



ARACRUZ *results*



São Paulo - October 10, 2005

Third Quarter 2005

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Highlights

- ✓ Aracruz has been included in the select Dow Jones Sustainability Index (DJSI World) 2006.
- ✓ Record pulp production of 688,000 tons, including 50% of Veracel's production, 18% higher than in the same period of 2004.
- ✓ Net income in the quarter was US\$72.0 million, or US\$0.70 per ADR, 142% higher than in the same period of last year.
- ✓ EBITDA⁽¹⁾ of US\$169.2 million, including Veracel stake, 7% higher than in the same period of the previous year. The EBITDA⁽¹⁾ margin was 52%.
- ✓ Pulp sales volume of 620,000 tons, 2% lower than in the third quarter of last year.
- ✓ Net revenue of US\$325 million, 9% higher than in the same period of the previous year.

| Aracruz – Summary | Unit of Measure | 3Q05 | 3Q04 | % QoQ | YTD05 | YTD04 | YTD % var. |
|--|-----------------|---------|---------|----------|-----------|-----------|------------|
| Net revenue | US\$ million | 324.9 | 298.8 | 9% | 946.8 | 845.2 | 12% |
| EBITDA ¹ | US\$ million | 163.7 | 153.9 | 6% | 495.1 | 430.7 | 15% |
| EBITDA (including Veracel) ¹ | US\$ million | 169.2 | 158.5 | 7% | 502.8 | 438.9 | 15% |
| EBITDA margin (including Veracel) ¹ | Percentage | 52% | 53% | (1p.p.) | 53% | 52% | 1p.p. |
| Net Income | US\$ million | 72.0 | 29.8 | 142% | 198.8 | 165.3 | 20% |
| Earnings per ADR | US\$ per ADR | 0.70 | 0.29 | 142% | 1.93 | 1.60 | 20% |
| Adjusted pulp sales volume ² | Tons | 620,000 | 631,000 | (2%) | 1,828,000 | 1,751,000 | 4% |
| Paper sales volume | Tons | 15,000 | 12,000 | 25% | 43,000 | 36,000 | 19% |
| Pulp volume produced (including Veracel) | Tons | 688,000 | 583,000 | 18% | 2,027,000 | 1,843,000 | 10% |

¹ Adjusted for other non-cash items (see reconciliation to Net Income on page 8).

² Aracruz sales plus 50% of Veracel's sales to non-affiliated parties (50% of direct sales, amounting to 6,000 in the 3Q05 and 13,000 YTD05).

Note: 3Q2004 EBITDA information reclassified (see Additional information on page 13).

Aracruz Celulose S.A. (NYSE: ARA) presents its consolidated third quarter 2005 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 50% stake.

Release available at: [http:// www.aracruz.com.br](http://www.aracruz.com.br)

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Conference Call: The management would like to invite you to participate in its 3Q2005 results conference call: October 10, 2005 - 11:00 a.m. (New York time). To join us, please dial: (1-973) 935-8509 Code: 6558321. The call will also be web cast on Aracruz's website www.aracruz.com.br



Global Pulp Market Update

In spite of the increase in oil prices and the damage caused by the hurricanes in the United States, the world economy continued its overall positive trend through the third quarter, contributing to pulp and paper demand during the period.

Western European Printing and Writing paper production through July and August exceeded the 2004 level by 3.6% (203,000 tons), some of which was used to replenish stocks, after the disruptions of the lockout as the year's strongest season for advertising approaches.

Continued temporary supply disruptions, planned maintenance downtime and stronger demand led to pulp price stability through the third quarter. World pulp shipments increased by 3.5% (209,000 tons), compared to 2004, during the July and August vacation period in Western Europe, despite slower demand from Asia. In the same period, Eucalyptus pulp shipments amounted to 1.4 million tons, an increase of 7% (93,000 tons) over 2004.

The negative fallout from hurricane Katrina on shipping, logging, trucking and rail-road transport, that is being felt in the US Gulf Coast region, had a minor impact on the company's business in the region.

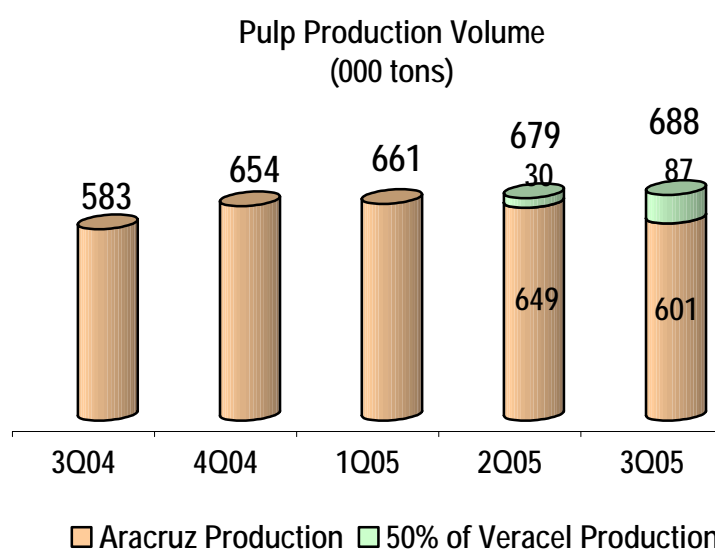
Paper production continued to increase in China, on a monthly basis. By the end of the quarter, China was once more active in the pulp market, increasing its imports.

The fourth quarter begins with limited new capacity coming on stream, the extension of temporary pulp mill closures, a seasonal increase in paper demand, low inventories throughout the system, and planned downtime for maintenance. In the short term, these factors indicate a positive scenario for market pulp.

Production and Sales

Aracruz pulp production, without the 50% of Veracel, totaled 601,000 tons in the third quarter of 2005, 3% higher than the 583,000 tons in the same period of the previous year, despite maintenance downtime at the Barra do Riacho Unit, of approximately 10 days for each of the three lines (A, B and C), during the quarter.

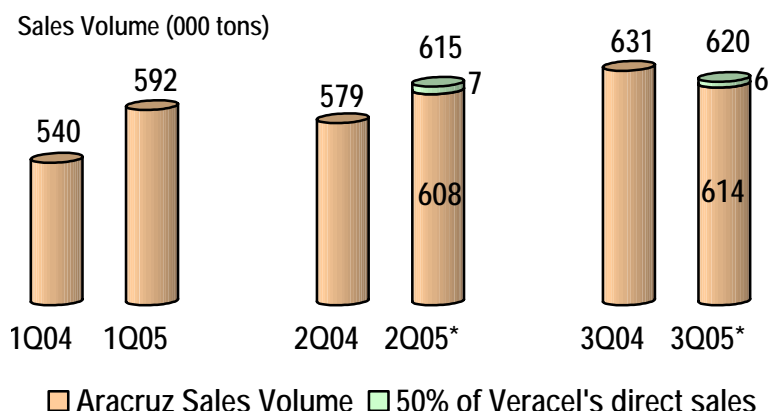
In the third quarter, **Veracel Celulose S.A.** (50% owned by Aracruz), generated a total output of 174,000 tons of pulp, of which 34,100 tons were sold to Aracruz.





At the Guaíba unit, **paper production** in the quarter totaled 14,000 tons, consuming approximately 12,000 tons of the pulp produced. Paper inventories were at 1,000 tons at the end of September 2005 and **paper sales** in the third quarter of 2005 totaled 15,000 tons.

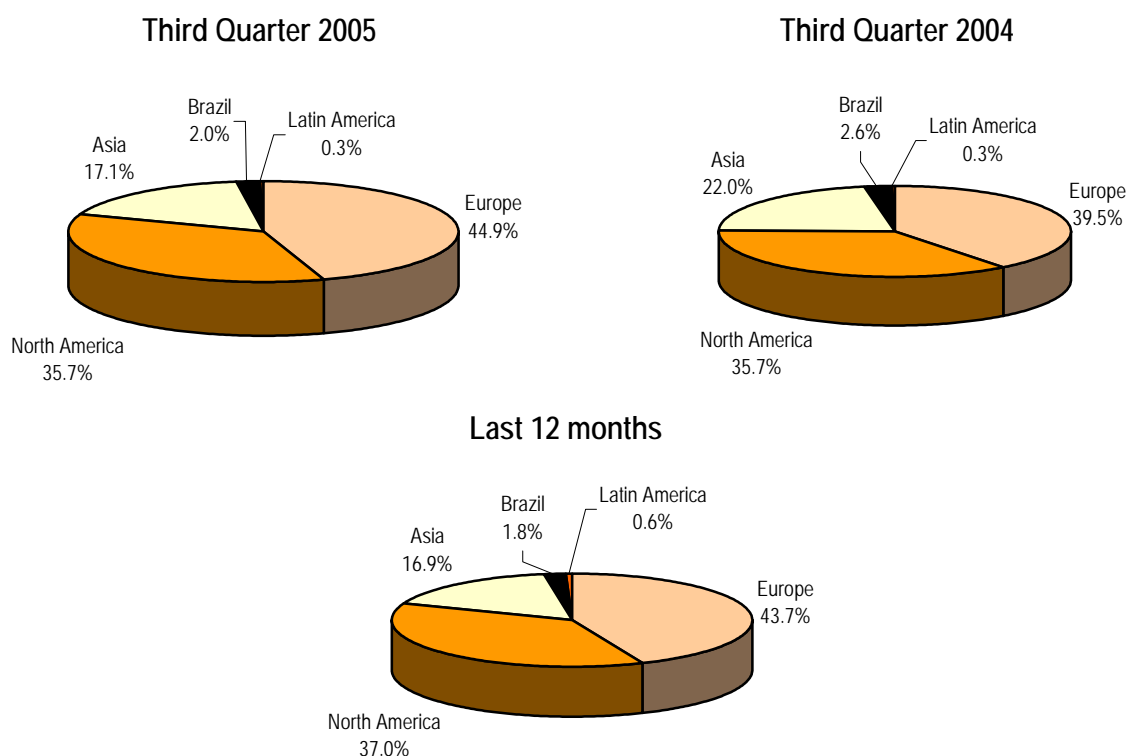
Aracruz pulp sales reached 614,000 tons in the third quarter, with 94.4% of the pulp being produced internally and 5.6% of the pulp being resales, compared to 631,000 tons in the same period of the previous year.



*Total direct sales of Veracel were 14,662 in the 2Q05 and 11,434 in the 3Q05

At the end of September, **inventories** at Aracruz were at 379,000 tons, or 47 days of production, compared to 371,000 tons, or 48 days, at the end of June 2005. The inventory level at Veracel, represented an additional 7 days of production for Aracruz (50% stake) at the end of September 2005, compared to 2 days at the end of June 2005. (Calculation of inventory considers a daily production capacity of 7,997 tons in 2005, which includes the current capacity of Aracruz and 50% of Veracel).

Pulp sales volume distribution by region



Income Statement 3Q05



The **average list pulp price** in the quarter was \$604/ton, compared to \$535/ton in the same period of last year. It was down slightly from the average list price, of \$609/ton, in the second quarter of 2005.

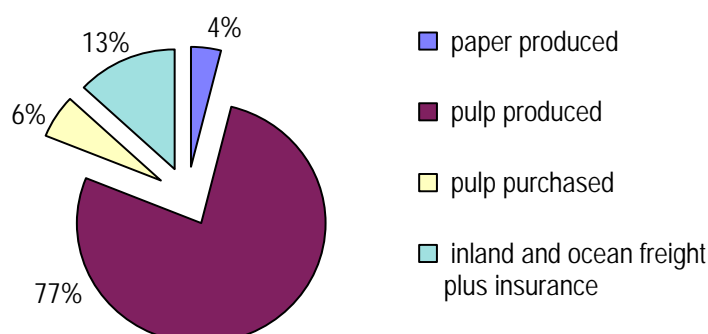
Total net operating revenue totaled \$324.9 million, \$26.1 million higher than in the same period of 2004.

Net paper operating revenue amounted to \$12.4 million in the quarter, \$2.8 million higher than in the same period of the previous year.

Net pulp operating revenue during the quarter amounted to \$312.5 million, compared to \$286.7 million in the same period of the previous year. Revenue increased as a result of the 12% higher net prices, offset by 3% lower sales volume.

The **total cost of sales** was \$184.5 million in the third quarter of 2005, compared to \$178.9 million in the same period of the previous year.

3Q05 - cost of sales breakdown



The **pulp production cost** in the quarter was \$250/ton, compared to \$235/ton in the same period of 2004. The Aracruz **cash production cost** (net of depreciation and depletion) of pulp in the quarter was \$168/ton, compared to \$152/ton in the same period of the previous year (see table below).

| Cash Production Cost | US\$ per ton |
|---|--------------|
| 3Q04 | 152 |
| Wood cost - (lower purchased wood volume) | (9) |
| Brazilian currency appreciation against the US dollar | 27 |
| Other | (2) |
| 3Q05 | 168 |

Note: see reconciliation to GAAP numbers on page 18.

The **cash production cost** in the third quarter of 2005 was up \$4/ton in comparison with that of the second quarter of 2005, mainly as a result of the \$6/ton negative impact of additional appreciation of the real against the dollar, \$3/ton lower dilution of fixed costs, \$3/ton of higher specific consumption and prices of raw materials, partially offset by the positive impact of lower maintenance costs (\$4/ton) and of lower wood costs (\$5/ton) basically due to a reduction in the volume of wood purchased, in favor of greater use of company-produced wood. (Note: see reconciliation to GAAP numbers on page 18)

Approximately 70% of the cash production cost structure is variable cost, mainly wood and chemicals,



representing around 40% and 20% of the total cash production cost, respectively.

Currently, approximately 75% of the company's cash production cost is correlated to the local currency (R\$). The average exchange rate in the third quarter was R\$2.3429 per US\$1.00, against R\$2.9804 per US\$1.00 in the same period of 2004, representing a 21.4% appreciation of the real against the US dollar.

Sales and distribution expenses were \$16.2 million, \$2.1 million higher than in the same period of last year, mainly due to higher terminal expenses and changes in the geographical sales mix.

Administrative expenses were \$8.8 million, \$1.3 million higher than in the same period of 2004, mainly due to higher labor expenses and the appreciation of the real against the dollar.

The result of **other net operating expenses** in the quarter was a net income of \$4.4 million, compared to a net expense of \$6.9 million in the same period of the previous year, mainly due to a \$15.5 million lower provision for loss on ICMS credits (there was a credit of \$10.1 million during the quarter, as a result of successful negotiations with the tax authorities, pursuant to which the company's right to offset certain ICMS liabilities with accumulated credits was recognized, thus bringing this pending issue to a definitive conclusion), partially offset by a \$3.6 million higher provision for fines relating to tax contingencies.

The sum of the **financial and currency re-measurement results** in the quarter showed a net income of \$18.1 million, compared to a net expense of \$13.9 million in the same period of the previous year (see table below).

| (US\$ million) | 3Q05 | 3Q04 |
|---|---------------|---------------|
| Financial Expenses | 30.4 | 31.5 |
| Interest on financing | 25.4 | 24.1 |
| Taxes (PIS/COFINS and CPMF) | 1.2 | 4.1 |
| Interest on fiscal contingency provisions | 3.4 | 2.8 |
| Other | 0.4 | 0.5 |
| Financial Income | (38.0) | (17.4) |
| Currency re-measurement | (10.5) | (0.2) |
| Total | (18.1) | 13.9 |

The increase in "Interest on Financing" resulted from a 2% larger average gross debt balance and higher floating interest rates based on LIBOR.

The improvement in "Financial Income" was mainly due to a 50% greater average cash balance and gains on hedging transactions against the local currency (R\$), which are designed to also cover Aracruz' s exposure through its 50% equity interest in Veracel's currency exposure.

During the quarter, the local currency appreciated 5.5% against the US dollar, compared to an appreciation of 8% during the same period of the previous year. The closing exchange rate on September 30, 2005 was R\$2.2222 per US dollar.

The **equity result** showed a loss of \$23.2 million, \$0.3 million from Aracruz Produtos de Madeira S.A. and \$22.9 million from Veracel, mainly as a result of the negative impact of financial expenses and



the appreciation of the real against the dollar on its financial statements in the third quarter of 2005. The company has a 50% controlling stake in Veracel. (see *Veracel Information* section for more details)

Income tax and social contribution in the quarter amounted to an expense of \$43.3 million, against \$41.2 million in the same period of the previous year, and represented a tax expense of 38% on profit before income taxes in the current quarter. In the third quarter this provision had no relevant cash impact.

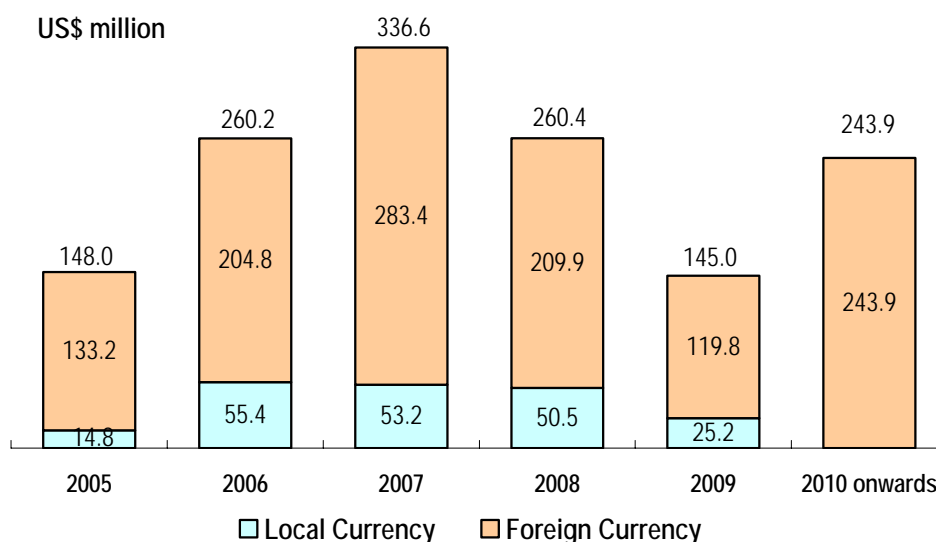
Such a high tax rate occurred because the principal tax charges are calculated based on the parent company (unconsolidated) Brazilian GAAP results, and were influenced by taxable local currency exchange gains on U.S. dollar financing. In this case, there was a gain of R\$181 million in the Brazilian GAAP results for the third quarter of 2005.

Debt and Cash Structure

The company's **gross debt** amounted to \$1,394.1 million at the end of September 2005, \$27.7 million lower than at the end of June 2005.

| (US\$ million) | September 30, 2005 | June 30, 2005 |
|---------------------------------------|--------------------|----------------|
| SHORT-TERM DEBT | 334.8 | 285.5 |
| Current portion of long-term debt | 231.2 | 224.5 |
| Short term debt instruments | 92.8 | 52.4 |
| Accrued financial charges | 10.8 | 8.6 |
| LONG-TERM DEBT | 1,059.3 | 1,136.3 |
| TOTAL DEBT | 1,394.1 | 1,421.8 |
| Cash, cash equivalent and investments | 638.7 | 589.4 |
| NET DEBT | 755.4 | 832.4 |

The local currency debt corresponds entirely to long-term BNDES (Brazilian Development Bank) loans. The debt maturity as at September 30, 2005 was as follows:



At the end of the period, 57% of the long-term debt instruments was at fixed interest rates, the short-term debt represented 24% of the total debt and the amount of cash investments corresponded to 1.9x the short-term debt.

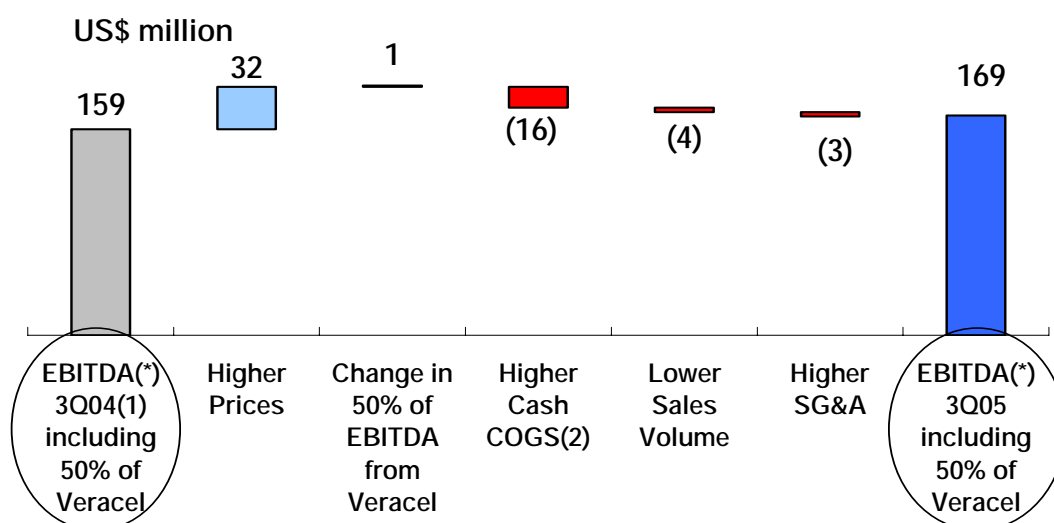
| (US\$ million) | Principal | % of total | | Average interest rate |
|----------------------------|--------------|-------------|----------|-----------------------|
| Foreign Currency | 1,185 | 86% | | 6.1% p.a. |
| Trade Finance - long-term | 265 | 19% | floating | 5.2% p.a. |
| Trade Finance - short-term | 90 | 6% | fixed | 3.9% p.a. |
| Securitization | 740 | 54% | fixed | 6.6% p.a. |
| IFC | 50 | 4% | floating | 6.4% p.a. |
| Import Financing | 8 | 1% | floating | 4.2% p.a. |
| BNDES | 32 | 2% | floating | 9.7% p.a. |
| Local Currency | 198 | 14% | | 13.3% p.a. |
| TJLP | 198 | 14% | floating | 13.3% p.a. |
| Total | 1,383 | 100% | | |

Cash, cash equivalent and investments, at the end of the quarter, totaled \$638.7 million, of which \$578.7 million was invested in local currency instruments and \$60.0 million was invested abroad, mostly in US dollar time deposits.

Net debt (gross debt less cash holdings) was \$755.4 million at the end of the quarter, \$77.0 million lower than at the end of the previous quarter, mainly due to positive operating cash generation, partially offset by \$10.7 million in payment of interest on shareholders' equity (based on 2005 results), \$50.4 million of capital expenditure and \$21.8 million of capital increase in affiliated companies. At the end of the quarter, the net debt to total capital ratio was 29%.

EBITDA Analysis

The third quarter 2005 **adjusted EBITDA, including 50% of Veracel**, before other non-cash charges, totaled \$169.2 million, compared to \$158.5 million in the same period of the previous year, mainly due to higher net pulp prices, resulting in an adjusted margin of 52%. Adjusted EBITDA in the last twelve months was \$673.5 million. The **EBITDA**, without any adjustments, was \$167.8 million in the third quarter of 2005, compared to \$147.6 million in the same period of 2004. EBITDA in the last twelve months was \$633.2 million.



(*) Adjusted for other non-cash items

(1) Reclassified, see "Additional Information" on page 13

(2) COGS = Cost of Goods Sold



| (US\$ million) | 3Q 2005 | 3Q 2004 |
|---|--------------|--------------|
| Net income | 72.0 | 29.8 |
| Financial income | (38.0) | (17.4) |
| Financial expenses | 30.4 | 31.5 |
| Income tax | 43.3 | 41.2 |
| Equity in results of affiliated companies | 23.2 | 6.5 |
| Gain on currency remeasurement, net | (10.5) | (0.2) |
| Other | (0.5) | - |
| Operating income | 119.9 | 91.4 |
| Depreciation and depletion in the results: | 47.9 | 56.2 |
| Depreciation and depletion | 54.7 | 53.6 |
| Depreciation and depletion - Inventory movement | (6.8) | 2.6 |
| EBITDA | 167.8 | 147.6 |
| Non-cash charges | (4.1) | 6.3 |
| Provision for labor indemnity | 0.6 | 0.3 |
| Provision (reversal) for loss on ICMS credits | (10.1) | 5.4 |
| Provision (reversal) for loss on inventory | - | (0.5) |
| Provision for a tax contingency | 4.2 | 0.6 |
| Fixed asset write-offs | 0.6 | - |
| Loss on the sale of obsolete spare parts | 0.6 | 0.5 |
| Adjusted Aracruz EBITDA | 163.7 | 153.9 |
| 50% of Veracel EBITDA | 5.5 | 4.6 |
| Adjusted total EBITDA | 169.2 | 158.5 |
| Adjusted EBITDA margin - % | 52% | 53% |

Capital Expenditure

Capital expenditure and investment were as follows:

| (US\$ million) | 3Q 05 | YTD 05 |
|--|-------------|--------------|
| Silviculture | 17.4 | 45.3 |
| On-going industrial investment | 20.7 | 27.2 |
| Forest and land purchases | 0.5 | 1.2 |
| Other forestry investments | 0.9 | 2.8 |
| Guaíba Unit optimization | 6.2 | 18.0 |
| Sea transportation | - | 0.1 |
| Miscellaneous projects | 4.7 | 7.6 |
| Total Capital Expenditure | 50.4 | 102.2 |
| Aracruz capital increase in affiliated companies | 21.8 | 47.3 |
| Total Capital Expenditure and Investment | 72.2 | 149.5 |



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

| (US\$ million) | 4Q 2005E | 2006E | 2007E | 2008E |
|--|-----------|------------|------------|------------|
| - Guaiba Unit (modernization project only) | 13 | - | - | - |
| - Regular investments - (Barra do Riacho and Guaiba Units) | 35 | 90 | 95 | 85 |
| - 50% of Veracel's capital expenditure | 27 | 25 | 15 | 15 |
| Total | 75 | 115 | 110 | 100 |

Note: does not include projects under analysis and/or those subject to Board of Directors approval.

Veracel Information

The Veracel pulp mill a joint venture by Aracruz Celulose and Stora Enso, located at Eunápolis, in the south of Bahia, was officially inaugurated by the Brazilian authorities on September 28. The investment is the largest private sector project in Brazil during the past few years and is generating nearly 3,000 direct and 7,000 indirect permanent jobs in the region.

The new 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. The operating tests of the facility began in May — three months ahead of time.

With the exception of the "start-up" pulp, the output of the new plant will be sold in its entirety to the controlling shareholders, in the same proportion as their shareholdings (50% each).

The learning phase has been evolving well, and the expectation that the plant should attain full capacity (900,000 tons) in 2006 is being maintained.

Veracel **pulp production** totaled 174,000 tons in the third quarter of 2005. At the end of September, **inventory** stood at 107,000 tons of pulp.

Veracel **pulp sales** reached 105,593 tons in the third quarter, of which 11,434 tons were direct sales, 34,100 tons went to Aracruz and 60,059 tons went to the other controlling shareholders.

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

| ASSETS | September 30, 2005 | Dec.31, 2004 | LIABILITIES | September 30, 2005 | Dec.31, 2004 |
|-------------------------|-----------------------|-----------------|------------------------------|-----------------------|-----------------|
| Current assets | 106.2 | 75.5 | Current liabilities | 91.9 | 87.6 |
| Cash investments | 0.7 | 59.0 | Short-term debt | 45.7 | 20.8 |
| Other current assets | 105.5 | 16.5 | Other accruals | 46.2 | 66.8 |
| Long term assets | 80.6 | 47.8 | Long-term liabilities | 764.7 | 489.0 |
| Other long term assets | 80.6 | 47.8 | Long-term debt | 757.0 | 489.0 |
| Permanent assets | 1,180.2 | 978.8 | Other long-term liabilities | 7.7 | |
| | | | Stockholders' equity | 510.4 | 525.5 |
| TOTAL | 1,367.0 | 1,102.1 | TOTAL | 1,367.0 | 1,102.1 |



VERACEL'S TOTAL DEBT MATURITY AS AT SEPTEMBER 30, 2005

| (US\$ million) | Local Currency | Foreign Currency | Total Debt | % |
|----------------|----------------|------------------|--------------|-------------|
| 2005 | 19.4 | 8.6 | 28.0 | 3.5% |
| 2006 | 12.5 | 14.4 | 26.9 | 3.4% |
| 2007 | 61.8 | 46.7 | 108.5 | 13.5% |
| 2008 | 61.7 | 48.6 | 110.3 | 13.7% |
| 2009 | 61.5 | 48.4 | 109.9 | 13.7% |
| 2010 | 56.6 | 48.3 | 104.9 | 13.1% |
| 2011 onwards | 159.1 | 155.1 | 314.2 | 39.1% |
| Total | 432.6 | 370.1 | 802.7 | 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

(Expressed in thousands of US dollars)

| Income statement | 3Q 05 | YTD 05 |
|--------------------------------------|---------------|----------------|
| Gross operating income | 1.3 | 5.0 |
| Sales expenses | (0.3) | 2.0 |
| Administrative expenses | 5.6 | 15.4 |
| Other, net | 3.3 | 2.1 |
| Operating income | (7.3) | (14.5) |
| Financial income | (0.4) | (2.3) |
| Financial expenses | 17.2 | 27.3 |
| Loss on currency re-measurement, net | 24.5 | 75.4 |
| Other, net | 0.2 | 0.3 |
| Income before income taxes | (48.8) | (115.2) |
| Income tax expense (benefit) | (3.0) | (6.7) |
| Net income | (45.8) | (108.5) |

EBITDA of VERACEL (Expressed in thousands of US dollars)

| (US\$ million) | 3Q 2005 |
|--|---------------|
| Net income | (45.8) |
| Financial income | (0.4) |
| Financial expenses | 17.2 |
| Income tax | (3.0) |
| Loss on currency remeasurement, net | 24.5 |
| Other | 0.2 |
| Operating income | (7.3) |
| Depreciation and depletion in the results | 18.2 |
| EBITDA | 10.9 |
| EBITDA margin % | 32% |

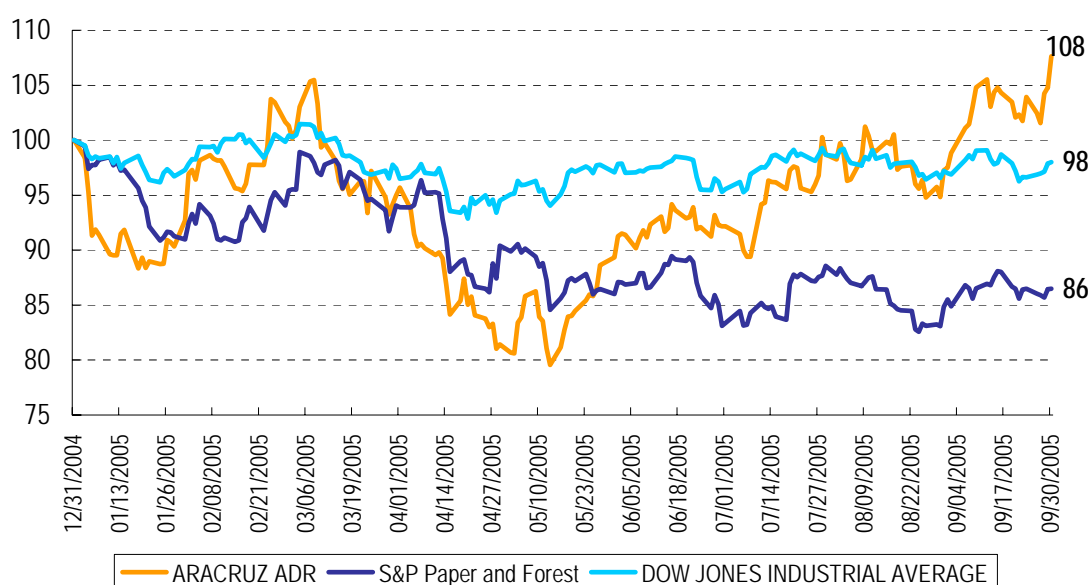


Veracel is jointly-controlled by Aracruz (50%) and Stora Enso OYJ (50%) and both shareholders must together approve all significant ordinary course of business actions, in accordance with contractual arrangements.

Stock Performance

From December 31, 2004 to September 30, 2005, Aracruz's ADR price increased 7.6%, from \$37.70 to \$40.58. In the same period, the Dow Jones Industrial Average index and the S&P Paper and Forest index decreased by 2.0% and 13.5%, respectively.

Stock Price Performance - through September 30, 2005 (Base 100 = Dec. 31, 2004)



| Stock information | September 30, 2005 |
|---|-----------------------------|
| 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 | \$4.2 billion |
| Average daily trading volume – 3Q05 (Bovespa and NYSE)* | \$13 million |

*Source: Bloomberg

Dividend / Buy-back program

Share Buyback Program

As part of the Aracruz share buy-back program, authorized for up to one year commencing June 03, 2005, 105,200 Class "B" preferred shares, less than 1% of the approved volume, were acquired during the 3Q05, bringing the total number of Class "B" preferred shares in Treasury to 1,483,200.



Dividends / Interest on Stockholder Equity

The management intends to continue the policy of paying Dividends in advance, as Interest on Stockholders' Equity, within the year of reference, in accordance with its fiscal planning and the limitations imposed by article 9 of Law nº 9,249/95.

The potential amount that could still be declared, up to the end of December 2005, as Interest on Stockholders' Equity, in anticipation of the annual dividend for the fiscal year 2005, is approximately R\$160 million.

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\$296.8 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 third quarter of 2005, Aracruz Celulose S.A. reported an unconsolidated net income of R\$285.7 million (R\$162.6 million, excluding equity results).

Additional Information

1. Aracruz included in Dow Jones Sustainability Index

On September 7, Aracruz Celulose was included in the select Dow Jones Sustainability Index (DJSI World) 2006. The list draws attention to the best corporate sustainability practices around the world, encompassing 317 companies from 58 sectors in 24 countries. A total of 2,500 companies were candidates for a place in the index.

The Dow Jones Sustainability Index lists companies ranked in the top 10% in their respective industries worldwide. In the forestry sector, Aracruz, Stora Enso from Sweden-Finland (Aracruz's partner in the Veracel pulp mill, in Bahia) and Finland's UPM-Kymmene were the companies selected, effective as of September 19.

2. Aracruz Celulose doubles capacity of its wood deliveries with ocean-going barges

Aracruz's pioneering coastal operations started in May 2003 and, until April, involved three barges and one tugboat. Last year, the system was responsible for transporting 13.5% of the wood used at the company's pulp mill in Barra do Riacho. In April 2005, an additional tugboat was added to the fleet, along with an additional barge.

Now, with the entire fleet operational, the maximum system capacity of 3.4 million cubic meters/year should be attained, representing 42% of the total amount of wood used by the Barra do Riacho mill.

Each barge has the capacity to carry about 5,000 cubic meters of wood, which is equivalent to the capacity of 100 logging trucks. This means that, besides optimizing transportation costs, the system will lead to a reduction of 200 trips/day by logging trucks on the BR 101 highway, thereby also reducing road traffic and the amount of diesel engine exhaust emissions.

Aracruz was the pioneer in Brazil in the use of coastal shipping (linking two ports within the same country) for the transportation of wood with barges and tugboats specially designed for the purpose.

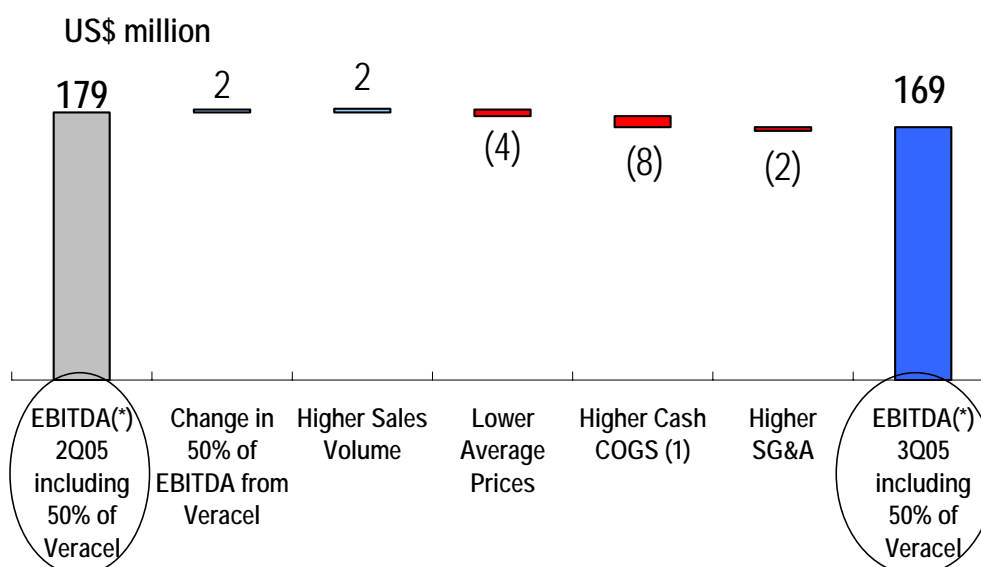
3. EBITDA calculation - change in methodology

Until the end of 2004, the EBITDA was calculated using the total amount of "depreciation, depletion and amortization" based on production. The methodology applied was liable to be affected by the difference between the production and sales volumes for a specific period.

In 2005, the EBITDA calculation reflects the amount of "depreciation, depletion and amortization" based on sales volume, in order to improve the quality of the information provided on a quarterly basis, given that in the full year figure these impacts have been minimized. As a result of this change in the calculation criteria, we reclassified the 2004 EBITDA in order for it to be comparable to 2005. See below:

| YEAR 2004 (US\$ million) | 3Q | | FY | |
|--|----------|-------|----------|-------|
| | previous | new | previous | new |
| Operating income | 91.4 | 91.4 | 356.7 | 356.7 |
| Depreciation and depletion in the results: | 53.6 | 56.2 | 206.9 | 206.1 |
| Depreciation and depletion | 53.6 | 53.6 | 206.9 | 206.9 |
| Depreciation and depletion - Inventory movement | - | 2.6 | - | (0,8) |
| EBITDA | 145.0 | 147.6 | 563.6 | 562.8 |
| Non-cash charges | 6.3 | 6.3 | 32.2 | 32.2 |
| Adjusted EBITDA | 151.3 | 153.9 | 595.8 | 595.0 |
| Adjusted EBITDA margin - % | 51% | 52% | 51% | 51% |

4. Adjusted EBITDA comparison 2Q05 vs. 3Q05 - US\$ million



(*) Adjusted for other non-cash items

(1) COGS = Cost of Goods Sold



In the third quarter, the decrease in the adjusted EBITDA was mainly due to lower net pulp prices and higher costs arising from pulp resold, partially offset by the increase in the "50% of Veracel EBITDA", when compared with the previous quarter.

Adjusted EBITDA considers other non-cash items and 50% of Veracel, as shown below:

| (US\$ million) | 3Q05 | 2Q05 |
|---|--------------|--------------|
| Net income | 72.0 | 56.4 |
| Financial income | (38.0) | (46.0) |
| Financial expenses | 30.4 | 44.5 |
| Income tax | 43.3 | 48.0 |
| Equity in results of affiliated companies | 23.2 | 30.2 |
| Gain on currency remeasurement, net | (10.5) | (19.9) |
| Other | (0.5) | (0.1) |
| Operating income | 119.9 | 113.1 |
| Depreciation and depletion in the results: | 47.9 | 50.9 |
| Depreciation and depletion | 54.7 | 52.8 |
| Depreciation and depletion - Inventory movement | (6.8) | (1.9) |
| EBITDA | 167.8 | 164.0 |
| Non-cash charges | (4.1) | 11.5 |
| Provision for labor indemnity | 0.6 | 0.7 |
| Provision (reversal) for loss on ICMS credits | (10.1) | 6.4 |
| Provision for a tax contingency | 4.2 | 3.6 |
| Fixed asset write-offs | 0.6 | 0.4 |
| Loss on the sale of obsolete spare parts | 0.6 | 0.4 |
| Adjusted Aracruz EBITDA | 163.7 | 175.5 |
| 50% of Veracel EBITDA | 5.5 | 3.6 |
| Adjusted total EBITDA | 169.2 | 179.1 |
| Adjusted EBITDA margin - % | 52% | 55% |

Note: In the main body of the text (p.2 - 11), 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 on the São Paulo Stock Exchange (BOVESPA), on the Latin America Securities Market (Latibex), in Madrid - Spain, and on 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 - September 30, | | Nine-month period ended - September 30, | |
|--|---|----------------|--|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| Operating revenue | 370,229 | 343,174 | 1,082,496 | 955,780 |
| Domestic | 19,308 | 19,819 | 47,141 | 47,608 |
| Export | 350,921 | 323,355 | 1,035,355 | 908,172 |
| Sales taxes and other deductions | 45,283 | 44,376 | 135,722 | 110,531 |
| Net operating revenue | 324,946 | 298,798 | 946,774 | 845,249 |
| Pulp | 312,503 | 286,739 | 912,232 | 811,359 |
| Paper | 12,443 | 9,599 | 34,493 | 26,782 |
| Sawn wood | | 2,460 | 49 | 7,108 |
| Operating costs and expenses | 205,045 | 207,421 | 612,468 | 583,114 |
| Cost of sales | 184,522 | 178,930 | 531,439 | 504,390 |
| Pulp | 177,034 | 169,800 | 509,952 | 478,010 |
| Cost of sales related to pulp production and purchases | 152,904 | 143,607 | 434,656 | 402,791 |
| Inland freight, ocean freight and insurance | 24,130 | 26,193 | 75,296 | 75,219 |
| Paper | 7,488 | 5,872 | 21,440 | 17,041 |
| Sawn wood | | 3,258 | 47 | 9,339 |
| Selling | 16,183 | 14,120 | 46,410 | 38,544 |
| Administrative | 8,782 | 7,482 | 22,718 | 23,113 |
| Other, net | (4,442) | 6,889 | 11,901 | 17,067 |
| Operating income | 119,901 | 91,377 | 334,306 | 262,135 |
| Non-operating (income) expenses | 4,514 | 20,447 | 22,468 | 51,545 |
| Financial income | (38,032) | (17,397) | (107,197) | (35,075) |
| Financial expenses | 30,395 | 31,537 | 104,872 | 88,880 |
| Interest on financing | 25,394 | 24,131 | 74,392 | 69,521 |
| Other | 5,001 | 7,406 | 30,480 | 19,359 |
| (Gain) loss on currency re-measurement, net | (10,479) | (179) | (28,912) | (8,659) |
| Equity results of affiliated companies | 23,213 | 6,511 | 54,439 | 6,434 |
| Other, net | (583) | (25) | (734) | (35) |
| Income before income taxes | 115,387 | 70,930 | 311,838 | 210,590 |
| Income taxes | 43,347 | 41,152 | 113,087 | 45,331 |
| Current | (3,754) | 30,597 | 78,111 | 35,658 |
| Deferred | 47,101 | 10,555 | 34,976 | 9,673 |
| Net income for the period | 72,040 | 29,778 | 198,751 | 165,259 |
| Depreciation and depletion in the results: | 47,868 | 56,233 | 146,363 | 148,161 |
| Pulp production cost | 49,116 | 48,497 | 150,933 | 144,361 |
| Forests and other | 4,175 | 3,149 | 2,682 | 5,383 |
| Other operating costs and expenses | 1,353 | 2,011 | 4,027 | 6,086 |
| Sub-total | 54,644 | 53,657 | 157,642 | 155,830 |
| Inventory movement | (6,776) | 2,576 | (11,279) | (7,669) |
| EBITDA | 167,769 | 147,610 | 480,669 | 410,296 |
| EBITDA (adjusted for other non-cash items) | 163,703 | 153,918 | 495,124 | 430,660 |



ARACRUZ CELULOSE S.A. – CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of US dollars)

| ASSETS | Sep. 30, 2005 | Dec.31, 2004 | LIABILITIES | Sep. 30, 2005 | Dec.31, 2004 |
|---|------------------|------------------|--|------------------|------------------|
| Current assets | 1,107,526 | 833,113 | Current Liabilities | 450,111 | 274,806 |
| Cash and cash equivalents | 113,633 | 36,474 | Suppliers | 48,597 | 52,869 |
| Short-term investments | 523,202 | 412,110 | Payroll and related charges | 20,146 | 15,486 |
| Accounts receivable | 195,742 | 208,336 | Income and other taxes | 39,736 | 42,123 |
| Inventories, net | 164,941 | 126,220 | Current portion of long-term debt | | |
| Deferred income tax, net | 11,084 | 9,853 | Related party | 61,384 | 51,567 |
| Recoverable income and other taxes | 88,872 | 36,984 | Other | 169,769 | 89,706 |
| | | | Short-term debt - export financing and other | 92,785 | 3,767 |
| Other current assets | 10,052 | 3,136 | Accrued financial charges | 10,835 | 7,894 |
| Property, plant and equipment, net | 2,077,086 | 2,133,896 | Interest on stockholders' equity payable | 1,125 | 10,433 |
| Investment in affiliated company | 266,781 | 273,890 | Other accruals | 5,734 | 961 |
| Goodwill | 207,050 | 207,050 | Long-term liabilities | 1,405,302 | 1,440,265 |
| Other assets | 90,280 | 81,709 | Long-term debt | | |
| Long-term investments | 1,913 | 1,601 | Related party | 165,634 | 178,588 |
| Advances to suppliers | 60,276 | 50,685 | Other | 893,715 | 1,044,140 |
| Deposits for tax assessments | 21,141 | 17,369 | Deferred income tax, net | 86,841 | 50,645 |
| Recoverable income and other taxes | 2,952 | 6,675 | Tax assessment and litigation contingencies | 223,100 | 130,846 |
| Other | 3,998 | 5,379 | Suppliers | 11,849 | 14,118 |
| | | | Other | 24,163 | 21,928 |
| | | | Minority interest | 116 | 300 |
| | | | Stockholders' equity | 1,893,194 | 1,814,287 |
| TOTAL | 3,748,723 | 3,529,658 | TOTAL | 3,748,723 | 3,529,658 |



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

| | Three-month period ended - Sep. 30, | | Nine-month period ended - Sep. 30, | |
|---|-------------------------------------|----------|------------------------------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| Cash flows from operating activities | | | | |
| Net income for the period | 72,040 | 29,778 | 198,751 | 165,259 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and depletion | 54,644 | 53,657 | 157,642 | 155,830 |
| Equity results of affiliated company | 23,213 | 6,511 | 54,439 | 6,434 |
| Deferred income tax | 47,101 | 10,555 | 34,976 | 9,673 |
| Loss (gain) on currency re-measurement | (10,479) | (179) | (28,912) | (8,659) |
| Loss (gain) on sale of equipment | 646 | (9) | 1,000 | 223 |
| Decrease (increase) in operating assets | | | | |
| Accounts receivable, net | 11,283 | (11,490) | 4,389 | 31,550 |
| Inventories, net | (11,130) | 3,858 | (38,721) | (15,185) |
| Interest on short-term investments | (18,923) | (52,542) | (61,223) | (65,737) |
| Recoverable income taxes | (22,950) | (2,643) | (38,539) | (7,958) |
| Other | (1,885) | (1,936) | (5,759) | (4,597) |
| Increase (decrease) in operating liabilities | | | | |
| Suppliers | 704 | (1,081) | (8,452) | (38,551) |
| Payroll and related charges | 4,621 | 3,416 | 3,787 | (2,019) |
| Tax assessment and litigation contingencies | (20,433) | 31,011 | 52,694 | 26,623 |
| Accrued financial charges | 2,158 | 1,786 | 2,887 | 2,789 |
| Other | (8,306) | 2,667 | 3,845 | 6,538 |
| Net cash provided by operating activities | 122,304 | 73,359 | 332,804 | 262,213 |
| Cash flows from investing activities | | | | |
| Short-term investments | 39,757 | 18,623 | 36,987 | (11,153) |
| Proceeds from sale of equipment | 424 | 9 | 505 | 594 |
| Investments in affiliate | (21,830) | (44,000) | (47,330) | (89,000) |
| Additions to property, plant and equipment | (50,422) | (31,453) | (102,222) | (69,801) |
| Net cash used in investing activities | (32,071) | (56,821) | (112,060) | (169,360) |
| Cash flows from financing activities | | | | |
| Short-term debt, net | 41,914 | 3,699 | 97,587 | (111,235) |
| Long-term debt | | | | |
| Issuance | | | 25,000 | 307,488 |
| Repayments | (82,473) | (23,413) | (140,165) | (179,308) |
| Treasury stock | (351) | | (351) | |
| Dividends and interest on stockholders' equity paid | (10,748) | | (132,159) | (115,892) |
| Net cash used in financing activities | (51,658) | (19,714) | (150,088) | (98,947) |
| Effects of exchange rate changes on cash and cash equivalents | 2,779 | (421) | 6,503 | 3,339 |
| Increase (decrease) in cash and cash equivalents | 41,354 | (3,597) | 77,159 | (2,755) |
| Cash and cash equivalents, beginning of the period | 72,279 | 67,126 | 36,474 | 66,284 |
| Cash and cash equivalents, end of the period | 113,633 | 63,529 | 113,633 | 63,529 |



Reconciliation of Results of Operation

| Brazilian GAAP v US GAAP (US\$ million) | 3Q 2005 | YTD 2005 |
|---|--------------|--------------|
| Net Income Parent Company (Brazilian GAAP) | 128.6 | 444.4 |
| Realized (Unrealized) profits from subsidiaries | 5.0 | 1.3 |
| Net Income Consolidated (Brazilian GAAP) | 133.6 | 445.7 |
| Depreciation, depletion and asset write-offs | (2.6) | (24.9) |
| Income tax provision - Fas 109 | 4.6 | (3.0) |
| Equity results of affiliated company | (19.2) | (47.7) |
| Reversal of goodwill amortization | 14.8 | 39.6 |
| Foreign-exchange variation | (59.2) | (210.9) |
| Net Income Consolidated - (US GAAP) | 72.0 | 198.8 |

Exchange rate at the end of September (US\$1.0000 = R\$2.2222)

Non-GAAP information Reconciliation

| | 3Q05 | | | 2Q05 | | | 3Q04 | | |
|---|-----------------|--------------------|-----------------|-----------------|--------------------|-----------------|-----------------|--------------------|-----------------|
| | 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 | 152.9 | 614.3 | | 146.1 | 608.0 | | 143.6 | 631.6 | |
| Pulp inventories beginning of the period | (96.3) | (371.0) | | (82.7) | (334.8) | | (95.3) | (392.2) | |
| Pulp purchased | (10.3) | (34.1) | | (3.0) | (7.0) | | - | - | |
| Pulp for paper production | 2.8 | 12.2 | | 2.4 | 11.3 | | 2.3 | 10.1 | |
| Other | (0.4) | - | | (1.0) | - | | 2.0 | - | |
| Pulp inventories end of the period | 101.3 | 379.4 | | 96.3 | 371.0 | | 84.6 | 333.7 | |
| Pulp production cost | 150.0 | 600.8 | 250 | 158.1 | 648.5 | 244 | 137.2 | 583.2 | 235 |
| Depreciation and depletion in the production cost | (49.1) | - | (82) | (51.5) | - | (80) | (48.5) | - | (83) |
| Cash production cost | 100.9 | 600.8 | 168 | 106.6 | 648.5 | 164 | 88.7 | 583.2 | 152 |

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 be incapable of being realized. 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, as a result of various 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.