4.0%
Uncoated	265,812	305,905	-13.1%	372,378	-28.6%
TOTAL	548,207	589,736	-7.0%	658,712	-16.8%

Source: Brazilian Association of Pulp and Paper Producers – Bracelpa (data considers the Common Mercosul Nomenclature - NCM - for the products manufactured by Suzano)

The share of imported **uncoated printing and writing paper** in the domestic market fell by 1.2 p.p. over 4Q11 and 4.8 p.p. over 1Q11. Coated paper continued to account for the largest share of paper imports. However, it is worth noting the substantial 13.5 p.p. reduction in the imported coated paper's share compared to 1Q11.

Imports share in the domestic market	1Q12	1Q11	Δ Y-o-Y	4Q11	Δ Q-o-Q
Paperboard	9.5%	6.8%	2.7p.p.	7.4%	2.1p.p.
Printing & Writing	23.9%	30.9%	-7.0p.p.	17.8%	6.1p.p.
Coated	57.2%	70.8%	-13.5p.p.	46.8%	10.4p.p.
Uncoated	5.8%	10.5%	-4.8p.p.	7.0%	-1.2p.p.
Total	20.3%	25.6%	-5.4p.p.	15.5%	4.8p.p.

Source: Brazilian Association of Pulp and Paper Producers – Bracelpa (data considers the Common Mercosul Nomenclature - NCM - for the products manufactured by Suzano)

Comments on the Performance

Economic Overview

In the first quarter of 2012, the eurozone remained the main source of worry, although the European Central Bank's liquidity injection and the restructuring of Greek sovereign debt alleviated fears somewhat. As a result, expectations of a disruption in the economy and ensuing systemic risks gradually receded. Attention has now turned to Spain, which accounts for a substantial share of the European economy and is suffering from high unemployment rate and facing difficulties in reducing its fiscal deficit.

At the same time, the positive U.S. economic indicators at the beginning of the year started to lose momentum. The latest industrial output and job creation figures have fallen back, leading the market to believe that economic recovery will remain gradual.

China's growth indicators were also more modest than in recent quarters, pointing to a stronger-than-expected slowdown. The local real estate and banking sectors are giving grounds for concern, although the government has remained firm in its pursuit of controlled development and is therefore prepared to accept lower growth rates.

In Brazil, the government continued to adopt measures to spur economic activity, driven by lower inflation and a less heated job market. The Central Bank continued to cut its benchmark interest rate, which closed the quarter at 9.75% p.a., and the public banks lowered their consumer lending rates. The government also announced a stimulus package for certain industrial and consumption segments, including tax benefits, subsidized loans and the imposition of import barriers.

Given this scenario of high market volatility and despite government intervention in the exchange rate market, the BRL appreciated by 2.9% against the USD, and the exchange rate closed the quarter at R\$1.82/US\$.

Fx rate, R\$ / US\$	1Q12	1Q11	Δ Y-o-Y	4Q11	Δ Q-o-Q
Beginning of period	1.88	1.67	12.6%	1.85	1.2%
End of period	1.82	1.63	11.9%	1.88	-2.9%
Average	1.77	1.67	6.0%	1.80	-1.7%

Source: Brazilian Central Bank

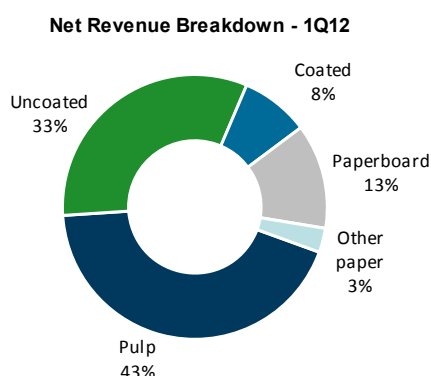
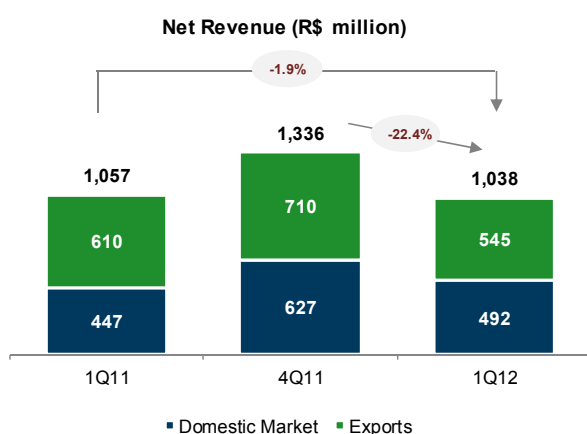
Regarding the currencies that determine pulp prices, in addition to the BRL, the Euro, Yuan, Chilean Peso and Canadian Dollar appreciated by 3.0%, 0.1%, 5.9% and 2.2% against the USD, respectively.

Comments on the Performance

Economic and Financial Performance

Net Revenue

Net revenue totaled R\$1,037.6 million in 1Q12, while total pulp and paper sales volume came to 725,000 tons, 20.3% lower than in 4Q11 and 7.0% higher than in 1Q11.



Note: Other Papers = paper from other suppliers sold by SPP and KSR

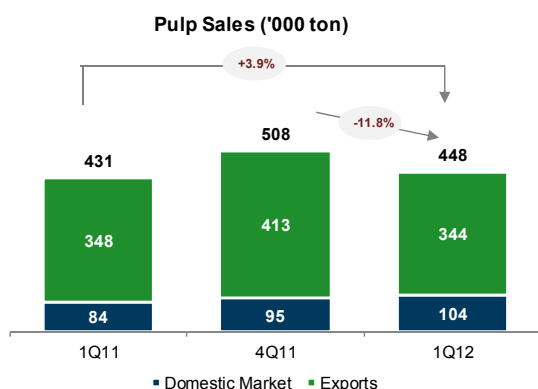
Total net revenue was mainly influenced by the following factors:

- i. Decline of 11.8% in pulp sales volume compared with 4Q11, due to the impact of the unscheduled downtime at Mucuri, which reduced the supply of this product available for sale, and 3.9% growth over 1Q11, reflecting the integration of the Limeira Unit (formerly Conpacel) in 2011;
- ii. Decrease of 31.0% in paper sales volume over 4Q11, due to seasonality, and growth of 12.4% over 1Q11, due to higher volumes following the integration of the Limeira unit and KSR in 2011;
- iii. The average net price of pulp in BRL remained flat over 4Q11 and fell by 15.4% over 1Q11;
- iv. Increase in the average net price of paper in BRL of 2.9% over 4Q11 and reduction of 4.1% over 1Q11;
- v. The share of domestic sales in the paper sales mix came to 61.6% in 1Q12, versus 60.1% in 4Q11 and 58.1% in 1Q11;
- vi. The variation in the BRL/USD exchange rate: the BRL appreciated by 1.7% on average in the quarter and depreciated by 6.0% in relation to 1Q11, affecting revenue from exports.

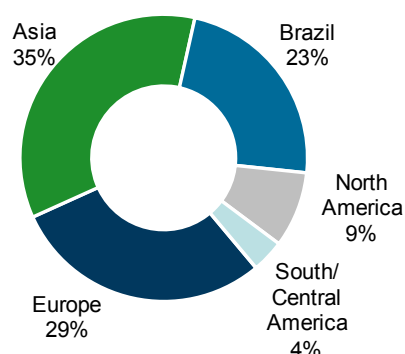
Comments on the Performance

Pulp Business Unit

The Company sold 448,300 tons of market pulp in 1Q12, including the consolidation of 100% of the Limeira Unit. The main sales destinations were Asia (35.3%), Europe (29.3%) and Brazil (23.2%). The share of sales to Europe and Brazil increased in relation to the previous quarter.



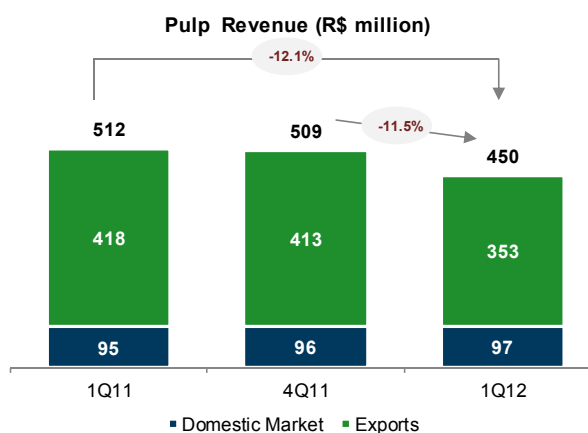
Pulp Sales Volume - 1Q12



Net revenue from pulp sales amounted to R\$450.5 million in 1Q12, impacted by the reduction in sales volume over the previous quarter, partially offset by stable prices.

The net price in USD (domestic and export) averaged US\$568.7/ton in 1Q12, 2.1% up on 4Q11 and 20.2% down from 1Q11.

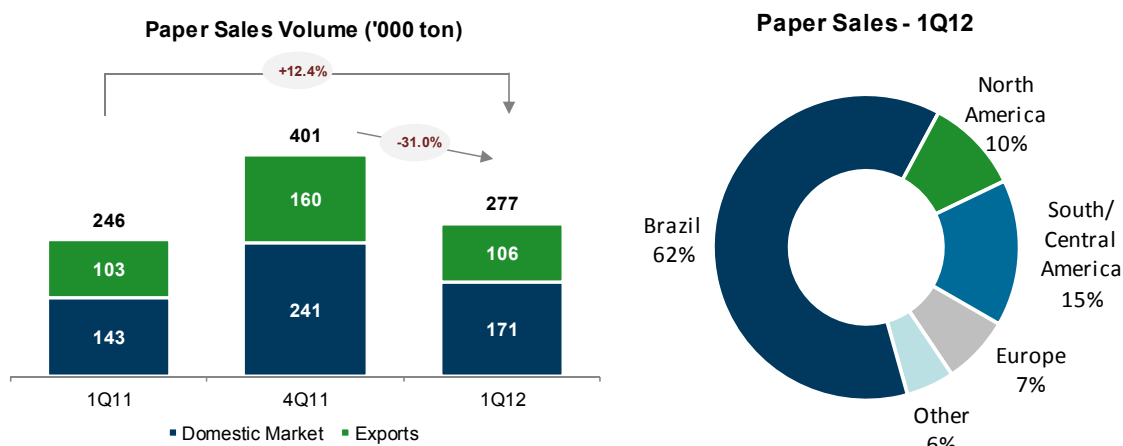
The average net price in BRL stood at R\$1,005.0/ton, stable in relation to 4Q11 and 15.4% lower than in 1Q11, while the BRL appreciated 1.7% in comparison with 4Q11 and depreciated 6.0% in relation to 1Q11.



Comments on the Performance

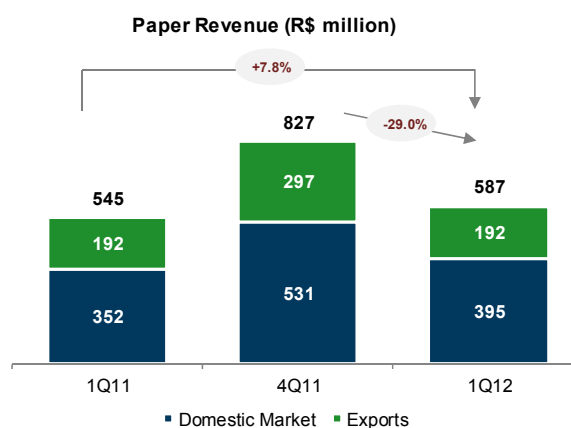
Paper Business Unit

Suzano's paper sales totaled 276,700 tons in 1Q12, including the consolidation of 100% of the Limeira Unit and of the KSR paper merchant, which was incorporated in 1Q11. Brazil accounted for 61.6% of total sales, versus 60.1% in 4Q11 and 58.1% in 1Q11. South and Central America, Suzano's leading market, absorbed 77.0% of the Company's sales in the quarter.



Net revenue from paper sales came to R\$587.1 million in 1Q12. This result reflects the reduction in sales volume due to market seasonality and the recovery in prices compared with 4Q11. When comparing to 1Q11, revenue growth reflects the volume increase resulting of integration of Limeira Unit and KSR paper merchant.

The net paper price (domestic market and exports) averaged R\$2,121.5/ton, 2.9% up on 4Q11 and 4.1% lower than 1Q11.



Suzano maintained its Brazilian **printing and writing paper** leadership in 1Q12, with **domestic** sales volume of 126,100 tons, 32.1% less than in 4Q11, due to seasonality, and 21.5% more than in 1Q11, reflecting the integration of the Limeira Unit.

In 1Q12, the net price of **printing and writing paper** in the **domestic market** averaged R\$2,165.4/ton, 5.4% higher than in 4Q11 and 4.8% lower than in 1Q11. The average net price of **uncoated paper** grew by 7.2% and 1.8%, respectively, in the same periods, while the price of **coated paper** increased by 2.4% over 4Q11 but declined by 21.8% over 1Q11.

Comments on the Performance

In the **export market**, **printing and writing paper** sales volume stood at 83,200 tons, 34.6% lower than in 4Q11 and 3.4% higher than in 1Q11. The net price of **printing and writing paper** in the **export market** averaged R\$1,805.1/ton, 2.6% and 2.1% lower than in 4Q11 and 1Q11, respectively. The average net price of **uncoated paper** fell by 2.3% and 2.1%, respectively, in the same periods, while the price of **coated paper** decreased by 4.0% in comparison 4Q11, but climbed by 16.6% over 1Q11. The BRL appreciated by 1.7% over 4Q11 and depreciated by 6.0% over 1Q11.

The Company's **domestic paperboard** sales totaled 33,800 tons, down 19.4% from 4Q11 and up 3.0% from 1Q11, while **paperboard** prices remained flat over 4Q11 and fell by 7.6% from 1Q11.

Paperboard exports totaled 23,000 tons, 29.7% lower than in 4Q11 and 1.1% higher than in 1Q11, while the net **paperboard** price in BRL averaged R\$1,824.1/ton, 1.7% and 5.9% down on 4Q11 and 1Q11, respectively.

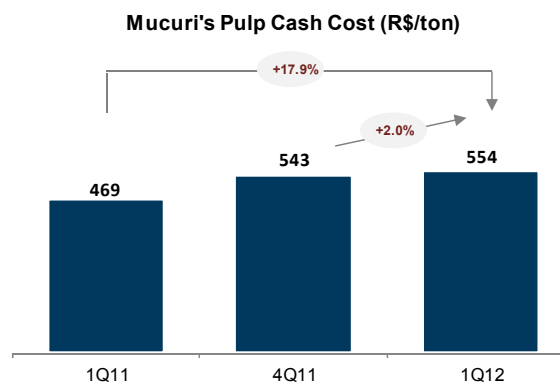
The average net export price of paper in USD remained stable in relation to 4Q11 and declined by 8.5% from 1Q11, while prices in BRL fell by 2.4% and 3.0%, respectively, impacted by the period exchange variation.

Production and Costs

Production ('000 tons)	1Q12	1Q11	Δ Y-o-Y	4Q11	Δ Q-o-Q
Market Pulp	453	456	-0.6%	503	-9.8%
Paper	311	309	0.9%	339	-8.2%
Paperboard	62	63	-1.7%	66	-5.5%
Coated	48	40	21.6%	50	-2.7%
Uncoated	201	206	-2.3%	224	-10.3%
TOTAL	765	765	0.0%	842	-9.2%

Note: Includes 100% of Limeira Unit

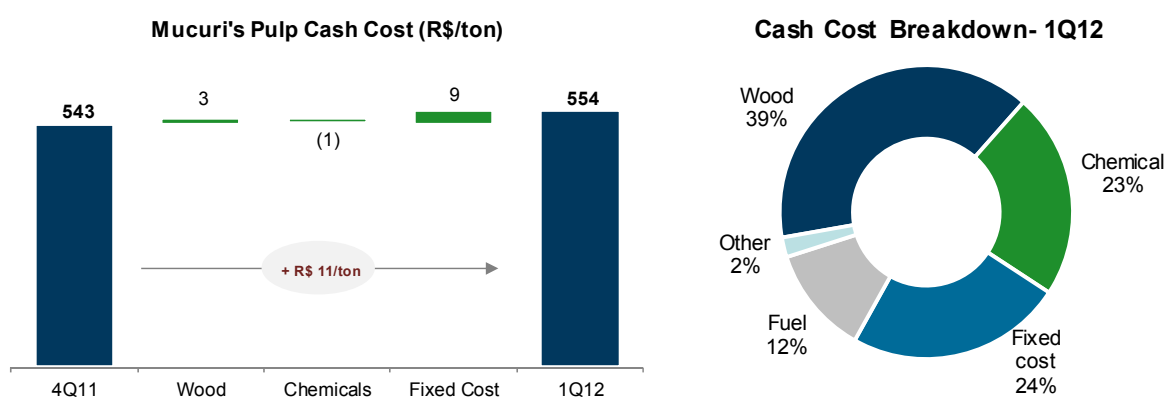
The line 2 recovery boiler in the Mucuri Unit was subject to an unscheduled downtime in January, reducing 1Q12 output by 50,000 tons. The following maintenance downtimes are scheduled for 2012: line 2 of the Mucuri and Suzano Units in 2Q12;



Comments on the Performance

and line 1 of the Mucuri and Limeira Units in 3Q12.

In 1Q12, the cash cost of market pulp production at Mucuri, excluding the costs related to depletion of the forestry base, came to R\$554/ton, chiefly due to: (i) higher fixed costs, reflecting the lower production volume; (ii) higher wood costs; and (iii) lower chemicals cost.



The cost of goods sold (COGS) totaled R\$852.6 million in 1Q12, 19.0% lower than in 4Q11 and 15.1% higher than in 1Q11. The reduction over the previous quarter was mainly due to the lower sales volume and product sales mix in 1Q12. On the other hand, COGS in 1Q12 was impacted by (i) the recognition of the expenses with the unscheduled downtime at the Mucuri Unit; (ii) higher wood costs; and (iii) higher price of energy matrix inputs. The year-on-year upturn in COGS was due to (i) the impact of the incorporation of 100% of the Limeira Unit on sales volume and the product mix; and (ii) higher wood prices, fixed costs and maintenance downtime expenses.

Average unit COGS came to R\$1,176/ton in 1Q12, 1.6% and 7.6% higher than in 4Q11 and 1Q11, respectively.

Operating Expenses / Revenues

Expenses (R\$ '000)	1Q12	1Q11	Δ Y-o-Y	4Q11	Δ Q-o-Q
Sales Expenses	54,896	47,165	16.4%	70,312	-21.9%
General and Administrative Expenses	93,013	77,861	19.5%	88,816	4.7%
Total Expenses	147,909	125,026	18.3%	159,128	-7.1%
Total Expenses / Net Revenue	14.3%	11.8%	2.4p.p.	11.9%	2.3p.p.

Comments on the Performance

The reduction in **selling expenses** over the previous quarter and the increase over 1Q11 was chiefly due to expenses with logistics due to sales volume.

The 4.7% upturn in **administrative expenses** over 4Q11 was mainly due to the increase in advisory services and the reversal of provisions for labor lawsuits in 4Q11, while the increase over 1Q11 was due to the reversal of provisions for labor lawsuits in 1Q11 and to expansion projects related to the Suzano 2024 Plan, offset by expenses with the incorporation of Conpacel in 2011.

The **other operating revenues** line recorded a net gain of R\$34.2 million in 1Q12, positively impacted by the non-recurring gain from the sale of fixed assets.

EBITDA

Cash flow, as measured by EBITDA, totaled R\$238.2 million in 1Q12, with an EBITDA margin of 23.0%, 8.1 p.p. and 10.5 p.p. lower than in 4Q11 and 1Q11, respectively.

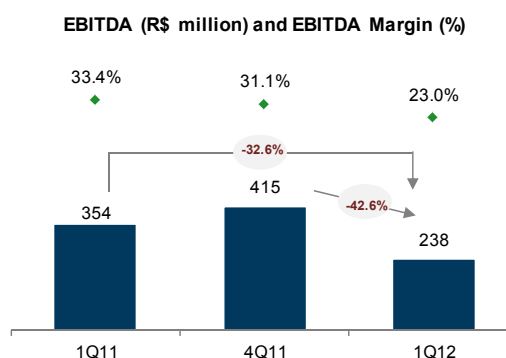
The factors impacting EBITDA and operating margins in 1Q12 in relation to 4Q11 included:

Positive

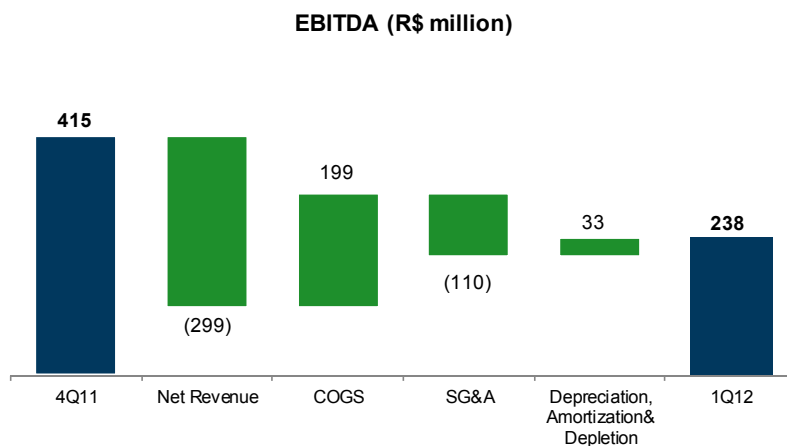
- i. Increase in domestic market paper prices (+5.2%), and also in export markets of market pulp (+2.6%);
- ii. Increase of the share of domestic market on paper sales; and
- iii. Sale of fixed assets (non-recurring effect).

Negative

- i. Reduction in pulp and paper sales volume (-20.3%), specially due to paper market seasonality;
- ii. Appreciation of the BRL against the USD, which affected export revenue;
- iii. The unscheduled downtime; and
- iv. The reduction in the other operating revenue line due to the non-recurring and non-cash items booked in 4Q11.



Comments on the Performance



Financial Result

Financial Expenses (R\$ '000)	1Q12	1Q11	Δ Y-o-Y	4Q11	Δ Q-o-Q
Financial Expenses	(150,414)	(160,911)	-6.5%	(90,575)	66.1%
Financial Revenues	70,279	91,881	-23.5%	65,043	8.1%
Net Financial Expenses	(80,135)	(69,030)	16.1%	(25,532)	213.9%
Exchange Rate Variation	80,223	63,443	26.4%	(50,232)	n.a.
Net Financial Result	88	(5,587)	n.a.	(75,764)	n.a.

Net financial expenses totaled R\$80.1 million in 1Q12, versus R\$25.5 million in 4Q11 and R\$69.0 million in 1Q11, impacted by the negative result of R\$1.2 million from hedge operations involving swaps, versus a positive R\$74.4 million in 4Q11 and a positive R\$16.1 million in 1Q11 from the same operations.

In 1Q12, the Company's results were positively impacted by monetary and foreign exchange variations of R\$80.2 million, due to the impact of the 2.9% appreciation of the BRL against the USD on the exposure of the balance sheet between the beginning (R\$1.88/US\$) and end (R\$1.82/US\$) of the quarter, with cash effects limited to debt maturities and amortizations.

On March 31, 2012, the net value of the principal of operations for the future sale of USD via conventional Non Deliverable Forwards (NDFs) totaled US\$52.1 million. The maturities are distributed between April 2012 and January 2014 in order to secure attractive operating margins for a minor portion of sales over the course of this period. The cash effects of these operations occur only on the respective maturity date, when the contracts generate cash disbursements or proceeds for the Company, as the case may be. In addition, the Company uses swap contracts to exchange floating interest rates for fixed interest rates and contracts to set pulp prices, which reduce the effects of potential variations on the Company's cash flow.

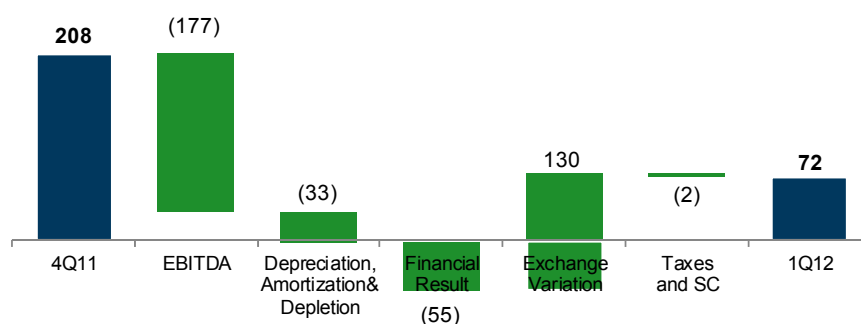
Comments on the Performance

As a result, the loss of R\$1.2 million from hedge operations through swaps in the quarter was composed primarily of: (i) a loss of R\$9.5 million from pulp sales; and (ii) a gain of R\$5.8 million from the sale of NDFs. For further information, see note 28 to the Quarterly Information (ITR).

Net Income

The Company recorded net income of R\$71.8 million in 1Q12, versus R\$208.1 million in 4Q11 and R\$143.8 million in 1Q11. In addition to the operating factors that affected EBITDA between 4Q11 and 1Q12, net income was impacted: (i) positively by the foreign exchange variation; and (ii) negatively by financial expenses, depreciation, amortization and depletion.

Net Income (R\$ million)



Debt

Debt (R\$ million)	3/31/2012	12/31/2011	Δ Q-o-Q	3/31/2011	Δ Y-o-Y
Local Currency	4,682	4,119	13.7%	3,811	22.9%
Short Term	1,172	856	36.9%	730	60.5%
Long Term	3,510	3,263	7.6%	3,081	13.9%
Foreign Currency	4,626	4,625	0.0%	3,180	45.5%
Short Term	1,429	1,397	2.3%	612	133.5%
Long Term	3,197	3,228	-1.0%	2,568	24.5%
Gross Debt	9,308	8,744	6.5%	6,990	33.2%
(-) Cash	3,572	3,274	9.1%	1,830	95.2%
Net Debt	5,736	5,470	4.9%	5,160	11.2%
Net Debt / EBITDA (x)	4.8x	4.2x	0.6x	3.3x	1.5x

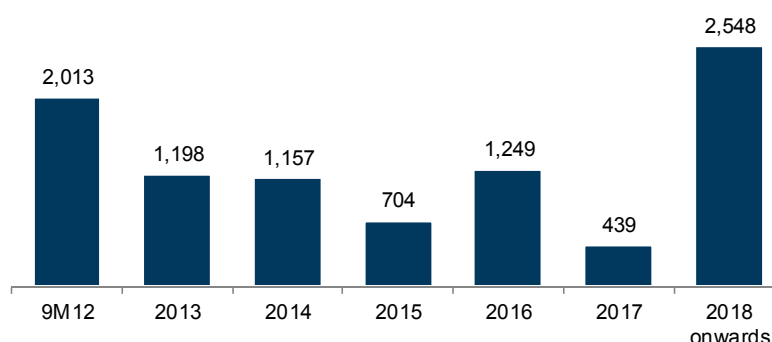
Comments on the Performance

Gross debt closed 1Q12 at R\$9.3 billion, 49.7% of which denominated in foreign currency and 50.3% in local currency. Suzano contracts foreign-currency debt as a natural hedge, given that more than 50% of revenue comes from exports. This structural exposure allows the Company to raise export funding in USD at more competitive costs than those of local lines and reconcile financing payments with the flow of receivables from sales.

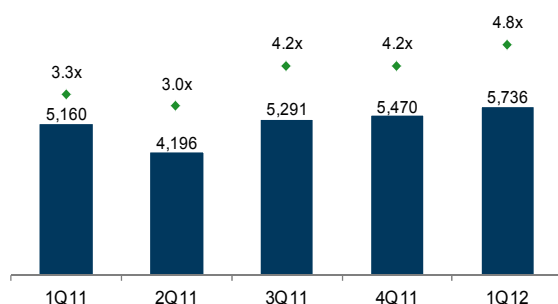
The increase in gross debt over 4Q11 was chiefly due to the contracting of new financing lines at the end of the quarter. In 1Q12, the Company carried out two export funding operations consisting of export credit notes (NCEs) worth approximately R\$675 million, and two export prepayment agreements totaling R\$120 million, and received BNDES disbursements of R\$12.7 million. The Company closed the quarter with a cash position of R\$3.6 billion.

On March 31, 2012, 72.1% of gross debt was long-term and 27.9%, short-term. Suzano has been concentrating its efforts on seeking out longer-term project funding with attractive costs and funding with highly favorable terms and conditions, including grace periods and lengthier amortizations in line with the cash flows from the projects. In March 2012, the average cost of debt was 9.5% p.a. in BRL and 4.7% p.a. in USD. The average term of consolidated debt at the close of the quarter was 3.9 years.

Amortization Schedule (R\$ million)



Net Debt (R\$ million) and Net Debt / EBITDA (x)



Net debt closed the quarter at R\$5,736.0 million, 4.9% up on December 2011. The net debt to EBITDA ratio stood at 4.8x, due to: (i) the R\$115.3 million reduction in LTM EBITDA ending on March 31, 2012 versus LTM EBITDA ending on December 31, 2011 and; and (ii) the upturn in the gross debt, as explained above. The Company is working on already announced initiatives to reduce leverage and improve its capital structure.

Capex

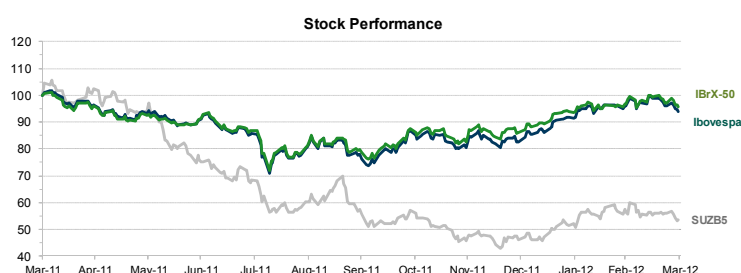
Comments on the Performance

Capex (R\$ '000)	1Q12	1Q11	Δ Y-o-Y	4Q11	Δ Q-o-Q
Sustain	98,633	112,842	-12.6%	166,435	-40.7%
Industrial	24,747	23,088	7.2%	58,132	-57.4%
Forestry	73,886	89,754	-17.7%	108,304	-31.8%
Expansion	293,740	1,662,201	-82.3%	185,408	58.4%
Other	1,762	4,390	-59.9%	15,263	-88.5%
TOTAL	394,135	1,779,434	-77.9%	367,107	7.4%

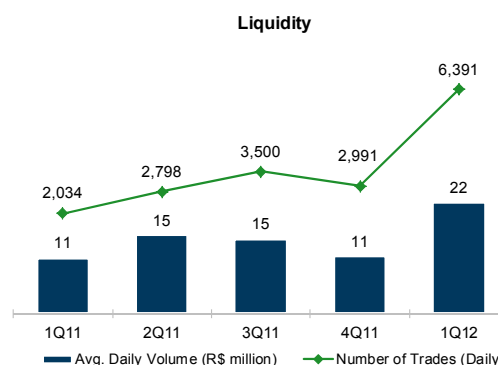
The increase in investments in 1Q12 vs 4Q11 was mainly related to expansion projects, including the industrial capex for the Maranhão unit.

Capital Markets

Suzano's preferred shares (SUZB5) closed March at R\$7.81. The Company's stock is listed in the BM&FBovespa's Level 1 of Corporate Governance and has been included in the Corporate Sustainability Index (ISE) for seventh consecutive year.



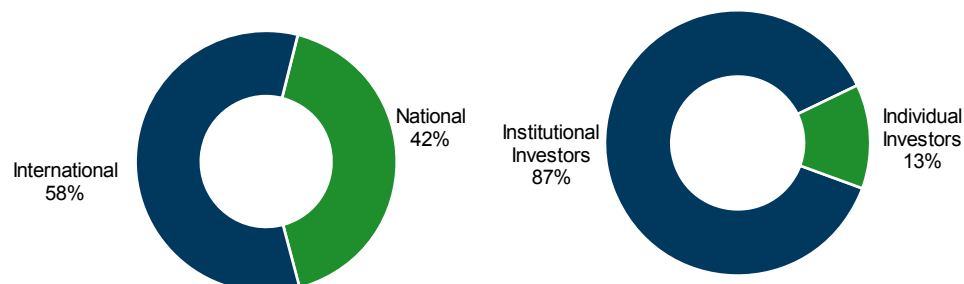
Source: Bloomberg



The Company's capital stock is represented by 140,039,904 common shares (SUZB3) and 268,852,497 preferred shares (SUZB5 and SUZB6), with a total of 408,892,401 shares traded on the São Paulo Stock Exchange (BM&FBovespa). Of this total, on March 31st, 2012, 6,786,194 common shares and 4,154,687 preferred shares were held in treasury, with a total of 10,940,881 shares.

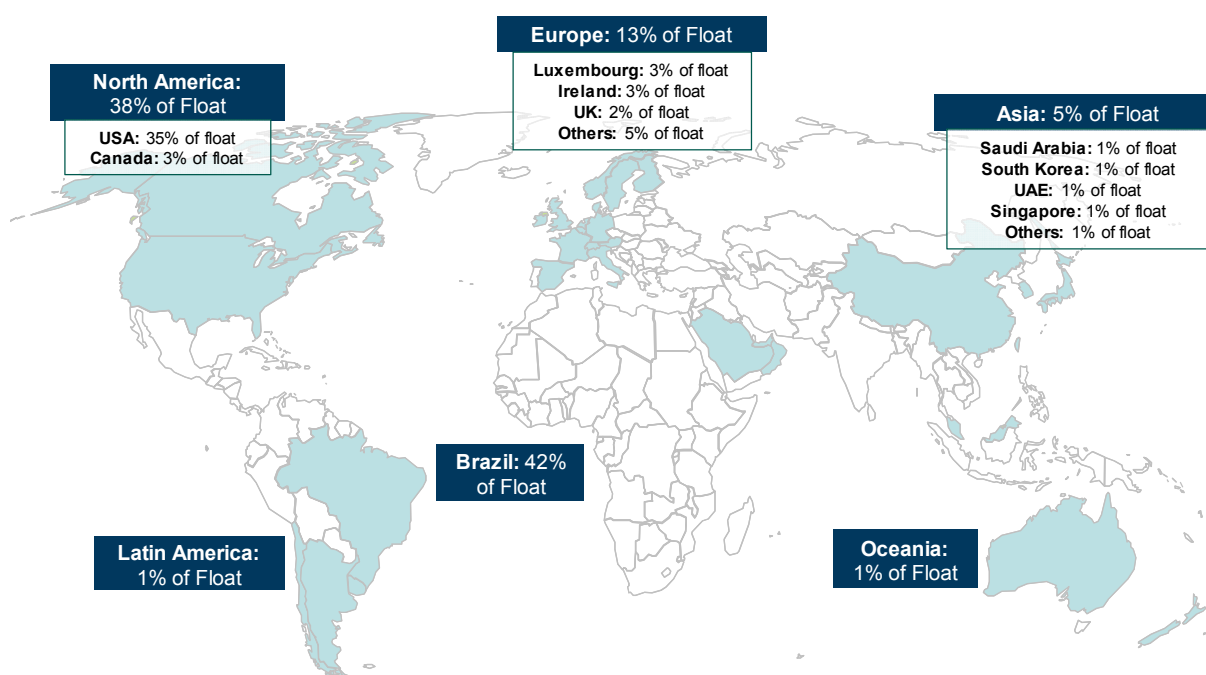
Suzano's Market capitalization stood at R\$3.2 billion on March 31st, 2012 and the 1Q12 free float amounted to 43.3% of the total capital stock.

Free Float Distribution on 03/31/2012



Comments on the Performance

Distribution of Free Float on 03/31/2012



Events in the Period

Payment of Interest on Equity

Suzano's Board of Directors, at a meeting held on December 22nd, has approved the Executive Board's proposal for the payment of interest on equity, gross value of R\$ 96,000,118.76 (ninety-six million, one hundred and eighteen reais and seventy six cents), that were credited on December 29th, 2011 and paid on March 15th, 2012.

The amounts are subject to Withholding Income Tax of 15%, except for shareholders that are provenly exempt from said tax or are domiciled in countries with different tax rates.

Holders of outstanding shares as of December 22nd, 2011 were entitled to interest on equity. Company's shares were traded ex interest on equity as of December 23rd, 2011.

Comments on the Performance

For the purposes of the Corporate Law, these amounts were deemed part of the obligatory minimum dividend to be paid by the Company for the current business year.

Unscheduled downtime – Mucuri Unit

Suzano announced to its shareholders and the market in general that it conducted an unscheduled downtime in the recovery boiler of line 2 of the Mucuri Unit this January. Following the aforementioned downtime, the necessary repairs were made and production was resumed.

The factory is already operating at full capacity. The total production shortfall is estimated at 50,000 tons, which represents 2.6% of the Company's annual production capacity. Several different measures will be implemented throughout the year in order to achieve partial recovery of production.

Subsequent Events

Annual and Extraordinary General Shareholders' Meeting

The Annual and Extraordinary General Shareholders' Meeting of Suzano Pulp and Paper was held on April, 27th, 2012. The Meeting's Minute is available on the CVM's website, as well as on the Company IR website (www.suzano.com.br/ir).

Corporate Information

Suzano Papel e Celulose S.A., with annual revenue of R\$4.8 billion in 2011, is one of Latin America's largest vertically integrated producers of paper and eucalyptus pulp, with an annual production capacity of 1.3 million tons of paper and 1.9 million tons of market pulp. It offers a broad range of pulp and paper products for the domestic market and exports, with leadership positions in key Brazilian segments. It has four product lines: (i) eucalyptus pulp; (ii) uncoated printing and writing paper; (iii) coated printing and writing paper; and iv) paperboard.

Forward-looking statements

This release may contain forward-looking statements. These statements are subject to known and unknown risks and uncertainties that can lead such expectations to not materialize or to differ materially from expectations. These risks include: changes in future demand for the Company's products, changes in factors affecting domestic and international product prices, changes in the cost structure, changes in the seasonal patterns of markets, changes in prices charged by competitors, foreign exchange variations, changes in the political or economic situation of Brazil, and changes in emerging and international markets.

Notes to the Financial Statements

*** All amounts are in thousands of Brazilian real, unless otherwise stated ***

1 Company Information

The core business of Suzano Papel e Celulose S.A. (hereinafter the Company, Parent Company or Suzano) and its subsidiaries is the manufacture and trading, in Brazil and abroad, of hardwood eucalyptus pulp and paper, as well as the formation and commercial exploration of eucalyptus forests for its own use and sale to third parties. The Company is a corporation domiciled in Brazil and its shares are traded on BM&FBovespa S.A. - Securities, Commodities and Futures Exchange. The Company's headquarters are located in the city of Salvador, state of Bahia. The Company is controlled by Suzano Holding S.A., which holds an 88% interest in the common shares of its capital stock.

The Company has industrial plants in the states of Bahia and São Paulo. The Company uses direct sales and its foreign subsidiaries to trade its products in the international market.

1.1 Major events in the three-month periods ended March 31, 2012 and 2011:

a) Unscheduled shutdown – Mucuri Unit - Bahia

On February 10, 2012, the Company informed its shareholders and the market in general about an unscheduled shutdown in the Line 2 recovery boiler at the Mucuri Unit – BA in January. Following the shutdown, repairs were made and production was resumed.

The plant is operating normally at full capacity. The total estimated production loss was 50,000 tonnes, i.e., 2.6% of the Company's annual production capacity. Several measures will be implemented to partially recover production throughout the year.

b) Acquisition of 50% of the net assets of Consórcio Paulista de Papel e Celulose ("Conpacel") and of 100% of the operations of KSR

On January 31, 2011 and February 28, 2011, the Company concluded the transaction to acquire the interest held by Fibria Celulose S.A. ("Fibria") in the net assets of Conpacel and acquired KSR's paper distributions operations for R\$1,509,031, taking over control of these operations on these dates (Note 12).

2 Basis of preparation and presentation of the financial statements

2.1. Basis of preparation of the financial statements

The Company's individual and consolidated quarterly information statements for the periods ended March 31, 2012 and 2011 were prepared and are presented in accordance with technical pronouncement CPC 21 (interim statements) and in accordance with international standard IAS 34, observing the provisions in Central Bank Circular Letter/CV/SNC/SEP 003/2011 dated April 28, 2011.

The Company's individual quarterly information statements for the periods ended March 31, 2012 were prepared in accordance with the accounting practices adopted in Brazil, which include the rules issued by Securities and Exchange Commission of Brazil ("CVM") and the

Notes to the Financial Statements

Pronouncements, Guidance and Interpretations issued by the Brazilian Accounting Pronouncements Committee (“CPC”).

These quarterly information statements should be read together with the financial statements for the fiscal year ended December 31, 2011.

The consolidated quarterly information statements for the period ended March 31, 2012 were prepared in accordance with the accounting practices adopted in Brazil which include the rules issued by the CVM and the CPCs, and are in conformity with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standard Board (“IASB”).

In the individual financial statements, the investments in subsidiaries are measured using the equity method, while under the IFRS standards issued by the IASB, they are measured at cost or fair value.

Therefore, there are no differences between the shareholders’ equity and consolidated profit or loss reported by the Company and the shareholders’ equity and profit or loss of the parent company on its individual financial statements. As such, the consolidated financial statements of the Company and the individual financial statements of the parent company are presented side by side in a single set of financial statements.

The Company’s Management authorized the issue of these financial statements on May 9, 2012.

2.2. Standards issued but not effective yet

There are no CPCs issued and not yet effective, IFRS standards have been published for which the CPCs in effect have not yet been amended. However, Brazilian standards are expected to comply with international standards until the date they take effect. Below is a summary of the main IFRS standards issued that took effect as of January 1, 2013, whose effects are currently being evaluated by the Company, although it does not expect relevant effects on its financial statements:

- IFRS 7 Financial Instruments - Disclosure – This amendment aims to promote transparency in the disclosure of transactions involving the transfer of financial assets, improving the user’s understanding on the risk exposure in these transfers, as well as the effects of these risks on the balance sheet, especially those involving the securitization of financial assets.
- IFRS 9 Financial Instruments – Recognition and Measurement - IFRS 9 concludes the first part of the project to replace “IAS 39 Financial Instruments: Recognition and Measurement”. IFRS 9 uses a simple approach to determine if a financial asset is measured at amortized cost or fair value, based on how an entity manages its financial instruments (its business model) and the contractual cash flows, which is a characteristic of the financial assets. The standard also requires the adoption of only one method to determine the impairment of assets.
- IFRS 10 Consolidated Financial Statements - IFRS 10 replaces the consolidation requirements of SIC-12 – Consolidation of Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. This standard includes a new definition of control that contains three elements: a) power over investee; b) exposure or rights to

Notes to the Financial Statements

variable returns of its interest in the investee; and c) the capacity to use its power over the investee to affect the value of return for the investor.

- IFRS 11 Joint Arrangements – IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-Controlled Entities – Non-Monetary Contributions by Shareholders. According to this standard, joint arrangements are classified as joint ventures, according to the rights and obligations of parties to the agreements. Joint ventures must be recorded by the equity method, while joint ventures may be recorded by the equity method or proportional accounting method.
- IFRS 12 Disclosure of Interests in Other Entities – IFRS 12 refers to the disclosure of interest in other entities, the purpose of which is allowing users to become aware of risks, nature and effects of this interest on the financial statements
- IFRS 13 Fair Value Measurement - IFRS 13 sets forth new requirements on how to measure the fair value and related disclosures.

IASB issued clarifications to the IFRS standards and amendments to be applied as of December 31, 2011. The main clarifications follow:

- IAS 1 – Presentation of financial statements – Presentation of other comprehensive income items;
- IAS 12 – Income Taxes – This standard clarifies the calculation of deferred taxes on investment properties measured at fair value. It introduces the refutable assumption that deferred taxes of investment property measured at fair value according to IAS40 – Investment property should be defined based on the fact that its carrying amount will be recovered via divestment;
- IAS 19 – Employee benefits – Includes things from essential amendments, such as the removal of the “corridor method” and the concept of expected returns on plan assets, to simple clarifications on valuations and devaluations, as well as reformulation;
- IAS 27 – Consolidated and separate financial statements – As a result of the future application of IFRS 10 and 12, the remain in this standard is restricted to the accounting for subsidiaries, joint ventures and associates in separate financial statements;
- IAS 28 – Investments in associates and joint ventures – As a result of the future application of IFRS 11 and 12, the current applicable standard is IAS28 – Investments in Associates and Joint Ventures, which describes the application of the equity method for investment in joint ventures and associates.

There are no other rules and interpretations issued and not yet adopted that, according to Management's opinion, could significantly affect the profit or loss or shareholders' equity reported by the Company.

2.3. Consolidated interim financial statements

The main consolidation procedures are:

- Elimination of intercompany assets and liabilities accounts balances;

Notes to the Financial Statements

- Elimination of interest in capital stock, reserves and retained earnings (losses) of consolidated companies;
- Elimination of balances from revenues and expenses, as well as unrealized profit, deriving from intercompany transactions;
- Calculation of taxes on unrealized profit amount, stated as deferred taxes in the consolidated balance sheets.

The reference date of the subsidiaries' financial statements included in the consolidation coincides with those of the Parent Company, except for the subsidiary Futuragene Plc, for which the reference date is February 2012.

The exchange rates applied when translating the financial statements of foreign subsidiaries into the reporting currency of the financial statements are the following:

Currency	Name	Country	Final rate		Average rate	
			3/31/2012	12/31/2011	3/31/2012	3/31/2011
USD	U.S. Dollar	United States	1.8221	1.8758	1.7672	1.6674
CHF	Swiss Franc	Switzerland	2.0187	2.0002	1.9173	1.7719
EUR	Euro	European Union	2.4300	2.4342	2.3159	2.2811
GBP	Pound Sterling	United Kingdom	2.9132	2.9148	2.8122	2.6712
ARS	Argentine Peso	Argentina	0.4158	0.4358	0.4043	0.4097

As required by CPC 19 – Investment in Joint Venture, we present below the main financial information related to Asapir Produção Florestal e Comércio Ltda. ("Asapir"). Asapir was proportionally consolidated according to the quotaholders' agreement with Fibria.

Balance Sheet	3/31/2012	12/31/2011	Statement of income	Three-month period ended	
				3/31/2012	3/31/2011
Assets					
Current	49,340	51,030	Gross profit	-	-
Non-current	8,103	7,606	Net operating revenues (expenses)	(165)	834
Long-term assets	8,103	7,606	Operating income (loss)	(165)	834
Permanent assets	-	-	Deferred income and social contribution taxes	-	(307)
	57,443	58,636	Loss for the period	(165)	527
Liabilities					
Current	1,710	2,407			
Non-current	14,994	15,325			
Shareholders' equity	40,739	40,904			
	57,443	58,636			

Notes to the Financial Statements**3 Accounting Practices**

The accounting practices adopted for the preparation of these quarterly information statements are consistent with those adopted for the preparation of the annual financial statements for the fiscal year ended December 31, 2011, and should be analyzed jointly.

Reclassifications

The Company made certain reclassifications in the Individual and Consolidated financial statements, for comparison purposes, in the following items of the income statement:

Interest rates on actuarial liabilities: On March 31, 2011, the amount of R\$4,215, was reclassified from “Other Operating Expenses” to “Financial Expenses”, for adequate presentation in accordance with the nature of the expense.

4 Cash and cash equivalents

	Parent Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Cash and banks	52,680	24,377	353,920	188,370
Financial investments	3,193,182	3,065,392	3,218,091	3,085,568
	<u>3,245,862</u>	<u>3,089,769</u>	<u>3,572,011</u>	<u>3,273,938</u>

On March 31, 2012, these investments yielded interest at rates varying between 99.0% and 112.0% of the Interbank Certificate of Deposit (“CDI”) (on December 31, 2011 from 99.0% to 112.0%), except for an amount in Repurchase Commitments, which are investments with daily liquidity, yielding 75% of the CDI.

Notes to the Financial Statements

5 Trade accounts receivable

	Parent Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Domestic clients				
- Third parties	478,319	549,638	488,873	559,854
- Subsidiaries	8	-	-	-
- Other related parties	16,829	4,470	16,829	4,470
Foreign clients				
- Third parties	20,057	21,195	372,988	503,516
- Subsidiaries	863,203	847,231	-	-
Provision for discounts	(6,510)	(7,942)	(29,043)	(58,357)
Allowance for doubtful accounts	(25,830)	(24,880)	(27,322)	(26,425)
	<u>1,346,076</u>	<u>1,389,712</u>	<u>822,325</u>	<u>983,058</u>

For additional information on the terms and conditions involving the accounts receivable from Related Parties, please refer to Note 9.

The breakdown of balances of overdue trade accounts receivable is as follows:

	Parent Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Amounts overdue:				
- Up to two months	18,199	11,178	21,926	20,156
- Two to six months	4,218	2,477	4,663	2,915
- Over six months	36,196	35,797	37,967	38,669
	<u>58,613</u>	<u>49,452</u>	<u>64,556</u>	<u>61,740</u>

Notes to the Financial Statements

The changes in the allowance for doubtful accounts in the period are shown below:

	Parent Company	Consolidated
Balances on December 31, 2010	(20,401)	(24,001)
Other changes	(5,219)	(5,219)
Credits accrued	(4,333)	(5,093)
Credits recovered	874	1,600
Credits definitively written-off from position	4,199	6,518
Foreign exchange variation	-	(230)
Balances on December 31, 2011	(24,880)	(26,425)
Credits accrued	(1,267)	(1,267)
Credits recovered	313	313
Credits definitively written-off from position	4	4
Foreign exchange variation	-	53
Balances on March 31, 2012	(25,830)	(27,322)

6 Inventories

	Parent Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Finished goods				
Pulp				
- Domestic	18,206	16,376	18,206	16,376
- Foreign	-	-	83,918	81,187
Paper				
- Domestic	191,429	141,885	191,429	141,885
- Foreign	-	-	69,236	53,344
Work in process	28,830	17,298	28,830	17,298
Raw materials	220,780	209,649	220,949	209,818
Maintenance and other materials	233,198	227,270	237,317	231,940
Provision for inventories losses of maintenance and others	(26,956)	(29,447)	(26,956)	(29,447)
	665,487	583,031	822,929	722,401

7 Income and social contribution taxes

Neutrality for tax purposes of first-time adoption of Law 11,941/09

The Company opted for the Transition Tax Regime ("RTT") introduced by Law 11,941 of May 27, 2009 in the 2009 corporate income tax return ("DIPJ") by means of which, the calculations of corporate income tax (IRPJ), social contribution on net income (CSLL), Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) are still determined based on the accounting methods and criteria set forth by Law 6,404 of December 15, 1976, effective on December 31, 2007. Deferred income and social contribution taxes, calculated over the adjustments deriving from the adoption of new

Notes to the Financial Statements

accounting practices resulting from Law 11,941/09 were recorded in the Company's financial statements, if applicable, according to CPC 32 – Income Taxes.

Recoverable income tax and social contribution taxes

	Parent Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Recoverable social contribution	14,395	23,205	14,831	23,293
Income tax recoverable	75,607	61,875	77,943	62,949
	90,002	85,080	92,774	86,242

Deferred income tax and social contribution taxes

Deferred income and social contribution taxes are recorded in order to reflect future tax effects, attributable to temporary differences and over tax losses and social contribution tax loss carryforwards.

Notes to the Financial Statements

Deferred income and social contribution taxes are originated as follows:

	Parent Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Income tax				
Credits over tax losses	428,068	425,952	428,733	426,637
Credits over temporary differences:				
- Credits over provisions	128,343	131,364	128,393	131,414
- Credits over goodwill amortization	14,891	17,618	14,891	17,618
Credits over effects of Law 11,941/09 and IFRS	164,153	164,153	164,153	164,155
	735,455	739,087	736,170	739,824
Social contribution				
Credits over social contribution tax loss carryforwards	46,889	45,461	46,889	45,496
Credits over temporary differences:				
- Credits over provisions	45,951	47,039	45,969	47,057
- Credits over goodwill amortization	5,361	6,343	5,361	6,343
Credits over effects of Law 11,941/09 and IFRS	59,095	59,095	59,095	59,095
	157,296	157,938	157,314	157,991
Total assets	892,751	897,025	893,484	897,815
Income tax				
Debits over accelerated depreciation	577,154	578,979	577,154	578,979
Debits over goodwill amortization	87,277	80,564	87,277	80,564
Reforestation costs	325	640	325	640
Debits over effects of Law 11,941/09 and IFRS	1,410,868	1,414,352	1,499,982	1,503,472
	2,075,624	2,074,535	2,164,738	2,163,655
Social contribution				
Debits over goodwill amortization	31,420	29,003	31,420	29,003
Reforestation costs	117	231	117	231
Debits over effects of Law 11,941/09 and IFRS	507,913	509,166	540,011	541,249
	539,450	538,400	571,548	570,483
Total liabilities	2,615,074	2,612,935	2,736,286	2,734,138
Total non-current assets, net	-	-	732	685
Total non-current liabilities, net	1,722,323	1,715,910	1,843,534	1,837,008
	1,722,323	1,715,910	1,842,802	1,836,323

The breakdown of accumulated tax losses and social contribution tax loss carryforwards is shown below:

	Parent Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Tax losses	1,712,271	1,703,808	1,714,931	1,706,546
Social contribution tax loss carryforward	520,985	505,128	520,985	505,520

Notes to the Financial Statements

According to CPC 32 – Income Taxes, the Company, based on expected generation of future taxable income as determined by a technical study approved by Management, recognized deferred tax assets over temporary differences, income and social contribution tax loss carryforwards, which do not expire.

The Company, based on this technical study indicating the generation of future taxable income, estimates the recovery of these deferred tax assets in the subsequent years:

	2012	
	Parent Company	Consolidated
2012	47,351	47,351
2013	47,861	48,594
2014	57,766	57,766
2015	70,904	70,904
2016	97,624	97,624
2017	114,322	114,322
2018	126,125	126,125
2019	144,438	144,438
2020 onwards	186,360	186,360
	892,751	893,484

Tax incentives

The Company has tax incentives for a 75% reduction in the income tax at the Mucuri/BA plant that expires by the end of the calendar years of 2011 for the pulp (Line 1) and 2012 for paper, calculated based on the exploration profit, proportionally to the net revenue of this Plant.

The Company obtained an identical benefit for Line 2 of this plant valid until the end of the 2018 calendar year.

The income tax reduction deriving from this benefit is recorded as reduction in income tax expenses in profit and loss for the year. Nevertheless, at the end of each fiscal year, after calculating net income, the tax reduction is allocated to a capital reserve, as the partial allocation of net income for the period, thus complying with the legal provision of not distributing this amount.

The Mucuri/BA plant is located in the area covered by the Northeast Development Superintendence ("SUDENE"), in an underdeveloped micro-region, and is eligible for the optional incentive of accelerated depreciation of the assets acquired as from January 1, 2006.

The Company opted to use the benefit of accelerated incentive depreciation, which consists of the full depreciation in the year of the acquisition, for tax purposes, representing an exclusion from taxable income, made through Taxable Income Control Register ("LALUR"), however, without any change in the depreciation expense to be recorded in the statement of income, upon the start of activities of the expansion project, based on the estimated useful lives of the assets.

Notes to the Financial Statements

The accelerated incentive depreciation represents a deferral of the payment of income tax (but not of Social Contribution Tax on Net Income) over the useful life of the asset and the depreciation recorded must be added in future years to taxable income.

Reconciliation of income tax and social contribution expenses

The reconciliation of expense calculated by applying the combined nominal tax rates and expenses with income and social contribution taxes recorded in the income statement is as follows:

	Parent Company		Consolidated	
	3/31/2012	3/31/2011	3/31/2012	3/31/2011
Net Income before income and social contribution taxes	68,709	193,795	71,354	195,979
Exclusion of equity accounting result	(29,071)	(14,239)	-	-
Net Income after excluding the equity accounting results	39,638	179,556	71,354	195,979
Income and social contribution taxes by the nominal rate of 34%	(13,477)	(61,049)	(24,260)	(66,633)
Adjustment of accounting of tax rate:				
Exchange effect of translating foreign subsidiaries' financial statements	-	-	8,849	1,477
Tax effects over adjustments to Law 11,941/09 and IFRS	7,403	(3,788)	3,199	-
Tax incentives - SUDENE reduction	-	14,684	-	14,684
Reinvestment tax incentive - Law 8,167/91	9,534	-	9,534	-
Other	(339)	147	3,154	(1,718)
Current income and social contribution taxes	9,534	(31,783)	6,935	(33,679)
Deferred income and social contribution taxes	(6,413)	(18,223)	(6,459)	(18,511)
Income and social contribution taxes income (expense) recorded in the income statement for the period	3,121	(50,006)	476	(52,190)
<i>Effective income and social contribution tax rate</i>		27.9%		26.6%

On March 31, 2012, the Company recorded tax losses, therefore, there is no effective rate for the period.

Notes to the Financial Statements

8 Other Recoverable Taxes

	Parent Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
PIS and COFINS taxes recoverable	136,948	142,796	136,948	142,796
ICMS recoverable	137,233	135,504	148,151	145,039
Provision for losses of ICMS credits	(10,077)	(9,395)	(10,077)	(9,395)
Other taxes and contributions	23,727	15,643	23,945	15,795
	287,831	284,548	298,967	294,235
Current	165,447	169,120	176,535	178,759
Non-current	122,384	115,428	122,432	115,476

PIS and COFINS

The amount of recoverable PIS and COFINS refers substantially to tax credits on services and the acquisition of property, plant and equipment related to the Mucuri/BA unit expansion project, whose credit is based on the depreciation term of these assets.

On August 2, 2011, through Provisional Measure 540/2011, credits generated by the acquisition of new machinery and equipment in the domestic market or imported went through changes in their utilization system. The credits generated in the acquisition of these assets will be offset in 11 monthly and successive installments and gradually reduce the number of installments to be offset until July 2012, when the credit will be available for offsetting in the month of acquisition. Outstanding balances when this measure takes effect will be offset pursuant to previous laws.

The Company will realize these credits with debits deriving from business activities and through other federal tax carryforwards.

ICMS

On March 31, 2012, the amount of R\$83,979 of the Mucuri – BA unit (R\$78,294 on December 31, 2011) was basically due to the non-utilization of credits in outflows of tax-exempted pulp and paper exports. To realize these credits, the Company requested that the Bahia State Treasury Department inspect and ratify these credits, which are already ratified in the amount of R\$37,901. The ratified amounts may be used for the offsetting authorized by the Bahia State ICMS (State VAT) Regulations or traded in the active market, for which the expected average discount is approximately 12% over the credit amount. The Company recorded a provision for the partial loss of these credits in the amount of R\$10,077 (R\$9,395 on December 31, 2011).

9 Related parties

Notes to the Financial Statements

Balances and transactions in the quarter ended March 31, 2012

	Assets		Liabilities		Result	
	Current	Non-current	Current	Non-current	Income (expense)	
Consolidated companies						
Suzano Trading	860,048	(2)	-	36,212	(1)	438,524 (2)
Suzano Pulp and Paper Europe S.A.	-	-	-	16	-	-
Paineiras	14	-	-	3,423	-	(7,914) (6)
Stenfar S/A Indl. Coml. Imp. Y. Exp.	4,369	(2)	-	-	-	2,520 (2)
Ondurman Empreendimentos Imobiliários Ltda.	-	-	1,024	-	-	(3,274)
Amulya Empreendimentos Imobiliários Ltda	-	-	1,850	-	-	(2,252)
Asapir	-	-	-	16,281	-	-
SER	49	-	-	-	-	- (7)
Futuragene Brasil Tecnologia Ltda	8	-	-	-	-	-
	864,488	2,874	55,932	1,190,678	427,604	
Unconsolidated companies						
Suzano Holding S.A.	-	-	-	-	-	(3,844)
Agaprint Indl. e Coml. Ltda.	4,282	-	721	(5)	-	2,165 (2)
Central Distribuidora de Papéis Ltda.	12,547	-	11,856	(5)	-	12,531 (2)
Nemonorte Imóveis e Participações Ltda.	-	-	-	-	-	(128)
Mabex Representações e Participações Ltda.	-	-	-	-	-	(100)
Brasilprev Seguros e Previdência S.A.	-	-	-	-	-	(1,362) (3)
Lazam MDS Corretora e Adm. Seguros S.A.	-	-	-	-	-	(69)
Shareholders	-	-	629	(4)	-	-
CONSOLIDATED	16,829	-	13,206	-	9,193	
PARENT COMPANY	881,317	2,874	69,138	1,190,678	436,797	

Balances sheets as of December 31, 2011 and transactions in the quarter ended March 31, 2011

	Assets		Liabilities		Result	
	Current	Non-current	Current	Non-current	Income (expense)	
Consolidated companies						
Suzano Trading	844,652	(2)	-	54,773	(1)	572,490 (2)
Suzano Pulp and Paper Europe S.A.	-	-	-	16	-	-
Paineiras	12	-	-	5,953	-	(6,946) (6)
Stenfar S/A Indl. Coml. Imp. Y. Exp.	3,886	(2)	-	22	-	9,014 (2)
Ondurman Empreendimentos Imobiliários Ltda.	-	-	926	-	-	(3,061)
Amulya Empreendimentos Imobiliários Ltda	-	-	1,650	-	-	(742)
Asapir	-	-	-	17,330	-	-
SER	46	25,364	-	-	-	- (7)
Futuragene Brasil Tecnologia Ltda	3,784	-	-	-	-	-
	852,380	27,940	78,094	1,237,493	570,755	
Unconsolidated companies						
Suzano Holding S.A.	-	-	-	-	-	(5,058)
Agaprint Indl. e Coml. Ltda.	3,756	-	4,047	(5)	-	8,356 (2)
Central Distribuidora de Papéis Ltda.	714	-	13,632	(5)	-	10,155 (2)
Nemonorte Imóveis e Participações Ltda.	-	-	-	-	-	(70)
Mabex Representações e Participações Ltda.	-	-	-	-	-	(128)
Brasilprev Seguros e Previdência S.A.	-	-	-	-	-	(963) (3)
Lazam MDS Corretora e Adm. Seguros S.A.	-	-	-	-	-	(44)
Shareholders	-	-	83,869	(4)	-	-
CONSOLIDATED	4,470	-	101,548	-	12,248	
PARENT COMPANY	856,850	27,940	179,642	1,237,493	583,003	

(1) – Refer mainly to the “2021 Notes” and import financing contracted by the subsidiary Suzano Trading and transferred to the Company in export prepayment operations.

(2) – Refers to pulp and paper sales operations;

(3) – Expenses related to defined contribution private pension plan for the Company's employees.

(4) – Refers to dividends and interest on shareholders' equity.

(5) – Refers to vendor operations classified as loans and financing (Note 17)

(6) – Refers to electricity sale operations and land leasing.

Notes to the Financial Statements

(7) – Suzano Energia Renovável (“SER”), former Baldev Empreendimentos e Participações Ltda.

Related parties transactions were carried out under normal market conditions.

Management compensation

Expenses related to the compensation of key management personnel, which include the Board of Directors, Fiscal Council and Board of Executive Officers, in addition to certain executives, recognized in the statement of income for the quarter ended March 31, 2012, amounted to R\$12,406 at the Parent Company and R\$12,448 on a consolidated basis (R\$19,219 and R\$19,308 in the quarter ended March 31, 2011, respectively). Please refer to Note 22 for information on share-based compensation.

10 Damages receivable from land expropriation

On July 1, 1987, Companhia Santista de Papel, one of the companies of the former group Ripasa (named changed to Conpacel), filed for damages due to the indirect expropriation of its property, which was declared an area in the public interest (property included in the Serra do Mar State Park). On December 2, 2004, the Company received a favorable final legal decision that also led to the write off the net carrying amount of the asset.

However, on January 28, 2008, the 2nd Judicial District Court of Cubatão issued an official communication to the Chief Justice ordering the adoption of actions to reverse the amount payable to the Company through the 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. On April 20, 2010, the Company withdrew the first installment deposited in court and payment of other installments is still claimed in the records of the respective suit for damages.

On March 31, 2012, this balance of receivables is R\$56,721, recorded under non-current assets (R\$56,721 on December 31, 2011).

Notes to the Financial Statements**11 Timber development program**

The Company advanced financial resources and inputs for timber development amounting to R\$321,728, classified under current and non-current assets on March 31, 2012 (R\$294,936 on December 31, 2011).

This development program is a system whereby independent producers plant eucalyptus at their own farms in order to supply the agricultural product (timber) to the Company, with these advances not subject to valuation by fair value.

12 Acquisition of Net Assets

The Company concluded the acquisition of the interest held by Fibria in the net assets of Conpacel and KSR on January 31 and February 28, 2011, respectively, which comprise 50% of the pulp and paper plant in the city of Limeira, own land, proprietary forests and forests leased from Conpacel and 100% of KSR's paper distribution operations.

This acquisition reaffirms the Company's strategy to (i) always rely on competitive assets and consolidate its regional leadership in printing and writing paper; (ii) maximize the profitability of its paper operations; (iii) expand its regional paper distribution platform; and (iv) expand its pulp and paper operations.

Below, the accounting balances of the total net assets of Conpacel and KSR on the dates the Company took control:

ASSETS	CONPACEL	KSR	TOTAL	LIABILITIES	CONPACEL	KSR	TOTAL
	1/31/2011	2/28/2011			1/31/2011	2/28/2011	
Current	73,860	90,791	164,651	Current	45,955	22,022	67,977
Trade accounts receivable	-	42,635	42,635	Trade accounts payable	24,981	17,067	42,048
Inventories	71,926	42,545	114,471	Taxes and fees	2,542	-	2,542
Taxes recoverable	-	4,554	4,554	Payroll and charges	11,674	997	12,671
Other accounts receivable	1,044	67	1,111	Accounts payable	6,758	3,958	10,716
Prepaid expenses	890	990	1,880				
Non-current	1,120,928	2,489	1,123,417	Net assets acquired	1,148,833	71,258	1,220,091
Development credits	15,028	-	15,028				
Property, plant and equip.	1,102,478	2,489	1,104,967				
Intangible assets	3,422	-	3,422				
TOTAL	1,194,788	93,280	1,288,068	TOTAL	1,194,788	93,280	1,288,068

The Company in order to determine the accounting treatment of this transaction to acquire net assets applied the guidance of CPC 15 (R1) – Business Combination and took into account the following factors: (i) KSR's paper distribution operations complement Conpacel's pulp and paper manufacturing operations, since the latter does not have its own sales structure; (ii) the negotiation of these assets was conducted jointly by the companies' managements; and (iii) KSR's paper distribution operations would be significantly affected if no longer related to the products manufactured by Conpacel, and concluded, based on our analysis, that this represents a single transaction in the Company's paper segment to acquire net assets and constitutes a business combination, in accordance with the aforementioned accounting standard.

In the transaction, accounting gains were verified from the allocation of the price paid and gains on the interest previously held due to the application of the concept of fair value of

Notes to the Financial Statements

assets and liabilities assumed, measured from the standpoint of a market participant, pursuant to CPC 15 (R1). The tax treatment of the net assets acquired from Conpacel and KSR is consistent with the acquisition of an establishment and, as such, the Company attributed the difference between the amount effectively paid and the net assets assumed with historical carrying amounts to certain property, plant and equipment, the future depreciations of which will be deductible and justify the gains obtained. The property, plant and equipment previously held at Conpacel had a new deemed cost pursuant to CPC 37 (R1) and ICPC 10 under IFRS, but do not produce the tax benefit of deducting depreciation since the Company opted for RTT.

With this transaction, the Company assumed control of these operations, and therefore applied the procedures provided for under CPC 15 (R1) for business combinations achieved in stages. The calculation of the goodwill or gain on the allocation of the price paid when the business combination is achieved in stages is shown below:

Amount paid for acquisition of control	1,509,031
Fair value of the portion of assets held prior to control	1,457,811
Total paid	2,966,842
Fair value of total net assets ¹	3,005,904
Gain from the allocation of price paid	<u>39,062</u>

¹ In order to determine the fair value, the Company contracted independent experts to identify and measure the assets acquired and the liabilities assumed.

As set forth by the standard, in the event of a gain on the allocation of the price paid, the entity must review all the assumptions used and measurements made in order to certify the gain verified. The Company conducted the procedures determined by the standard, analyzing the reports issued by the external and independent experts with its in-house experts and concluded that the values submitted were fairly measured. The gain verified accounts for 1.32% of total investments and was recognized under Other Operating Revenues.

In addition, for business combinations achieved in stages, this standard establishes that the buyer shall determine the gain or loss of the amount previously held (50% of Conpacel), comparing the carrying amount with the fair value of these assets on the date of acquisition, which is presented below :

Fair value of the portion of assets held prior to control	1,457,811
Book value of the portion of assets previously held	1,376,335
Gain on interest held previously	<u>81,476</u>

The carrying amount of the portion of net assets previously held is composed of values recorded at Conpacel plus adjustments from first-time adoption of IFRS, with the most important of these being the Deemed Cost attributed to certain property, plant and equipment, net of depreciation and depletion. The fair value of these net assets on the date of acquisition considers all the assets and liabilities identified and measured on the same date.

The intangible assets identified and recognized comply with the recognition criteria established by CPC 04 (R1) – Intangible Assets and have been amortized as of the acquisition date, based on respective estimated useful lives and are stated in the Note 16.

Notes to the Financial Statements

The main adjustments deriving from the fair value calculation and recognition of liabilities assumed are stated below:

Total initial net assets at cost	1,220,091
Intangible assets (Customer Relationship)	22,617
Fair value adjustment of certain property, plant and equip.	2,233,389
Actuarial liability	(22,558)
Financial lease	(37,544)
Fair value adjustment of biological assets	72,363
Other liabilities	(4,462)
Deferred income and social contribution taxes	(477,992)
Total net assets at fair value	3,005,904

13 Investments

Information on subsidiaries				Equity Accounting		Investments and Provision for Investment Losses	
				Three-month period ended:		3/31/2012	12/31/2011
Shareholders' equity at 3/31/2012	Profit (loss) for the three-month period ended 3/31/2012	Equity interest		3/31/2012	3/31/2011		
Subsidiaries and direct joint ventures							
Asapir	40,739	(165)	50%	(82)	264	20,370	20,452
Paineiras	440,934	2,634	100%	2,634	1,804	440,891	438,256
Stenfar S.A., Ind. Com. Imp. Y Exp.	(b) 11,059	(47)	15.70%	(91)	(116)	1,736	1,827
Suzano Trading	(a) / (b) 67,099	31,324	100%	30,295	10,774	67,007	36,421
Suzano America, Inc.	(b) 15,143	265	100%	(173)	14	15,143	15,316
Bahia Sul Holdings GmbH	(b) 21	(3)	100%	(3)	(2)	21	24
Suzano Pulp and Paper Europe S.A.	(b) 18,682	666	100%	831	867	18,682	17,851
Sun Paper and Board Limited	(b) 2,384	191	100%	190	68	2,384	2,194
Ondurman Empreendimentos Imobiliários Ltda	3,559	698	100%	698	672	3,558	2,861
Amulya Empreendimentos Imobiliários Ltda	418	227	100%	227	(33)	417	191
SER	28,812	(5,459)	99.90%	(5,454)	(73)	28,783	(192)
Paineiras Logistica e Transportes Ltda.	-	-	100%	-	-	-	-
Total investments and provision for losses in subsidiaries				29,071	14,239	598,992	535,201
Indirect subsidiaries							
Futuragene PLC.	6,082	(4,248)	100%	(3,799)	(16,733)	6,082	650
Stenfar S.A., Ind. Com. Imp. Y Exp.	(b) 11,059	(47)	84.30%	(490)	(863)	9,322	9,813
SER	28,812	(5,459)	0.10%	(5)	-	29	-
Total investments						15,433	10,463

(a) On March 31, 2012, investment in this subsidiary considered the elimination of profit on unrealized inventory, net of tax effects, in the amount of R\$92 (R\$117 on March 31, 2011);

(b) The equity accounting of these foreign direct and indirect subsidiaries, related to the quarter ended March 31, 2012, includes an exchange variation loss on the investment in these subsidiaries amounting to R\$1,407 (loss of R\$3,029 at March 31, 2011);

Notes to the Financial Statements

The changes in these investments are presented below:

	Parent Company	
	3/31/2012	12/31/2011
Opening balance	535,201	580,383
Equity accounting and foreign exchange variation	29,071	(45,571)
Provision for investment losses	-	(192)
Exchange variation in investees (other comprehensive income)	292	530
Capital increase	34,428 (a)	51
Closing balance	598,992	535,201

a) Capital increase in the subsidiary SER with the balance of credits from loans.

14 Biological assets

The determination of fair value for the forest biological assets includes a complex exercise of judgment and estimation that requires an understanding of the Company's business, the utilization of this asset during the manufacturing process, opportunities and restrictions to use timber, and the forest formation and growth cycle.

The volume of timber traded on the market by the Company is not sufficient to fairly represent the eucalyptus price on the market for the purposes of determining the fair value of forests.

When the Company determined the fair value of its assets, it took into account all the costs including implementation, renovation and maintenance, net of taxes paid to third parties. The price was established by considering the cost plus method.

The valuation of eucalyptus forests was made using the Income Approach method, based on the future cash flows discounted to present value, in order to reflect the economic model of a business unit solely concerned with the eucalyptus forest.

In the future cash flows discounted to present value, the flow projections based on the expected production of vertical tree bark existing on the balance sheets reference date consider forest average growth cycle of seven years, average productivity obtained by the Annual Average Increase ("IMA") of 41.6 m³ / hectare and forest formation costs until the appropriate cutting period of the vertical tree (harvest period, i.e., matured assets). Sales average net price was R\$58.72/m³ (R\$44.40 in 2010). The discount rate was 11.5% before income tax.

The fair value of the biological assets is calculated yearly. The adjustment effects are recorded under other operating income and their monthly realization through depletion, under cost of products sold. The Company does not have Biological Assets given as collateral on the dates of these quarterly information.

Notes to the Financial Statements

The changes in the balances of biological assets are shown below:

	Parent Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Opening balance	2,437,883	1,809,670	2,406,595	1,811,094
Additions	125,280	592,301	119,255 (1)	561,601
Biological assets acquired - Conpacel	-	212,976	-	212,976
Harvest in the period	(52,058)	(199,744)	(52,058)	(199,744)
Gain on fair value adjustment	-	20,458	-	20,458
Transfers	-	5,385	-	5,385
Other write-offs	(4)	(3,163)	(4)	(5,175)
Closing balance	2,511,101	2,437,883	2,473,788	2,406,595

- 1) The costs with land leasing for forest formation at subsidiaries were eliminated for the consolidated figures.

15 Property, plant and equipment

The following tables provide details on the property, plant and equipment of the Company:

	Parent Company					
	Buildings	Machinery and equipment	Other assets	Lands and farms	Work in progress	Total property, plant and equipment
Annual average depreciation rate	2.32%	4.70%	14.48%	-	-	-
Cost						
Balances on December 31, 2010	1,452,935	9,465,167	242,414	3,052,682	117,860	14,331,058
Transfers	43,738	130,419	16,236	590	(190,983)	-
Assets from the acquisition of Conpacel	237,664	671,469	5,425	592,355	15,731	1,522,644
Assets from the acquisition of KSR	7,294	27	662	5,346	-	13,329
Additions (b)	50	21,944	8,753	71,346	897,601	999,694
Write-offs (a)	(7,928)	(553,040)	(80,962)	(6,279)	-	(648,209)
Balances on December 31, 2011	1,733,753	9,735,986	192,528	3,716,040	840,209	16,218,516
Transfers	(61,862)	61,623	1,609	17,779	(19,149)	-
Additions (b)	(1,014)	6,774	1,083	(4,349)	279,851	282,345
Write-offs	(9,485)	(782)	(376)	(7,660)	-	(18,303)
Balances on March 31, 2012	1,661,392	9,803,601	194,844	3,721,810	1,100,911	16,482,558
Depreciation						
Balances on December 31, 2010	(435,659)	(3,386,576)	(200,776)	-	-	(4,023,011)
Transfers	7	(7)	-	-	-	-
Write-offs	6,137	464,373	79,809	-	-	550,319
Depreciation	(42,798)	(362,526)	(16,388)	-	-	(421,712)
Balances on December 31, 2011	(472,313)	(3,284,736)	(137,355)	-	-	(3,894,404)
Transfers	3,341	(3,341)	-	-	-	-
Write-offs	8,540	383	250	-	-	9,173
Depreciation	(8,820)	(93,353)	(3,357)	-	-	(105,530)
Balances on March 31, 2012	(469,252)	(3,381,047)	(140,462)	-	-	(3,990,761)
Residual value						
Balances on March 31, 2012	1,192,140	6,422,554	54,382	3,721,810	1,100,911	12,491,797
Balances on December 31, 2011	1,261,440	6,451,250	55,173	3,716,040	840,209	12,324,112

Notes to the Financial Statements

						Consolidated
	Buildings	Machinery and equipment	Other assets	Lands and farms	Work in progress	Total property, plant and equipment
Annual average depreciation rate	2.32%	4.70%	14.48%	-	-	-
Cost						
Balances on December 31, 2010	1,459,175	9,843,082	473,397	3,106,824	117,859	15,000,337
Transfers	43,738	130,419	16,236	590	(190,983)	-
Assets from the acquisition of Conpacel	237,664	671,469	5,425	592,355	15,731	1,522,644
Assets from the acquisition of KSR	7,294	27	662	5,346	-	13,329
Additions (b)	50	22,977	17,825	177,188	898,112	1,116,152
Write-offs (a)	(7,928)	(553,040)	(80,951)	2,533	-	(639,386)
Balances on December 31, 2011	1,739,993	10,114,934	432,594	3,884,836	840,719	17,013,076
Transfers	(61,862)	61,623	1,828	17,779	(19,151)	217
Additions (b)	(1,014)	6,774	1,085	(4,349)	280,206	282,702
Write-offs	(9,489)	(817)	(391)	(7,660)	(56)	(18,413)
Balances on March 31, 2012	1,667,628	10,182,514	435,116	3,890,606	1,101,718	17,277,582
Depreciation						
Balances on December 31, 2010	(441,567)	(3,386,753)	(233,524)	-	-	(4,061,844)
Transfers	7	(7)	-	-	-	-
Write-offs	6,137	464,373	79,850	-	-	550,360
Depreciation	(42,833)	(362,537)	(24,740)	-	-	(430,110)
Balances on December 31, 2011	(478,256)	(3,284,924)	(178,414)	-	-	(3,941,594)
Transfers	3,341	(3,341)	-	-	-	-
Write-offs	8,543	383	247	-	-	9,173
Depreciation	(8,827)	(93,355)	(5,468)	-	-	(107,650)
Balances on March 31, 2012	(475,199)	(3,381,237)	(183,635)	-	-	(4,040,071)
Residual value						
Balances on March 31, 2012	1,192,429	6,801,277	251,481	3,890,606	1,101,718	13,237,511
Balances on December 31, 2011	1,261,737	6,830,010	254,180	3,884,836	840,719	13,071,482

- a) In addition to disposals, write-offs include obsolescence and scrapping, as well as the adjustment to fair value of assets previously owned by the Company in Conpacel on the date of the transfer of control due to the application of the acquisition in phases criterion in CPC 15 (R1) (Note 12).
- b) Additions to Works in Progress mainly refer to the construction of the pulp plant in the state of Maranhão.

Machinery and equipment include amounts recognized as financial leasing outlined in Note 17.

On March 31, 2012 other consolidated assets basically refer to the turbines of Complexo Energético Amador Aguiar (energy complex), in the amount of R\$190,918 (R\$192,880 on December 31, 2011).

On March 31, 2012, the Company and its subsidiaries had property, plant and equipment given as collateral in loan operations and lawsuits amounting to R\$3,964,012 (R\$4,013,090 on December 31, 2011).

In the quarter ended March 31, 2012, interests were capitalized in the amount of R\$6,191 referring to the investments in the construction of the new plant in the state of Maranhão (R\$4,275 on December 31, 2011). The amount calculated considers net funding from investments.

Notes to the Financial Statements**16 Intangible assets****Goodwill**

Goodwill was amortized on a straight-line basis from the date of acquisition of each subsidiary until December 31, 2008. As of that date, the residual balances are tested annually for impairment.

On December 31, 2011 and 2010, the residual balance of goodwill on the investee B.L.D.S.P.E. Celulose e Papel S.A. (currently the Embu unit and merged by the Company in August 2007) amounts to R\$34,047.

During 2011, the Company acquired Paineiras Logística e Transporte Ltda, a company in pre-operational stage, with goodwill of R\$10.

Intangible assets identified in the business combination process on the respective acquisition dates

	<u>Evaluation</u> <u>Methodology (1)</u>	<u>Useful Life</u> <u>(years)</u>	<u>Fair Value</u>
Futuragene			
Research and development agreements	Income Method	18.8	153,316
Other licensing agreements	Income Method	11.8	3,436
KSR			
Customer relationship	Income Method	5	22,617
			<u>179,369</u>

(1) This method is based on the cash flows value the asset should generate in the future during its remaining useful life. Its application consists of several phases: firstly, cash flows that assets shall generate are projected, which involves an analysis of financial data and interviews with operating area staff in order to estimate the company's future revenues and expenses. Thereafter, cash flows are discounted at present value by applying a rate of return that reflects the cash value over time and the asset's risk. The fair value then will correspond to the sum of projected cash flow values projected to residual value, both discounted at present value, at the end of projection period.

On March 31, 2012, the balance of Relationship with Clients in the Parent Company is R\$17,716, net of accumulated amortization. In the Consolidated, the balance of these assets is R\$157,109 net of accumulated amortization and exchange variation in the amounts of R\$19,530 and R\$2,730 respectively.

Notes to the Financial Statements

17 Loans and financing

			Annual average interest rate on 3/31/2012	Parent Company		Consolidated	
	Index			3/31/2012	12/31/2011	3/31/2012	12/31/2011
Property, plant and equipment:							
BNDES - Finem	TJLP	(1) (2)	8.31%	1,833,913	1,868,598	1,865,325	1,913,674
BNDES - Finem	Currency basket	(2)	5.81%	557,351	587,237	568,055	587,237
BNDES - Finame	TJLP	(1) (2)	4.54%	5,083	5,430	5,083	5,430
BNDES - Finame	Currency basket		0.00%	-	8	-	8
BNDES - Automatic	TJLP	(1) (2)	9.30%	596	1,044	596	1,044
BNDES - Automatic	Currency basket		6.44%	65	117	65	117
FNE - BNB	Fixed rate	(2)	8.50%	107,366	111,887	107,366	111,887
FINEP	Fixed rate	(2)	4.75%	40,076	41,818	40,076	41,818
Rural credit	CDI / Fixed rate		7.59%	32,177	31,563	32,177	31,563
Financial lease	CDI / US\$		9.61%	79,252	86,385	79,252	86,385
Working capital:							
Export financing	US\$	(3)	3.90%	2,366,609	2,267,573	2,424,170	2,338,378
Export financing	US\$	(4)	1.36%	182,114	186,848	182,114	186,848
Nordic Investment Bank	US\$	(5)	5.74%	71,658	73,337	71,658	73,337
Export credit note	CDI		10.26%	1,657,260	974,819	1,657,260	974,819
Export credit note	US\$		3.61%	64,465	65,765	64,465	65,765
BNDES - EXIM	TJLP	(1)	9.72%	110,557	114,972	110,557	114,972
Senior Notes	Fixed rate	(6)	5.88%	-	-	1,171,018	1,222,627
Trade notes discount-Vendor				92,267	119,855	92,267	119,855
Other				1,809	542	15,871	12,341
				7,202,618	6,537,798	8,487,375	7,888,105
Current (including interest rates payable)				2,458,422	2,064,175	2,519,740	2,142,138
Non-current				4,744,196	4,473,623	5,967,635	5,745,967
Non-current loans and financing mature as follows:							
2013				446,078	1,050,990	488,010	1,084,879
2014				632,378	593,790	642,735	627,679
2015				694,078	655,057	703,516	664,571
2016				1,245,459	661,032	1,249,489	665,095
2017				438,995	366,128	438,995	366,128
2018				626,212	576,787	626,212	576,787
2019				311,381	257,173	311,381	257,173
2020 onwards				349,615	312,666	1,507,297	1,503,655
				4,744,196	4,473,623	5,967,635	5,745,967

- 1) Term of capitalization corresponds to those exceeding 6% of the Long-Term Interest Rate ("TJLP") published by the Central Bank of Brazil;
- 2) Loans and financing are secured, depending on the agreement, by (i) plant mortgages; (ii) rural properties; (iii) fiduciary sale of the asset being financed; (iv) guarantee from shareholders, and (v) bank guarantee.
- 3) The Company, through its subsidiary Suzano Trading, signed a US\$50-million export financing agreement with Banco WestLB AG. The agreement contains clauses establishing maximum leverage levels, which were complied with as of March 31, 2012.

Notes to the Financial Statements

- 4) The Company signed a US\$150 million loan agreement with BNP Paribas and Société Générale, in the proportion of 50% each, to finance imported equipment for the Mucuri/BA project. This agreement contains clauses establishing maximum debt and leverage levels, which were complied with as of March 31, 2012.
- 5) In November 2006, the Company executed with Nordic Investment Bank a US\$50-million Credit Facility Agreement to finance equipment and specialized labor related to the Mucuri Project. This agreement contains clauses establishing maximum debt and leverage levels, which were complied with as of March 31, 2012.
- 6) In September 2010, the Company, through its international subsidiary Suzano Trading, placed in the international market US\$650 million in 2021 Notes due on January 23, 2021 with semiannual interest payments of 5.875% p.a. (yield to maturity of 6.125% p.a.).

The Company is guarantor of the issue, which represents an unsecured senior debt of the issuer or the Company and competes equally with the other obligations of these companies of a similar nature.

Financial lease agreements

The lease agreements under which the Company and its subsidiaries undertake the risks and benefits inherent to ownership are classified as financial lease agreements.

The Company has financial lease agreements related to:

- i) Equipment used in the pulp and paper industrial process, located in the cities of Limeira-São Paulo and Mucuri-Bahia. These agreements are denominated in U.S. dollar or the CDI overnight rate and contain purchase option clauses for these assets upon the expiration of the lease term, which varies from 8 to 15 years, for a price substantially lower than their fair value. Management intends to exercise the purchase options on the dates estimated in each agreement.
- ii) Hardware equipment and installation services. These agreements were executed in Brazilian real and do not contain clauses for the option of purchasing the assets at the end of 45 months and Management has no intention of buying assets at the end of the agreement.

Notes to the Financial Statements

The amounts capitalized in property, plant and equipment, net of depreciation, and the present value of mandatory installments of the agreement (financing) corresponding to these assets are stated below:

	Parent Company and Consolidated	
	3/31/2012	12/31/2011
Machinery and equipment	150,582	150,582
(-) Accumulated depreciation	(99,197)	(95,511)
Property, plant and equipment, net	51,385	55,071
Present value of mandatory installments (financing):		
Less than 1 year	32,210	31,855
From 1 to 5 years	38,535	45,296
Over 5 years	8,507	9,234
Total present value of mandatory installments (financing)	79,252	86,385
Financial charges to be recognized in the future	8,575	8,097
Total mandatory installments at the expiration of agreements	87,827	94,482

Operating lease agreements

The Company maintains operating lease agreements related to the lease of areas, related properties and call center.

Operating lease payments are recognized as an expense in the Company's income statement.

Description	Amount of installment	Index	Maturity
Parking lot - Teresina - PI	1	IGP-M	9/30/12
Call center and licenses	41	-	5/19/15
Wood warehouse in Salesópolis - SP	3	-	5/15/12
Administrative office in Biritiba Mirim - SP	2	IGP-M	Indeterminate
Administrative office in Chapadinha - MA	2	IGP-M	1/3/12
Administrative office in Itatinga - SP	1	IGP-M	Indeterminate
Administrative office in São Luiz - MA	15	IGP-M	9/30/12
Administrative office in São Paulo - SP	10	IGP-M	9/30/12
Administrative office in Teresina - PI	12	IGP-M	9/2/13
Administrative office in Urbano Santos - MA	2	-	8/17/12

On March 31, 2012, the minimum payments of future operating lease agreements were as follows:

	3/31/2012
Less than 1 year	867
More than 1 year and up to 5 years	1,093
Total installments falling due	1,960

Notes to the Financial Statements

18 Debentures

Parent Company and Consolidated			3/31/2012			12/31/2011	Index	Interest	Redemption
Issue	Series	Number	Current	Non-current	Current and non-current	Current and non-current			
3 rd	1 st	333,000	41,593	514,320	555,913	548,074	IGP-M	10% *	4/1/14
3 rd	2 nd	167,000	3,482	101,474	104,956	107,474	US\$	9.85%	5/7/19
4 th	1 st	8,776	3,710	-	3,710	3,635	TJLP	2.50%	12/3/12
4 th	2 nd	17,552	7,296	-	7,296	7,097	TJLP	2.50%	12/3/12
5 th	1 st	401,819	8,295	37,671	45,966	63,756	IPCA	4.50%	12/16/13
5 th	2 nd	798,181	16,477	86,357	102,834	125,564	IPCA	4.50%	12/16/13
			80,853	739,822	820,675	855,600			

*The instrument was issued at a discount in the amount of R\$38,728, fully incorporated into the amount of respective debentures, which changed the effective interest rate of the operation from 8% p.a. to 10% p.a.

a) 3rd Debentures Issue

The 3rd issue, carried out in August 2004 in the amount of R\$500,000, is composed of two series, the first in the nominal amount of R\$333,000 and the second in the amount of R\$167,000, both maturing originally in 2014 in a single installment. The first series offered to the local market yields the IGP-M inflation index plus an annual coupon of 8%, payable yearly, and was priced based on the concepts in CVM Instruction 404, with premiums or discounts on the issue price. The second series, which was not offered to the market, was fully absorbed by Banco Votorantim.

The General Meeting of Debenture Holders held on May 22, 2007, approved: (i) the change in the maturity of the 2nd Series Debentures previously scheduled for April 1, 2014, which was postponed to May 7, 2019, and (ii) the change in the interest yield from 10.38% p.a. until May 22, 2007, to 9.85% p.a. after said date until maturity.

The General Meeting of Debenture Holders held on May 4, 2010, ratified, with the approval of 93.88% of 1st series Debenture Holders and 100% of 2nd series Debenture Holders: (i) the changes in the maximum leverage based on the ratios Net Debt/Equity and Net Debt/EBITDA; (ii) adjustment in the definition of "Consolidated Net Debt" contained in the indenture; (iii) the introduction of the option by the Company to buyback the Debenture in certain cases of early maturity. In order to implement these changes, the Company paid to debenture holders on May 11, 2010, a premium corresponding to 0.75% of the Debentures in the amount of R\$4,234.

In the quarters ended September 30, 2011 and December 31, 2011, the maximum leverage expressed by the ratio consolidated net debt/consolidated EBITDA equal to or lower than 4.0 (covenant), as set forth in the deed of issue, was exceeded. At the General Debenture Holders Meeting held on December 28, 2011, 83.89% of 1st series debenture holders and 100% of 2nd series debenture holders approved the waiver to the

Notes to the Financial Statements

right they are entitled to in accordance with the indenture to declare the early maturity of debentures in the event of any failure to comply with the aforementioned covenant for two consecutive months. This waiver will be effective until the third quarter of 2012, when the Company must again comply with the maximum leverage level. For this, the Company paid debenture holders a premium equivalent to 1.90% of the restated value of the Debentures on January 4, 2012, in the aggregate amount of R\$11,928.

b) 4th Debentures Issue

The 4th issue occurred in August 2006, with an issue date on December 1, 2005, composed of two series, the first in the nominal amount of R\$80,000 and the second in the nominal amount of R\$160,000, both convertible into shares, for private placement and with preemptive subscription rights for shareholders. Minority shareholders subscribed the nominal amount of R\$18,081 and the remainder, in the nominal amount of R\$221,919, was subscribed by BNDES Participações S.A. – BNDESPAR, pursuant to the agreement executed with this subsidiary of the Brazilian Development Bank (“BNDES”). The debentures of the 4th issue have final maturity in December 2012 and amortization in three annual installments, after a 4-year grace period, on the dates of December 1, 2010, 2011 and 2012. The annual interest rates are 2.5% plus TJLP (until 6%), payable semiannual on the 1st of June and December of each year. TJLP rates exceeding 6% p.a. will be capitalized for amortization jointly with the principal. The debentures may be converted into shares at any time at the holder’s discretion, at the price of R\$13.84 per share, as of April 30, 2010. For the common shares resulting from conversion, BNDESPAR undertakes to sell and the Company’s controlling shareholder undertakes to buy these shares, at the same conversion price plus interest calculated between the conversion date and effective payment.

In December 2010, BNDESPAR converted 70,959 1st series debentures and 141,919 2nd series debentures, which resulted in the issue of 5,263,014 common shares and 10,526,267 Class “A” preferred shares of the Company. All the common shares resulting from this conversion were acquired by Suzano Holding S.A., Suzano’s parent company (Note 27).

The 4th issue debentures have non-financial clauses and covenants, which if not complied with, have the effect of making the debt enforceable on demand. On March 31, 2012, the Company complied with the liabilities of this agreement.

Notes to the Financial Statements**c) 5th Debentures Issue**

The 5th issue occurred in June 2011, with issue date on December 15, 2010, composed of two series, the first in the nominal amount of R\$401,819 and the second in the nominal amount of R\$798,181, both mandatorily convertible into shares, with private placement and preemptive subscription rights for shareholders. The debentures, in nominal amounts, of the first series were fully subscribed by the controlling shareholders in the amount of R\$401,819. The second series in the amount of R\$236,378 was subscribed by the controlling shareholders, R\$24,161 by the minority shareholders and R\$537,642 by BNDESPAR, pursuant to agreement executed with the BNDES' subsidiary. 5th issue debentures have final maturity on December 16, 2013. Annual interest rates are 4.5% always payable on January 15, with the first payment date on January 15, 2012 and the last payment date coinciding with last conversion date. The nominal value of the debentures will be adjusted by the variation in the Expanded Consumer Price Index ("IPCA") published by the Brazilian Institute of Geography and Statistics ("IBGE"), as of the issue date until the settlement of debentures. The debentures may be converted into shares, as of December 17, 2012 until the maturity date, at the debenture holders' discretion, for R\$17.39 per share, less dividends declared per share, as of January 1, 2011, restricted to the accumulated maximum amount of R\$1.00.

In order to account for these debentures mandatorily convertible into shares, Management applied CPC 38, 39 and 40 – Financial Instruments.

The interest rate component of this transaction was identified when issuing these debentures. Interest incurring on transaction was calculated and carried to present value, recorded under Debentures as their settlement occurs through cash disbursement, separated between short and long terms. As the transaction term elapses, the effective interest rates will be calculated and the difference in value will be recognized to present value, recorded under Debentures in the offsetting line Financial Expenses.

The interest rate component was deducted from the amount effectively subscribed and received by the Company and the balance is recorded in the Capital Reserve in the amount mandatorily convertible into shares on the subscription date.

All debentures will be adjusted by IPCA, and this liability item is recorded under Debentures in the offsetting line Financial Expenses. In the settlement of this financial liability upon mandatory conversion of debentures, the accumulated amount will be re-classified under Shareholders' Equity. The classification as financial liability is justified by the variable number of shares that will be issued upon their conversion, as required by Paragraph 29 of CPC 39.

19 Provision for contingencies

Provisions for contingencies were recorded to cover the losses considered probable from administrative proceedings and lawsuits related to tax, civil and labor claims, in an amount deemed sufficient by Management, according to opinion and assessment of the legal counsel.

The changes in the provision for contingencies are shown below:

Notes to the Financial Statements

	Parent Company					
	Balance on 12/31/2011	New lawsuits	Reversals	Monetary restatement	Settlement of lawsuits	Balance on 3/31/2012
Tax	140,537	3,712	(3,080)	2,356	(1)	143,524
Social security and labor	16,335	666	(2)	447	(826)	16,620
Civil	6,256	-	(94)	948	-	7,110
	<u>163,128</u>	<u>4,378</u>	<u>(3,176)</u>	<u>3,751</u>	<u>(827)</u>	<u>167,254</u>

	Consolidated					
	Balance on 12/31/2011	New lawsuits	Reversals	Monetary restatement	Settlement of lawsuits	Balance on 3/31/2012
Tax	140,538	3,712	(3,084)	2,356	(1)	143,521
Social security and labor	24,122	666	(169)	447	(826)	24,240
Civil	6,256	-	(94)	948	-	7,110
	<u>170,916</u>	<u>4,378</u>	<u>(3,347)</u>	<u>3,751</u>	<u>(827)</u>	<u>174,871</u>

Details on the main lawsuits and administrative procedures are provided below:

COFINS

The Company has COFINS judicial deposits of R\$19.6 million related to the lawsuit discussing the changes imposed by Law 9,718/98, with R\$12 million related to the expansion of the calculation base, for which case law favors the taxpayer, and R\$7.6 million related to the increase in the tax rate, for which case law favors the federal government and provisions have been made.

Other tax suits and procedures

In addition to the lawsuit mentioned above, the Company is a defendant in lawsuits and administrative proceedings, for which the Company adhered to the Tax Amnesty Program ("REFIS"), under Law 11,941/09, with a provision of R\$10.9 million.

The Company is also a defendant in lawsuits or administrative proceedings that involve other taxes, such as PIS (Social Integration Program), IPI (Excise Tax), ICMS (State Value-Added Tax), IR (Income Tax), social security contributions that combined total R\$622.8 million, whose chances of losses are possible.

For lawsuits whose chances of loss are probable, the Company has a balance of R\$9.1 million in judicial deposits.

Labor claims

The Company is a defendant in labor claims amounting to R\$5.5 million for which the chances of losses are probable, which therefore are duly provisioned. In addition, the Company is a defendant in labor claims amounting to R\$19.3 million, whose chances of losses are possible.

For lawsuits whose chances of loss are probable, the Company has a balance of R\$3.9 million in judicial deposits.

Notes to the Financial Statements**Civil claims**

The Company is a defendant in civil claims amounting to R\$4.3 million for which the chances of losses are probable, which therefore are duly provisioned. In addition, the Company is defendant in civil claims amounting to R\$11.7 million whose chances of losses are possible.

For lawsuits whose chances of loss are probable, the Company has a balance of R\$201 in judicial deposits.

20 Actuarial liabilities

The Company guarantees three defined-benefit plans for life to a certain group of retirees:

- Sepaco health insurance program: ensures coverage of healthcare costs with an accredited network and Hospital Sepaco for former employees who requested retirement by 2003 (until 1998 for Ripasa's former employees), as well as their spouses for life and dependents while they are minors.
- Bradesco health insurance program: ensures coverage of healthcare costs with Bradesco Saúde for a group of former employees, who exceptionally, according to the Company's criteria and resolution, were vested with rights related to the compliance with Articles 30 and 31 of Law 9,656/98.
- Life insurance: life insurance benefit provided to retirees with Bradesco.

On March 31, 2012, the amount of the future liabilities of these benefits recorded by the Company was R\$221,591 (R\$218,627 on December 31, 2011). The actuarial methods adopted comply with CPC 33 – Employees Benefits. The economic and biometric assumptions used in the calculations of health and life insurance were: annual discount rates of 5.50% and 5.25%, respectively, annual inflation in health costs of 3.0% and general mortality biometric table AT-83.

The changes in the actuarial liabilities are shown below:

Parent Company and Consolidated

Opening balance at 12/31/2010	162,691
Acquisition of Conpacel and KSR (Note 12)	22,558
Reduction in actuarial liability (a)	(23,441)
Interest on actuarial liability	24,164
Actuarial (Gain) loss	41,824
Benefits paid in the period	(9,169)
Closing balance at 12/31/2011	218,627
Interest on actuarial liability	5,834
Benefits paid in the period	(2,870)
Closing balance at 3/31/2012	221,591

- a) The reduction of actuarial liabilities was obtained through the unification of Suzano's benefit policies to Conpacel's new employees.

Notes to the Financial Statements**21 Defined-contribution private pension plan**

In January 2005, the Company established a supplementary defined contribution private pension plan for its employees called Suzano Prev, and hired a financial institution to manage this plan. When Suzano Prev was created, the Company determined that it would will pay the contribution related to previous year for all employees, on account of services rendered to the Company in periods prior to the organization of the Plan (past service). This disbursement will occur over the following years, calculated separately, until each employee can enjoy the benefits of the Plan. The contributions made by the Company, in the quarter ended March 31, 2012, amounted to R\$1,609 and employees contributions amounted to R\$2,151 (R\$1,246 and R\$1,939 in the quarter ended March 31, 2011, respectively).

22 Share-based payments***Share-based compensation plans paid in currency***

The Company has a long-term incentive plan (ILP) for its senior management linked to the Company share price and paid in Brazilian real (BRL). The general conditions were established for the acquisition and grant by the Company of phantom shares to these executives (beneficiaries), which are defined each year in specific regulations and administrated by the Management Committee, in accordance with the guidelines and conditions established by the Company's Bylaws and Board of Directors.

The number of phantom shares to be granted is determined by dividing the amount of wages paid, based on: i) the achievement of goals; ii) the discretionary value allocated by the Executive Board; and iii) vested quantities, based on the beneficiary's short-term compensation investment, limited to two salaries, plus a similar amount contributed by the Company, by the average of the closing price of the Company's preferred stock in the last 90 trading sessions.

Vesting conditions are considered fully met after a grace period of three years, and if applicable, until a limit period of six years as of the grant date. Vesting conditions are not fully met when: i) in the programs in which vesting is possible, as item iii) in the previous article, in case of the dismissal for just cause or voluntary resignation (in these cases, the beneficiary automatically loses any right to the exercise the phantom shares granted with no indemnification whatsoever, except only in vesting-related quantities); and ii) in the case of dismissal without just cause or retirement before the vesting of the phantom shares, entitling the beneficiary to the right to immediately exercise all phantom shares.

For the 2006 program, the appreciation in the phantom shares was limited to 120% of the grant value.

The exercise price of each phantom share is determined by the average of the Company's preferred stock over the last 90 sessions as of the exercise date, plus dividends and interest on equity distributed between the grant and exercise date, multiplied by a percentage of the Company's performance in relation to its competitors, where applicable.

Notes to the Financial Statements***Share-based compensation plan paid in shares or alternatively in currency (Class A preferred stock options)***

At the Special Shareholders' Meeting held on August 29, 2008, the Company's Stock Option Plan (Plan) - Class A Preferred Shares was approved.

The plan establishes the Company's general conditions for the acquisition and granting of stock options to its executives, Management and employees (beneficiaries), which are defined in specific regulations and administrated by the Management Committee in accordance with the guidelines and conditions established by the Company's Bylaws and the Board of Directors.

According to the Plan, the options granted cannot exceed 2% of the Company's total paid-up and subscribed capital stock, and must derive from, as suggested by the Management Committee and approved by the Board of Directors: (i) the issue of new shares, within the limit of the Company's authorized capital; and/or (ii) treasury shares.

At the Board of Directors' meeting held on August 10, 2009 and August 11, 2010 (grant dates), the first and second Program of the Plan were approved, in which the Company granted stock options to beneficiaries, as well as, it defined the following conditions so that these beneficiaries are entitled to exercise these options (vesting and non-vesting conditions): i) in cases of the termination of employment with just cause, request for voluntary termination of employment or retirement, the beneficiary will automatically lose any right to exercise the options granted thereto, without indemnification; ii) in cases of dismissal without just cause, the terms foreseen for exercise the stock options will be anticipated and the beneficiary will be entitled to immediately exercise all the options; iii) in the lack of any situation (i) mentioned above, the vesting conditions are deemed fully met, thus allowing the beneficiary to exercise his/her options under the terms defined by regulation.

During the grace period of options exercise, the beneficiary is prohibited from selling or encumbering these options. The grace periods and limits are shown below:

Program	Grace period	Number of Class "A" preferred shares
Program 1	1 st exercise date: from 6/1/2010 to 12/31/2012	62,500 shares or 12.5% of total shares under option
	2 nd exercise date: from 6/1/2011 to 12/31/2012	62,500 shares or 12.5% of total shares under option
	3 rd exercise date: from 6/1/2012 to 12/31/2012	Remaining balance of shares or 75% of total shares under option
Program 2	1 st exercise date: from 8/1/2013 to 12/31/2015	120,000 shares or 20% of total shares under option
	2 nd exercise date: from 8/1/2014 to 12/31/2015	120,000 shares or 20% of total shares under option
	3 rd exercise date: from 8/1/2015 to 12/31/2015	Remaining balance of shares or 60% of total shares under option

The Exercise Price per share was R\$14.56 for Program 1 and R\$15.53 for Program 2, less dividends and interest on equity distributed between the grant date and the option exercise, both adjusted based on the Company's Weighted Average Cost of Capital (WACC) calculated by renowned financial institutions.

Condition exclusively applicable to Program 1: if on the options exercise date the difference between the exercise price and the unit price of class "A" preferred shares issued by the Company traded at BOVESPA (Market Price) on the start date of each vesting period is less than eight reais (R\$8.00) (Reference Value) or the beneficiary declares he/she does not intend to exercise the option fully or partially, alternatively, the Company will make an extraordinary payment in cash ("Extraordinary Payment") to the beneficiary, corresponding to

Notes to the Financial Statements

the income earned by the Reference Value multiplied by the amount of unexercised options, less total Market Price, less Exercise Price multiplied by the amount of unexercised options.

On March 31, 2012, there were 4,155 thousand preferred treasury shares to guarantee the options granted by the Plan.

The table below shows the maximum percentage of dilution to which current shareholders could be submitted if the beneficiaries were to exercise by 2015 all stock options granted and not opt for the alternative settlement in cash, where applicable:

Premises	3/31/2012
Number of shares (thousand)	408,892
Balance of the series granted in effect (thousand)	975
Maximum dilution of equity interest	0.24%

Summary of the changes related to share-based payments

Whenever applicable, the bonus shares were included, according to the material fact of April 30, 2010:

Long-Term Incentive – phantom shares

Parent Company and Consolidated												
3/31/2012												
Granted program	Grant date	Fair value on the grant date	Fair value at the end of the period	1 st exercise date	2 nd exercise date and settlement	Number						Weighted average price of exercised shares
						Granted	Exercised	Exercised due to dismissal	Transferred ⁽¹⁾	Not exercised due to dismissal	Total in effect on 3/31/2012	
ILP2006 (P)	May-07	23.38	7.53	Sep-10	Sep-13	31,105	-	-	-	-	1,841	-
ILP2007 (PN)	Mar-08	34.74	5.65	Mar-11	Mar-14	146,180	-	-	-	-	37,513	-
ILP2007 (PA)	Mar-08	43.38	0.36	Mar-11	Mar-14	10,181	-	-	-	-	2,519	-
ILP2007 (PE)	Aug-08	34.74	5.65	Sep-14	-	8,996	-	-	-	-	8,996	-
ILP2008 (A)	Mar-08	34.74	5.65	Mar-12	Mar-15	78,019	-	(2,024)	-	-	67,762	7.51
ILP2009 (A)	Mar-08	34.74	5.65	Mar-13	Mar-16	78,019	-	(2,024)	-	-	67,762	7.51
ILP2008 (PN)	Jan-09	18.01	5.65	Mar-12	Mar-15	23,334	-	-	-	-	23,334	-
ILP2008 (PN)	Mar-09	15.11	5.65	Mar-12	Mar-15	276,997	-	(5,144)	-	-	181,735	7.51
ILP2009 (D)	Mar-09	15.11	5.65	Mar-12	Mar-15	131,352	-	(4,653)	-	-	91,919	7.51
ILP2009 (M)	Sep-09	15.11	5.65	Mar-12	Mar-15	209,057	-	(2,356)	-	(2,342)	155,027	7.51
ILP2009 (PE)	Jun-09	15.11	5.65	Sep-12	Sep-12	20,678	-	-	-	-	20,678	-
ILP2009	Mar-10	23.86	5.65	Mar-13	Mar-16	275,448	-	(491)	-	-	254,792	7.51
ILP2009 (J)	May-10	21.56	5.65	Sep-13	Sep-16	3,188	-	-	-	-	3,188	-
ILP 2010	Mar-11	18.64	5.65	Mar-14	Mar-17	499,600	-	-	-	-	469,104	-
ILP 2011	Mar-12	7.49	7.53	Mar-15	Mar-18	1,165,351	-	-	-	-	1,165,351	-
TOTAL						2,957,505	-	(16,692)	-	(2,342)	2,551,521	7.51

⁽¹⁾ Shares received due to transfer of employees from Suzano Holding to Suzano Papel e Celulose S.A.

Notes to the Financial Statements

Parent Company and Consolidated												
12/31/2011												
Granted program	Grant date	Fair value on the grant date	Fair value at the end of the period	1 st exercise date	2 nd exercise date and settlement	Number						Weighted average price of exercised shares
						Granted	Exercised	Exercised due to dismissal	Transferred ⁽¹⁾	Not exercised due to dismissal	Total in effect on 12/31/2011	
ILP2006 (P)	May-07	23.38	8.01	Sep-10	Sep-13	31,105	-	(8,702)	-	-	1,841	14.96
ILP2006 (D)	May-07	16.32	8.01	Sep-10	Sep-13	15,783	-	(15,783)	-	-	-	14.96
ILP2007 (PN)	Mar-08	34.74	8.01	Mar-11	Mar-14	146,180	-	(23,886)	739	-	37,513	14.96
ILP2007 (PA)	Mar-08	43.38	0.96	Mar-11	Mar-14	10,181	-	-	2,519	-	2,519	-
ILP2007 (PE)	Aug-08	34.74	8.01	Sep-14	-	8,996	-	-	-	-	8,996	-
ILP2008 (A)	Mar-08	34.74	8.01	Mar-12	Mar-15	78,019	-	-	1,838	-	69,786	-
ILP2009 (A)	Mar-08	34.74	8.01	Mar-13	Mar-16	78,019	-	-	1,838	-	69,786	-
ILP2008 (PN)	Jan-09	18.01	6.01	Mar-12	Mar-15	23,334	-	-	-	-	23,334	-
ILP2008 (PN)	Mar-09	15.11	6.01	Mar-12	Mar-15	276,997	-	(41,356)	4,436	-	186,878	14.96
ILP2009 (D)	Mar-09	15.11	6.01	Mar-12	Mar-15	131,352	-	(15,687)	4,436	-	96,572	14.96
ILP2009 (PE)	Jun-09	15.11	6.01	Sep-12	Sep-12	20,678	-	-	-	-	20,678	-
ILP2009 (M)	Sep-09	15.11	6.01	Mar-12	Mar-15	209,057	-	(11,913)	-	-	159,724	14.96
ILP2009	Mar-10	23.86	8.01	Mar-13	Mar-16	275,448	-	-	8,727	-	255,283	-
ILP2009 (J)	May-10	21.56	8.01	Sep-13	Sep-16	3,188	-	-	-	-	3,188	-
ILP 2010	Mar-11	18.64	8.01	Mar-14	Mar-17	499,600	-	-	7,507	-	469,104	-
TOTAL						1,807,937	-	(117,327)	32,040	-	1,405,202	14.96

⁽¹⁾ Shares received due to transfer of employees from Suzano Holding to Suzano Papel e Celulose S.A.

Long-Term Incentive – Class “A” preferred shares stock option

Parent Company and Consolidated											
3/31/2012											
Program	Granted series	Grant date	1 st exercise date	2 nd exercise date and expiration	Price		Number of shares				
					On the grant date	End of the period	Granted	Exercised	Not exercised due to dismissal	Expired	Total in effect on 3/31/2012
Program 1	Series I	8/10/2009	6/1/2010	12/31/2012	11.36	-	62,500	62,500	-	-	-
	Series II	8/10/2009	6/1/2011	12/31/2012	11.36	-	62,500	62,500	-	-	-
	Series III	8/10/2009	6/1/2012	12/31/2012	11.36	7.51	375,000	-	-	-	375,000
Program 2	Series I	8/11/2010	8/1/2013	12/31/2015	5.97	0.52	120,000	-	-	-	120,000
	Series II	8/11/2010	8/1/2014	12/31/2015	5.97	0.52	120,000	-	-	-	120,000
	Series III	8/11/2010	8/1/2015	12/31/2015	5.97	0.52	360,000	-	-	-	360,000
TOTAL							1,100,000	125,000	-	-	975,000

Recognition and measurement of the fair value of share-based payments

To calculate the fair value of phantom stocks and class “A” preferred shares stock option, with or without alternative payment in cash, the Company used the stock SUZB5 of each year based on the program calculation model, multiplied by performance percentage of up to 125%, where applicable.

For the ILP 2007 program, due to the alternative choice of shares with combined characteristics of share and share option (defined in the program policy effective in December 2007), to determine the fair value of these phantom shares and also to measure the fair value of the Class A preferred shares stock options at the end of the period, the Company used the mathematical model of approximation for U.S. type options Bjerksund & Stensland, which considers the dividends distribution rate and the following mathematical assumptions:

Notes to the Financial Statements

Description of assumptions	Index		
	Phantom stocks	Options	
		Program I	Program II
Asset base price (1)	R\$ 7.53 / share	R\$ 7.81/ share	R\$ 7.81 / share
Expectation of volatility (2)	39.74% p.a.	39.43% p.a.	39.43% p.a.
Phantom stocks/options average life expectancy (3)	1.95 year	0.76 year	3.39 years
Dividends expectancy (4)	3.61% p.a.		
Risk-free weighted average interest rate (5)	average 9.68%	average 8.92%	average 10.37%

(1) The asset base price was defined considering the arithmetic average of the closing price of the last 90 trading sessions for SUZB5 share;

(2) The expectation of volatility was calculated for each exercise date, taking into account the remaining time to complete the vesting period, as well as the historical volatility of returns, considering a standard deviation of 90 observations of returns;

(3) The expectation of average life of phantom stocks and stock options was defined by the remaining term until the limit exercise date;

(4) The expectation of dividends was defined based on historical earnings per share of the Company;

(5) Risk-free weighted average interest rate used was the BRL yield curve (DI expectation) observed on the open market, which is the best comparison basis with the Brazilian market risk-free interest rates. The rate used for each exercise date changes according to the vesting period.

The amounts corresponding to the services received and recognized in the financial statements are presented below:

	Parent Company and Consolidated			
	Liabilities and Shareholders' equity		Result for the three-month periods ended:	
	3/31/2012	12/31/2011	3/31/2012	3/31/2011
Non-current liabilities				
Provision including phantom stocks plan	7,470	7,175	(414)	(536)
Provision including stock option plan	3,207	2,907	(301)	(378)
Total share-based compensation plan	<u>10,677</u>	<u>10,082</u>		
Shareholders' equity				
Stock option reserve	<u>1,402</u>	<u>1,192</u>	(210)	(211)
Result			<u>(925)</u>	<u>(1,125)</u>

23 Debts related to land acquisitions and reforestation

The Company and its subsidiaries carried out transactions involving the acquisition of land and reforestation through "Purchase and Sale Agreements" and "Real Estate Receivables Certificates ("CRI")", as follows:

Notes to the Financial Statements

Acquiring companies	Suzano	Ondurman	Amulya
<i>Features of the agreement</i>			
Amount of the agreement	158.367	75.000	59.379
Type of property	Forests / Land	Land	Land
Type of agreement	Purchase and sale	CRI	CRI
Insurance / issuing company	N/A	Brazilian Securities	Brazilian Securities
Trustee	N/A	Oliveira Trust Dist. Tit. Mob.	Oliveira Trust Dist. Tit. Mob.
Date of issue	7/13/2009	10/27/2009	2/21/2011
Final term	7/13/2012	10/27/2023	2/24/2025
Number of installments	12	168	168
Payment periods	Quarterly	Monthly	Monthly
Term	3 years	14 years	14 years
Readjustment index	N/A	Reference Rate	Reference Rate
Compensatory interest	N/A	11.23%/p.a.	11.22%/p.a.

On March 31, 2012, the Company held debt related to the acquisition of land, farms and reforestation amounting to R\$33,321 in the Parent Company and R\$161,882 in the Consolidated, classified under current and non-current liabilities. (R\$48,925 in the Parent Company and R\$178,456 in the Consolidated on December 31, 2011).

24 Advances from Customers

In October 2011, the Company concluded the pre-sale of pulp and paper to the trading company JP Morgan Ventures Energy Corp. ("JPVec").

Under the agreement, 22,284 tonnes of pulp and paper were sold at the fixed price of US\$580.00, with monthly delivery in the Asian market for one year (12 installments).

The prospecting and execution of sales abroad are conducted through the subsidiary Suzano Trading, which will act as market agent and be compensated for this service in accordance with the conditions in the "Marketing Agreement" executed with JPVec.

The Company received an advance of US\$10,000 thousand, representing approximately 80% of the total operation, with the remaining balance to be received in 12 monthly installments against the delivery of pulp and paper as of January 2012.

On March 31, 2012, the balance of advances from customers was R\$19,902 in the Parent Company and R\$21,762 in the Consolidated (R\$25,020 and R\$27,528 on December 31, 2011, respectively).

25 Commitments**Vale Florestar**

In 2009, the Company entered into an agreement with Vale to acquire 31.5 million m³ of timber from eucalyptus cultivated under the program "Vale Florestar" being implemented in the state of Pará 2007, for delivery to the Company from 2014 to 2028. The prices of these volumes, which are calculated based on formulas established in the agreement, will be ascertained at harvest.

Notes to the Financial Statements

Rail freight

To serve an important part of the logistics structure required for the future Maranhão Industrial Unit, the Company entered into an agreement with Ferrovia Norte Sul S.A. for the rail transport of 1.3 million tonnes/year of eucalyptus pulp as of 2014, for the period of 360 months as of the first day of the month immediately after the effective startup of this new industrial plant.

Equipment purchase - Metso and Siemens

On April 18, 2011, the Company announced the execution of agreements with Metso and Siemens to acquire the main equipment related to the construction of the Maranhão industrial Unit, in the approximate amount of R\$2,189 million.

The contracting of the main equipment with Metso will basically cover the following areas: (i) timber yard; (ii) cooking and washing; (iii) fiber line; (iv) 2 driers, packing and shipping; (v) recovery and biomass boiler; (vi) causticizing and lime kiln; and (vii) evaporation.

The agreement executed with Siemens comprises the acquisition of 2 turbo generators that will meet both the plant's power demand and the surplus generation of 100MW available for trade.

On March 31, 2012, the balance of these commitments was R\$1,832 million, to be incurred and amortized normally in accordance with the timetable for the execution of works.

26 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 in market prices may introduce an unwelcome level of volatility in the Company's cash flows and income statement. To manage this volatility, so as to not distort or hinder the Company's consistent growth over a long time, the Company has policies and procedures for managing market risk.

These policies seek to: (i) protect the Company's cash flows and assets against fluctuations in the market prices of raw material and products, exchange rates and interest rates, price and restatement indexes, or other assets or instruments traded in liquid or other markets ("market risk") to which the value of the assets, liabilities and cash flows of the Company are exposed; and (ii) optimize the process of contracting financial instruments for protection against exposure to risk, drawing on natural hedges and correlations between the prices of different assets and markets, avoiding any waste of funds used to contract inefficient operations. All financial transactions entered into by the Company have the objective of protecting it against existing exposures, with the assumption of new risks prohibited, except those arising from the operating activities of Suzano.

The process to manage market risk comprises the following sequential and recurring phases: (i) identification of risk factors and the exposure of the value of the assets, cash flows and results of the Company to market risks; (ii) measuring and reporting the values at risk; (iii) evaluating and formulating strategies for managing market risks; and (iv) implementing and monitoring the performance of strategies. Assessing and controlling risk exposures are supported by integrated operational systems, with the adequate separation of functions in the reconciliations with counterparties.

Notes to the Financial Statements

The Company uses the most liquid financial instruments and: (i) does not contract leveraged transactions or other types of embedded options that alter the ultimate purpose of hedging; (ii) does not hold dual-index debt or other forms of implicit options; and (iii) does not hold operations that require margin deposits or other forms of guarantees for the credit risk of the counterparties.

b. Valuation

The financial instruments recorded on the balance sheets, such as cash and banks, loans and financing, are stated at their contractual values. The marketable securities and derivative agreements, which are used solely for hedge purposes, are valued at their fair value.

To determine the fair value of assets or liquid financial instruments traded in public markets, the closing market quote on the date of the balance sheet was used. The fair value of interest rate and index swaps is calculated as the present value of their future cash flows, discounted at the current interest rates available for operations with similar conditions and remaining terms. This calculation is made based on the BM&FBovespa and Brazilian Financial and Capital Markets Association (Anbima) quotes for interest rate operations denominated in Brazilian real, and the British Bankers Association and Bloomberg for operations in LIBOR. The fair value of futures or forward currency contracts is determined using forward currency rates prevailing on the dates of the balance sheet, according to BM&FBovespa quotes.

The fair value of debt deriving from the 1st series of the 3rd issue of the Company's debentures is calculated based on the secondary market quotes published by Anbima on the balance sheet dates. In order to determine the fair value of assets or financial instruments traded on the over-the-counter markets or without liquidity, several assumptions and methods are used based on normal market conditions (and not for settlement or forced sale) at each balance-sheet date, including the use of option pricing models, such as Black & Scholes and Garman-Kolhagen, and estimates of future discounted cash flows. The fair value of agreements for pulp and paper pricing is obtained through the price quotes for corresponding instruments with similar conditions and remaining terms with major players in this market. Finally, the fair value of agreements for oil pricing is based on the New York Mercantile Exchange quotes (NYMEX).

The result of financial instruments trading is recognized on the closing or contracting dates of the operations, on which the Company undertakes to buy or sell these instruments. The liabilities deriving from the contracting of financial instruments are eliminated from our financial statements only when these instruments expire or when the risks, obligations and rights deriving therefrom are transferred.

A comparison between the fair value and carrying value of outstanding financial instruments is shown below:

Notes to the Financial Statements

	Consolidated			
	3/31/2012		12/31/2011	
	Book Value	Fair Value	Book Value	Fair Value
ASSETS				
Cash and cash equivalents	3,572,011	3,572,011	3,273,938	3,273,938
Derivative operations gains (current and non-current)	39,119	39,119	49,589	49,589
Trade accounts receivable	822,325	822,325	983,058	983,058
LIABILITIES				
Trade accounts payable	404,851	404,851	414,723	414,723
Loans and financing (current and non-current)	8,487,375	8,303,649	7,888,105	8,332,982
Debentures (current and non-current)	820,675	867,975	855,600	893,050
Derivative operations losses (current and non-current)	48,529	48,529	57,892	57,892

c. Credit risk

Sales and credit policies, which are determined by the Management of the Company and its subsidiaries, aim to minimize any risks arising from their clients' default. This objective is achieved through meticulous selection of the client portfolio, which takes into account payment capacity (credit analysis) and diversification of sales (risk pooling), as well as the guarantees or instruments contracted to mitigate credit risks, mainly export credit insurance policies.

Interest rate and exchange rate risk

The contracting of financing and the currency hedge policy of the Company are guided by the fact that more than 50% of net revenue comes from exports with prices in U.S. dollar, while most of the production costs is tied to the Brazilian real (BRL). This structure allows the Company to contract export financing in U.S. dollar at more competitive costs than those of local lines and to reconcile financing payments with the flow of receivables from sales, providing a natural cash hedge for these commitments. The surplus revenue in U.S. dollar not linked to debt commitments and other obligations is sold in the currency market as the funds enter the country.

As additional protection, short positions in the futures markets are contracted to ensure attractive levels of operating margins for a portion of revenue. Sales in the futures market are limited to a minority percentage of the surplus foreign currency over a one-year time horizon and therefore are matched to the availability of currency for sale in the short term.

On March 31, 2012, the net principal of operations contracted for forward sale of U.S. dollar through Non Deliverable Forwards ("NDFs") was US\$52.14 million. Their maturities are distributed between April 2012 and January 2014 in order to lock-in the operating margins of a minority portion of sales over this period. The cash effect of these operations occurs only on their maturity dates, when they generate cash disbursements or inflows, depending on the case.

In addition to currency hedge operations, swap contracts are also contracted that exchange floating interest rates for fixed rates in order to reduce the effects from interest rate variation on the amount of debt, as well as swap contracts that exchange various interest rates for inflation rates in order to minimize the mismatch between the various financial assets and liabilities. On March 31, 2012, the Company had outstanding (i) US\$585.8 million in swaps to

Notes to the Financial Statements

lock-in LIBOR in financing contracts, (ii) US\$210 million in swaps of currency coupon for 3-month fixed LIBOR, and (iii) R\$327 million in swaps of Pré rate for a percent of the DI rate.

The Company does not adopt hedge accounting. Therefore, all results (gains and losses) from derivative operations (settled and outstanding) are fully recognized in the Parent company and Consolidate statements of income. Note 29 shows the derivative gains and losses that affected profit and loss in the period.

d. Outstanding derivatives

Information is presented below on the positions of outstanding derivatives accumulated in the quarters ended March 31, 2012 and March 31, 2011, grouped by asset or index, with all trading on the over-the-counter market:

Description	Maturities	Notional value on		Fair value on		Equity balances on			
		3/31/2012	12/31/2011	3/31/2012	12/31/2011	3/31/2012		12/31/2011	
						Payable	Receivable	Payable	Receivable
Foreign currency swaps									
Long position - US\$ Libor	3/1/2012 to 11/4/2019	1,067,475	1,098,936	1,020,509	1,100,142	-	-	-	-
Short position - US\$ fixed rate		1,067,475	1,098,936	1,066,933	1,152,090	-	-	-	-
SubTotal				(46,424)	(51,948)	46,424		51,948	-
Value at Risk (VaR) ⁽¹⁾				2,760	1,020	-	-	-	-
Rates and indexes swaps									
Long position - R\$ fixed rate	8/15/2012 to 3/15/2013	326,984	326,984	415,889	402,099	-	-	-	-
Short position - % DI		326,984	326,984	400,160	390,497	-	-	-	-
SubTotal				15,729	11,602	-	15,729	-	11,602
Value at Risk (VaR) ⁽¹⁾				401	410	-	-	-	-
Currency Swaps - NDF									
Long position in R\$ x US\$	4/2/2012 to 1/9/2014	54,663	56,274	3,065	4,950	-	-	-	-
Short position in R\$ x US\$		149,667	172,030	(295)	(5,944)	-	-	-	-
Short position in US\$ x ARS			11,818		7				
SubTotal				2,770	(987)	2,105	4,875	5,944	4,957
Value at Risk (VaR) ⁽¹⁾				884	1,702	-	-	-	-
Commodities swaps									
Short position in pulp BHKP	3/30/2012 to 12/31/2013	95,004	108,474	3,122	16,570	-	-	-	-
SubTotal				3,122	16,570	-	3,122	-	16,570
Value at Risk (VaR) ⁽¹⁾				1,473	741	-	-	-	-
Other									
Long position - currency coupon	6/11/2012 to 4/1/2015	382,641	412,676	32,076	33,637	-	-	-	-
Short position - US\$ fixed Libor		382,641	412,676	16,683	17,177	-	-	-	-
SubTotal				15,393	16,460	-	15,393	-	16,460
Value at Risk (VaR) ⁽¹⁾				162	230	-	-	-	-
Total result in swaps				(9,410)	(8,303)	48,529	39,119	57,892	49,589

⁽¹⁾ VaR with 1-day holding period, with a confidence level of 95%

⁽²⁾ Settlement date different from maturity date

Notes to the Financial Statements

The same consolidated positions of outstanding derivatives on March 31, 2012 and December 31, 2011, grouped by counterparty, are presented below:

Description	Notional value on		Fair value on		Equity balances on		Equity balances on	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011	3/31/2012		12/31/2011	
					Payable	Receivable	Payable	Receivable
Foreign currency swaps								
Counterparties								
BTG Pactual	228,260	234,987	(16,875)	(16,817)				
Itaú BBA	300,683	309,545	(9,825)	(14,651)				
JP Morgan	136,658	140,685	(2,838)	(3,092)				
Merrill Lynch	68,329	70,343	(827)	(1,079)				
Standard Bank	136,658	140,685	(9,995)	(10,061)				
Standard Chartered	196,889	202,691	(6,064)	(6,248)				
SubTotal			(46,425)	(51,948)	46,424	-	51,948	-
Rates and indexes swaps								
Counterparties								
Banco do Brasil	317,000	317,000	15,575	11,493				
HSBC	9,984	9,984	154	109				
SubTotal			15,729	11,602	-	15,729	-	11,602
Currency swaps - NDF								
Counterparties								
Short position in R\$ x US\$								
Itaú BBA	54,663	56,274	3,065	4,950				
Long position in R\$ x US\$								
Itaú BBA	149,667	172,030	(295)	(5,944)				
Long position in R\$ x US\$								
Itaú BBA	-	11,818	-	7				
SubTotal			2,770	(987)	2,105	4,875	5,944	4,957
Commodities swaps - pulp								
Counterparties								
Nordea Bank Finland P/C	95,004	133,369	3,122	16,570				
SubTotal			3,122	16,570	-	3,122	-	16,570
Other								
Counterparties								
JP Morgan	382,641	412,676	15,393	16,460	-	-	-	-
SubTotal			15,393	16,460	-	15,393	-	16,460
Total result in swaps			(9,411)	(8,303)	48,529	39,119	57,892	49,589

Notes to the Financial Statements**e. Settled derivatives**

Information is presented below on the positions of settled derivatives accumulated in the quarters ended March 31, 2012 and March 31, 2011, grouped by asset or index, with all trading on the over-the-counter market:

Description	Maturities	Notional value on		Fair value (settlement value) accumulated on	
		3/31/2012	3/31/2011	3/31/2012	3/31/2011
Foreign currency swaps Long position - US\$ Libor Short position - US\$ fixed rate	2011: 1/4 to 12/30 2012: 1/2 to 12/30	407,225 407,225	435,505 435,505		
SubTotal				(5,691)	(6,177)
Rates and indexes swaps Long position - R\$ fixed rate Short position - % DI	2011: 3/15 to 12/15 2012: 8/15		170,000 170,000		
SubTotal				-	78
Currency swaps Long position in R\$ x US\$ Short position in US\$ x ARS Long position in R\$ x US\$	2011: 1/3 to 12/14 2012: 1/3 to 12/10	17,437 38,811	82,380	558 (256)	
SubTotal				302	7,974
Commodities swaps Short position in pulp BHKP	2011: 1/7 to 12/7 2012: 1/9 to 12/7	17,437	17,004		
SubTotal				2,752	(3,676)
Commodities swaps Short position in oil	2011: 1/7 to 11/7		60,156		
SubTotal				-	1,110
Other Long position - currency coupon Long position - Libor + spread Short position - US\$ fixed Libor Short position - R\$ x US\$	2011: 3/11 to 12/12 2012: 6/11 to 12/11	18,221 18,221	16,287 114,009 16,287 114,009		
SubTotal				663	513
Total result in swaps				(1,974)	(178)

Notes to the Financial Statements**f. Sensitivity analysis statement**

The following tables show the sensitivity of the outstanding consolidated positions in derivatives, debt and investment on March 31, 2012, which represent our main short-term exposure, as stated in item (d), to variations in the prices and rates of the underlying assets:

i) Derivatives are recorded at fair value under profit or loss

Instrument	Fair Value (MtM)	Risk	Scenarios at 12/31/2012		
			Probable	25% deterioration	50% deterioration
Foreign currency swaps Long US\$ Libor x Short US\$ Fixed ⁽¹⁾	(46,424)	Libor drop	(45,497)	(50,251)	(54,940)
Rates and indexes swaps Long fixed rate ⁽²⁾ in R\$ x Short % DI	15,729	High curve- fixed	15,566	7,892	514
Currency swaps (NDF) Short Position in R\$ x US\$ ⁽³⁾	(295)	R\$/US\$ exchange rate increase	3,045	(33,322)	(69,690)
Currency swaps (NDF) Long Position in R\$ x US\$ ⁽⁴⁾	3,065	R\$/US\$ exchange rate decrease	1,832	(11,593)	(25,017)
Commodities Swaps Pulp Scenario ⁽⁵⁾	3,122	Pulp price increase	1,412	(20,808)	(43,028)

⁽¹⁾ Source for the probable scenario: *Bloomberg* - Market curve on 4/9/2012. Probable 6 month Libor on 12/31/2012: 0.71% p.a.

25% Deterioration: Libor on 12/31/2012 of 0.53% p.a. 50% Deterioration: Libor on 12/31/2012 of 0.35% p.a.

⁽²⁾ Source for the probable scenario: Brazilian Central Bank Focus Report one 4/5/2012. Probable Selic rate on 12/31/2012: 9.00% p.a.

25% Deterioration: Selic rate on 12/31/2012 of 11.25% p.a. 50% Deterioration: Selic rate on 12/31/2012 of 13.5% p.a.

⁽³⁾ Source for the probable scenario: Brazilian Central Bank Focus Report one 4/5/2012. Probable exchange rate on 12/31/2012: R\$ 1.7900 / US\$.

25% Deterioration: Exchange rate on 12/31/2012 of R\$ 2.2375 / US\$. 50% Deterioration: Exchange rate on 12/31/2012 of R\$ 2.6850 / US\$.

⁽⁴⁾ Source for the probable scenario: Brazilian Central Bank Focus Report one 4/5/2012. Probable exchange rate on 12/31/2012: R\$ 1.7900 / US\$.

25% Deterioration: Exchange rate on 12/31/2012 of R\$ 1.3425 / US\$. 50% Deterioration: Exchange rate on 12/31/2012 of R\$ 0.8950 / US\$.

⁽⁵⁾ Source for the probable scenario: RISI report on 3/31/2012. Probable BHKP pulp price on 3/31/2013: US\$ 780 / ton.

25% Deterioration: Price on 3/31/2013 of US\$ 975 / ton. 50% Deterioration: Price on 3/31/2013 of US\$ 1,170 / ton.

Note that managing these positions is a dynamic process and, with the use of mechanisms to restrict losses (stop-loss systems) and risk exposures, which are affected by the volatility of assets, the positions are adjusted as any losses materialize. Therefore, if a scenario marked by deterioration were to occur, as shown in the chart above, the Company's positions subject to this deterioration already would have been liquidated once they reached the limits established in the stop-loss systems.

Details were not provided for a probable scenario on December 31, 2012 or the sensitivity analysis for the swaps listed under the "Other" category in the table in item (e), since these swaps refer to hedge operations between LIBOR and the currency coupon and fixed rates in both operations, which prevents the possibility of any result other than the one stipulated in the agreement.

Notes to the Financial Statements

ii) Foreign currency debts

Instrument	Fair Value	Risk	Scenarios on 3/31/2012		
			Probable	Possible (Δ of 25%)	Remote (Δ of 50%)
Fixed assets financing					
Foreign currency - TJLP + Currency basket ⁽¹⁾	(754,965)	UMBNDDES increase	(754,965)	(943,707)	(1,132,448)
Export financing					
Foreign currency - R\$ x US\$ ⁽²⁾	(2,366,629)	R\$/US\$ exchange rate increase	(2,366,629)	(2,958,286)	(3,549,943)
Import financing					
Foreign currency - R\$ x US\$ ⁽³⁾	(209,561)	R\$/US\$ exchange rate increase	(209,561)	(261,952)	(314,342)
Senior Notes					
Foreign currency - Fixed Rate USD ⁽⁴⁾	(1,568,943)	R\$/US\$ exchange rate increase	(1,568,943)	(1,961,178)	(2,353,414)
3rd Issue of Debentures - 2nd series					
Foreign currency - R\$ x US\$ ⁽⁵⁾	(147,753)	R\$/US\$ exchange rate increase	(147,753)	(184,691)	(221,629)

⁽¹⁾ Source for the probable scenario: BNDES (UMB) contractual currency on 3/31/2012 of 0.03601

25% Deterioration: UMB on 3/31/2012 of 0.0450125 / US\$. 50% Deterioration: UMB on 3/31/2012 of 0.054015

⁽²⁾ Source for the probable scenario: Exchange rate reported by the Central Bank on 3/31/2012 R\$ 1.8221 / US\$.

25% Deterioration: Exchange rate on 3/31/2012 of R\$ 2.2776 / US\$. 50% Deterioration: Exchange rate on 3/31/2012 of R\$ 2.7332 / US\$.

⁽³⁾ Source for the probable scenario: Exchange rate reported by the Central Bank on 3/31/2012 R\$ 1.8221 / US\$.

25% Deterioration: Exchange rate on 3/31/2012 of R\$ 2.2776 / US\$. 50% Deterioration: Exchange rate on 3/31/2012 of R\$ 2.7332 / US\$.

⁽⁴⁾ Source for the probable scenario: Exchange rate reported by the Central Bank on 3/31/2012 R\$ 1.8221 / US\$.

25% Deterioration: Exchange rate on 3/31/2012 of R\$ 2.2776 / US\$. 50% Deterioration: Exchange rate on 3/31/2012 of R\$ 2.7332 / US\$.

⁽⁵⁾ Source for the probable scenario: Exchange rate reported by the Central Bank on 3/31/2012 R\$ 1.8221 / US\$.

25% Deterioration: Exchange rate on 3/31/2012 of R\$ 2.2776 / US\$. 50% Deterioration: Exchange rate on 3/31/2012 of R\$ 2.7332 / US\$.

iii) Cash and cash equivalents in foreign currency

Instrument	Fair Value	Risk	Scenarios on 3/31/2012		
			Probable	Possible (Δ of 25%)	Remote (Δ of 50%)
Cash and Banks					
Foreign currency - R\$ x US\$ ⁽¹⁾	135,865	R\$/US\$ exchange rate decrease	135,865	101,899	67,932
Cash and Banks					
Foreign currency - R\$ x JPY ⁽²⁾	89	R\$/JPY exchange rate decrease	89	67	45
Cash and Banks					
Foreign currency - R\$ x CHF ⁽³⁾	880	R\$/CHF exchange rate decrease	880	660	440
Cash and Banks					
Foreign currency - R\$ x EUR ⁽⁴⁾	10,495	R\$/EUR exchange rate decrease	10,495	7,872	5,248
Cash and Banks					
Foreign currency - R\$ x GBP ⁽⁵⁾	3,378	R\$/GBP exchange rate decrease	3,378	2,533	1,689
Short-Term Investments					
Foreign currency - R\$ x US\$ ⁽⁶⁾	7,189	R\$/US\$ exchange rate decrease	7,189	5,392	3,595

⁽¹⁾ Source for the probable scenario: Exchange rate reported by the Central Bank on 3/31/2012 R\$ 1.8221 / US\$.

25% Deterioration: Exchange rate on 3/31/2012 of R\$ 1.3666 / US\$. 50% Deterioration: Exchange rate on 3/31/2012 of R\$ 0.9111 / US\$.

⁽²⁾ Source for the probable scenario: Exchange rate reported by the Central Bank on 3/31/2012 R\$ 0.02211 / JPN

25% Deterioration: Exchange rate on 3/31/2012 of R\$ 0.0165825 / JPN. 50% Deterioration: Exchange rate on 3/31/2012 of R\$ 0.011055 / JPN.

⁽³⁾ Source for the probable scenario: Exchange rate reported by the Central Bank on 3/31/2012 R\$ 2.0187 / CHF

25% Deterioration: Exchange rate on 3/31/2012 of R\$ 1.514025 / CHF. 50% Deterioration: Exchange rate on 3/31/2012 of R\$ 1.00935 / CHF.

⁽⁴⁾ Source for the probable scenario: Exchange rate reported by the Central Bank on 3/31/2012 R\$ 2.43 / EUR

25% Deterioration: Exchange rate on 3/31/2012 of R\$ 1.8225 / EUR. 50% Deterioration: Exchange rate on 3/31/2012 of R\$ 1.215 / EUR.

⁽⁵⁾ Source for the probable scenario: Exchange rate reported by the Central Bank on 3/31/2012 R\$ 2.9132 / GBP

25% Deterioration: Exchange rate on 3/31/2012 of R\$ 2.1849 / GBP. 50% Deterioration: Exchange rate on 3/31/2012 of R\$ 1.4566 / GBP.

⁽⁶⁾ Source for the probable scenario: Exchange rate reported by the Central Bank on 3/31/2012 R\$ 1.8221 / US\$.

25% Deterioration: Exchange rate on 3/31/2012 of R\$ 1.3666 / US\$. 50% Deterioration: Exchange rate on 3/31/2012 of R\$ 0.9111 / US\$.

Notes to the Financial Statements**g. Capital management**

The main objective of Suzano's capital management is to ensure it maintains a solid credit rating and debt ratios in order to support its operations and maximize shareholder value. The Company manages its capital structure and makes adjustments based on changes in economic conditions.

	Parent Company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Loans and financing	7,202,618	6,537,798	8,487,375	7,888,105
Debentures	820,675	855,600	820,675	855,600
(-) Cash and cash equivalents	(3,245,862)	(3,089,769)	(3,572,011)	(3,273,938)
Net debt	4,777,431	4,303,629	5,736,039	5,469,767
Shareholders' equity	9,745,881	9,673,549	9,745,881	9,673,549
Shareholders' equity and net debt	14,523,312	13,977,178	15,481,920	15,143,316

27 Shareholders' equity

On March 31, 2012, the subscribed capital stock was R\$2,685,183 fully paid-in and divided into 408,892 thousand shares without par value, of which 140,039 were registered Common shares; 266,926 thousand class "A" Preferred shares and 1,926 thousand class "B" Preferred shares, both book-entry shares. Held in treasury are 10,940 thousand shares, of which 6,786 thousand are Common shares, 2,244 thousand class "A" Preferred shares and 1,909 thousand class "B" Preferred shares. On March 31, 2012, SUZB5 preferred stock ended the period quoted at R\$7.81.

a) Profit reserve

The reserve for capital increase is composed of 90% of the remaining balance of net income for the year, after dividends and legal reserve, and aims to ensure the Company adequate operational conditions.

The special statutory reserve includes the remaining 10% of the remaining balance of net income for the year and aims to ensure the distribution of dividends.

b) Other comprehensive income

The Company recorded under "Other Comprehensive Income" the corresponding entries of deemed cost adjustments upon the adoption of the IFRS on January 1, 2009. This reserve changes as a result of the realization of items in property, plant and equipment as well as other offsetting entries arising from the adoption of IFRS.

With the acquisition of Conpacel's net assets mentioned in Note 12, characterized as the acquisition of control in stages, items 41 and 42 of CPC 15 (R1) establish that if in previous accounting periods buyer recognized adjustments to the carrying amount of its previous

Notes to the Financial Statements

interest, whose corresponding entry has been recorded as other comprehensive income under shareholders' equity, this must be recognized on the same basis that would be required if buyer had sold its previous interest in the acquired company, i.e., it must be reclassified in the case of deemed cost, according to ICPC 10, to the item Retained Earnings account.

The amount of R\$760,386 was transferred as mentioned above to Retained Earnings and since its origin has not produced any impact on the Company's financial position, Management decided to propose its full allocation to capital increase, which was ratified by the Fiscal Council and the Board of Directors, and approved by shareholders at the Annual and Extraordinary Shareholders' Meeting of the Company held on April 27, 2012.

c) Earnings per share**Basic**

Basic earnings per share is calculated by dividing the profit attributable to the Company's shareholders by the weighted average common shares issued during the period, excluding the common shares acquired by the Company and held as treasury shares.

	3/31/2012			
	Common	Class A Preferred	Class B Preferred	Total
Profit attributed to shareholders	22,552	49,275	3	71,830
Weighted average number of shares in the period	140,040	266,926	1,926	408,892
Weighted average treasury shares	(6,786)	(2,245)	(1,910)	(10,941)
Weighted average number of outstanding shares	133,254	264,681	16	397,951
Basic earnings per share	0.16924	0.18617	0.18616	

	3/31/2011			
	Common	Class A Preferred	Class B Preferred	Total
Profit attributed to shareholders	45,326	98,457	6	143,789
Weighted average number of shares in the period	140,040	266,926	1,926	408,892
Weighted average treasury shares	(6,786)	(2,245)	(1,910)	(10,941)
Weighted average number of outstanding shares	133,254	264,681	16	397,951
Basic earnings per share	0.34015	0.37198	0.37149	

Diluted

Diluted earnings per share is calculated by adjusting the weighted average of outstanding preferred and common shares assuming the conversion of all preferred and common shares that would cause dilution. The Company presents two categories of potential shares that would cause dilution: call options exercisable at the discretion of the holder and debentures convertible into common and preferred shares.

Notes to the Financial Statements

	3/31/2012			
	Common	Class A Preferred	Class B Preferred	Total
Profit attributed to shareholders	22,583	49,244	3	71,830
Weighted average number of outstanding shares	133,254	264,681	16	397,951
Adjustment by stock options and debentures of the 5 th issue	24,560	48,159	-	72,719
Weighted average number of shares (diluted)	157,814	312,840	16	470,670
Diluted earnings per share	0.14310	0.15741	0.16138	

	3/31/2011			
	Common	Class A Preferred	Class B Preferred	Total
Profit attributed to shareholders	45,326	98,457	6	143,789
Weighted average number of outstanding shares	133,254	264,681	16	397,951
Adjustment by stock options	76	354	-	430
Weighted average number of shares (diluted)	133,330	265,036	16	398,382
Diluted earnings per share	0.33995	0.37148	0.37149	

28 Other operating income, net

	Parent Company		Consolidated	
		Three-month period ended:		
	3/31/2012	3/31/2011	3/31/2012	3/31/2011
Gain on sale of other products	3,429	2,116	3,523	4,147
Income (Loss) on the sale of electricity	-	-	550	(359)
Reversal of contingencies	4,800 (a)	-	4,800	-
Other income (expenses)	678	(275)	2,720	267
Gain on the sale of fixed assets	25,787	6,058	25,785	6,100
Unrealized income from subsidiaries	(5,111)	(3,412)	-	(72)
Amortization of intangible assets	(1,131)	-	(3,187)	-
Loss on the sale of investments	-	(10)	-	(10)
Total other operating expenses	(6,242)	(3,697)	(3,187)	(441)
Total other operating income	34,694	8,174	37,378	10,514
Other operating income, net	28,452	4,477	34,191	10,073

a) In the quarter ended March 31, 2012, the provision recorded for the sale of the Turmalina assets to comply with contractual clauses was partially reversed.

Notes to the Financial Statements

29 Net financial result

	Parent Company		Consolidated	
	Three-month period ended:			
	3/31/2012	3/31/2011	3/31/2012	3/31/2011
Interest expenses	(125,476)	(117,382)	(130,367)	(119,272)
Monetary and exchange variations losses	95,991	73,968	104,942	80,654
Derivative operations losses - interest rate	(2,225)	185	(2,670)	(13,028)
Derivative operations losses - exchange rate	5,606	(3,781)	5,498	(3,781)
Derivative operations losses - commodities	-	-	-	1,324
Other financial expenses	(17,048)	(21,770)	(22,875)	(26,154)
Total financial expenses	(43,152)	(68,780)	(45,472)	(80,257)
Interest income	74,842	60,251	74,272	60,285
Derivative operations gains - interest rate	4,128	(397)	5,217	19,787
Derivative operations gains - exchange rate	287	12,300	287	12,300
Derivative operations gains - commodities	-	-	(9,497)	(491)
Monetary and exchange variations gains	(21,995)	(14,340)	(24,719)	(17,211)
Total financial income	57,262	57,814	45,560	74,670
Net financial result	14,110	(10,966)	88	(5,587)

30 Net Revenue

The reconciliation of gross revenue and net revenue for the quarters ended March 31, 2012 and 2011 is shown below:

	Parent Company		Consolidated	
	Three-month period ended:			
	3/31/2012	3/31/2011	3/31/2012	3/31/2011
Gross sales revenue	1,136,412	1,188,044	1,204,381	1,215,218
Deductions				
Sales taxes	(147,558)	(140,769)	(149,035)	(142,145)
Returns and cancelations	(11,065)	(12,730)	(14,499)	(13,395)
Discounts and rebates	(3,271)	(2,529)	(3,271)	(2,529)
Net Revenue	974,518	1,032,016	1,037,576	1,057,149

Notes to the Financial Statements**31 Information by segment**

Management defined pulp and paper as the Group's operational segments. The main information by business segment corresponding to the quarters ended March 31, 2012 and 2011 is as follows:

	Three-month period ended 3/31/2012				Three-month period ended 3/31/2011			
	Pulp	Paper	Not segmented	Total	Pulp	Paper	Not segmented	Total
Net revenues	450,497	587,079	-	1,037,576	512,490	544,659	-	1,057,149
Net financial result	-	-	88	88	-	-	(5,587)	(5,587)
Other net operating revenue	-	-	34,191	34,191	-	-	10,073	10,073
Operating income	(7,252)	44,327	34,279	71,354	117,665	73,828	4,486	195,979
	3/31/2012				12/31/2011			
Total assets	6,862,424	2,096,238	13,198,487	22,157,149	6,905,272	2,189,485	12,562,322	21,657,079

The geographic areas are determined based on the location of consumer markets. The Company's net revenue classified by geographic region can be represented as follows:

	Three-month period ended 3/31/2012			Three-month period ended 3/31/2011		
	Pulp	Paper	Total	Pulp	Paper	Total
Net revenue	450,497	587,079	1,037,576	512,490	544,659	1,057,149
Domestic market	97,475	394,935	492,410	94,675	352,213	446,888
Foreign market	353,022	192,144	545,166	417,815	192,446	610,261
Asia	152,275	20,134	172,409	175,199	9,170	184,369
Europe	138,026	36,099	174,125	183,936	40,663	224,599
North America	44,825	52,260	97,085	54,956	52,238	107,194
South and Central America	17,896	80,096	97,992	3,724	90,188	93,912
Africa	-	3,555	3,555	-	187	187

32 Expenses by nature

	Parent Company		Consolidated	
	3/31/2012	3/31/2011	3/31/2012	3/31/2011
Variable and fixed costs, other selling and administrative expenses	666,571	569,612	681,265	584,423
Personnel expenses	152,152	132,301	156,372	135,172
Depreciation, depletion and amortization	158,719	144,058	162,864	146,061
	977,442	845,971	1,000,501	865,656

Notes to the Financial Statements

33 Insurance coverage

The Company maintains insurance coverage for operational and other risks in order to safeguard its fixed assets and inventories.

The amount of insurance contracted is deemed sufficient to cover any losses, according to the opinion of expert insurance advisors.

In view of their nature, the risk assumptions that were adopted are not part of the scope of an audit of the quarterly information and therefore were not reviewed by our independent auditors.

34 Subsequent events

On April 27, 2012, the Annual and Extraordinary Shareholders Meeting (AESM) of the Company approved Management's proposal for a capital increase, in the amount of seven hundred and sixty million, three hundred eighty-six thousand reais (R\$760,386), without the issue of new shares.

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Report on the quarterly financial information (ITR) review

To the Directors and Managers of
Suzano Papel e Celulose S.A.
Salvador - BA

Introduction

We have reviewed the accompanying interim, individual and consolidated quarterly financial information of Companhia Suzano Papel e Celulose S.A. ("Company"), contained in the Quarterly Financial Information Form – ITR for the quarter ended March 31, 2012, which comprised the balance sheet on March 31, 2012 and related statements of income and of comprehensive income for the three-month period then ended, and the statement of changes in equity and cash flow statement for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation and presentation of the individual quarterly financial information in accordance with the Technical Pronouncement CPC 21 (R1) – Interim financial reporting and consolidated interim quarterly financial information according to CPC 21 (R1) and the international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this information consistently with the rules issued by Brazilian Securities and Exchange Commission applicable to the preparation of the quarterly financial information – ITR. Our responsibility is to express a conclusion on this interim quarterly financial information based on our review.

Scope of Review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the aforementioned quarterly financial information are not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of Quarterly Financial Information – ITR and are fairly presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Conclusion on the consolidated financial interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the aforementioned quarterly financial information are not prepared, in all their material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of the Quarterly Financial Information – ITR and are fairly presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Other matters

Statement of Value Added

We also have reviewed the individual and consolidated Statements of value added ("DVA"), for the three-month period ended March 31, 2012, prepared under the responsibility of the Company's management,

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the presentation of which is required by the rules issued by CVM - Brazilian Securities and Exchange Commission applicable to the preparation of the Quarterly Financial Information - ITR and as supplemental information for IFRSs that does not require a presentation of DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that these statements are not fairly presented, in all their material respects, in relation to the individual and consolidated interim financial statements taken as a whole.

Audit and review of the amounts related to comparable years and periods

The amounts corresponding to the individual and consolidated financial statements related to the fiscal year ended December 31, 2011 and interim financial statements related to the three-month period ended March 31, 2011, presented for comparison purposes, were previously audited and reviewed by other independent auditors who issued reports on March 23, 2012 and May 10, 2011, respectively, and which did not include any changes.

São Paulo, May 9, 2012

KPMG Auditores Independentes
CRC SP-014428/F-7

Anselmo Neves Macedo
Accountant CRC SP-160482/O-6 S-BA