ARACRUZ results

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Conference Call: April 7, 2008 - 12:00 a.m.(US EST). To join us, please dial: +1 (334) 323-7224 Code: Aracruz

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

Highlights of the first quarter 2008

- ✓ Strong demand and the low level of world inventories led to another price increase, effective April 1st, following the fully-implemented Feb.1st price increase. Eucalyptus market pulp demand rose by 22% - LTM[3] until Feb, compared to the previous period.
- ✓ Continuing efforts by the management to reduce costs: Aracruz's cash production cost in R$ was down 3.4% in the 1Q08 vs 4Q07, despite short stoppages during the learning curve of the optimization project. The cash production cost in US$ was down 1.2%, to $243/t.
- ✓ Record daily production at the Barra do Riacho unit, bringing Aracruz's consolidated production, including all mills, to 290,000 MT in March, representing a nominal capacity of 3.3 million MT (considering 355 days of annual production).
- ✓ Pulp sales[2] of 731,000 MT, 8% higher than in the 1Q07. The inventory level at the end of the 1Q08 was at 48 days of production, 4 days below the normal level.
- ✓ Record Adjusted EBITDA[1] in the LTM[3], of US$ 903 million, a 46% margin.
- ✓ Net income totaled $116.9 million ($1.13/ADR) in the 1Q08, respectively 23% and 17% higher than the 4Q07 and the 1Q07.
- ✓ Improved financial risk profile, with the ratio "net debt to the last twelve months' adjusted EBITDA" down to 1.28x, from 1.37x in the 4Q07.
- ✓ The highest liquidity in the Brazilian P&F sector with an average daily trading volume of US$ 48 million in the first quarter (NYSE+Bovespa), 53% higher than in the 1Q07.
- ✓ Final approval for the Guaíba expansion is expected by the end of April. The cash production cost of the project is estimated to be as competitive as Veracel.
- ✓ Aracruz's plans for growth until 2015 will add 3.7 million MT of capacity, increasing the current production to 7.0 million MT

Aracruz – Summary	Unit of Measure	1Q08	4Q07	1Q07	1Q08 vs. 4Q07	1Q08 vs. 1Q07	LTM
Net revenue	$ million	484.2	538.7	395.4	(10%)	22%	1,972.5
Adjusted EBITDA (including Veracel) [1]	$ million	216.3	250.4	200.3	(14%)	8%	903.0
Adjusted EBITDA margin (including Veracel) [1]	percentage	45%	46.5%	50.7%	(1.5p.p.)	(5.7p.p.)	46%
Income before taxes, minority interest and equity in the results of affiliated companies	$ million	128,2	132.4	143.4	(3%)	(11%)	646.9
• Current income tax	$ million	11.0	(5.1)	21.0	-	-	31.4
• Deferred income tax	$ million	1.6	36.2	16.1	-	-	141.4
Net Income	$ million	116.9	94.7	99.5	23%	17%	439.4
Earnings per ADR [3]	$ per ADR	1.13	0.92	0.97	23%	17%	4.26
Adjusted pulp sales volume [2]	'000 tons	731	843	676	(13%)	8%	3,159
Paper sales volume	'000 tons	13	15	14	(13%)	(7%)	58
Pulp production volume (including Veracel)	'000 tons	794	794	784	-	1%	3,105
Total debt (including Veracel)	$ million	1,722.5	1,744.6	1,599.7	(1%)	8%	-
Net debt (including Veracel)	$ million	1,158.2	1,217.8	1,034.4	(5%)	12%	-

[1] See page 24 for discussion of non-GAAP measurements used in this press release. – [2] Aracruz sales plus 50% of Veracel's sales to non-affiliated parties (see breakdown on page 6). – [3] LTM = Last Twelve Months.

Aracruz Celulose S.A. (NYSE: ARA) presents its consolidated first quarter 2008 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% stake.

CFO comment

"In the first quarter of 2008, market conditions continued to be tight, with two new pulp price increases announced, one starting in February (fully implemented) and the other coming into effect in April - for more information see the "Global Pulp Market Update" section. Pulp production in the first quarter was 1.3% higher than in the same period of 2007 and in line with the volume produced in the 4Q07. The production volume at the Barra do Riacho unit was affected by some short stoppages during the learning curve of the optimization project, which caused some production loss. In March, the daily pulp production at the Barra do Riacho unit attained a new record, with consolidated pulp production at 290,000 MT, equivalent to a nominal capacity of 3.3 million MT (considering 355 days of annual production). The inventory level at the end of March was at 48 days of supply, 4 days below our target, which we consider to be a low level, especially for this time of year, when the sales volume is reduced by seasonal factors.

Taking into consideration the sales target for 2008, the first quarter represented 22% of annual sales, which is in line with the average since 2001. Due to the low inventory level and some production stoppages, in the 1Q08, we had more exposure than usual to the European and North American markets (1Q08: 79%, 2007: 75%), due to our commitments to our long-term customer base, and as a result delivered less pulp to the Asian market (1Q08: 18%, 2007: 23%). In March, however, the company was back to a normal sales mix, similar to the sales distribution in 2007. The sales volume in the last twelve months attained a new record of 3.2 million MT.

Our cash production cost for the 1Q08, at $243/t, was down 1% compared to that of the previous quarter, mainly due to lower wood cost and production related labor expenses, partially offset by the continuing appreciation of the real against the dollar and the higher consumption of raw materials, mainly due to adjustments required during the learning curve of the optimization project at the Barra do Riacho unit. Looking at the cash production cost in R$, it was 3.4% lower, from R$442/t to R$427/t in the 1Q08, despite the short stoppages during the learning curve of the optimization project, due to the continuing efforts by the management to reduce costs, which we intend to extend over the coming quarters.

The cash production cost for each quarter influences the cash cost of goods sold (COGS) in the following quarter, due to the inventory turnover effect during the period (52 days, on average, since the beginning of 2007). The lower cash production cost for the 3Q07 ($219/t) had a positive impact on the cash COGS/t of the 4Q07, partially explaining the expansion of the EBTIDA margin in the 4Q07.

The same applies to the 1Q08. The 12% higher cash production cost of the 4Q07 ($246/t), compared to the 3Q07, had a negative impact on the 1Q08 cash COGS/t, largely explaining the 6% increase in the cash COGS/t over the 4Q07, more than offsetting the higher net pulp price during the period (+3%). The adjusted EBITDA in the first quarter was $216 million (45% margin), with a lower margin compared to the 4Q07, largely due to the higher cash COGS/t - *see the "EBITDA analysis" section on page 12.*

Looking ahead, the EBITDA margin for the second quarter should benefit from the improved operational performance towards the end of the first quarter, with a consolidated cash production cost of $225/t in March. As our average inventory level since the beginning of 2007 has been 52 days, the lower cash production cost achieved at the end of the 1Q08 will have a positive impact in the cash COGS/t for the 2Q08, due to the inventory turnover effect, contributing to a better EBITDA margin in the following quarter.

At the end of the 1Q08, we increased the level of our cash flow currency protection, to a $270 million short position in dollars, representing 5 months of future exposure, which generated a positive impact of $4 million in the quarter. We also continued to swap financial liabilities from "TJLP plus spread" into "dollar coupon" fixed rates, which generated a positive impact of $7 million during the period. The gains on the short position in dollars and the interest rate swaps have been recorded in the income statement under financial income.

Due to the items described above, our net income in the 1Q08 totaled $116.9 million, equivalent to $1.13 per ADR, respectively 23% and 17% higher than in the 4Q07 ($0.92/ADR) and the 1Q07 ($0.97/ADR).

The company declared interest on stockholders' equity (ISE) in March 2008, to the sum of R$70 million, in anticipation of the annual dividend for the fiscal year 2008. Since 2006, the company has declared ISE on a quarterly basis. It should be noted that the proposed supplementary dividend distribution of R$200 million, in relation to the fiscal year 2007, has still to be submitted for approval at a General Meeting of the stockholders, to be held by April 30, 2008. That would bring the total for the 2007 fiscal year to R$499 million (R$200 million in dividends and R$299 million in ISE), representing a 4% dividend yield.

Construction of 3rd berth at Specialized Woodpulp Terminal (Portocel) in Barra do Riacho will be completed in April 2008. Dragging operations will be concluded in August 2008, providing Portocel with a minimum draft of 11.0 meters. These improvements will allow Portocel to increase its export capacity to 7.5 million tons of woodpulp per year and preserve Aracruz' self sufficiency in port infrastructure, even after the Veracel expansion in 2012. What is more, the company will be able to continue providing port services to other pulp interests in Brazil. Portocel is the largest port in the world that specializes in shipping pulp, and it is located less than one mile from the Barra do Riacho unit, giving Aracruz a huge competitive advantage in determining its commercial strategy, focused on long-term relationships with clients.

Final shareholder approval of the Guaíba expansion is expected by the end of April. The nominal capacity of the project, of 1.3 million MT, could be expanded to 1.4 million MT in the medium term, without needing additional investment. The cash production cost of the project is estimated to be as competitive as the Veracel benchmark.

Aracruz currently has the world's greatest exposure to the eucalyptus market pulp business, and is the largest hardwood market pulp producer, with production target of 3.3 million MT for 2008. The company expects to add another 3.7 million MT of capacity, through three expansion projects (Guaíba in 2010, Veracel in 2012 and a third one in 2015) and some debottlenecking, bringing the total to 7.0 million tons by 2015 (CAGR of 10%). This will preserve Aracruz' leadership position within the hardwood market pulp sector with a 25% market share by 2015."

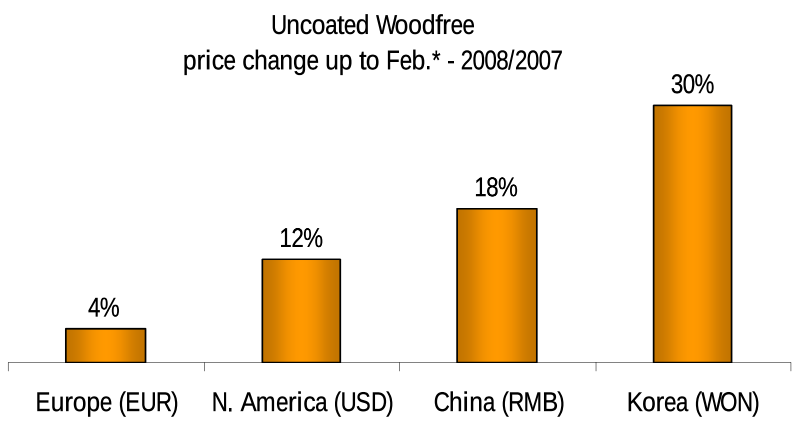
Isac Zagury - CFO

Global pulp market update

Economic growth, especially outside the United States, has continued through recent months, despite the expectation of an economic slowdown, and thus still provides a favorable scenario for the pulp and paper industry.

For the paper industry, the year 2008 has started in the same vein as the previous year ended. Paper & Board demand has shown some signs of a slowdown in certain regions, but overall demand continues to be quite strong. The decline that has been seen in North America has to a certain extent been offset by the growth in Asia, more specifically in China. On the supply side, the present cost structure and lack of investment have led to closures of excess capacity. Structural changes are taking place, with the larger companies concentrating on their core products, where they are able to generate profitable margins, and selling off non-core assets. All of this should provide more equilibrium for the paper industry in the next few years.

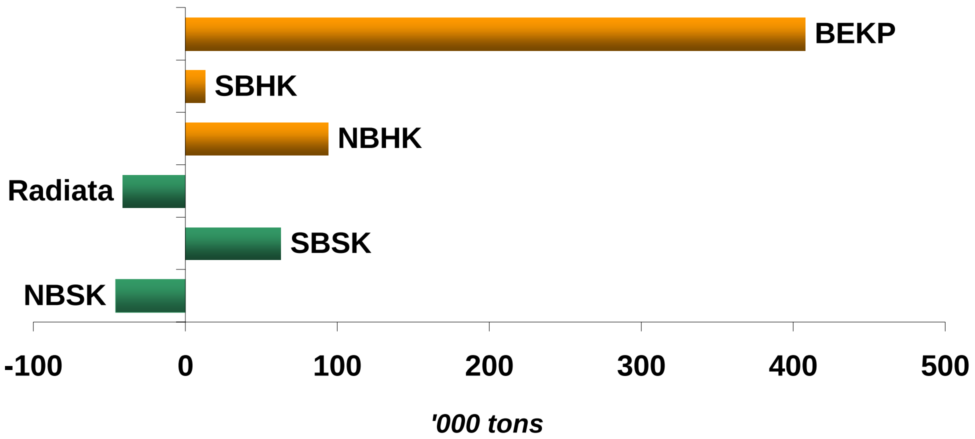
Looking specifically at the uncoated woodfree segment, in Europe, the data shows that overall prices in euros have moved up by 4% since March 2007, with hardwood market pulp prices increasing by 1.8%. Meanwhile, in Asia, prices of uncoated woodfree papers have increased by up to 30%, in local currency, depending on the country. Europe and Asia are two regions that are heavily dependent on market pulp supplies, as it is where most of the Printing & Writing companies' customers are located. In the North American tissue markets, producers are pushing ahead with plans to raise prices for consumer tissue and toweling products by 4%-7%.



*China and Korea: 4Q07 vs 4Q06
Sources : Aracruz, FOEX and PPI

Global market pulp fundamentals have remained generally tight through the early part of 2008. By the end of February, according to a World-20 Report from the Pulp and Paper Product Council (PPPC), world market pulp demand had increased by 7.3%, or 453,000 tons, compared to the same period of 2007. Eucalyptus fiber continues to show the greatest increase among all fibers. Demand for BEKP up to the end of February had increased by 27%, or 408,000 tons.

Net change in market pulp demand
2008 vs 2007 (year to date - Feb. 08)



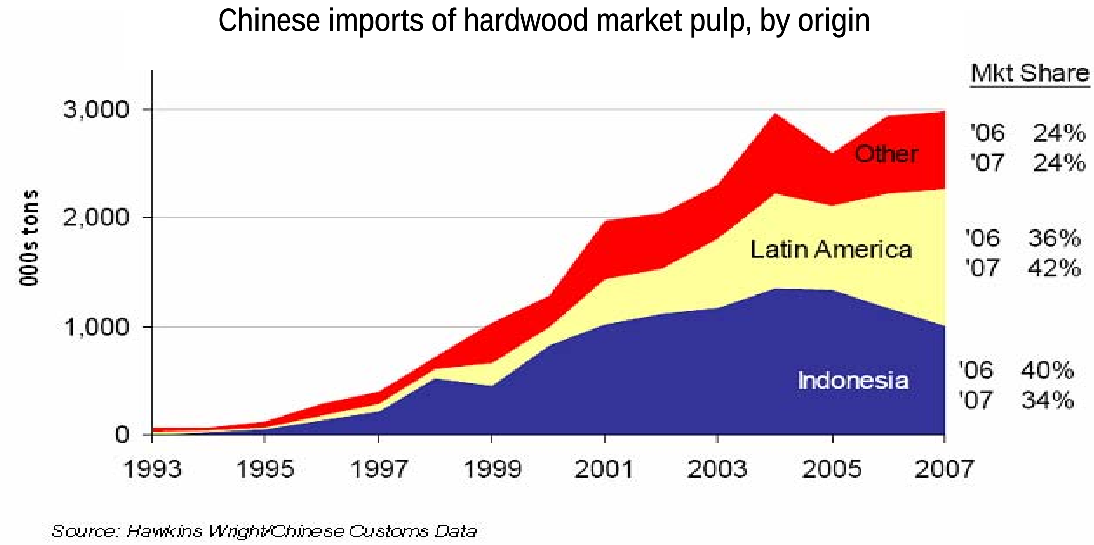
Sources : Aracruz and PPPC

In February, 94% of the installed capacity was shipped, leaving total inventories unchanged at 34 days of supply. We believe that the market is even stronger than the official numbers have been indicating, based on the fact that there is a definite distinction between nominal capacity and effective capacity. For BHKP, the effective supply is still below the nominal capacity, even though the two new lines in Latin America are now running well. Wood supply continues to restrict production volumes in Indonesia and in Scandinavian countries, while lost production, for technical reasons, has occurred in Brazil and the Iberian Peninsula, and possibly elsewhere.

On the demand side, ongoing paper-making switches from BSKP to BHKP – especially in coated and uncoated woodfree, as well as in tissue – and growing non-integrated paper capacity in China and other Asian countries, has pushed BHKP market demand higher. All of this has supported a new round of price increases, by $40/ton in North America and Europe, taking them to $865/ton and $840/ton, respectively, and by $30/ton in Asia, taking it to $780/ton, as of April 1st.

It is also important to note that the exchange rate impact will continue to shape the market pulp business, as the devaluation of the American dollar persists, leading either to price increases or to additional closures by local producers unable to absorb the increased costs.

China continues to be the region showing the strongest growth in demand for market pulp. By the end of February, this had increased by 15.5% for Total Chemical Pulp and by 60% for hardwood, compared to the same period of 2007. Since 2002, the demand for hardwood in China has been increasing at an average of 12% per year. By the end of 2007, Latin America had become the main hardwood supplier to China, with a market share of 42%, against 34% from Indonesia, as shown in the figure below. It is a consensus within the market that China will continue to be the leading region in demand growth for market pulp and the country will be heavily dependent on the pulp that is being exported from Latin America.

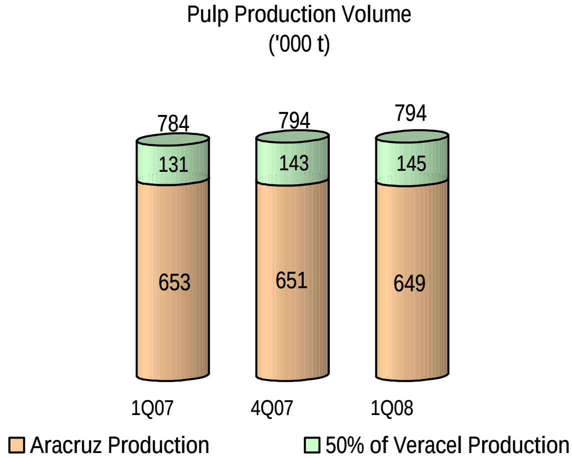


Taking all these factors into consideration, and with the knowledge that the market will be entering its principal downtime period during the 2Q08, we see no sign of changes in the supply and demand scenario over the next couple of quarters.

Production and Sales

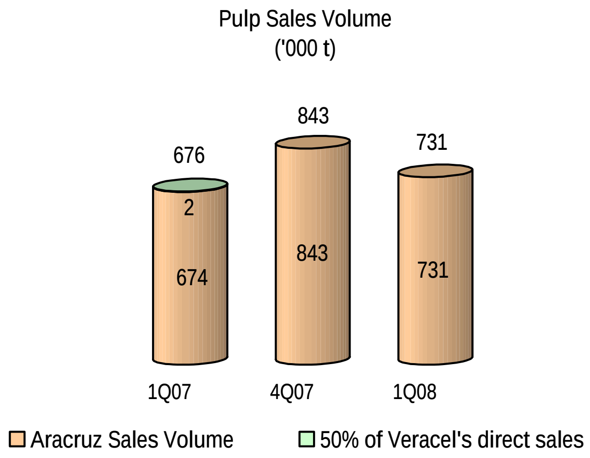
Aracruz pulp production, without the 50% of Veracel, totaled 649,000 tons in the first quarter of 2008, compared to 651,000 tons in the 4Q07 and 653,000 tons in the 1Q07.

During the first quarter, **Veracel Celulose S.A.** (50% owned by Aracruz) produced 291,000 tons of pulp, of which 127,000 tons were sold to Aracruz. Veracel's pulp production in the last twelve months totaled 1,081,000 tons, 20% above the plant's nominal capacity.



At the Guaíba unit, **paper production** in the quarter totaled 15,000 tons, consuming approximately 12,000 tons of the pulp produced. Paper inventories were at 2,000 tons at the end of March 2008, while **paper sales** in the first quarter of 2008 totaled 13,000 tons.

Aracruz pulp sales totaled 731,000 tons in the first quarter, with 592,000 tons of the pulp being produced internally, at the Barra do Riacho and Guaíba units, and 139,000 tons being supplied by Veracel and resold in the market by Aracruz.



At the end of March, **inventories** at Aracruz stood at 414,000 tons, representing 45 days of production, compared to 381,000 tons at the end of December 2007. The inventory level at Veracel, at the end of March 2008, represented an additional 3 days of production for Aracruz. This total of 48 days is still below the normal level, especially for this time of the year, with seasonally low demand.

Income Statement 1Q08

Total net operating revenue came to $484.2 million, $88.8 million higher than in the 1Q07 and $54.5 million lower than in the 4Q07.

Net paper operating revenue in the quarter amounted to $15.4 million, $1.7 million higher than in the same period of 2007 and $1.4 million lower than in the 4Q07.

Net pulp operating revenue during the quarter amounted to $463.3 million, compared to $378.5 million in the same period of last year. This revenue increased mainly as a result of an 8% higher sales volume and 13% higher net pulp prices. When compared to the 4Q07 revenue, of $517.7 million, the $54.4 million decrease was the result of a 13% lower sales volume, due to seasonal sales factors, partially offset by 3% higher net pulp prices.

The **total cost of sales** in the first quarter of 2008 was $318.5 million, compared to $240.4 million in the same period of the previous year, mainly due to an 8% higher pulp sales volume and 23% higher cost of pulp sold, on a per ton basis. When compared to the total of $346.7 million in the fourth quarter of 2007, the decrease was mainly due to a seasonally lower sales volume (-13%).

Cost of goods sold – breakdown	1Q08	4Q07	1Q07
Pulp produced	64.6%	66.8%	65.8%
Pulp purchased	17.8%	15.5%	16.0%
Inland and ocean freight plus insurance	13.6%	13.9%	14.0%
Paper produced	3.0%	3.1%	3.5%
Port services	1.0%	0.7%	0.7%

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 $346/ton, compared to $281/ton in the same period of 2007. The combined **pulp cash production cost** of the Barra do Riacho and Guaíba units (net of depreciation and depletion) in the quarter was $256/ton, compared to $200/ton in the same period of 2007 and $259/ton in the fourth quarter of 2007. When supplemented by Veracel's figures, the pulp cash production cost in the 1Q08 was $243/ton (1Q07: $191/ton and 4Q07: $246/ton).

Note: The information provided in this paragraph does not include gains from transactions carried out for the purpose of cash flow currency protection.

A detailed analysis of the cash production cost, including our portion of Veracel's figures, is provided below, on a weighted average basis.

Barra do Riacho and Guaíba units, plus 50% of Veracel - 1Q08 vs. 4Q07	US$ per ton
4Q07 - Cash production cost	246
Brazilian currency appreciation against the US dollar	6
Higher consumption of raw materials - mainly due to adjustments required during the learning curve of the optimization project at the Barra do Riacho unit	4
Wood cost - mainly due to lower transportation cost	(6)
Lower labor expenses	(3)
Lower cost in production related areas	(3)
Other	(1)
1Q08 - Cash production cost	243

In the 1Q08, the Barra do Riacho unit optimization project was completed. During the project learning curve some equipment involved needed certain adjustment and replacement, which caused some production loss and led to increased consumption of raw materials. The period saw increased consumption of oil and higher maintenance costs. The production volume in March was according to plan, with the Barra do Riacho unit achieving a new daily production record, reflecting the additional capacity of 200,000/year.

Barra do Riacho and Guaíba units , plus 50% of Veracel - 1Q08 vs. 1Q07	US$ per ton
1Q07 - Cash production cost	191
Brazilian currency appreciation against the US dollar	34
Higher cost of raw materials	12
Higher consumption of raw materials - mainly due to adjustments required during the learning curve of the optimization project at the Barra do Riacho unit	7
Higher wood cost	3
Lower maintenance costs / other	(4)
1Q08 - Cash production cost	243

(US$ per ton)	4Q07	1Q08
Barra do Riacho and Guaíba units only - cash production cost	259	256

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

Sales and distribution expenses came to $21.6 million, $4.5 million higher than in the 1Q07, mainly due to an 8% higher sales volume and the sales mix. They were $0.8 million higher than in the 4Q07, mainly due to higher terminal expenses and the geographical sales mix, partially offset by a lower sales volume.

Administrative expenses came to $13.5 million, $3.1 million higher than in the 1Q07 and $5.0 million lower than the 4Q07. The increase in relation to the 1Q07 was mainly due to the negative impact of the Brazilian currency appreciation against the dollar and a higher provision for bonuses.

When compared to the 4Q07, there were lower labor and marketing expenses, partially offset by the impact of the appreciation of the Brazilian currency against the dollar.

The result for **other net operating** was an expense of $9.2 million in the 1Q08, compared to a credit of $25.7 million in the 4Q07, mainly due to the partial reversal in that quarter of a provision for losses on ICMS tax credits. When compared to the 1Q07, the increase of $1.5 million is mainly due to higher provision for losses on ICMS tax credits.

The sum of the **financial and currency re-measurement results** in the quarter showed a net credit of $6.8 million, compared to a net credit of $23.6 million in the same period of last year and a net expense of $46.0 million in the fourth quarter of 2007 (see table below).

(US$ million)	1Q08	4Q07	1Q07
Financial Expenses	21.3	61.8	25.6
Interest on financing	21.9	23.1	20.2
Interest on tax liabilities	4.3	20.4	3.7
PIS / COFINS	-	17.6	-
Other	(4.9)	0.7	1.7
Financial Income	(28.8)	(18.6)	(49.9)
Interest on financial investments	(13.3)	(13.7)	(14.6)
BM&F (dollar & interest futures contracts) and swap result	(13.1)	(3.5)	(33.1)
Other	(2.4)	(1.4)	(2.2)
Currency re-measurement - (gain)/loss	0.7	2.8	0.7
Total	(6.8)	46.0	(23.6)

The **"Financial expenses"** in the 1Q08 registered a net expense of $21.3 million, compared to a net expense in the 4Q07 of $61.8 million and in the 1Q07 of $25.6 million. The difference from the 4Q07 is mainly due to the rebuilt of a provision for Pis/Cofins contingencies and interest thereon did last quarter, that had been reversed in the 3Q07. When compared to 1Q07 the difference is mainly due to lower interest rates, partially offset by a higher average debt balance.

The **"Financial Income"** in the quarter was $10.2 million higher than in the 4Q07, mainly due to the favorable results of our gains on derivative transactions, which amounted to $13.1 million in the 1Q08 (4Q07: $3.5 million). When compared to the same period of last year, it was $21.1 million lower, mainly due to lower gains on derivative transactions (1Q07: $33.1 million).

At the end of the quarter, **the cash flow currency protection** was increased, through a short position in dollars totaling US$ 270 million, which represented approximately 5 months of cash flow exposure to the local currency (real - R$).

These results have been recorded as financial income. Such contracts do not qualify for hedge accounting under USGAAP.

The **equity result** showed a gain of $5.4 million from Veracel (see the **Veracel Information** section for more details).

Income tax and social contribution accruals in the first quarter amounted to an expense of $12.6 million, $24.5 million and $18.5 million lower, respectively than in the 1Q07 and the 4Q07. When compared to the 1Q07, the difference was mainly due to the lower impact of the Brazilian currency's appreciation against the US dollar on the BRGAAP financial results (1Q08: 1.3%; 1Q07: 4.1%) and smaller gains on cash flow currency protection transactions (1Q08: 13.1 million; 1Q07: 33.1 million). Compared to the 4Q07, the result was lower due to the 32% lower operating income (largely explained by the seasonally lower sales volume) and the lower impact of the Brazilian currency's appreciation against the US dollar on the BRGAAP financial results (1Q08: 1.3%; 4Q07: 3.7%).

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).

At the end of the first quarter, the net balance of deferred taxes payable, deriving from the BR GAAP exchange rate impact, amounted to $199 million (4Q07: $189 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 **total debt** amounted to $1,399.6 million at the end of March 2008, $9.5 million lower than at the end of December 2007 and $143.3 million higher than at the end of March 2007.

(US$ million)	March 31, 2008	December 31, 2007	March 31, 2007
Short-term debt	95.2	96.7	88.7
Current portion of long-term debt	82.7	82.0	69.7
Short term debt instruments	5.7	5.6	4.9
Accrued financial charges	6.8	9.1	14.1
Long-term debt	1,304.4	1,312.4	1,167.6
Total debt	1,399.6	1,409.1	1,256.3
Cash, cash equivalent and short-term investments	(563.9)	(526.4)	(565.3)
NET DEBT OF ARACRUZ	835.7	882.7	691.0
50% of Veracel's cash, cash equivalent and investments	(0.3)	(0.4)	-
50% of Veracel's total debt	322.8	335.5	343.4
50% OF VERACEL'S NET DEBT	322.5	335.1	343.4
NET DEBT INCLUDING 50% OF VERACEL	1,158.2	1,217.8	1,034.4

The local currency debt corresponds basically to long-term BNDES (Brazilian Development Bank) loans. The debt maturity profile, as at March 31, 2008, was as follows:

(US$ million)	Aracruz					Aracruz + 50% of Veracel	
	Local Currency	Foreign Currency	Total Debt	%	50% of Veracel's debt	Total Debt	%
2008	58.8	17.2	76.0	5.4%	48.7	124.7	7.2%
2009	43.0	15.8	58.8	4.2%	61.3	120.1	7.0%
2010	18.4	12.3	30.7	2.2%	58.0	88.7	5.2%
2011	18.4	13.0	31.4	2.2%	62.0	93.4	5.4%
2012	17.2	73.5	90.7	6.5%	60.9	151.6	8.8%
2013	34.7	239.7	274.4	19.6%	31.0	305.4	17.7%
2014	91.4	321.4	412.8	29.5%	0.9	413.7	24.0%
2015 onwards	101.4	323.4	424.8	30.4%	-	424.8	24.7%
Total	383.3	1,016.3	1,399.6	100.0%	322.8	1,722.4	100%

With regard to liability management, the gross debt maturity profile at the end of March, including our share in Veracel, was at 61 months. The "net debt to the last twelve months' adjusted EBITDA" ratio declined to 1,28x from 1,37x in the 4Q07.

Debt structure (not including Veracel's figures)	Principal (US$ million)	% of total	Average interest rate	Remaining average term (months)
Floating rate (spread over Libor - % p.a.)	909	65%	0.74%	76
Trade Financing	909	65%	0.74%	76
Floating rate (% p.a.)	418	30%		55
BNDES - Local currency	375	27%	TJLP(2) + 2.96%	56
BNDES - Foreign currency (currency basket)	43	3%	(1) + 2.77%	52
Fixed rate (% p.a.)	66	5%		39
Export Credit Notes	60	4%	5.985%	39
Rural Credit	6	1%	6.75%	5
Total	1,393	100%		68

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

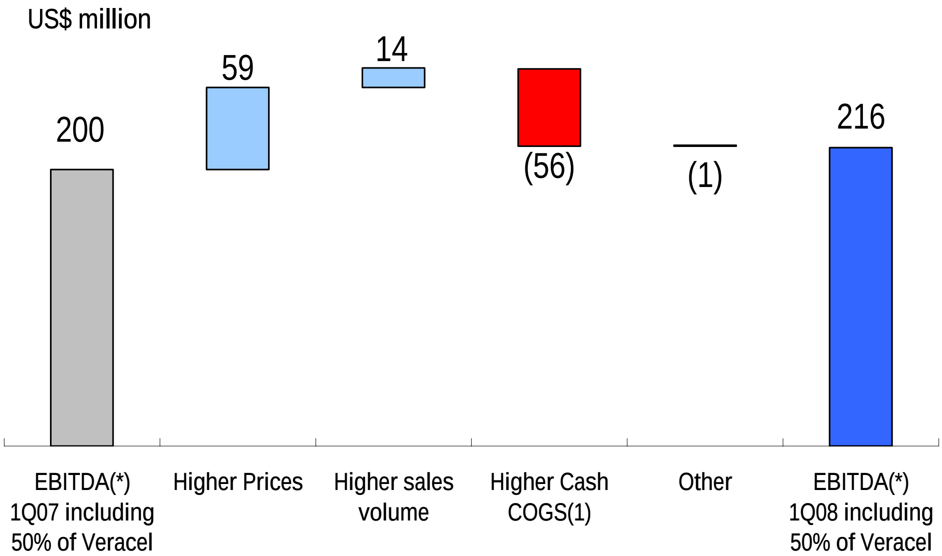
Cash, cash equivalent and short-term investments, at the end of the quarter, totaled $563.9 million, of which $513.1 million was invested in Brazilian currency instruments and $50.8 million was invested in US dollar time deposits. Of the total amount at the end of the quarter, 87% was invested locally and 13% was invested abroad.

Net debt (total debt less cash holdings) amounted to $835.7 million at the end of the quarter, $47.0 million lower than at the end of the previous quarter, mainly due to positive operational cash generation, partially offset by $97.9 million of capital expenditure, $12.6 million of capital increase in affiliated companies and $44.8 million of Interest on Stockholders' Equity.

EBITDA Analysis

- Adjusted EBITDA comparison 1Q08 vs. 1Q07 (not including the results of cash flow currency protection)

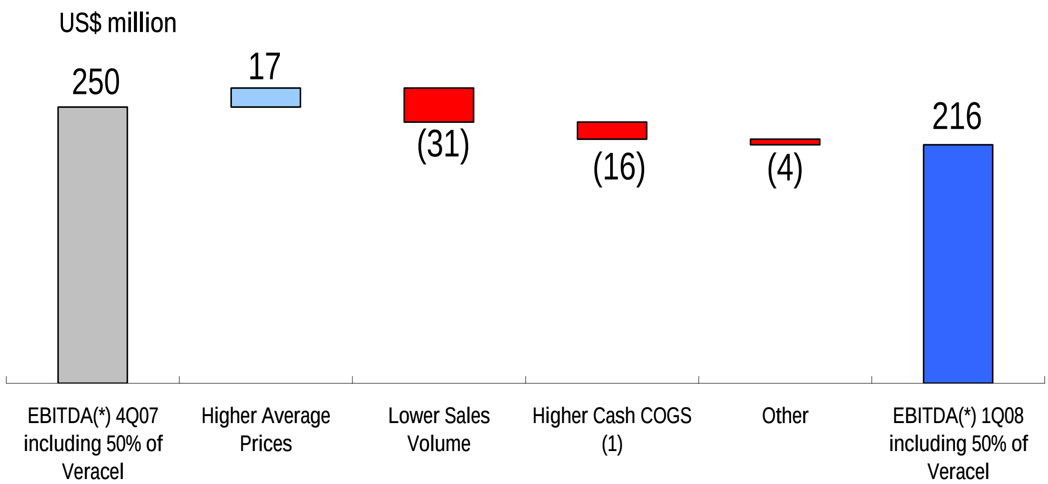
The first quarter 2008 adjusted EBITDA, including 50% of Veracel, totaled $216.3 million (45% margin), 8% higher than the $200.3 million for the same period of last year. This was mainly a consequence of the positive impact of higher average net pulp prices (13%) and higher sales volume (8%), partially offset by the higher cash COGS/t, which was 27% higher than in the 1Q08, mainly due to the Brazilian currency's appreciation against the dollar.



(*) Adjusted for other non-cash items
(1) COGS = Cost of Goods Sold

- Adjusted EBITDA comparison 1Q08 vs. 4Q07 (not including results of cash flow currency protection)

The **first quarter 2008 adjusted EBITDA of** $216.3 million (45% margin), including 50% of Veracel, was $34.1 million lower compared to the 4Q07. This was mainly due to a lower pulp sales volume (-13%) and higher cash COGS/t (+6%), partially offset by higher average net pulp prices (+3%).



(*) Including 50% of Veracel and adjusted for other non-cash items
(1) COGS = Cost of Goods Sold

Capital Expenditure - Realized

Capital expenditure and investment were as follows:

(US$ million)	1Q08	FY 2007
Silviculture	45.7	146.5
On-going industrial investment	7.3	51.6
Forest and land purchases	13.4	140.3
Other forestry investments	10.2	30.9
Barra do Riacho and Guaíba unit optimization	9.7	155.1
Portocel - private port terminal	6.4	50.1
Miscellaneous projects	5.2	15.2
Total Capital Expenditure	97.9	589.7
Aracruz capital increase in affiliated companies	12.6	(1) 122.8
Total Capital Expenditure and Investment	110.5	712.5

(1) *mainly used to pay down debt .*

Capital Expenditure - Forecast

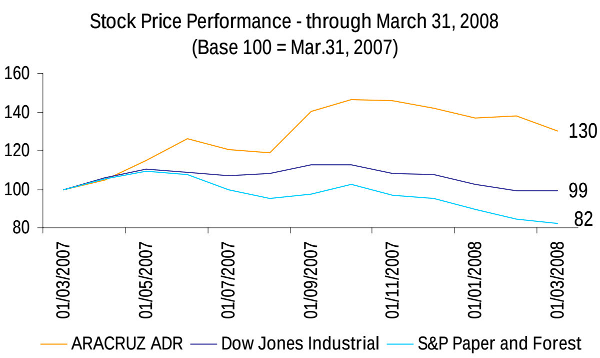
The forecast capital expenditure, also showing 50% of Veracel's figures, is as follows:

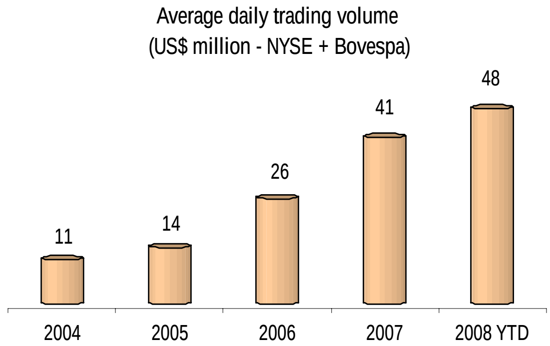
(US$ million)	2Q-4Q 2008E	2009E	2010E	2011E
• New land and forest development to support future expansion	371	64	49	-
• Barra do Riacho unit optimization	28	-	-	-
• Portocel - private port terminal	34	-	-	-
• Regular investment (Barra do Riacho and Guaíba) - including silviculture, mill maintenance and corporate investment	157	200	200	200
• Other	45	-	-	-
Sub-total - (Aracruz only)	635	264	249	200
• 50% new land and forest development to support Veracel expansion	57	41	42	24
• 50% of the regular investment to be made by Veracel (Aracruz's stake)	22	31	36	29
• Other (forest roads & equipment, new nurseries, etc.)	24	-	-	-
Total - including Aracruz's stake in Veracel	738	336	327	253

Note: Forecast investments do not include the industrial capital expenditure on expansion projects, such as for Guaíba, Veracel and the third expansion project. Capex for the Guaíba expansion should be approved by the end of April.

Stock Performance

From March 30, 2007 to March 31, 2008, Aracruz's ADR price increased by 30%, from $52.47 to $68.26. Over the same period, the Dow Jones Industrial Average index decreased by 1% and the S&P Paper and Forest index decreased by 18%.





Stock information	March 31, 2008
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	$7.0 billion
Average daily trading volume – 2008 (Bovespa and NYSE)*	$48 million

*Source: Reuters

Results According to Brazilian GAAP

The local currency consolidated result, according to **Brazilian GAAP - the accounting principles adopted in Brazil**, was a net income of R$167.9 million for the quarter. Aracruz has 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 first quarter of 2008, Aracruz Celulose S.A. reported an unconsolidated net income of R$177.3 million (net income of R$66.4 million, excluding equity results).

Dividends/ Interest on Stockholders' Equity

Dividends

Among other subjects to be discussed at the Ordinary General Meeting of the stockholders to be held by April 30, 2008, will be the allocation of the net profit for the 2007 fiscal year. The proposal is as follows:

Ratification of Interest on Stockholders' Equity payment, totaling R$ 298,9 million, declared in 2007 and paid in 2007 and January 2008; and

Payment of dividends, additional to the Interest on Stockholders' Equity already distributed, to the sum of R$200 million, to be paid out of the adjusted net profit, without monthly correction, as follows:

- Each block of 1,000 (one thousand) common shares shall be entitled to the amount of R$183,79720518; and
- Each block of 1,000 (one thousand) preferred shares of classes "A" and "B" shall be entitled to the amount of R$202,17692570.

Interest on Stockholders' Equity

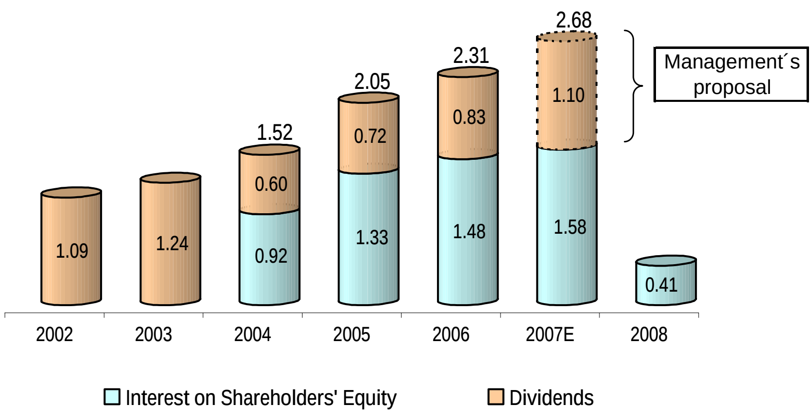
The management intends to continue its policy of paying dividends in advance, as Interest on Stockholders' Equity, within the base year. On March 18, 2008, the management declared Interest on Stockholders' Equity amounting to R$ 70 million, based on the profit for the fiscal year 2008.

Exercising the powers granted by the company's Board of Directors, in accordance with a decision taken in a meeting held on March 13th, the Executive Board intends, in principle, to continue declare Interest on Stockholders' Equity on a quarterly basis. The potential amount that could still be declared, up to the end of December 2008, is governed by article 9 of Law nº 9,249/95.

Declaration Date	Fiscal Year of Reference	Dividends and ISE (1)	Ex-Date	Gross Amount (R$ thousand)	Gross Amount per ADR (US$)	Initial Payment Date on ADRs
Mar.18, 2008	2008(*)	INTEREST(1)	Mar.26, 2008	70,000	0.41	Apr.16, 2008
Dec.21, 2007	2007(*)	INTEREST(1)	Dec.27, 2007	78,900	0.44	Jan.16, 2008
Sep.18, 2007	2007(*)	INTEREST(1)	Sep.26, 2007	76,000	0.40	Oct.17, 2007
Jun. 19, 2007	2007(*)	INTEREST(1)	Jun. 27, 2007	77,000	0.41	Jul. 18, 2007
Apr. 24, 2007	2006	DIVIDEND	Apr. 25, 2007	167,000	0.83	May 16, 2007
Mar. 21, 2007	2007(*)	INTEREST(1)	Mar. 28, 2007	67,000	0.33	Apr. 24, 2007
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	DIVIDEND	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	DIVIDEND	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

(1) Interest on Stockholders' Equity
(*) advance payment of dividends

Dividends/Interest on Equity distribution based on the Fiscal Year
(Gross amount US$ / ADR)



Growth Plans

Aracruz's growth plans up to the year 2015 will add another 3.7 million MT of capacity, increasing the production level to 7.0 million MT (25% of total hardwood market pulp demand).

Guaíba Expansion Project

The final shareholder approval of the project was postponed from March to April, in order to await completion of the feasibility study, without affecting the project's scheduled start-up. Up to the end of March, the initial phase, involving the acquisition of land, has provided more than 2/3 of the total area required, and this year we expect to conclude the land acquisitions. The average forest distance to the mill will be around 120 km (today it's 80 Km), the increase being largely compensated for by the use of barges for transportation, yielding a competitive wood cost. The company estimates that close to 50% of the wood supplied to the mill will be delivered using river barges. Investment in a river barge terminal will be made to ensure due efficiency in the operation.

The total investment in the expansion of the Guaíba unit will be announced after the final shareholder approval. Approximately $252 million has been invested so far, in land and forest. The capacity of the unit will be increased, as from the second half of 2010, by an additional 1.3 million MT a year. The learning curve of the project will be concluded by 2011, when the capacity will reach 1.3 million MT, being expanded to 1.4 million MT in the medium term, without additional investments. Among the benefits of the new mill are: no need for additional overheads, an energy surplus estimated at 30 MWh, the dilution of fixed costs and lower consumption of chemicals.

The project will turn today's Guaíba unit into an even more competitive and efficient site, permitting a variety of synergies and gains in scale. The cash production cost for the project is estimated to be as competitive as the Veracel benchmark.

Aracruz will invest in a new specialized port terminal in the south of Brazil, that will provide the logistics to ship the pulp from the Guaíba unit to our customer base. The terminal will have a loading capacity of 1.9 million MT of pulp per year. The estimated CAPEX is around US$100 million and the start-up is expected by the end of 2010. Transportation of the pulp from the mill to the port terminal will all be done by barges.

Veracel II expansion project

Aracruz and Stora Enso are continuing with their plans to build a second line for the Veracel unit, with an annual capacity of 1.4 million MT.

Although the project will be formally approved by the Board of Directors next year, Veracel has been allowed to go ahead with land acquisitions and forest development, in order to meet the goal of starting production in 2012. The management team has been developing a feasibility study that should be presented later this year, for formal approval by the Board of Directors in 2009.

By the end of the 1Q08, approximately $71 million had been invested in the initial phase, involving the acquisition of land (42,000 ha) and the establishment of forests. Taking into consideration the land productivity gains from Veracel's first fiberline, almost 46% of the total land and forest to support the expansion project is already committed. The average distance from the forest to the mill is estimated to be around 76 km.

Estimating the cash cost for the expansion to be in line with that of the original fiberline implemented at Veracel, the management is seeking a return on the project of around 300 bps above WACC.

Third expansion project

In order to achieve its goal of supplying 25% of world demand for hardwood market pulp by 2015, the company expects to announce, this year, a third expansion project, which could be a brownfield or greenfield project in Brazil. The nominal capacity of this project would be close to 1.4 million MT and the company, this year, has already started to buy land and invest in silviculture.

This project will keep Aracruz in its leading position among hardwood market pulp producers, with a total nominal capacity of 7.0 million MT of pulp produced per year by 2015.

Portocel expansion

Construction of a 3th berth at the company's specialized Woodpulp Terminal (Portocel), at Barra do Riacho, will be completed in April and it will be operative in May 2008. Dragging operations will be concluded in August 2008 providing Portocel with a minimum draft of 11.0 meters. These improvements will allow Portocel to receive bigger ships with more adequate rates of quay occupancy and to increase Portocel's exporting capacity to 7.5 million tons of woodpulp per year maintaining Barra do Riacho and Veracel mills self sufficient in port infrastructure even after Veracel expansion planned for 2012. Moreover, Portocel will be able to increase its capacity to provide port services to other Brazilian pulp players.

Portocel is the world's largest port specializing in shipping pulp, and is located less than one mile from the Barra do Riacho unit, giving Aracruz a huge competitive advantage to bolster its commercial strategy, focused on long-term relationships with clients.

Veracel Information

Veracel **pulp production** totaled 291,000 tons in the first quarter of 2008. At the end of March, **inventory** stood at 64,000 tons of pulp.

Veracel **pulp sales** totaled 275,000 tons in the first quarter, of which 127,000 tons went to Aracruz, 147,000 tons went to the other controlling shareholder and 1,000 tons went to unrelated parties.

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

ASSETS	Mar.31, 2008	Dec.31, 2007	Mar.31, 2007	LIABILITIES	Mar.31, 2008	Dec.31, 2007	Mar.31, 2007
Current assets	138.6	132.3	139.2	Current liabilities	163.9	161.1	142.4
Cash investments	0.6	0.8	0.1	Short-term debt	129.4	128.8	117.9
Other current assets	138.0	131.5	139.1	Other accruals	34.5	32.3	24.5
Long term assets	157.0	153.9	155.6	Long-term liabilities	529.5	555.5	578.4
Other long term assets	157.0	153.9	155.6	Long-term debt	516.3	542.2	569.0
Permanent assets	1,213.2	1,209.3	1,183.6	Other long-term liabilities	13.2	13.3	9.4
				Stockholders' equity	815.4	778.9	757.6
TOTAL	1,508.8	1,495.5	1,478.4	TOTAL	1,508.8	1,495.5	1,478.4

VERACEL'S TOTAL DEBT MATURITY, AS AT MARCH 31, 2008

(US$ million)	Local Currency	Foreign Currency	Total Debt	%
2008	71.6	25.9	97.5	15.1%
2009	87.3	35.2	122.5	18.9%
2010	80.7	35.3	116.0	18.0%
2011	88.8	35.2	124.0	19.2%
2012	90.7	31.1	121.8	18.9%
2013	44.4	17.6	62.0	9.6%
2014	1.9		1.9	0.3%
Total	465.4	180.3	645.7	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 (in millions of US dollars)

Income statement	1Q 08	4Q 07	1Q 07
Gross operating income	40.7	31.4	32.5
Sales expenses	5.3	5.2	3.5
Administrative expenses	4.8	5.0	3.0
Other, net	(2.6)	0.4	(0.5)
Operating income	33.2	20.8	26.5
Financial income	(0.3)	(0.3)	(0.1)
Financial expenses	15.8	16.5	19.2
Loss (gain) on currency re-measurement, net	4.7	13.7	15.4
Other, net			0.4
Income before income taxes	13.0	(9.1)	(8.4)
Income tax expense (benefit)	1.8	0.6	4.4
Net income	11.2	(9.7)	(12.8)

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

Statement of cash flow	1Q 08	4Q 07	1Q 07
Cash flow from operating activities			
Net income (loss)	11.2	(9.7)	(12.8)
Adjustments to reconcile net income to net cash provided by operating activities	28.5	34.1	37.3
(Increase) decrease in assets	(8.3)	(2.7)	(7.7)
Increase (decrease) in liabilities	1.5	(3.3)	(11.3)
Net cash provided by operating activities	32.9	18.4	5.5
Cash flow from investments			
Additions to property, plant and equipment	(26.8)	(29.0)	(15.4)
Other	0.2		0.6
Net cash (used in) investments	(26.6)	(29.0)	(14.8)
Cash flow from financing			
Short-term and long-term debt, net	(32.2)	(27.7)	(165.2)
Capital increase	25.3	37.9	174.0
Net cash provided by (used in) financing	(6.9)	10.2	8.8
Effects of exchange rate changes on cash and cash equivalents	0.4	0.4	0.2
Increase (decrease) in cash and cash equivalent	(0.2)	-	(0.3)
Cash and cash equivalent, beginning of period	0.8	0.8	0.4
Cash and cash equivalent, end of period	0.6	0.8	0.1

Adjusted EBITDA of VERACEL

(US$ million)	1Q 08	4Q 07	1Q 07
Net income (loss)	11.2	(9.7)	(12.8)
Financial income	(0.3)	(0.3)	(0.1)
Financial expenses	15.8	16.5	19.2
Income tax	1.8	0.6	4.4
Loss (gain) on currency re-measurement, net	4.7	13.7	15.4
Other			0.4
Operating income	33.2	20.8	26.5
Depreciation and depletion in the results	19.6	20.8	20.4
EBITDA	52.8	41.6	46.9
Non-cash charges	1.2	1.2	(0.2)
Adjusted total EBITDA	54.0	42.8	46.7

Veracel's capital expenditure was as follows:

(US$ million)	1Q08	FY2007
Silviculture	11.5	45.5
Land purchases	6.7	19.1
Other forestry investments	4.8	-
On-going industrial investment	2.9	40.4
Other	0.9	
Total Capital Expenditure	26.8	105.0

Veracel's capital expenditure forecast:

(US$ million)	2Q-4Q 2008E	2009E	2010E	2011E
• New land and forest development to support Veracel expansion	114	82	84	48
• Regular investments	44	62	72	58
• Other (forestry roads & equipments, new nurseries and etc)	48	-	-	-
Total	206	144	156	106

Veracel, located in the state of Bahia (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.

Note: In the main body of the text (p.1 - 20), 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

(in thousands of US dollars, except for per-share amounts)(unaudited)	Three-month period ended		
	Mar.31, 2008	Dec.31, 2007	Mar.31, 2007
Operating revenues	550,124	605,995	455,697
Domestic	39,853	42,368	29,076
Export	510,271	563,627	426,621
Sales taxes and other deductions	65,963	67,339	60,287
Net operating revenue	484,161	538,656	395,410
Pulp	463,311	517,700	378,486
Paper	15,416	16,790	13,711
Port services	5,434	4,166	3,213
Operating costs and expenses	362,759	360,227	275,599
Cost of sales	318,511	346,670	240,374
Pulp	305,900	333,262	230,148
Cost of sales relating to pulp production and purchases	262,646	285,196	196,603
Inland freight, ocean freight, insurance and other	43,254	48,066	33,545
Paper	9,495	10,775	8,563
Port services	3,116	2,633	1,663
Selling	21,560	20,727	17,076
Administrative	13,490	18,536	10,414
Other, net	9,198	(25,706)	7,735
Operating income	121,402	178,429	119,811
Non-operating (income) expenses	(6,827)	45,990	(23,588)
Financial income	(28,814)	(18,644)	(49,890)
Financial expenses	21,288	61,778	25,601
Interest on financing	21,932	23,049	20,173
Other	(644)	38,729	5,428
(Gain) loss on currency re-measurement, net	699	2,885	701
Other, net		(29)	
Income before income taxes, minority interest and equity in the results of affiliated companies	128,229	132,439	143,399
Income taxes	12,631	31,106	37,091
Current	11,058	(5,120)	20,952
Deferred	1,573	36,226	16,139
Minority interest	4,064	1,406	462
Equity results of affiliated companies	(5,358)	5,266	6,324
Net income for the period	116,892	94,661	99,522
Depreciation and depletion in the results:	55,767	61,322	48,951
Pulp production cost	58,225	56,466	52,866
Forests and other	(1,838)	296	(1,421)
Other operating costs and expenses	1,335	1,368	1,269
Sub-total	57,722	58,130	52,714
Inventory movement	(1,955)	3,192	(3,763)
EBITDA(*)	177,169	239,751	168,762
EBITDA (adjusted for other non-cash items) (*)	189,290	228,993	176,979

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

ARACRUZ CELULOSE S.A. – CONSOLIDATED BALANCE SHEETS

(in thousands of US dollars)

ASSETS	Mar.31, 2008	Dec.31, 2007	Mar.31, 2007	LIABILITIES	Mar.31, 2008	Dec.31, 2007	Mar.31, 2007
Current assets	1,257,410	1,251,400	1,164,457	Current Liabilities	319,616	327,719	270,512
Cash and cash equivalents	44,572	53,321	85,626	Suppliers	132,608	119,950	93,985
Short-term investments	479,654	439,940	476,820	Payroll and related charges	24,222	33,310	14,187
Accounts receivable, net	325,281	361,603	252,868	Income and other taxes	18,765	31,237	34,944
Inventories, net	247,283	225,023	231,308	Current portion of long-term debt			
Deferred income tax	15,611	12,280	17,134	Related party	76,715	76,082	67,909
Recoverable income and other taxes	124,057	140,390	92,056	Other	5,972	5,897	1,854
Prepaid expenses and other current assets	20,952	18,843	8,645	Short-term debt - export financing and other	5,717	5,646	4,877
Property, plant and equipment, net	2,557,667	2,518,700	2,196,663	Accrued financial charges	6,802	9,143	14,118
Investment in affiliated company	433,402	415,394	405,412	Accrued dividends - Interest payable on stockholders' equity	41,032	45,495	34,242
Goodwill	192,035	192,035	192,035	Other current liabilities	7,783	959	4,396
Other assets	260,701	247,334	134,794	Long-term liabilities	1,902,712	1,898,629	1,551,836
Long-term investments	3,482	3,450	2,821	Long-term debt			
Unrealized gain from currency interest rate swaps	36,236	29,699		Related party	341,675	350,274	242,611
Advances to suppliers	106,811	100,922	85,773	Other	962,750	962,077	924,946
Accounts receivable	24,816	24,671		Litigations, contingencies and Commitments	133,782	129,637	107,234
Deposits for tax assessments	25,149	22,520	28,242	Liabilities associated with unrecognized tax benefits	94,184	93,811	75,557
Recoverable taxes	63,034	64,899	16,962	Interest and penalties on liabilities associated with unrecognized tax benefits	72,536	69,046	52,426
Other	1,173	1,173	996	Deferred income tax	253,779	248,879	113,927
				Suppliers			3,020
				Other long-term liabilities	44,006	44,905	32,115
				Minority interest	15,461	11,397	1,337
				Stockholders' equity	2,463,426	2,387,118	2,269,676
TOTAL	4,701,215	4,624,863	4,093,361	TOTAL	4,701,215	4,624,863	4,093,361

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

	Three-month period ended		
	Mar.31, 2008	Dec.31, 2007	Mar.31, 2007
Cash flows from operating activities			
Net income for the period	116,892	94,661	99,522
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and depletion	57,722	58,130	52,714
Equity results of affiliated company	(5,358)	5,267	6,324
Deferred income tax	1,573	36,226	16,139
Loss (gain) on currency re-measurement	699	2,885	701
Loss (gain) on sale of equipment	(1,034)	1,317	132
Decrease (increase) in operating assets			
Accounts receivable, net	32,540	(88,054)	29,721
Inventories, net	(22,282)	2,975	(28,604)
Interest receivable on short-term investments	(22,689)	2,254	(17,154)
Recoverable taxes	20,514	(60,426)	19,461
Other	(4,285)	15,462	(439)
Increase (decrease) in operating liabilities			
Suppliers	11,725	(8,401)	(2,832)
Payroll and related charges	(9,505)	826	(11,625)
Litigation, contingencies and liabilities associated with unrecognized tax benefits	(7,679)	27,381	(16)
Accrued financial charges	(2,431)	(3,990)	(3,824)
Other	9,286	(985)	3,858
Net cash provided by operating activities	175,688	85,528	164,078
Cash flows from investing activities			
Short-term investments	(17,334)	58,289	88,818
Proceeds from sale of equipment	1,034	187	200
Investments in affiliate	(12,650)	(18,950)	(87,000)
Additions to property, plant and equipment	(97,865)	(154,115)	(98,516)
Net cash provided by (used in) investing activities	(126,815)	(114,589)	(96,498)
Cash flows from financing activities			
Net short-term debt borrowings/(repayments) , net	1,049	4,212	2,395
Long-term debt			
Issuance	6,158	100,495	18,307
Repayments	(19,699)	(69,578)	(16,405)
Dividends and interest on stockholders' equity paid out	(44,845)	(41,713)	(34,839)
Net cash used in financing activities	(57,337)	(6,584)	(30,542)
Effect of exchange rate variations on cash and cash equivalents	(285)	3,037	174
Increase (decrease) in cash and cash equivalents	(8,749)	(32,608)	37,212
Cash and cash equivalents, beginning of the period	53,321	85,929	48,414
Cash and cash equivalents, end of the period	44,572	53,321	85,626

Reconciliation of Operating Results

Brazilian GAAP v US GAAP (US$ million)	1Q 2008
Net Income - Parent Company (Brazilian GAAP)	101.4
Realized (Unrealized) profits from subsidiaries	(5.4)
Net Income - Consolidated (Brazilian GAAP)	96.0
Depreciation, depletion and asset write-offs	13.1
Income tax provision - Fas 109	(5.5)
Equity results of affiliated company	2.9
Reversal of goodwill amortization	16.1
Foreign-exchange variation	(9.3)
Portocel project capitalized financial income	3.6
Net Income - Consolidated (US GAAP)	116.9

Exchange rate at the end of March/2008 (US$1.0000 = R$1.7491)

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, cash production cost and net debt, 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 have a standardized definition 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. Moreover, the company understands that certain investors and financial analysts use cash production cost as an indicator of operating performance.

	1Q08			4Q07			1Q07		
	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	262.6	730.3		285.2	842.7		196.6	673.7	
Pulp inventories at the beginning of the period	(141.0)	(380.7)		(148.0)	(432.5)		(129.5)	(423.1)	
Pulp purchased	(54.4)	(127.5)		(58.4)	(151.1)		(45.4)	(122.1)	
Pulp for paper production	3.9	12.4		3.8	11.7		3.0	11.8	
Other	(3.3)	-		1.3	0.1		0.2	-	
Pulp inventories at the end of the period	156.4	414.0		141.0	380.7		158.3	512.5	
Pulp production cost	224.2	648.5	346	224.9	651.6	345	183.2	652.8	281
Depreciation and depletion in the production cost	(58.2)	-	(90)	(56.5)	-	(86)	(52.9)	-	(81)
Cash production cost	166.0	648.5	256	168.4	651.6	259	130.3	652.8	200
Cash production cost - Veracel	27.0	145.5		26.6	142.7		19.6	130.7	
Combined cash production cost	193.0	794.0	243	195.0	794.3	246	149.9	783.5	191

- "Net debt"

Net debt reflects the company's total debt minus cash, cash equivalents and short-term investments. Net debt is not a financial measure under U.S. GAAP, 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 requirement. Furthermore, 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 means of assessing our operating performance. Because adjusted EBITDA excludes interest, income taxes, depreciation, currency re-measurement, equity accounting for associates, 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 ratios. We believe that adjusted EBITDA enhances the understanding of our financial performance and our ability to meet 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, 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 related charges. An adjusted EBITDA calculation is tolerated by the Brazilian regulators with respect to disclosures published in Brazil.

(US$ million)	1Q 2008	4Q 2007	1Q 2007
Net income	116.9	94.7	99.5
Financial income	(28.8)	(18.6)	(49.9)
Financial expenses	21.3	61.8	25.6
Income tax	12.6	31.1	37.1
Equity in results of affiliated companies	(5.4)	5.3	6.3
Loss (gain) on currency re-measurement, net	0.7	2.8	0.7
Other	4.1	1.3	0.5
Operating income	121.4	178.4	119.8
Depreciation and depletion in the results:	55.8	61.4	49.0
Depreciation and depletion	57.7	58.2	52.7
Depreciation and depletion - inventory movement	(1.9)	3.2	(3.7)
EBITDA	177.2	239.8	168.8
Non-cash charges	12.1	(10.8)	8.2
Provision for labor indemnity	0.7	1.0	1.1
Provision (reversal) for loss on ICMS credits	10.3	(18.4)	6.7
Provision (reversal) for a tax contingency	-	3.5	0.3
Fixed asset write-offs	-	1.3	0.1
Loss on the sale of obsolete spare parts	-	0.1	-
Discount on tax credit sales	1.1	1.7	-
Adjusted Aracruz EBITDA	189.3	229.0	177.0
50% of Veracel Adjusted EBITDA	27.0	21.4	23.3
Adjusted total EBITDA	216.3	250.4	200.3
Adjusted EBITDA margin - %	45%	47%	51%

New accounting pronouncements applicable to our statutory financial statements:

On December 28, 2007, Law 11,638 was enacted. Such Law introduced changes in the Brazilian Corporate Law, mainly related to accounting matters (Chapter XV). On January 29, 2008, CVM (Brazilian Stock and Exchange Commission) issued Deliberation 534, which approved CPC 02 (Accounting Pronouncement # 02) that, among other issues, introduced the concept of functional currency into Brazilian accounting. For U.S. GAAP purposes, the Company has already defined the U.S. dollar as its functional currency. Both the new law and the CPC 02 are applicable for the fiscal year ending December 31, 2008, but application for financial reporting of interim periods during the year is not required.

Those pronouncements are part of a “package” of new rules to be issued, the objective of which is to implement a migration from accounting practices adopted in Brazil to the International Financial Reporting Standards (IFRS). Such migration is expected to be complete by the year ended 31 December 2010, although earlier application is allowed. The Company is in process of evaluating the impact of such new rules, including the full implementation of IFRS, on its statutory financial position. Preliminary analyses indicate that non-monetary assets and the related depreciation, amortization and depletion will be recognized based on their historical cost, determined in U.S. dollars, as well as the net income and shareholders’ equity. However, full implementation of IFRS would require the Company, among other measures, (i) to report its biological assets, consisting of forests, at their fair value, (ii) to proportionally consolidate Veracel and (iii) to recognize the deferred income tax effect on the translation into U.S. dollar functional currency. Those changes may, potentially, impact net income which serves as a basis for our calculation of statutory minimum dividends. Historically, the Company has paid dividends and interest on capital in excess of the minimum obligation. Under U.S. GAAP, except for the potential mentioned impact on statutory minimum dividends, those changes will not generate material effects on our financial statements.

Economic and operational data

Eucalyptus pulp international list prices, by region (US$/t)	Jul.07	Aug.07	Sep.07	Oct.07	Nov.07	Dec.07	Jan.08	Feb.08	Mar.08
North America	735	755	755	775	775	805	805	825	825
Europe	700	720	720	750	750	780	780	800	800
Asia	650	670	670	690	690	720	720	750	750

Pulp sales distribution, by region	1Q08	4Q07	1Q07	1Q08 vs. 4Q07	1Q08 vs. 1Q07	LTM
Europe	41%	39%	41%	2 p.p.	-	41%
North America	38%	33%	33%	5 p.p.	5 p.p.	35%
Asia	18%	25%	24%	(7 p.p.)	(6 p.p.)	22%
Brazil	3%	3%	2%	-	1 p.p.	2%

Exchange Rate (R$ / US$)	1Q08	4Q07	3Q07	1Q07	4Q06	1Q08 vs. 4Q07	1Q08 vs. 1Q07	4Q07 vs. 3Q07	1Q07 vs. 4Q06
Closing	1.7491	1.7713	1.8389	2,0504	2,1380	(1.3%)	(14.7%)	(3.7%)	(4.1%)
Average	1.7379	1.7861	1.9177	2,0887	2,1520	(2.7%)	(16.8%)	(6.9%)	(2.9%)

Source: - Brazilian Central Bank (PTAX800).

Cash flow currency protection results	1Q08 YTD	4Q07 YTD	3Q07 YTD	2Q07 YTD	1Q07 YTD
Nominal (US$ million)	4	94	79	55	20
US$ / t (*)	1	30	25	17	6

(*) based on annual production volume

Credit ratios, including 50% of Veracel's figures	1Q08	4Q07	3Q07	2Q07	1Q07	4Q06	3Q06	2Q06	1Q06
Net Debt / Adjusted EBITDA (LTM)	1.28x	1.37x	1.29x	1.29x	1.25x	1.33x	1.42x	1.52x	1.51x
Total Debt / Adjusted EBITDA (LTM)	1.91x	1.97x	1.99x	1.87x	1.93x	2.05x	2.21x	2.35x	2.21x
Total Debt / Total Capital (gross debt plus equity)	41%	42%	42%	41%	41%	43%	45%	46%	44%
Net debt / Total Capital (net debt plus equity)	32%	34%	32%	33%	31%	33%	34%	36%	35%
Cash / Short Term Debt	3.7x	3.5x	4.18x	3.76x	4.28x	4.37x	4.30x	3.71x	3.44x
Total debt average maturity – (months)	61	63	63	65	59	60	58	48	48

LTM = last twelve months

This press release contains statements which constitute forward-looking statements, within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may not be possible to realize. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements, due to a variety of factors. The company does not undertake, and specifically disclaims any obligation to update any forward-looking statements, which speak only for the date they are made.