ARACRUZ results

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São Paulo - January 10, 2007.

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Conference Call: January 10, 2007 - 10:00 am (NY time). To join us, please dial: (+1-973) 935-8893 Code: 7947358

The call will also be web cast on Aracruz's website: www.aracruz.com.br/ir

Dow Jones Sustainability Indexes Member 2006/07

Highlights of the FY 2006 - More growth and records

- ✓ Aracruz again chosen for Dow Jones Global Sustainability Index World 2007, this time the only representative in its sector, and was included once more in Bovespa's Corporate Sustainability Index.
- ✓ Aracruz is now rated as Investment Grade in foreign currency debt by Standard & Poor's, Moody's and Fitch Ratings.
- ✓ Record pulp production, including Veracel, of 3.1 million MT and sales[2] of 3.0 million MT, up 11% and 16%, respectively compared to the previous year.
- ✓ Record net revenue of $1,681 million, up 25% on 2005. Adjusted EBITDA[1] attained a record of US$813 million, up 18% on 2005.
- ✓ Net income of US$455.3 million, equivalent to $4.42/ADR, 33% above 2005.
- ✓ Aracruz's gross debt, including 50% of Veracel's figures, amounted to US$1,664 million, representing 2x the annual adjusted EBITDA[1] (2.5x in 2005). The average debt maturity was improved to 60 months (40 months in 2005).
- ✓ Veracel in its first full year of pulp production, turned in a performance that was 8% above the nominal capacity, at a total of 975,000 MT (Aracruz - 50% stake).
- ✓ Aracruz's ADR – ARA US – appreciated 53% in 2006, supported by an average daily trading volume of US$26 million, 78% higher than in 2005.
- ✓ SOX's section 404 - the company was certified without qualification.

Highlights of the 4Q06

- ✓ Record pulp sales[2] of 806,000 were, respectively, 4% and 8% higher than in the 4Q05 and the 3Q06. Record Adjusted EBITDA[1], including 50% of Veracel and before hedging gains, of $219 million, up 17% on the 4Q05 and up 3% on the 3Q06. Net income totaled $127.1 million, equivalent to $1.23 per ADR.

Aracruz – Summary	Unit of Measure	4Q06	3Q06	4Q05	4Q06 vs. 3Q06	4Q06 vs. 4Q05	FY2006	FY2005
Net revenue	$ million	457.4	432.0	398.5	6%	15%	1,680.8	1,345.2
Adjusted EBITDA (including Veracel) [1]	$ million	218.9	212.1	186.3	3%	17%	812.8	685.9
Adjusted EBITDA margin (including Veracel) 1	Percentage	47.8%	49.1%	46.8%	-	1p.p.	48.4%	51%
Net Income	$ million	127.1	143.2	142.3	(11%)	(11%)	455.3	341.1
Earnings per ADR	$ per ADR	1.23	1.39	1.38	(11%)	(11%)	4.42	3.31
Adjusted pulp sales volume [2]	'000 Tons	806	747	777	8%	4%	3,021	2,605
Paper sales volume	'000 Tons	13	15	12	(12%)	10%	55	55
Pulp production volume (including Veracel)	'000 Tons	791	753	759	5%	4%	3,104	2,786
Net debt	$ million	662.5	690.7	744.3	(4%)	(11%)	-	-
Net debt (including Veracel)	$ million	1,081.4	1,108.5	1,142.4	(2%)	(5%)	-	-

[1] Adjusted because we do not consider other non-cash items, and it is also different to the SEC standard definition (see reconciliation to Net Income on page 25). – [2] Aracruz sales plus 50% of Veracel's sales to non-affiliated parties (see breakdown on page 5).

Aracruz Celulose S.A. (NYSE: ARA) presents its consolidated fourth quarter 2006 results, according to US GAAP and stated in US dollars. The company uses the equity method of accounting for Veracel Celulose S.A., in which it owns a 50%

CFO's comment

"I would like to begin by presenting a review of the full year 2006. During this period, production reached a record of 3.1 million MT, up 11% compared to 2005, resulting from additional productivity gains at the Barra do Riacho and Guaíba units and benefiting from the first full year of Veracel production, since its start-up in May 2005. This latter plant ran at 8% above nominal capacity, producing 975,000 MT in the year (Aracruz is entitled to 50% of Veracel production), at the world's lowest cash production cost.

The annual sales forecast, made at the beginning of the year, was achieved, establishing a new record of 3.0 million MT of pulp sold, up 16% from 2005.

Net pulp prices increased 8% in 2006, in comparison to 2005, and coupled with the volume growth, this enabled Aracruz to post record net revenue of $1.7 billion, 25% higher than in 2005. The average cost of goods sold per ton increased 15%, due to the higher volume transferred from Veracel (which is offset through equity equivalence), the appreciation of the local currency against the US dollar and an increase in transportation cost caused mainly by higher oil prices. Once again, the company managed to offset most of the currency appreciation by means of cash flow hedging, which yielded a positive result of $86 million dollars ($29 million in 2005) – recorded under financial income – representing a benefit of approximately $28 per ton, based on the 2006 production volume. Administrative expenses when compared to 2005 were impacted by the advertising campaign in Brazil and should diminish in 2007.

For the full year, as a result of the factors described above, our net income set a new record of $455 million or $4.4 per ADR, up 33% from 2005. The adjusted EBITDA also achieved a record, at $813 million, up 18% in relation to 2005.

Financial measures that have been introduced have contributed to an improvement in the company's risk perception. The company obtained an investment grade rating in foreign currency from Moody's (Baa3) and Fitch (BBB) in the early part of 2006, to add to that received from Standard & Poor's (BBB-) towards the end of 2005 and the existing local currency investment grade ratings from these three institutions. The average debt maturity, including 50% of Veracel's figures, improved from 40 months to 60 months, while the average spread over Libor on our debt was reduced from 110bps to 70 bps, the secured export notes program was fully redeemed ahead of schedule and the gross debt represented 2 times the adjusted EBITDA for 2006 (1.3 times, if one considers the net debt).

During 2006, the company declared interest on equity, in anticipation of the annual dividend for the fiscal year 2006, amounting to a total of R$318 million (R$ 321 million in 2005) and the management is proposing to pay out a further R$167 million in dividends (R$150 million in the fiscal year 2005) to be submitted for approval at a General Shareholders' Meeting to be held by April 30th, 2007, bringing the total for the 2006 fiscal year to R$485 million (R$471 million for the 2005 fiscal year).

For the second consecutive year, Aracruz has been included in the Dow Jones Global Sustainability Index, achieving distinction in all three dimensions evaluated (economic, environmental and social) and is the only representative of the paper and forest products sector in the 2006/2007 list. The company has also been selected once more for the Bovespa Corporate Sustainability Index (ISE).This recognition of our commitment to the future provides considerable encouragement to the company's broader process of sustainability.

In accordance with Sarbanes-Oxley Section 404, management has assessed the effectiveness of the Company's internal control over financial reporting, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations – COSO – of the Treadway Commission. No material weaknesses or significant deficiencies were identified and management has concluded that the Company's internal control over financial reporting is effective at December 31, 2006. Management's assessment has been audited by the Company's independent registered public accounting firm.

With regard to the fourth quarter, following the pattern of previous years, sales volumes were at their highest level, with 806 thousand MT of pulp sold, a 8% increase in relation to the 3Q06, setting a new record, and accounting for the higher net revenues. The cash production cost was reduced by 4%, following the maintenance downtime at the Barra do Riacho Unit – the company's largest - in the 3Q06. As indicated in the previous quarter, administrative expenses started to show an improvement (down 10% compared to the 3Q06), and other net operating expenses benefited from the sale of ICMS tax credits. During the quarter, cash flow hedging generated a positive result of $13 million and the consolidated income tax provision increased, mainly due to the exchange rate volatility and to the higher results from hedging transactions .

As a result of the factors described above, our net income in the 4Q06 totaled $127 million, or $1.23 per ADR, compared to $1.39 for the 3Q06, and the adjusted EBITDA totaled $219 million, a new record, up 3% in comparison to the 3Q06."

Isac Zagury - CFO

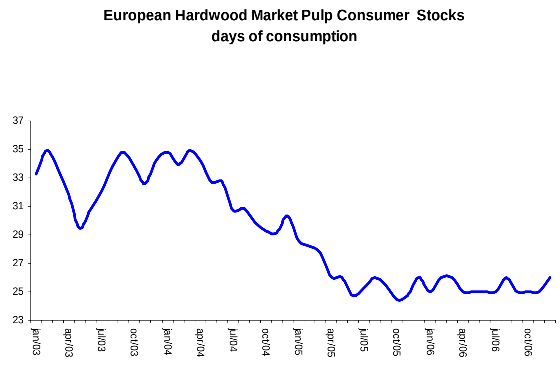
Global Pulp Market Update

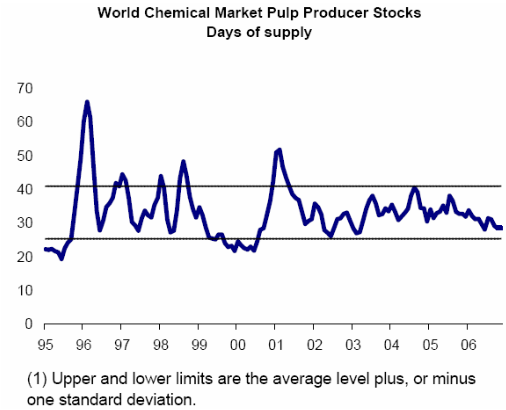
Despite a slight weakening of the world economic scenario in the fourth quarter of 2006, a healthy environment was maintained for the pulp and paper industry.

Through the fourth quarter, market leaders continued to restructure the P&W sector through M&A and by shutting down paper machines. It is estimated that, by the end of 2006, around 1.5 million tons of coated and uncoated wood free paper grades had been shut down in Europe and North America. Order books in Western Europe for both coated and uncoated wood free, strengthened to 3.5% and 5.2%, respectively, above the 2005 levels up to mid-December. In North America, December appeared to be quite a lot busier for uncoated grades than in previous years. In Asia, paper production continues firm, with the expectation of more than 2.0 million tons of paper capacity, most of it uncoated and coated woodfree grades, entering the market in 2007. As far as tissue is concerned, North American consumption has been at the same level as in the third quarter, with capacity utilization at 92% and a slight price rise, of 0.5%.

Tightness seen in the pulp market through the fourth quarter was driven by supply and demand factors. The supply reduction involved the closure of non-competitive facilities, the availability of wood chips mainly in North America, scheduled maintenance downtime and production restrictions, which were partially offset by the gradual ramping-up of supply from the Chilean mills and pulp that has been offered in the market by integrated producers. On the demand side, the average daily shipments for October and November 2006, which reached 105,991 tons, exceeded the same period of 2005 by 2,519 tons, or 2.6%. It is expected that the total consumption of market pulp reached 48.5 million in 2006, up 4% in comparison with 2005.

The availability of market pulp in the distribution chain continues to be limited. By the end of November, world producers' inventories were 4 days below the level for the same period of the previous year, closing at 29 days of supply, which is close to the lower level of the normal range. On the consumer side, world pulp inventories continue at historically low levels. In Europe, hardwood pulp in the hands of paper producers reached 26 days of supply in November.

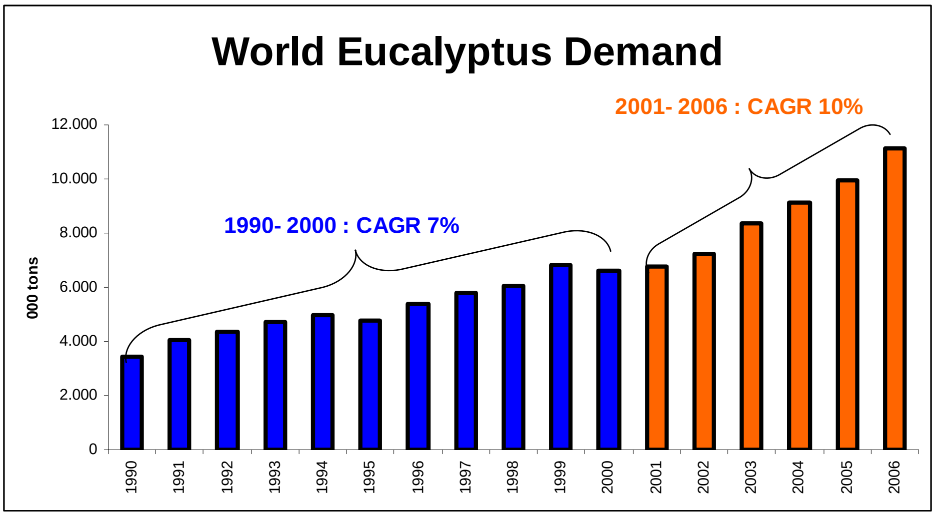




Sources: Aracruz and Utipulp

Source: PPPC

Due to its quality characteristics, eucalyptus is the fiber of choice for different paper & tissue producers, which explains why its use has augmented faster than average market growth in the last several years. The average level of demand growth for eucalyptus has increased significantly since 2001, to 10% per year, from 7% previously. Eucalyptus market pulp consumption growth is expected to have attained around 12 %, or 1 million tons, in 2006.



Sources: Aracruz & PPPC

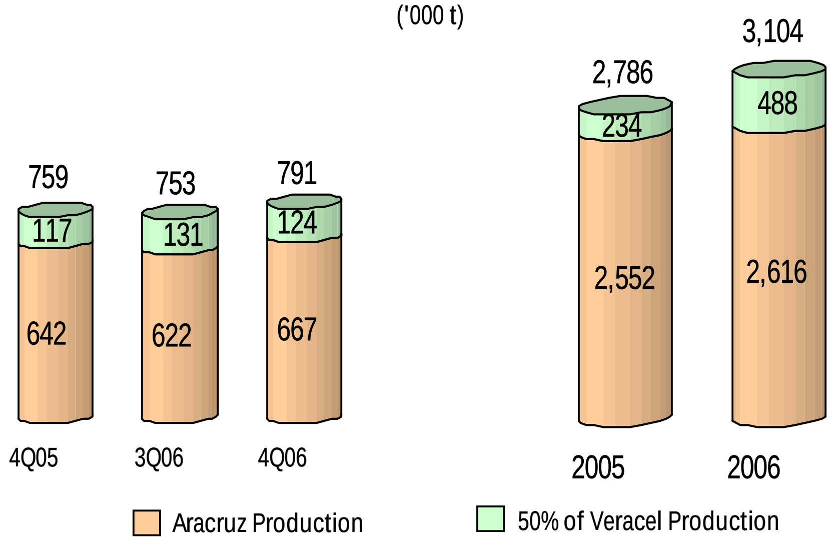
In the next couple of months, supply and demand fundamentals will most probably continue tight. Supply is likely to be affected by additional closures, planned maintenance downtime and woodchip shortage for pulp production, thus offsetting the slower than expected ramp-up in Latin America, while demand should follow its seasonal pattern.

Production and Sales

Aracruz pulp production, without the 50% of Veracel, totaled 667,000 tons in the fourth quarter of 2006, compared to 622,000 tons in the 3Q06 and 642,000 tons in the 4Q05.

In the fourth quarter, **Veracel Celulose S.A.** (50% owned by Aracruz) produced 247,000 tons of pulp, of which 109,000 tons were sold to Aracruz.

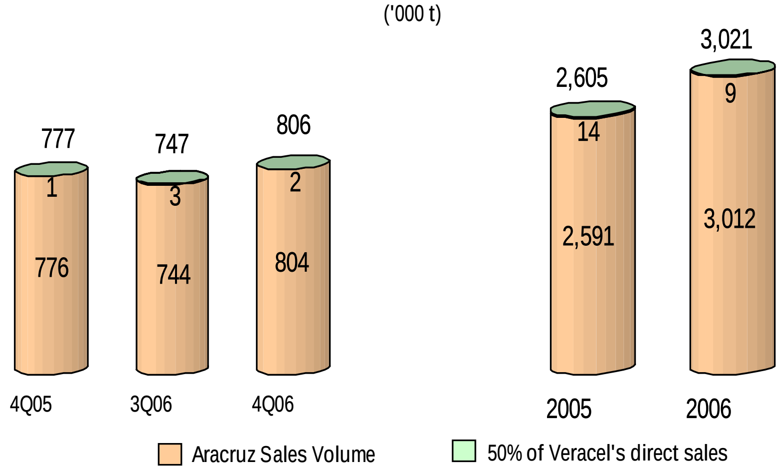
Pulp Production Volume
('000 t)



At the Guaíba unit, **paper production** in the quarter totaled 13,000 tons, consuming approximately 10,000 tons of the pulp produced. Paper inventories were at 1,000 tons at the end of December 2006, while **paper sales** in the fourth quarter of 2006 also totaled 13,000 tons.

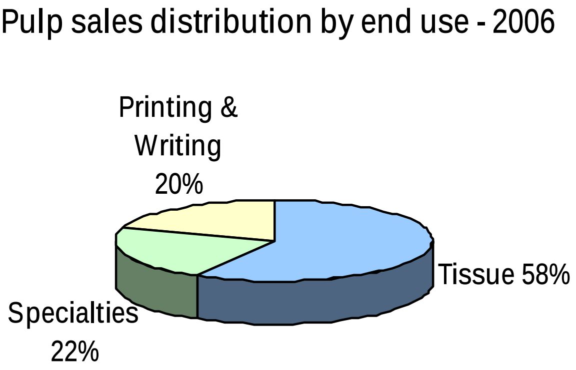
Aracruz pulp sales totaled 806,000 tons in the fourth quarter, a new record, with 688,000 tons of the pulp being produced internally, at the Barra do Riacho and Guaíba Units, and 116,000 tons being supplied by Veracel and resold in the market by Aracruz, plus an additional 2,000 tons of direct sales by Veracel to unrelated parties (representing 50% of Veracel's total direct sales). This sales volume was 4% higher than that for the same period of last year and 8% higher than in the 3Q06.

Pulp Sales Volume
('000 t)



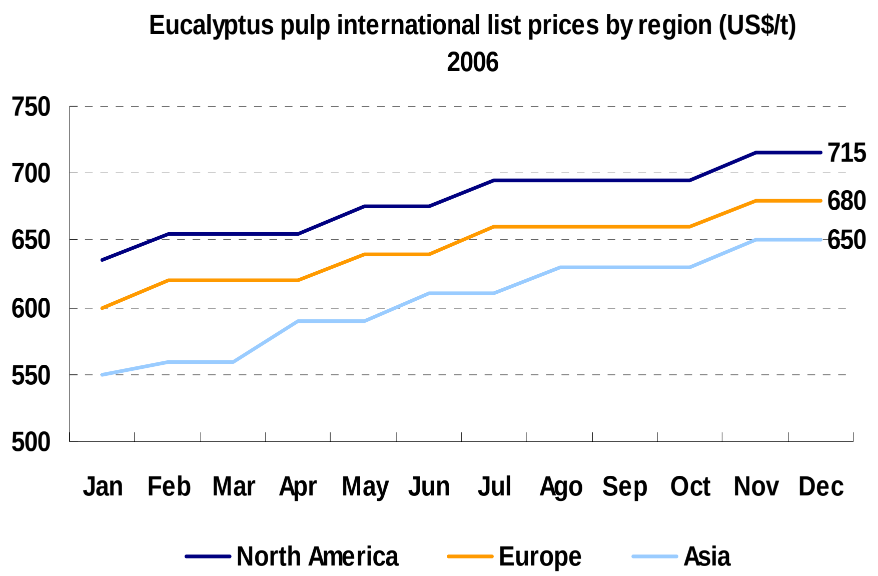
At the end of December, **inventories** at Aracruz were at 423,000 tons, compared to 461,000 tons at the end of September 2006, representing 49 days of production. The inventory level at Veracel, at the end of December 2006, represented an additional 3 days of production for Aracruz.

Pulp sales distribution by region	4Q06	3Q06	4Q05	4Q06 vs. 3Q06	4Q06 vs. 4Q05	2006
Europe	39%	36%	38%	3 p.p.	1 p.p.	39%
North America	34%	34%	32%	-	2 p.p.	34%
Asia	24%	27%	29%	-3 p.p.	- 5.p.p.	25%
Brazil	2%	2%	1%	-	1 p.p.	2%
Rest of Latin America	1%	1%	-	-	1 p.p.	-



Income Statement 4Q06

Eucalyptus pulp international list prices by region (US$/t) - 2006										
	Mar.	Apr.	May	Jun.	Jul.	Ago.	Sep.	Oct.	Nov.	Dec.
North America	655	655	675	675	695	695	695	695	715	715
Europe	620	620	640	640	660	660	660	660	680	680
Asia	560	590	590	610	610	630	630	630	650	650



Total net operating revenue came to $457.4 million, $58.9 million and $25.4 million higher, respectively, than in the 4Q05 and the 3Q06.

Net paper operating revenue amounted to $12.2 million in the quarter, $1.7 million higher than in the same period of 2005 and $1.1 million lower than in the 3Q06.

Net pulp operating revenue during the quarter amounted to $445.2 million, compared to $387.9 million in the same period of last year. Revenue increased mainly as a result of the 4% higher sales volume and 11% higher prices. When compared to the 3Q06, revenue of $418.7 million, the $26.5 million increase was the result of 8% higher sales volume and 2% lower pulp prices (due to the performance rebate booked in December).

The **total cost of sales** was $278.4 million in the fourth quarter of 2006, compared to $252.1 million in the same period of the previous year, mainly due to the 4% higher pulp sales volume and 7% higher cost of pulp sold. When compared to the total of $261.2 million in the third quarter, the increase was mainly due to the higher sales volume (+8%).

Cost of goods sold – breakdown	4Q06	3Q06	4Q05
Pulp produced	67.5%	64.5%	65.4%
Pulp purchased	15.0%	17.0%	16.6%
Inland and ocean freight plus insurance	14.5%	15.1%	14.9%
Paper produced	3.0%	3.4%	3.1%

Note: "Pulp purchased" refers to pulp produced by Veracel, transferred to Aracruz and subsequently resold by Aracruz to the final customer.

The **Aracruz pulp production cost** in the quarter was $273/ton, compared to $263/ton in the same period of 2005. The combined **pulp cash production cost** of the Barra do Riacho and Guaíba Units (net of depreciation and depletion) in the quarter was $192/ton, compared to $177/ton in the same period of 2005 and $200/ton in the third quarter of 2006 (see table below). When supplemented by Veracel's figures, the pulp cash production cost in the 4Q06 was $187/ton.

Note: The information provided in this paragraph does not include gains on hedging against currency appreciation.

Aracruz - weighted average cash production cost - (US$ per ton)	3Q06	4Q06
Barra do Riacho and Guaíba Units , plus 50% of Veracel	191	187

Cash Production Cost (Barra do Riacho and Guaíba Units, combined) - 4Q06 vs. 3Q06	US$ per ton
3Q06	200
Wood cost - mainly related to transportation cost	5
Fixed cost dilution - higher volume after 3Q06 annual maintenance downtime at Barra do Riacho	(4)
Raw materials - Lower consumption and prices	(3)
Lower maintenance costs	(11)
Labor expenses - due to annual bonuses and gratuity	4
Other	1
4Q06	192

Note: Not including Veracel figures; see reconciliation to GAAP figures on page 24.

Cash Production Cost (Barra do Riacho and Guaíba Units, combined) - 4Q06 vs. 4Q05	US$ per ton
4Q05	177
Brazilian currency appreciation against the US dollar	9
Wood cost - mainly related to transportation cost	6
Higher costs of raw materials	3
Higher labor expenses	2
Lower maintenance cost	(3)
Fixed cost dilution – higher production volume	(2)
4Q06	192

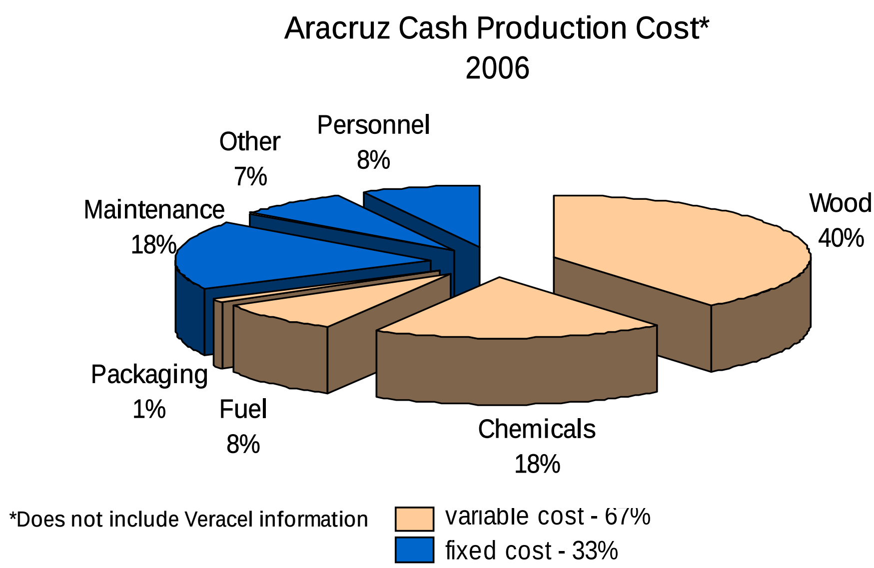
Note: Not including Veracel figures; *see reconciliation to GAAP figures on page 24.*

Exchange Rate (R$ / US$)	4Q06	3Q06	4Q05	4Q06 vs. 3Q06	4Q06 vs. 4Q05
Closing	2.1380	2.1742	2.3407	-1,7%	-8,7%
Average	2.1520	2.1709	2.2520	-0,9%	-4,4%

Source: - Brazilian Central Bank (PTAX800).

Approximately 75% of the company's cash production cost is presently correlated to the local currency (real - R$).

The average Aracruz-cash production cost in 2006 may be broken down as follows:



Chemicals = sodium hydroxide, sodium chlorate, sulphuric acid, hydrogen peroxide, oxygen and other.
Fuel = "BPF"oil, natural gas, coal and biomass.
Maintenance = materials, services, plant shutdown and sustainable projects.

Sales and distribution expenses came to $18.2 million, very similar to the figures in the same period of 2005 and in the 3Q06, mainly due to higher sales volume, up 4% and 8%, respectively, partially offset by lower terminal expenses.

Administrative expenses were $17.3 million, $6.2 million higher than in the 4Q05, mainly due to the advertising campaign initiated in 2006. When compared to the 3Q06, non-recurring expenses were down by $1.9 million.

The result for **other net operating expenses** in the quarter was down $4.4 million and $5.1 million, respectively, when compared with the same period of 2005 and with the 3Q06, mainly due to the reversal of a provision for losses on ICMS credits, in the fourth quarter of 2006, because the respective credits were sold.

The sum of the **financial and currency re-measurement results** in the quarter showed a net credit of $5.0 million, compared to a net expense of $21.7 million in the same period of last year and a net credit of $1.9 million in the third quarter of 2006 (see table below).

(US$ million)	4Q06	3Q06	4Q05
Financial Expenses	30.5	38.3	32.4
Interest on financing	22.5	24.0	24.9
Miscellaneous (CPMF, interest on fiscal contingency provisions and other)	8.0	14.3	7.5
Financial Income	(34.8)	(39.8)	(18.2)
Currency re-measurement - (gain)/loss	(0.7)	(0.4)	7.5
Total	(5.0)	(1.9)	21.7

The **"Interest on Financing"** results in the fourth quarter were lower than in the 3Q06 and in the same period of 2005. When compared to the 3Q06, this difference is due to a lower average debt balance. In comparison to the 4Q05, it is due to a lower average debt balance and lower interest rates.

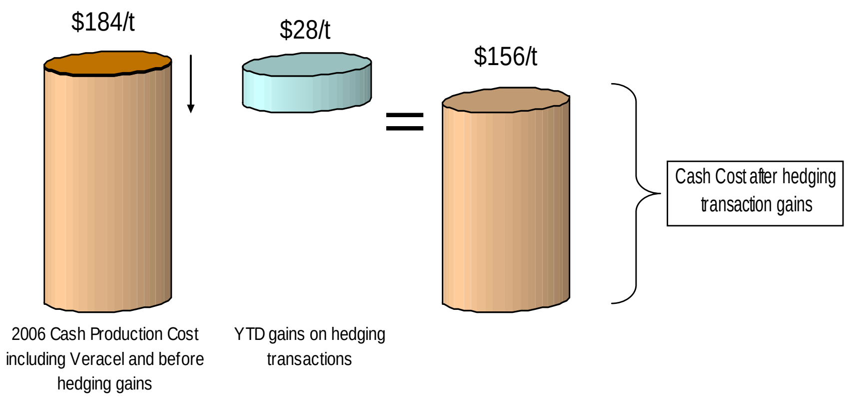
The **"Financial Income"** in the quarter was $5.0 million lower than in the 3Q06, due to lower interest on tax credits, amounting to $6.7 million, partially offset by the increased results on our hedging transactions, showing a gain of $12.7 million in the quarter (the 3Q06 showed a gain of $8.6 million). In comparison to the 4Q05, financial income was up $16.6 million, mainly due to the increased results on our hedging transactions (the 4Q05 showed a negative impact of $7.5 million).

Based on the closing exchange rates, the Brazilian currency appreciated against the US dollar by 1.7% during the fourth quarter, compared to depreciation of 0.5% in the 3Q06 and of 5.3% in the 4Q05. The closing exchange rate on December 31, 2006 was R$2.1380 per US dollar.

At the end of the quarter, **the cash flow hedge** was maintained, with a short position in dollars totaling $289 million, which represented approximately 5 months of cash flow exposure to the local currency (real).

The results of such positions have been recorded as financial income. These contracts do not qualify for hedge accounting under USGAAP.

The **hedging transaction results** (dollar futures contracts) accumulated in 2006 showed a gain of $86 million and would be equivalent to approximately $28/ton, if divided by the 2006 production volume of 3.1 million tons of pulp (including volumes from Veracel).
– *It is important to mention that this is not a guarantee of future performance* –



The **equity result** showed a loss of $1.4 million from Veracel (see the **Veracel Information** section for more details).

Income tax and social contribution accruals in the fourth quarter amounted to an expense of $19.9 million, compared to a credit of $40.8 million in the same period of 2005, mainly due to the impact of exchange rate volatility on the BRGAAP financial results and improved results on hedging transactions. Measured against the credit of $7.1 million in the 3Q06, the $27 million higher tax provision is explained basically by the above factors and the impact of realized profits on inter-company transactions (due to a reduction in the consolidated inventory level), the latter accounting for approximately $8.5 million of the difference.

In 2006, the effective tax rate was 13.2%, compared to 17.5% in 2005.

Since 2005 the company has opted to make cash settlement of income tax and social contribution liabilities, arising from currency variations, in the period that the underlying assets/ liabilities are settled, and not in the period that such tax liabilities arise. This allows the company to defer tax payments on currency variations reported in the Brazilian financial statements denominated in reais (BR GAAP).

A statement of the deferred income tax, broken down to show the Brazilian GAAP currency variation impact, and current taxes, is provided below.

(US$ million)	4Q06	3Q06	4Q05
INCOME TAX & SOCIAL CONTRIBUTION	19.9	(7.1)	(40.8)
Deferred income tax	12.7	6.5	(33.8)
BR GAAP exchange rate impact	5.6	(1.5)	(30.2)
Other	7.1	8.0	(3.6)
Current income tax	7.2	(13.6)	(7.0)

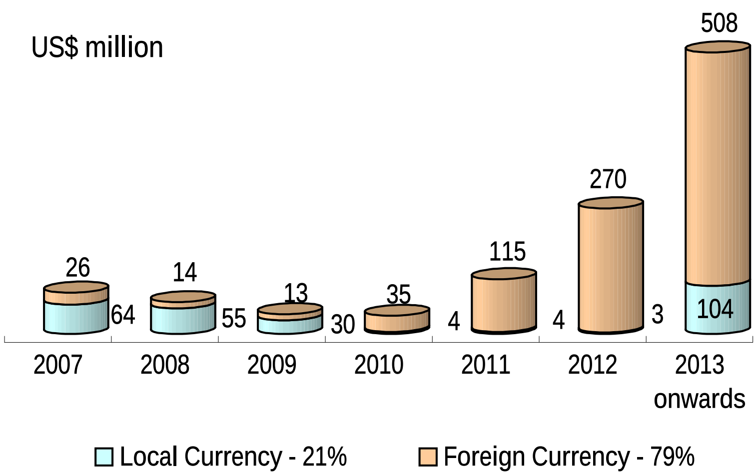
At the end of the fourth quarter, the net balance of deferred taxes payable, deriving from the BR GAAP exchange rate impact, amounted to $72 million (3Q06: $66 million). These should become payable in accordance with foreign debt repayments up to 2016, if not reversed by future BR GAAP foreign currency variations.

Debt and Cash Structure

The company's **gross debt** amounted to $1,244.8 million at the end of December 2006, $58.9 million lower than at the end of September 2006 and $57.5 million lower than at the end of December 2005.

(US$ million)	December 31, 2006	September 30, 2006	December 31, 2005
Short-term debt	89.8	107.7	292.0
Current portion of long-term debt	67.2	87.1	204.4
Short term debt instruments	4.7	4.6	80.5
Accrued financial charges	17.9	16.0	7.1
Long-term debt	1,155.0	1,196.0	1,010.3
Total debt	1,244.8	1,303.7	1,302.3
Cash, cash equivalent and short-term investments	582.3	613.0	558.0
NET DEBT OF ARACRUZ	662.5	690.7	744.3
50% of Veracel's Cash, cash equivalent and investments	0.2	0.4	0.1
50% of Veracel's gross debt	419.1	418.2	398.2
50% OF VERACEL'S NET DEBT	418.9	417.8	398.1
NET DEBT INCLUDING 50% OF VERACEL	1,081.4	1,108.5	1,142.4

The local currency debt corresponds basically to long-term BNDES (Brazilian Development Bank) loans. The debt maturity profile, as at December 31, 2006, not including Veracel's figures, was as follows:



At the end of the fourth quarter of 2006, short term debt, including Veracel figures, represented 7% of the total, compared to 8% at the end of the third quarter of 2006. With regard to the liquidity target, which aims for cash investments to equal at least twelve months of future debt amortization, at the end of December 2006 this ratio was at a very comfortable level.

In the fourth quarter, the management continued its efforts to improve the debt maturity profile, including 50% of Veracel's figure, extending it to 60 months at the end of the 4Q06, from 58 months at the end of the previous quarter and up from 40 months at the end of 2005, while focusing on a target of approximately 72 months (6 years).

Benefiting from the company's growth, the adjusted EBITDA increased, thus improving the ratios (including 50% of Veracel's figures), such as "Net Debt / Adjusted EBITDA", down to 1.3x from 1.7x a year ago, and "Gross Debt / Adjusted EBITDA", down to 2.0x from 2.5x at the end of 2005.

Credit ratios, including 50% of Veracel's figures	4Q06	3Q06	2Q06	1Q06	4Q05
Net Debt / Adjusted EBITDA	1.3x	1.4x	1.5x	1.5x	1.7x
Gross Debt / Adjusted EBITDA	2.0x	2.2x	2.3x	2.2x	2.5x
Gross Debt / Total Capital (gross debt plus equity)	43%	45%	46%	44%	47%
Net debt / Total Capital (net debt plus equity)	33%	34%	36%	35%	37%
Cash / Short Term Debt	4.4x	4.3x	3.7x	3.4x	1.9x
Gross debt average maturity – (months)	60	58	48	48	40

Excluding Veracel's figures, the credit ratios would be even better. For example, the ratios of net debt and gross debt to total capital would be 23% and 36%, respectively, at the end of the 4Q06.

Debt structure (not including Veracel's figures)	Principal (US$ million)	% of total	Average interest rate	Remaining average life (months)
Floating rate (spread over Libor - % p.a.)	876	71%	0.70%	74
Trade Financing	874	71%	0.70%	74
Import Financing	2	0%	0.40%	5
Floating rate (% p.a.)	302	25%		48
BNDES - Local currency	263	22%	TJLP(2) + 2.97%	48
BNDES - Foreign currency (currency basket)	39	3%	(1) + 2.67%	46
Fixed rate (% p.a.)	49	4%		54
Export Credit Notes	49	4%	5,985%	54
Total	1,227	100%		67

(1) BNDES's interest rate for foreign currency contracts; (2) Brazilian long-term interest rate.

Cash, cash equivalent and short-term investments, at the end of the quarter, totaled $582.3 million, of which $534.8 million was invested in Brazilian currency instruments and $47.5 million was invested in US dollar time deposits. Of the total amount, 67% was invested locally and 33% was invested abroad at the end of the quarter.

Net debt (gross debt less cash holdings) amounted to $662.5 million at the end of the quarter, $28.2 million lower than at the end of the previous quarter, mainly due to positive operating cash generation, partially offset by $102.7 million of capital expenditure and $37.0 million of Interest on Stockholders' Equity.

EBITDA Analysis

Adjusted EBITDA comparison 4Q06 vs. 4Q05 (not including cash flow hedging results)

The fourth quarter 2006 adjusted EBITDA, including 50% of Veracel and before hedging gains, totaled $219 million, compared to $186 million for the same period of last year. This was mainly a consequence of 11% higher net pulp prices and 4% higher sales volume, partially offset by the negative impact of the higher cash production cost (see details on page 7) and higher administrative expenses (see details on page 8), and resulted in an adjusted margin of 48% for the fourth quarter (47% in the 4Q05).

Adjusted EBITDA comparison 4Q06 vs. 3Q06 (not including cash flow hedging results)

When compared against the 3Q06 figure, the **fourth quarter 2006 adjusted EBITDA of** $218.9 million, including 50% of Veracel and before hedging gains, was up $6.8 million. This was mainly due to 8% higher pulp sales volume.

Adjusted EBITDA for 2006, attained a record $813 million, representing an EBITDA margin of **48%.** If we were **to include the hedging gains** obtained in 2006 ($86 million), it would come to total of **$899 million**, representing a **53% margin.**

Capital Expenditure - Realized

Capital expenditure and **investment** were as follows:

(US$ million)	4Q06	YTD06
Silviculture	37.0	113.1
On-going industrial investment	9.8	23.4
Forest and land purchases	29.7	80.5
Other forestry investments	9.2	25.5
Barra do Riacho and Guaíba Unit optimization	14.8	43.9
Miscellaneous projects	2.2	14.6
Total Capital Expenditure	**102.7**	**301.0**
Aracruz capital increase in affiliated companies	-	24.5
Total Capital Expenditure and Investment	**102.7**	**325.5**

Capital Expenditure - Forecast

The capital expenditure forecast also shows 50% of Veracel's figures, as follows:

(US$ million)	2007E	2008E	2009E	2010E
• Barra do Riacho Unit optimization	140	-	-	-
• Regular investments (Barra do Riacho and Guaíba) - including silviculture, mill maintenance and corporate investments	140	135	135	135
Sub-total - (Aracruz only)	280	135	135	135
• 50% of the regular investment to be made by Veracel (Aracruz's stake)	20	20	20	20
Total - including Aracruz's stake in Veracel	300	155	155	155

Note: Investments forecast don't include capital expenditure on potential expansion projects such as for Guaíba and Veracel, since they are not fully approved by the Board of Directors.

Veracel Information

Veracel's pulp production volume showing strong performance

Following Veracel's start up, in May 2005, the year 2006 was the first full year of operation and the result was a strong performance, with pulp production at a total of 975,000 MT, 8% above the annual nominal capacity of 900,000 MT.

This result showed that the project has attained a significant level of efficiency. The marginal efficiency and production increases help to improve the results of the company, adding value and accelerating the return on the investment.

Veracel **pulp production** totaled **247,000 tons** in the fourth quarter of 2006. At the end of December, **inventory** stood at 66,000 tons of pulp.

Veracel **pulp sales** reached 248,000 tons in the fourth quarter, of which 109,000 tons went to Aracruz, 135,000 tons went to the other controlling shareholder and 4,000 tons went to unrelated parties.

VERACEL CELULOSE S.A. BALANCE SHEET (expressed in millions of US dollars)

ASSETS	Dec.31, 2006	Sep.30, 2006	Dec.31, 2005	LIABILITIES	Dec.31, 2006	Sep.30, 2006	Dec.31, 2005
Current assets	132.0	145.3	137.6	Current liabilities	161.0	145.0	71.1
Cash investments	0.4	0.8	0.3	Short-term debt	131.6	111.6	38.4
Other current assets	131.6	144.5	137.3	Other accruals	29.4	33.4	32.7
Long term assets	151.9	120.0	89.5	Long-term liabilities	715.2	746.1	770.3
Other long term assets	151.9	120.0	89.5	Long-term debt	706.6	724.7	758.1
Permanent assets	1,188.7	1,225.0	1,188.4	Other long-term liabilities	8.6	21.4	12.2
				Stockholders' equity	596.4	599.2	574.1
TOTAL	1,472.6	1,490.3	1,415.5	TOTAL	1,472.6	1,490.3	1,415.5

VERACEL'S TOTAL DEBT MATURITY, AS AT DECEMBER 31, 2006

(US$ million)	Local Currency	Foreign Currency	Total Debt	%
2007	75.9	55.7	131.6	15.7%
2008	71.3	51.0	122.3	14.6%
2009	71.1	50.7	121.8	14.5%
2010	65.8	50.7	116.5	13.9%
2011 onwards	183.9	162.1	346.0	41.3%
Total	468.0	370.2	838.2	100%

Aracruz is a several guarantor of 50% of the indebtedness incurred by Veracel, and Stora Enso is the several guarantor of the other 50% of such indebtedness.

VERACEL CELULOSE S.A. STATEMENTS OF OPERATIONS
(Expressed in millions of US dollars)

Income statement	4Q 06	3Q 06	4Q 05	YTD 2006
Gross operating income	27.0	35.7	16.0	111.3
Sales expenses	4.4	4.6	4.7	15.2
Administrative expenses	3.0	3.5	4.8	13.7
Other, net	2.8	0.9	4.5	4.2
Operating income	16.8	26.7	2.0	78.2
Financial income	(0.2)	(0.2)	(0.2)	(0.7)
Financial expenses	20.3	20.8	4.0	82.2
Loss (gain) on currency re-measurement, net	(0.8)	(7.3)	(18.7)	18.8
Other, net		(0.2)	0.4	(0.3)
Income before income taxes	(2.5)	13.6	16.5	(21.8)
Income tax expense (benefit)	0.3	1.9	(5.2)	4.9
Net income	(2.8)	11.7	21.7	(26.7)

VERACEL CELULOSE S.A. - STATEMENTS OF CASH FLOW
(Expressed in millions of US dollars)

Statement of cash flow	4Q 06	3Q 06	4Q 05	YTD 2006
Cash flow from operating activities				
Net income (loss)	(2.8)	11.7	21.7	(26.7)
Adjustments to reconcile net income to net cash provided by operating activities	15.9	13.9	(5.7)	96.5
(Increase) decrease in assets	32.8	(11.3)	(40.1)	7.3
Increase (decrease) in liabilities	(18.3)	1.5	(17.7)	(11.9)
Net cash provided by operating activities	27.6	15.8	(41.8)	65.2
Cash flow from investments				
Additions to property, plant and equipment	(23.0)	(53.8)	(26.7)	(118.7)
Other	0.2	0.4	0.3	0.8
Net cash (used in) investments	(22.8)	(53.4)	(26.4)	(117.9)
Cash flow from financing				
Short-term and long-term debt, net	(5.3)	(11.5)	25.8	3.2
Capital increase		49.0	42.0	49.0
Net cash provided by (used in) financing	(5.3)	37.5	67.8	52.2
Effects of exchange rate changes on cash and cash equivalents	-	0.1	-	0.6
Increase (decrease) in cash and cash equivalent	(0.5)	-	(0.4)	0.1
Cash and cash equivalent, beginning of period	0.8	0.8	0.7	0.3
Cash and cash equivalent, end of period	0.3	0.8	0.3	0.4

Adjusted EBITDA of VERACEL (expressed in millions of US dollars)

(US$ million)	4Q 06	3Q 06	4Q 05	YTD 2006
Net income (loss)	(2.8)	11.7	21.7	(26.7)
Financial income	(0.2)	(0.2)	(0.2)	(0.7)
Financial expenses	20.3	20.8	4.0	82.2
Income tax	0.3	1.9	(5.2)	4.9
Loss (gain) on currency re-measurement, net	(0.8)	(7.3)	(18.7)	18.8
Other		(0.2)	0.4	(0.3)
Operating income	16.8	26.7	2.0	78.2
Depreciation and depletion in the results	14.9	23.3	22.2	75.4
EBITDA	31.7	50.0	24.2	153.6
Non-cash charges	0.2	-	0.8	0.5
Adjusted total EBITDA	31.9	50.0	25.0	154.1

Veracel's Capital expenditure was as follows:

(US$ million)	4Q06	YTD06
Silviculture	9.8	39.4
Land purchases	12.7	41.1
On-going industrial investment	(2.6)	33.8
Miscellaneous projects	3.1	4.4
Total Capital Expenditure	23.0	118.7

Veracel's capital expenditure forecast:

(US$ million)	2007E	2008E	2009E	2010E
Regular investments	40	40	40	40

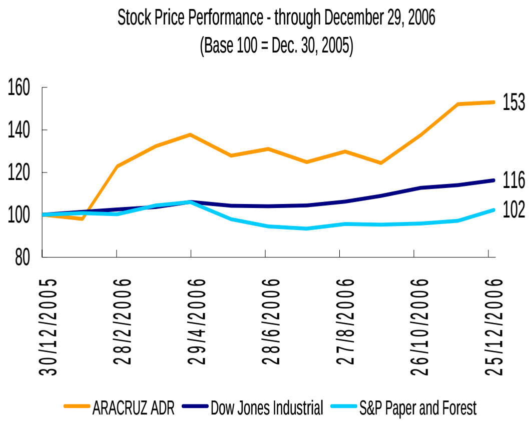
The output of the new plant has been and will be sold to the controlling shareholders, in the same proportion as their shareholdings (50% each). Although, on a quarterly basis, some mismatches may occur, in the long run these should balance out. Aracruz re-sells the pulp to its customer base and Stora uses its share for its own consumption.

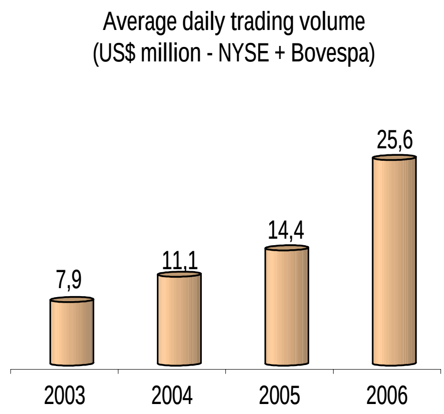
The mill is considered to be state of the art in pulp manufacturing, making use of the most modern equipment, facilities, construction methods and environmental control systems.

Veracel, located in the state of Bahia, in Brazil, is jointly-controlled by Aracruz (50%) and Stora Enso OYJ (50%) and both shareholders must together approve all significant ordinary course of business actions, in accordance with contractual arrangements.

Stock Performance

From December 30, 2005 to December 29, 2006, Aracruz's ADR price increased by 53%, from $40.01 to $61.21. In the same period, the Dow Jones Industrial Average index increased by 16% and the S&P Paper and Forest index increased by 2%.





Stock information	December 31, 2006
Total number of shares outstanding	1,030,587,806
Common shares	454,907,585
Preferred shares	575,680,221
ADR Ratio	1 ADR = 10 preferred shares
Market capitalization	$6.3 billion
Average daily trading volume – 2006 (Bovespa and NYSE)*	$26 million

*Source: Bloomberg

Dividends/ Interest on Stockholders' Equity

Up to the end of the fourth quarter of 2006, a total amount of R$318 million had been declared as Interest on Stockholders' Equity, in anticipation of the annual dividend for the fiscal year 2006, with R$75 million declared on December 22nd, R$80 million declared on September 19th, R$74 million on June 20th and R$89 million on March 23rd.

The management has proposed an supplementary dividend distribution of R$167 million, to be submitted for approval at a General Stockholders' Meeting to be held by April 30, 2007. If confirmed, the total amount of interest and dividends relating to the fiscal year 2006 will amount to R$485 million, representing an approximately 4% dividend yield on the ADR. The supplementary dividend amount was converted using the year-end exchange rate of R$2.1380/US$.

Declaration Date	Fiscal Year of Reference	Dividends and Interest (1)	EX-DATE	Gross Amount (R$ thousand)	Gross Amount per ADR (US$)	Initial Payment Date
Dec. 22, 2006	2006(*)	INTEREST(1)	Dec. 27, 2006	75,000	0.35	Jan. 19, 2007
Sep. 19, 2006	2006(*)	INTEREST(1)	Sep. 27, 2006	80,000	0.38	Oct. 17, 2006
Jun. 20, 2006	2006(*)	INTEREST(1)	Jun. 28, 2006	74,000	0.33	Jul. 20, 2006
Apr. 28, 2006	2005	DIVIDENDS	May 3, 2006	150,000	0.72	May 11, 2006
Mar. 23, 2006	2006(*)	INTEREST(1)	Mar. 30, 2006	89,000	0.42	Apr. 20, 2006
Dec. 20, 2005	2005(*)	INTEREST(1)	Dec. 28, 2005	168,800	0.72	Jan. 13, 2006
Jun. 20, 2005	2005(*)	INTEREST(1)	Jun. 28, 2005	28,000	0.12	Jul. 13, 2005
May 19, 2005	2005(*)	INTEREST(1)	May 25, 2005	42,900	0.18	Jun. 13, 2005
Apr. 29, 2005	2004	DIVIDENDS	May 2, 2005	150,000	0.60	May 9, 2005
Apr. 19, 2005	2005(*)	INTEREST(1)	Apr. 27, 2005	81,000	0.31	May 13, 2005
Dec. 21, 2004	2004 (*)	INTEREST(1)	Dec. 29, 2004	28,500	0.11	Jan. 11, 2005
Nov. 16, 2004	2004 (*)	INTEREST(1)	Nov. 23, 2004	32,000	0.12	Dec. 10, 2004
Oct. 19, 2004	2004 (*)	INTEREST(1)	Oct. 27, 2004	198,000	0.69	Nov. 11, 2004
Apr. 29, 2004	2003	DIVIDENDS	Apr. 30, 2004	360,000	1.24	May14, 2004
Apr. 29, 2003	2002	DIVIDENDS	May 7, 2003	315,000	1.09	May 15, 2003
Apr. 30, 2002	2001	DIVIDENDS	May 2, 2002	180,000	0.77	May 13, 2002
Mar. 30, 2001	2000	DIVIDENDS	Apr. 2, 2001	136,878	0.64	Apr. 12, 2001

(1) Interest on Stockholders' Equity

(*) advance payment of dividends

Results According to Brazilian GAAP

The local currency consolidated result, according to **Brazilian GAAP - the accounting practices adopted in Brazil**, was a net income of R$291.9 million for the quarter. Aracruz has also publicly released the unconsolidated financial results in Brazil, which **under Brazilian GAAP** serve as the basis for the calculation of minimum dividends and income taxes. In the fourth quarter of 2006, Aracruz Celulose S.A. reported an unconsolidated net income of R$278.2 million (net income of R$88.6 million, excluding equity results).

Additional Information

Aracruz included once more in Bovespa's Corporate Sustainability Index.

Aracruz has once again been selected for the Bovespa Corporate Sustainability Index (ISE). The new portfolio, with validity extending up to November 30, 2007, comprises only 43 stocks issued by 34 companies from 14 different economic sectors, all of them recognized for their commitment to social responsibility and corporate sustainability.

An integrated assessment was made of the environmental, social and economic-financial aspects, following the international concept of the Triple Bottom Line.

In September, Aracruz was chosen, for the second year in a row, to comprise the select list of companies in the Dow Jones Sustainability Index (DJSI World) 2007, which highlights the best corporate sustainability practices from around the world. This time round, Aracruz was the only company in its sector chosen for this global index.

Aracruz's Forestry Partners Program celebrated its 15th anniversary in 2006.

The program is a success story in every possible way: it contributes to the generation of rural jobs, encourages the utilization of otherwise idle land, boosts and diversifies farm income, and at the same time ensures the company an alternative source of wood supplies.

It involves partnerships with local farmers in the states of Espírito Santo, Minas Gerais, Bahia, Rio Grande do Sul and Rio de Janeiro who produce eucalyptus trees for the company's pulp mills.

Last year, the total turnover of the program was almost US$29 million, which was generated from more than 3,000 contracts with small, medium and large farms covering nearly 81,000 hectares of private farm property.

The 15th anniversary of the Program was celebrated with farmers from five states, and Aracruz staff, as well as local, state and federal government and community representatives.

It is estimated that the initiative has been responsible for the creation of some 5,000 direct and indirect jobs in rural areas.

"Besides being another source of income for the participating farmers, the Forestry Partners Program has also had a beneficial effect on the environment, as it helps maintain native forests", stated Aracruz president and CEO Carlos Aguiar, referring to the fact that the program helps reduce the pressure, exerted by certain sectors of society, to cut down native forests in order to obtain lumber for other purposes, such as charcoal and firewood.

Note: In the main body of the text (p.1 - 18), amounts are in US$ unless otherwise specified.

Aracruz Celulose S.A., with operations in the Brazilian states of Espírito Santo, Bahia, Minas Gerais and Rio Grande do Sul, is the world's largest producer of bleached eucalyptus kraft pulp. All of the high-quality hardwood pulp and lumber supplied by the company is produced exclusively from planted eucalyptus forests. The Aracruz pulp is used to manufacture a wide range of consumer and value-added products, including premium tissue and top quality printing and specialty papers. The lumber produced at a high-tech sawmill located in the extreme south of the state of Bahia is sold to the furniture and interior design industries in Brazil and abroad, under the brand name Lyptus. Aracruz is listed at the São Paulo Stock Exchange (BOVESPA), at the Latin America Securities Market (Latibex), in Madrid - Spain, and at the New York Stock Exchange (NYSE) under the ADR level III program (ticker symbol ARA). Each ADR represents 10 underlying "Class B" preferred shares.

ARACRUZ CELULOSE S.A. – CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in thousands of US dollars, except for per-share amounts)(unaudited)	Three-month period ended			Year ended - December 31,	
	Dec.31, 2006	Sep.30, 2006	Dec.31, 2005	2006	2005
Operating revenues	532,457	489,209	449,169	1,922,457	1,531,665
Domestic	23,636	20,340	14,878	77,431	62,019
Export	508,821	468,869	434,291	1,845,026	1,469,646
Sales taxes and other deductions	75,048	57,204	50,710	241,624	186,432
Net operating revenue	457,409	432,005	398,459	1,680,833	1,345,233
Pulp	445,211	418,736	387,944	1,632,208	1,300,176
Paper	12,198	13,269	10,515	48,625	45,008
Sawn wood					49
Operating costs and expenses	313,814	303,352	285,673	1,181,435	898,141
Cost of sales	278,353	261,192	252,139	1,037,896	783,578
Pulp	269,912	252,388	244,363	1,004,442	754,315
Cost of sales relating to pulp production and purchases	229,466	213,061	206,705	850,609	641,361
Inland freight, ocean freight, insurance and other	40,446	39,327	37,658	153,833	112,954
Paper	8,441	8,804	7,776	33,454	29,216
Sawn wood					47
Selling	18,199	17,809	18,020	74,005	64,430
Administrative	17,251	19,249	11,102	57,020	33,820
Other, net	11	5,102	4,412	12,514	16,313
Operating income	143,595	128,653	112,786	499,398	447,092
Non-operating (income) expenses	(4,964)	(1,892)	21,460	(39,662)	(10,327)
Financial income	(34,803)	(39,772)	(18,242)	(181,733)	(125,439)
Financial expenses	30,551	38,344	32,404	149,719	137,276
Interest on financing	22,548	24,070	24,936	91,400	99,328
Other	8,003	14,274	7,468	58,319	37,948
(Gain) loss on currency re-measurement, net	(707)	(464)	7,526	(7,641)	(21,386)
Other, net	(5)		(228)	(7)	(778)
Income before income taxes, minority interest and equity in results of affiliated companies	148,559	130,545	91,326	539,060	457,419
Income taxes	19,917	(7,104)	(40,859)	69,494	72,228
Current	7,213	(13,575)	(7,025)	30,754	71,086
Deferred	12,704	6,471	(33,834)	38,740	1,142
Minority interest	171	184	215	544	31
Equity results of affiliated companies	1,413	(5,743)	(10,377)	13,705	44,062
Net income for the period	127,058	143,208	142,347	455,317	341,098
Depreciation and depletion in the results:	57,940	51,770	54,758	216,629	201,121
Pulp production cost	53,996	49,332	55,100	211,010	206,033
Forests and other	186	3,815	(2,489)	1,301	193
Other operating costs and expenses	1,358	1,399	1,362	5,531	5,389
Sub-total	55,540	54,546	53,973	217,842	211,615
Inventory movement	2,400	(2,776)	785	(1,213)	(10,494)
EBITDA(*)	201,535	180,423	167,544	716,027	648,213
EBITDA (adjusted for other non-cash items) (*)	202,939	187,105	173,820	735,718	668,944

(*) does not include 50% of Veracel's EBITDA

ARACRUZ CELULOSE S.A. – CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of US dollars)

ASSETS	Dec.31, 2006	Sep.30, 2006	Dec.31, 2005	LIABILITIES	Dec.31, 2006	Sep.30, 2006	Dec.31, 2005
Current assets	1,200,924	1,231,287	1,094,805	Current Liabilities	286,819	310,497	485,165
Cash and cash equivalents	48,414	110,576	34,114	Suppliers	95,574	92,860	84,839
Short-term investments	531,229	499,855	521,613	Payroll and related charges	25,246	24,531	19,525
Accounts receivable	285,795	262,065	253,306	Income and other taxes	38,391	40,077	21,492
Inventories, net	202,704	217,149	173,873	Current portion of long-term debt			
Deferred income tax	15,375	19,268	14,439	Related party	65,360	63,942	59,130
Recoverable income and other taxes	109,165	108,030	89,727	Other	1,854	23,207	145,276
Prepaid expenses and other current assets	8,242	14,344	7,733	Short-term borrowing - export financing and other	4,677	4,600	80,496
Property, plant and equipment, net	2,151,212	2,104,138	2,068,547	Accrued financial charges	17,896	16,004	7,116
Investment in affiliated company	324,736	326,149	313,940	Interest on stockholders' equity payable	36,545	38,196	65,947
Goodwill	192,035	192,035	192,035	Other accruals	1,276	7,080	1,344
Other assets	127,021	105,544	94,678	Long-term liabilities	1,505,811	1,537,854	1,314,086
Long-term investments	2,669	2,575	2,265	Long-term debt			
Advances to suppliers	81,485	74,528	64,343	Related party	232,191	172,948	204,665
Deposits for tax assessments	26,778	22,109	20,476	Other	922,859	1,023,045	805,620
Recoverable income and other taxes	15,093	4,177	3,832	Tax assessment and litigation contingencies	221,495	220,495	214,596
Other	996	2,155	3,762	Deferred income tax, net	96,035	87,225	56,366
				Suppliers	3,020	4,097	9,988
				Other	30,211	30,044	22,851
				Minority interest	875	704	331
				Stockholders' equity	2,202,423	2,110,098	1,964,423
TOTAL	3,995,928	3,959,153	3,764,005	TOTAL	3,995,928	3,959,153	3,764,005

ARACRUZ CELULOSE S.A. – CONSOLIDATED STATEMENTS OF CASH FLOW
(Expressed in thousands of US dollars)

	Three-month period ended			Year ended - Dec. 31,	
	Dec.31, 2006	Sep.30, 2006	Dec.31, 2005	2006	2005
Cash flows from operating activities					
Net income for the period	127,058	143,208	142,347	455,317	341,098
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and depletion	55,540	54,546	53,973	217,842	211,615
Equity results of affiliated company	1,414	(5,744)	(10,377)	13,705	44,062
Deferred income tax	12,704	6,471	(33,834)	38,740	1,142
Loss (gain) on currency re-measurement	(707)	(464)	7,526	(7,641)	(21,386)
Loss (gain) on sale of equipment	(105)	200	5	(46)	1,005
Decrease (increase) in operating assets					
Accounts receivable, net	(30,135)	(30,827)	(62,903)	(47,366)	(58,514)
Inventories, net	14,445	(12,998)	(8,932)	(28,831)	(47,653)
Recoverable income taxes	(9,188)	(1,371)	(6,631)	(22,093)	(45,170)
Other	(11,522)	(17,823)	18,167	(8,183)	(48,815)
Increase (decrease) in operating liabilities					
Suppliers	(65)	15,638	35,277	(614)	26,825
Payroll and related charges	526	5,860	(5)	4,606	3,782
Tax assessment and litigation contingencies	(4,905)	(24,290)	(13,741)	5,725	38,953
Accrued financial charges	1,849	2,238	(3,698)	10,697	(811)
Other	(5,999)	(7,166)	(4,236)	3,010	(391)
Net cash provided by operating activities	150,910	127,478	112,938	634,868	445,742
Cash flows from investing activities					
Short-term investments	(9,429)	(15,519)	(34,973)	47,418	2,014
Proceeds from sale of equipment	239	91	219	565	724
Investments in affiliate		(24,500)	(21,767)	(24,500)	(69,097)
Additions to property, plant and equipment	(102,743)	(80,847)	(45,662)	(301,009)	(147,884)
Net cash provided by (used in) investing activities	(111,933)	(120,775)	(102,183)	(277,526)	(214,243)
Cash flows from financing activities					
Short-term debt, net	1,099	530	(10,625)	(73,649)	86,962
Long-term debt					
Issuance	72,776	250,000	60,205	881,776	85,205
Repayments	(138,531)	(247,681)	(125,399)	(897,735)	(265,564)
Treasury stock					(351)
Dividends and interest on stockholders' equity paid out	(36,965)	(33,842)	(7,261)	(251,758)	(139,420)
Net cash used in financing activities	(101,621)	(30,993)	(83,080)	(341,366)	(233,168)
Effect of exchange rate variations on cash and cash equivalents	482	(669)	(7,194)	(1,676)	(691)
Increase (decrease) in cash and cash equivalents	(62,162)	(24,959)	(79,519)	14,300	(2,360)
Cash and cash equivalents, beginning of the period	110,576	135,535	113,633	34,114	36,474
Cash and cash equivalents, end of the period	48,414	110,576	34,114	48,414	34,114

Reconciliation of Operating Results

Brazilian GAAP v US GAAP (US$ million)	4Q 2006	YTD 2006
Net Income - Parent Company (Brazilian GAAP)	130.1	537.1
Realized (Unrealized) profits from subsidiaries	6.4	(0.6)
Net Income - Consolidated (Brazilian GAAP)	136.5	536.5
Depreciation, depletion and asset write-offs		(12.3)
Income tax provision - Fas 109	(4.4)	(17.6)
Equity results of affiliated company	(1.1)	(21.2)
Reversal of goodwill amortization	13.8	53.1
Foreign-exchange variation	(17.7)	(83.2)
Net Income - Consolidated (US GAAP)	127.1	455.3

Exchange rate at the end of December/2006 (US$1.0000 = R$2.1380)

NON-GAAP INFORMATION - DISCLOSURE AND RECONCILIATION TO GAAP NUMBERS

The company believes that, in addition to the reported GAAP financial figures, the inclusion and discussion of certain financial statistics, such as Adjusted EBITDA and cash production cost, will allow the management, investors, and analysts to compare and fully evaluate the unaudited consolidated results of its operations.

- "Cash production cost"

Cash production cost expresses the company's production costs adjusted for non-cash items, such as depreciation and amortization. Cash production cost is not a financial measure under U.S. GAAP, does not represent cash flow for the periods indicated and should not be considered as an indicator of operating performance or as a substitute for cash flow as a measure of liquidity. Cash production cost does not present standardized meaning and our cash production cost calculation may not be comparable to the cash production cost of other companies. Even though cash production cost does not provide a measure of operating cash flow in accordance with U.S. GAAP, the company uses cash production cost as an approximation of actual production cost for the period. In addition, the company understands that certain investors and financial analysts use cash production cost as an indicator of operating performance.

	4Q06			3Q06			4Q05		
	US$ million	Volume '000 tons	US$ per ton	US$ million	Volume '000 tons	US$ per ton	US$ million	Volume '000 tons	US$ per ton
Cost of sales	229.5	804.1		213.1	743.7		206.7	776.0	
Pulp inventories at the beginning of the period	(142.0)	(460.5)		(139.1)	(466.7)		(101.3)	(379.4)	
Pulp purchased	(39.2)	(109.5)		(45.5)	(127.1)		(52.1)	(160.5)	
Pulp for paper production	3.0.	10.3		3.0.	12.1		2.8	10.0	
Other	1.1			0.3			0.4	-	
Pulp inventories at the end of the period	129.5	423.1		142.0	460.5		112.4	395.5	
Pulp production cost	181.9	667.5	273	173.8	622.5	279	168.9	641.6	263
Depreciation and depletion in the production cost	(54.0)	-	(81)	(49.3)	-	(79)	(55.1)	-	(86)
Cash production cost	127.9	667.5	192	124.5	622.5	200	113.8	641.6	177
Cash production cost - Veracel	20.3	123.6		19.1	130.7		18.8	117.0	
Combined cash production cost	148.2	791.1	187	143.6	753.2	191	132.6	758.6	175

- "Net debt"

Net debt expresses the Company's total debt minus cash, cash equivalents and short-term investments. Net debt is not a financial measure under U.S. GAAP and does not represent cash flows for the periods indicated and should not be considered as a substitute for cash flow as a measure of liquidity or as an indicator of ability to fund operations. Net debt does not have a standardized definition and our Net debt calculation may not be comparable to the net debt of other companies. Even though net debt does not provide a measure of cash flow in accordance with U.S. GAAP, the Company uses Net debt as an accurate measure of financial leverage, since the company keeps cash in excess of its working capital needs. In addition, the Company understands that certain investors and financial analysts use Net debt as an indicator of financial leverage and liquidity.

- "Adjusted EBITDA, including 50% of Veracel"

The inclusion of **adjusted EBITDA** information is to provide a measure for assessing our ability to generate cash from our operations. Adjusted EBITDA is equal to operating income adjusted for depreciation and depletion and non-cash charges. In managing our business we rely on adjusted EBITDA as a mean of assessing our operating performance. Because adjusted EBITDA excludes interest, income taxes, depreciation, currency re-measurement, equity equivalence, depletion and amortization, it provides an indicator of general economic performance that is not affected by debt restructuring, fluctuations in interest rates or effective tax rates, or levels of depreciation and amortization. We also adjust for non-cash items to emphasize our current ability to generate cash from our operations. Accordingly, we believe that this type of measurement is useful for comparing general operating performance from period to period and making certain related management decisions. We also calculate adjusted EBITDA in connection with our credit metrics. We believe that adjusted EBITDA enhances the understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness, as well as to fund capital expenditure and working capital requirements. Adjusted EBITDA is not a measure of financial performance under U.S. GAAP. Adjusted EBITDA should not be considered in isolation, or as a substitute for net income, as a measure of operating performance or as a substitute for cash flows from operations or as a measure of liquidity. Adjusted EBITDA has material limitations that impair its value as a measure of a company's overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses and income taxes, depreciation or capital expenditure and associated charges. An adjusted EBITDA calculation is expressly permitted by the Brazilian regulators with respect to disclosures published in Brazil.

(US$ million)	4Q 2006	3Q 2006	4Q 2005	YTD 2006	YTD 2005
Net income	127.1	143.2	142.3	455.3	341.1
Financial income	(34.8)	(39.8)	(18.2)	(181.7)	(125.4)
Financial expenses	30.5	38.3	32.4	149.7	137.3
Income tax	19.9	(7.1)	(40.8)	69.5	72.2
Equity in results of affiliated companies	1.4	(5.7)	(10.4)	13.7	44.1
Loss (gain) on currency re-measurement, net	(0.7)	(0.4)	7.5	(7.6)	(21.4)
Other	0.2	0.2	-	0.5	(0.8)
Operating income	143.6	128.7	112.8	499.4	447.1
Depreciation and depletion in the results:	57.9	51.7	54.7	216.6	201.1
Depreciation and depletion	55.5	54.5	53.9	217.8	211.6
Depreciation and depletion - inventory movement	2.4	(2.8)	0.8	(1.2)	(10.5)
EBITDA	201.5	180.4	167.5	716.0	648.2
Non-cash charges	1.4	6.7	6.3	19.7	20.7
Provision for labor indemnity	-	0.1	1.2	0.8	2.9
Provision (reversal) for loss on ICMS credits	0.9	5.9	4.7	17.5	7.4
Provision for a tax contingency	0.1	-	-	0.1	8.0
Fixed asset write-offs	(0.1)	0.2	(0.1)	-	0.9
Loss on the sale of obsolete spare parts	0.8	-	0.5	0.9	1.4
Discount on tax credit sales	1.3	-	-	1.5	-
Allowance for doubtful accounts receivable	-	0.5	-	0.5	0.1
Reversal of tax provision	(1.6)	-	-	(1.6)	-
Adjusted Aracruz EBITDA	202.9	187.1	173.8	735.7	668.9
50% of Veracel Adjusted EBITDA	15.9	25.0	12.5	77.1	17.0
Adjusted total EBITDA	218.9	212.1	186.3	812.8	685.9
Adjusted EBITDA margin - %	48%	49%	47%	48%	51%