

### Celulosa Arauco y Constitución S.A. in brief

Arauco is a group of industrial, forestry and commercial companies owned by the Chilean corporation Celulosa Arauco y Constitución S.A.

In Chile, Arauco owns the country's largest area of forest plantations, mostly of radiata pine and eucalyptus. It also owns forest plantations in Argentina, Brazil and Uruguay.

Arauco has an annual production capacity of 3 million tonnes of Kraft pulp, 2.6 million m<sup>3</sup> of wood panels, 3.4 million m<sup>3</sup> of sawn timber and 463 thousand m<sup>3</sup> of remanufactured wood products.

Its wide international reach is the result of sustained industrial growth and a significant increase in its product lines which has been the hallmark of Arauco's growth in recent years.

#### KEY FIGURES

| US\$ Million                  | Q1<br>2007 | Q4<br>2007 | Q1<br>2008 | Q1/08<br>vs<br>Q1/07 | Q1/08<br>vs<br>Q4/07 |
|-------------------------------|------------|------------|------------|----------------------|----------------------|
| Sales                         | 804        | 1.002      | 956        | 19,0%                | -4,6%                |
| Gross Profit                  | 385        | 423        | 426        | 10,6%                | 0,7%                 |
| Operating income              | 245        | 245        | 252        | 3,0%                 | 2,9%                 |
| EBITDA <sup>(1)</sup>         | 328        | 343        | 342        | 4,1%                 | -0,4%                |
| Net income                    | 165        | 174        | 187        | 13,7%                | 7,6%                 |
| CAPEX                         | 189        | 385        | 125        | -34,1%               | -67,6%               |
| Net Financial Debt            | 2.167      | 2.263      | 2.248      | 3,8%                 | -0,7%                |
| Capitalization <sup>(2)</sup> | 7.272      | 7.944      | 8.145      | 12,0%                | 2,5%                 |
| EBITDA Margin                 | 40,9%      | 34,3%      | 35,8%      |                      |                      |
| ROCE                          | 10,6%      | 10,6%      | 9,9%       |                      |                      |

(1) EBITDA = Operating Income + Depreciation + Stumpage

(2) Capitalization = Financial Debt + Equity (includes Forestry Reserve)

#### Conference Call

May 5, 2008, at 12:00 pm EST (New York time) / 12:00 pm Santiago time

Please Dial: (1) (973) 935-8893

Conference ID: 45450627

|              |   |  |                    |                              |                               |
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## Summary of First Quarter 2008 Results

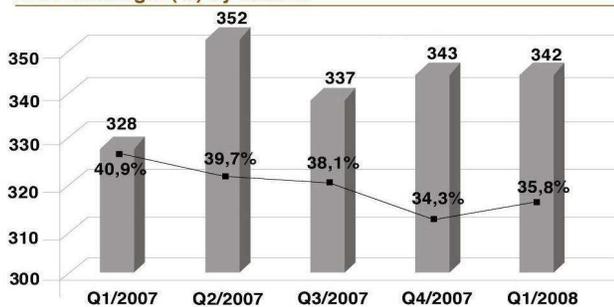
### Q1 2008 vs Q1 2007 review:

- Arauco’s consolidated sales reached U.S.\$956 million during the first quarter of 2008, an increase of 19.0% over the U.S.\$804 million obtained in the first quarter of 2007. The increase in consolidated sales is the result of a strong increase in sales of pulp, followed by higher sales of panels and energy. The increase in all these products is mainly explained by higher market prices as well as to an increase in sales volume.
- During the first quarter of 2008 consolidated EBITDA reached U.S.\$342 million, an increase of 4.1% compared to the U.S.\$328 million EBITDA reached during the same period of 2007. This growth is mainly due to an improvement in the Pulp and Panels Division’s EBITDA, partially offset by a lower EBITDA of the Forestry Division.
- Arauco’s net consolidated income for the first quarter of 2008 reached U.S.\$187 million, an increase of 13.7% compared to the U.S.\$ 165 million obtained in the first quarter of the previous year. This increase is the result of a higher Operating Income and to a better result in Foreign exchange gains.
- Capital expenditures during the first quarter of 2008 reached U.S.\$125 million, a 34.1% decrease compared to the U.S.\$189 million expended during the first quarter of 2007. The lower Capex when compared to the first quarter of 2007 is the result of a decrease in the Forestry Division’s Capex as compared to the high level of investments done in the first quarter of 2007, due to the acquisition of radiata pine plantations from Forestal Anchile in January of 2007 (U.S.\$43.6 million).

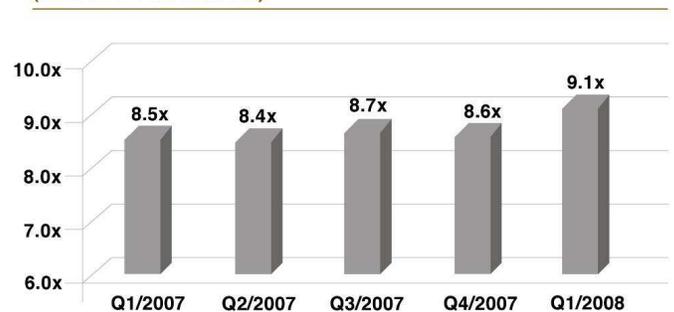
### Q1 2008 vs. Q4 2007 review:

- Arauco’s consolidated sales decreased 4.6% during the first quarter of 2008 compared to the U.S.\$1,002 million reached in the fourth quarter of 2007. This decrease is the result of lower sales of pulp and sawn timber.
- Arauco’s consolidated EBITDA decreased 0.4% from the U.S.\$343 reached during the fourth quarter of 2007. This lower EBITDA is mainly explained by a decrease in the EBITDA of the Forestry (-13.6%), Sawn Timber (-27.7%) and Panels (-7.2%) Divisions, compensated by an increase in the Pulp Division’s EBITDA (8.2%).
- Net consolidated income for the first quarter of 2008 increased by 7.6% compared to the US\$174 million obtained during the fourth quarter of 2007. The increase in net income for the first quarter of 2008 was mainly due to an increase in Operating Income and higher Foreign exchange gains.
- Capital expenditures during the first quarter of 2008 reached U.S.\$125 million, 67.6% lower than the fourth quarter of 2007. This decrease in CAPEX is mainly explained by higher forestry investments during the fourth quarter of 2007, related to the Stora Enso assets acquisition.

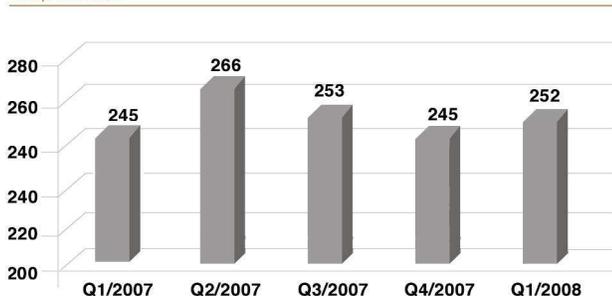
#### EBITDA (US\$ MM) & EBITDA Margin (%) by Quarter



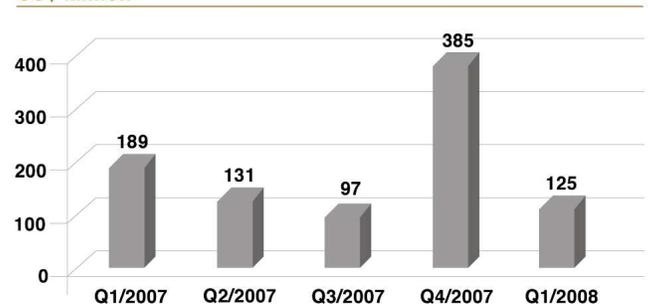
#### Interest Coverage Ratio (EBITDA / Net Interest)



#### Operating Income by Quarter US\$ Million



#### Capex by Quarter US\$ Million





**CONSOLIDATED INCOME STATEMENT ANALYSIS**

**Arauco revenue summary, Q1 2007 – Q1 2008**

| <b>Arauco Quarterly Sales<br/>(U.S.\$ million)</b> | <b>Q1/07</b> | <b>Q2/07</b> | <b>Q3/07</b> | <b>Q4/07</b> | <b>Q1/08</b> |
|--|--------------|--------------|--------------|--------------|--------------|
| Pulp Division                                      | 386          | 440          | 429          | 475          | 443          |
| Sawn Timber Division                               | 174          | 184          | 206          | 206          | 184          |
| Panels Division                                    | 195          | 193          | 224          | 242          | 236          |
| Forestry Division                                  | 17           | 21           | 20           | 26           | 31           |
| Other  | 33           | 47           | 6            | 53           | 62           |
| <b>Total</b>                                       | <b>804</b>   | <b>885</b>   | <b>885</b>   | <b>1.002</b> | <b>956</b>   |

Arauco’s consolidated sales for the first quarter of 2008 reached U.S.\$956 million, an increase of 19.0% over the U.S.\$804 million obtained in the first quarter of 2007 (Figure 1). The growth in consolidated sales is explained by an increase in sales of pulp, followed by higher sales of panels and energy.

Compared to the U.S.\$1,002 million obtained in the fourth quarter of 2007, consolidated sales were 4.6% lower during the first quarter of 2008, mainly as a result of lower sales of pulp and sawn timber. (Figure 2).

The breakdown of sales by product for the first quarter of 2008 is presented in Figure 3.

**Pulp Division Sales**

Pulp sales reached U.S.\$443 million during the first quarter of 2008, a 14.8% increase compared to the same quarter of the previous year. This growth is mainly explained by higher average prices of 11.0% and to a 3.4% increase in sales volume. The higher average prices reached during the quarter when compared to the first quarter of 2007 are the result of a better global pulp market scenario than a year ago. In terms of sales volume, the growth is mainly explained by the additional production that came from the Nueva Aldea Pulp Mill, which was under its start-up process during the first quarter of 2007.

Compared with the U.S.\$475 million sold during the fourth quarter of 2007, pulp sales decreased by 6.9%. This decrease was mainly due to lower sales volume of 9.3%, partially offset by higher average prices of 2.7%. Sales volume was lower than the previous quarter due to low operational stocks and shipments delays due to a tight shipment market.

During the first quarter of 2008 the global pulp market remained firm, especially due to supply restrictions faced by some short fiber producers, as well as higher costs of raw materials that come from Russia, which are mainly used by the Scandinavian producers.

FIG. 1

**Sales by Product Q1/2007 - Q1/2008**  
US\$ Million

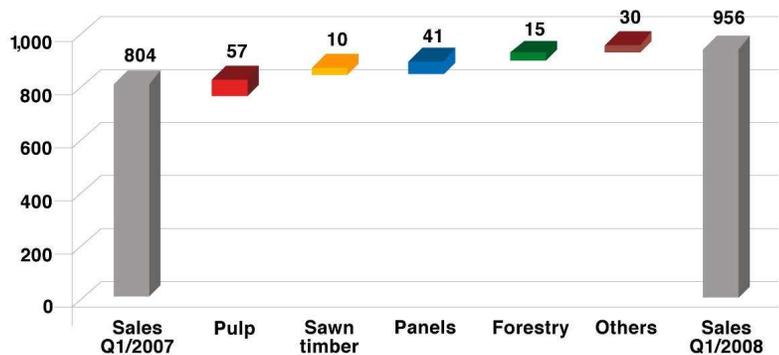
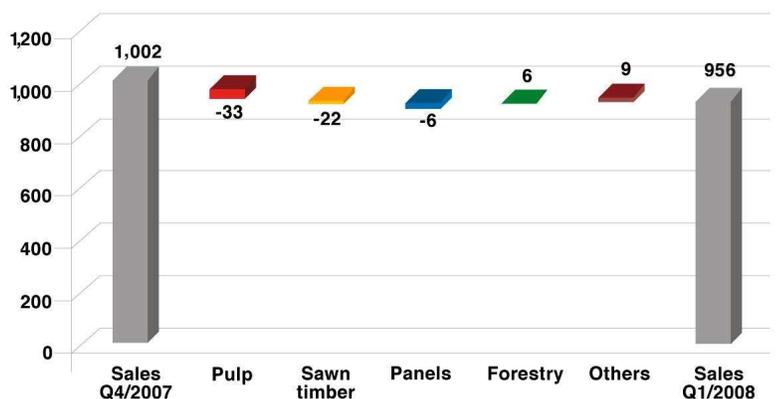


FIG. 2

**Sales by Product Q4/2007 - Q1/2008**  
US\$ Million





## CONSOLIDATED INCOME STATEMENT ANALYSIS

### Sawn Timber Division Sales

During the first quarter of 2008 sales of sawn timber and remanufactured wood products reached U.S.\$184 million, a growth of 5.8% when compared to the same period of 2007. This positive effect is mainly due to an increase in sales volume of 3.5%, and higher average prices of 2.2%. Both sales volume and prices have increased during the first quarter of 2008 in comparison to the first quarter of 2007 due to an increase in sales volume and prices of sawn timber.

However, the housing industry crisis in the US is still affecting this division and it is expected to keep affecting this industry throughout the year.

Compared to the U.S.\$206 million sold during the fourth quarter of 2007, sawn timber sales decreased by 10.5%. This decrease was mainly due to lower average prices and sales volume of 6.7% and 3.8% respectively. The decrease in average prices is mainly explained by a change in the mix of products sold during the quarter.

During the first quarter of this year the market has shown a greater availability of sawn timber, especially in Europe. This phenomenon has been translated in a reduction of prices in this region as well as in the Middle East and in the north of Africa.

### Panels Division Sales

During the first quarter of 2008, sales of panels reached U.S.\$236 million, experimenting a growth of 21.2% compared to the first quarter of 2007. This increase in sales is mainly due to higher average prices of 15.4%, together with higher sales volume of 5.0%. The increase in average prices is explained by a good demand coming from our main markets. In the case of the higher sales volume, the main reason for this increase is the additional production of plywood that is coming from the start-up process of the second line of plywood at the Nueva Aldea Complex.

Panels sales decreased by 2.6% in the first quarter of this year when compared to the U.S.\$242 million obtained in the fourth quarter of 2007. This decrease is mainly explained by lower sales volume of 3.7%, partially offset by higher average prices of 1.1%. The decrease in sales volume came from lower sales in Chile. In terms of prices, the increase is mainly explained by higher prices of MDF, PBO and HB sold to the furniture industry.

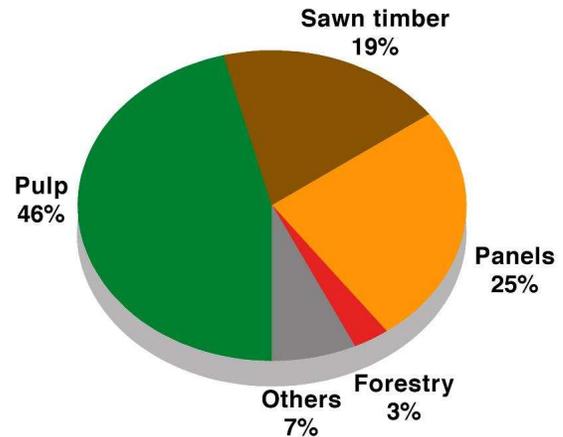
In general, the US Housing Industry Crisis has not had a significant impact in the Panels Division due to the high diversification in markets and products in which this division operates.

### Operating Income

Arauco's Operating Income for the first quarter of 2008 reached U.S.\$ 252 million, increasing 3.0% from the U.S.\$ 245 million obtained in the first quarter of 2007. This positive effect is mainly explained by a strong increase in sales of pulp (+14.8%), followed by higher sales of panels (+21.2%) and energy (+108.9%). This positive effect was partially offset by higher costs of chemicals, wood, energy, and sawing costs.

Compared to the U.S.\$ 245 million obtained in the fourth quarter of 2007, Operating Income experimented an increase of 2.9%. This positive effect is mainly due to lower Cost of Sales and Selling and Administrative Expenses of 8.4% and 2.4% respectively, partially offset by a decrease in consolidated sales of 4.6%. The decrease in Cost of Sales is mainly explained by lower sales volume of pulp and panels. Unit costs of pulp remained stable during the first quarter of 2008 when compared to the fourth quarter of 2007 due to a higher production (higher absorption of fixed costs), offset by an increase in wood and chemicals costs.

FIG. 3  
Sales by Product  
First Quarter 2008





### CONSOLIDATED INCOME STATEMENT ANALYSIS

#### Net Income

Net Income for the first quarter of 2008 reached U.S.\$ 187 million (Figure 4), an increase of 13.7% compared to the U.S.\$ 165 million obtained in the first quarter of the previous year. This increase is the result of a 3.0% increase in Operating Income and to a strong increase in Foreign exchange gains, as a result of a strong appreciation of the Chilean peso and Euro which affects our net position in these currencies, specially in Recoverable Taxes and Local accounts receivable in the case of the Chilean peso and in Marketable Securities in the case of the Euro.

Compared to the U.S.\$ 174 million obtained in the fourth quarter of 2007, Consolidated Net Income increased by 7.6% (Figure 5). This increase in Consolidated Net Income is mainly explained by the strong increase registered in Foreign exchange gains during the quarter.

#### EBITDA

Consolidated EBITDA for the first quarter of 2008 reached U.S.\$342 million, an increase of 4.1% compared to the U.S.\$328 million for the same period of 2007 (Figure 6). This increase in consolidated EBITDA is principally due to a higher Pulp and Panels Divisions' EBITDA, which grew 9.9% and 24.3% respectively. The increase in EBITDA of these divisions is mainly explained to higher sales as a result of a better market price scenario and higher sales volume. The increase in consolidated EBITDA was partially offset by a lower Forestry Division's EBITDA of 32.9%.

Consolidated EBITDA for this quarter was 0.4% lower than the U.S.\$343 million EBITDA for the previous quarter (Figure 7). The explanation for this effect was a decrease of 13.6% and 27.7% in the EBITDA of the Forestry and Sawn Timber Divisions respectively, partially offset by an increase of 8.2% in the Pulp Division's EBITDA explained by the higher margins coming from the sale of energy to the national grid, which is included in the pulp business division EBITDA. The decrease of the Sawn Timber Division's EBITDA is mainly explained by lower average prices and higher costs of freights.

FIG. 4

Net Income Q1/2007 - Q1/2008  
US\$ Million

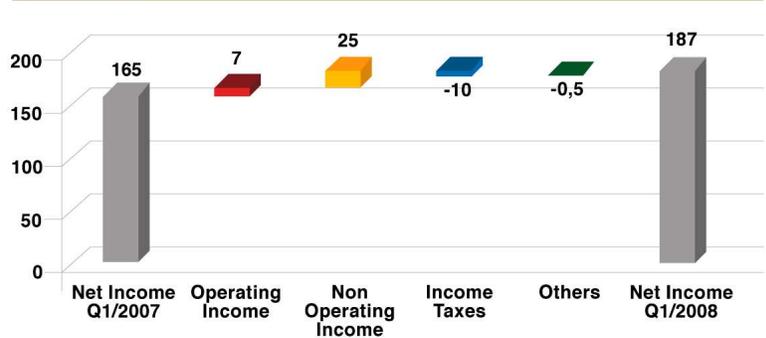


FIG. 5

Net Income Q4/2007 - Q1/2008  
US\$ Million

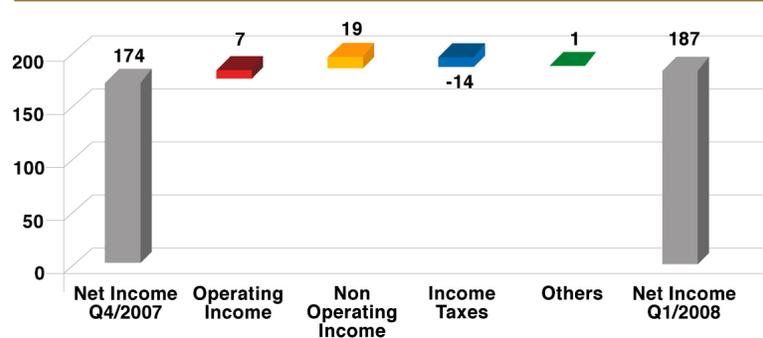


FIG. 6

EBITDA by Division Q1/2007 - Q1/2008  
US\$ Million

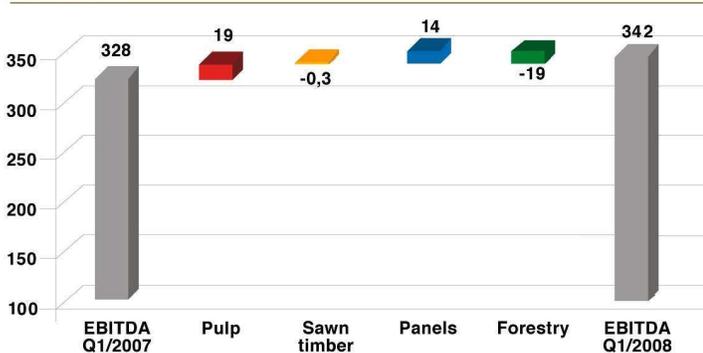
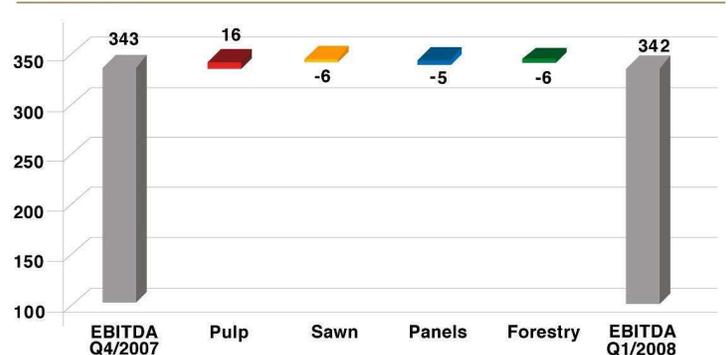


FIG. 7

EBITDA by Division Q4/2007 - Q1/2008  
US\$ Million





## CONSOLIDATED INCOME STATEMENT ANALYSIS

### Production

Compared to the first quarter of 2007, production volume during this quarter increased 7.6% in pulp and 4.1% in panels. Sawn timber production decreased by 1.3%. (Figure 8)

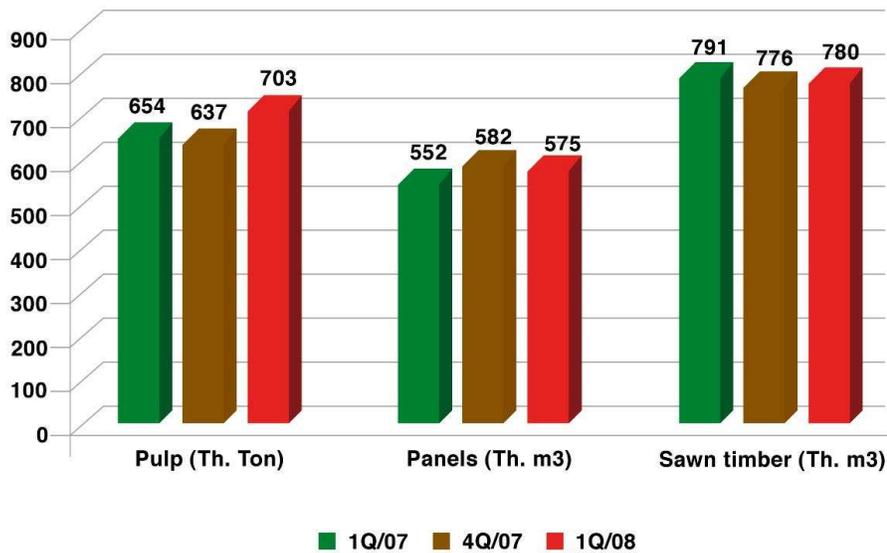
The increase in production of pulp is mainly explained by the normal operation of the Nueva Aldea Mill which was under its start-up process during the first quarter of 2007. In the case of panels production, the increase came from the normal operation of the Faplac Mill in Argentina as compared to the first quarter of 2007 when the mill faced a strike, and from the additional production of plywood in the Nueva Aldea Complex, where the second line is under its start-up process.

Compared to the previous quarter, production of pulp and sawn timber increased by 10.5% and 0.5% respectively. In the case of panels, production decreased by 1.3%.

The increase in pulp production is mainly explained by the reopening of the Licancel Mill which was closed during the second semester of 2007 and by the normal operation of the Arauco and Alto Paraná Mills which stopped during the fourth quarter of 2007 for a scheduled annual maintenance.

FIG. 8

### Production Volume





## CONSOLIDATED BALANCE SHEET ANALYSIS

### Assets

Current Assets reached U.S.\$ 2,194 million as of March 31, 2008, a 30.8% increase compared to the first quarter of 2007. This growth is the result of an increase in Account Receivables, Marketable Securities and Inventories. Compared to the U.S.\$ 1,936 million for the fourth quarter of 2007, Current Assets increased by 13.4%. The growth in Current Assets is mainly explained by an increase in Inventories followed by higher Marketable Securities and Account Receivables.

Fixed Assets reached U.S.\$ 6,607 million as of March 31, 2008, a 7.5% increase compared to the first quarter of 2007. This increase in Fixed Assets was the result of a growth in Other Fixed Assets, Land and Machinery and Equipment (M&E). The increase in Other Fixed Assets and in Land is mainly explained by the acquisition of forestry assets to Stora Enso in Brazil during the last quarter of 2007. The increase in Machinery and Equipment is mainly explained by the construction of the second line at the Nueva Aldea Plywood Mill and to the construction of the Nueva Aldea Pipeline.

Fixed assets increased by 0.5% during the first quarter of 2008 compared to the U.S.\$ 6,578 million reached at the end of the fourth quarter of 2007.

| FINANCIAL DEBT                       |                |                |                |
|--------------------------------------|----------------|----------------|----------------|
| US\$ million                         | Q1 2007        | Q4 2007        | Q1 2008        |
| Short term Debt                      | 126,8          | 168,4          | 215,8          |
| Short-term portion of long-term debt | 268,0          | 129,2          | 202,5          |
| Long term financial debt             | 1.945,3        | 2.233,1        | 2.151,9        |
| <b>TOTAL FINANCIAL DEBT</b>          | <b>2.340,1</b> | <b>2.530,6</b> | <b>2.570,1</b> |
| Cash & equivalents                   | 173,2          | 267,2          | 343,8          |
| <b>NET FINANCIAL DEBT</b>            | <b>2.166,9</b> | <b>2.263,4</b> | <b>2.226,3</b> |

### Liabilities

Total Current Liabilities reached U.S.\$ 828 million during the first quarter of 2008, an increase of 4.9% compared to the U.S.\$ 789 million for the first quarter of 2007. This increase is mainly explained by a 70.2% increase in Short-term debt and a 27.7% increase in Accounts Payable, partially offset by a lower Current portion of Bonds Payable after the payment of U.S.\$100 million of a Yankee Bond due in December of 2007.

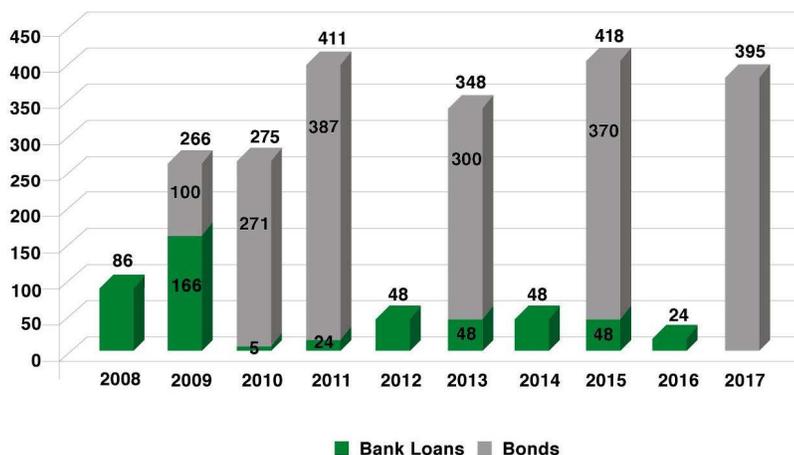
Compared to the U.S.\$ 631 million in the fourth quarter of 2007, Current Liabilities increased by 31.2%. This increase is mainly explained by the movement to current portion of U.S.\$ 80 million of a syndicated loan from Long Term Bank Borrowings.

Long Term Liabilities reached U.S.\$ 2,459 million at the end of the first quarter of 2008, an increase of 13.0% compared to the U.S.\$2,176 million for the first quarter of 2007. This growth in Long Term Liabilities was due to an increase in Long-term Bonds after the issuance in June 2007 of the US\$ 270 million "Alto Paraná" Bond due 2017.

Compared to the previous quarter Long-Term Liabilities decreased by 2.6%. This decrease is the result of the movement to current portion of U.S.\$ 80 million of a syndicated loan from Long Term Bank Borrowings.

FIG. 9

### Long Term Debt Amortization US\$ Million



### Shareholders Equity

Arauco's Shareholders' Equity grew 13.0% from U.S.\$4.9 billion at the end of the first quarter of 2007 to U.S.\$5.6 billion during the first quarter of 2008. This growth is the result of an increase of 14.7% in Retained Earnings and to a growth of 12.9% in Other Reserves due to the forestry valuation which is adjusted at the end of every year.

Compared to the fourth quarter of 2007, Shareholders' Equity increased by 3.0% explained by an increase of 5.8% in Retained Earnings, and compensated by a decrease of 1.5% in Other Reserves.



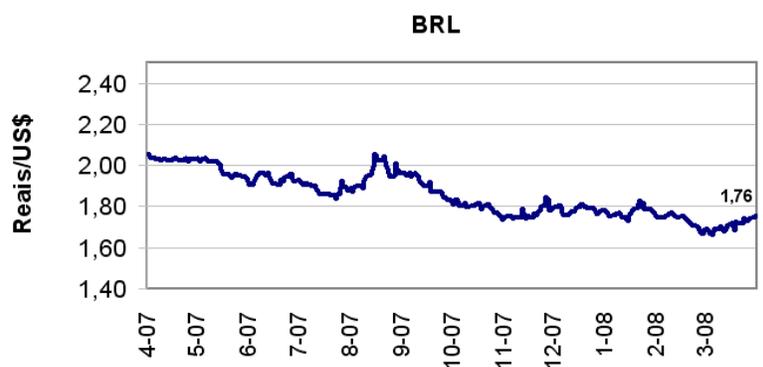
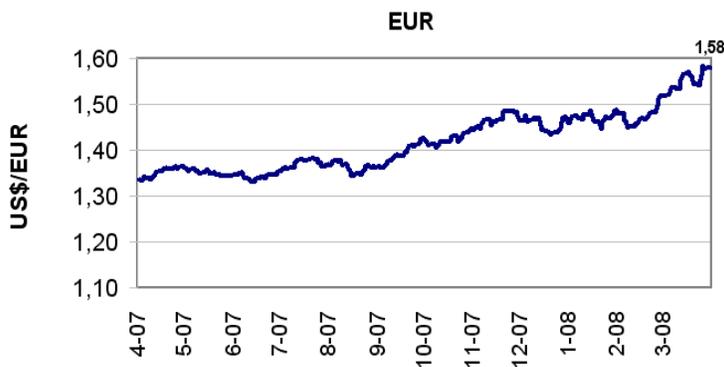
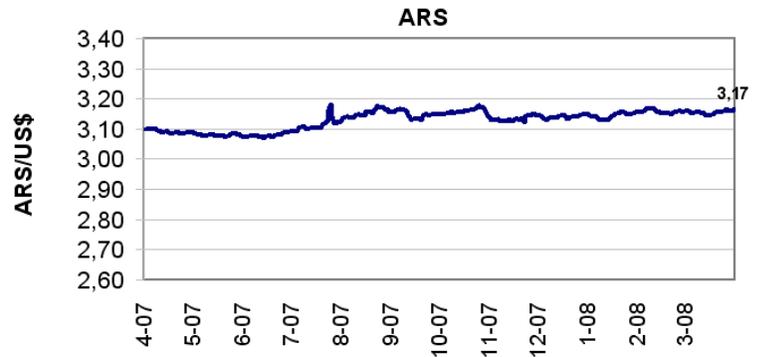
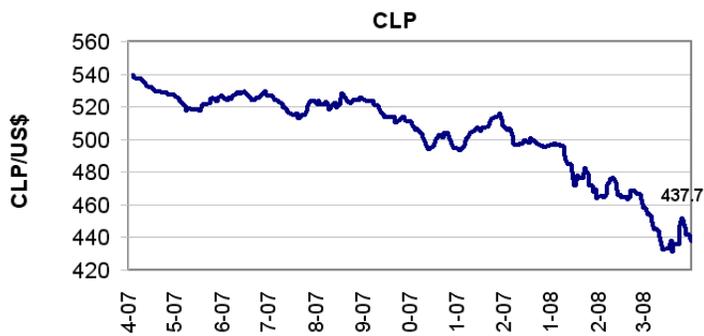
Main Financial Ratios of Arauco:

**FINANCIAL RATIOS**

|   | Q1/07 | Q4/07 | Q1/08 |
|---|-------|-------|-------|
| <b>Profitability</b>                                      |       |       |       |
| Gross margin  | 47,9% | 42,2% | 44,5% |
| Operating margin  | 30,4% | 24,4% | 26,3% |
| EBITDA margin   | 40,9% | 34,3% | 35,8% |
| ROA (EBIT / Average Total Assets)                         | 12,4% | 11,8% | 11,5% |
| ROCE (EBIT (1 - tax rate) / Average Total Capitalization) | 10,8% | 10,6% | 9,9%  |
| ROE (Net Income / Average Equity)                         | 13,5% | 13,3% | 13,6% |
| <b>Leverage</b>   |       |       |       |
| Interest Coverage Ratio (EBITDA / Net Interest)           | 8,5x  | 8,6x  | 9,0x  |
| Interest Coverage Ratio (EBITDA / Gross Interest)         | 7,4x  | 7,3x  | 8,0x  |
| Average Net Financial Debt / EBITDA                       | 1,7x  | 1,6x  | 1,6x  |
| Total financial debt / Total Capitalization               | 32,2% | 31,9% | 31,6% |
| Net financial debt / Total Capitalization                 | 29,8% | 28,5% | 27,6% |
| Total financial debt / Equity                             | 47,4% | 46,7% | 46,1% |
| Net financial debt / Equity                               | 43,9% | 41,8% | 40,3% |

**Key Exchange Rates for the U.S. Dollar (closing rate)**

|                    | Q1/07 | Q2/07 | Q3/07 | Q4/07 | Q1/08 |
|--------------------|-------|-------|-------|-------|-------|
| One U.S. Dollar is |       |       |       |       |       |
| <b>CLP</b>         | 539,2 | 526,9 | 511,2 | 496,9 | 437,7 |
| <b>ARS</b>         | 3,10  | 3,09  | 3,15  | 3,15  | 3,17  |
| <b>BRL</b>         | 2,06  | 1,93  | 1,83  | 1,78  | 1,76  |
| <b>EUR</b>         | 1,34  | 1,35  | 1,43  | 1,46  | 1,58  |





## **First Quarter Events**

### **The Licancel Pulp Mill resumed its operations**

On January 16<sup>th</sup> 2008, the Licancel Pulp Mill (140.000 Adt per year) resumed its operations after being closed for about 7 months.

### **The Valdivia started to increase its annual production**

In March, 2008, the Valdivia Mill started to increase its production from 440,000 Adt/year to its full authorized capacity of 550,000 Adt/year. The mill will gradually increase its production in a term of 4 months, reaching full capacity during June of 2008.

### **Arauco closed the Arapotí Sawmill in Brazil**

In March, 2008, Arauco closed the Arapotí Sawmill (250,000 m3/year) in Brazil. This measure was taken due to the low demand for products coming from the external markets as a consequence of the housing industry crisis in the US and to the strong appreciation of the Brazilian Reais. Arauco will continue acting in the Brazilian market through the commercialization of its products through other productions units.

**FINANCIAL STATEMENTS**
**CONSOLIDATED INCOME STATEMENT**

| <b>US\$ Million</b>   | <b>Q1 2007</b> | <b>Q1 2008</b> |
|---|----------------|----------------|
| Net Sales   | 803,6          | 956,4          |
| Cost of sales   | -418,5         | -530,3         |
| <b>Gross profit</b>   | <b>385,1</b>   | <b>426,1</b>   |
| Selling and administrative expenses                                       | -140,5         | -174,1         |
| <b>Operating income</b>   | <b>244,7</b>   | <b>251,9</b>   |
| Interest Income   | 5,7            | 4,7            |
| Income on investments in related companies                                | 2,7            | 2,7            |
| Other non operating income  | 5,7            | 4,1            |
| Loss on investments in related companies                                  | 0,0            | -2,1           |
| Goodwill Amortization   | -0,7           | -0,0           |
| Interest expense  | -44,5          | -42,6          |
| Other non operating expenses  | -9,7           | -7,0           |
| Price-level restatement   | -0,0           | -0,1           |
| Foreign exchange gains (losses)   | 0,0            | 25,5           |
| <b>Non-operating income</b>   | <b>-40,8</b>   | <b>-14,9</b>   |
| <b>Income before taxes and extraordinary items</b>                        | <b>203,9</b>   | <b>237,1</b>   |
| Income taxes  | -40,2          | -50,3          |
| Extraordinary Items   | 0,0            | 0,0            |
| <b>Income before minority interest and negative goodwill amortization</b> | <b>163,7</b>   | <b>186,7</b>   |
| Minority interest   | 0,1            | -0,7           |
| <b>Net income after minority interest</b>                                 | <b>163,8</b>   | <b>186,0</b>   |
| Negative goodwill amortization  | 1,1            | 1,4            |
| <b>Net income for the period</b>  | <b>164,9</b>   | <b>187,4</b>   |

For more details on the Financial Statements, please refer to [www.svs.cl](http://www.svs.cl) or [www.arauco.cl](http://www.arauco.cl)

**FINANCIAL STATEMENTS**
**CONSOLIDATED BALANCE SHEET**

| <b>US\$ Million</b>                                 | <b>31/03/2007</b> | <b>31/03/2008</b> |
|---|-------------------|-------------------|
| Cash & cash equivalents                             | 173,2             | 343,8             |
| Account receivables                                 | 498,4             | 625,4             |
| Inventories   | 695,7             | 813,6             |
| Other current assets                                | 310,3             | 411,5             |
| <b>Total Current Assets</b>                         | <b>1.677,5</b>    | <b>2.194,3</b>    |
| Land  | 521,0             | 641,6             |
| Forest  | 2.577,5           | 2.879,1           |
| Buildings and other infrastructure                  | 1.986,2           | 2.089,8           |
| Machinery and equipment                             | 2.846,7           | 2.953,1           |
| Other Fixed Assets                                  | 538,1             | 578,5             |
| Accumulated Depreciation                            | -2.324,7          | -2.534,6          |
| <b>Total Fixed Assets</b>                           | <b>6.144,8</b>    | <b>6.607,5</b>    |
| <b>Total Other Assets</b>                           | <b>86,6</b>       | <b>126,2</b>      |
| <b>TOTAL ASSETS</b>                                 | <b>7.908,9</b>    | <b>8.927,9</b>    |
| Short-term debt                                     | 126,8             | 215,8             |
| Short-term portion of Long-term debt                | 268,0             | 202,5             |
| Accounts payable                                    | 226,4             | 289,1             |
| Other current liabilities                           | 167,6             | 120,1             |
| <b>Total Current Liabilities</b>                    | <b>788,9</b>      | <b>827,5</b>      |
| Long-term bank borrowings                           | 362,8             | 329,4             |
| Long-term bonds                                     | 1.582,5           | 1.822,5           |
| Other long term liabilities                         | 230,4             | 306,7             |
| <b>Total Long Term Liabilities</b>                  | <b>2.175,7</b>    | <b>2.458,6</b>    |
| <b>Minority Interest</b>                            | <b>12,5</b>       | <b>67,3</b>       |
| <b>Total Shareholder's Equity</b>                   | <b>4.931,8</b>    | <b>5.574,6</b>    |
| <b>TOTAL LIABILITES &amp; SHAREHOLDER 'S EQUITY</b> | <b>7.908,9</b>    | <b>8.927,9</b>    |

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**FINANCIAL STATEMENTS**
**CONSOLIDATED STATEMENT OF CASH FLOWS**

| US\$ Million  | Q1 2007       | Q1 2008       |
|---|---------------|---------------|
| Net income (loss) for the period                            | 164,9         | 187,4         |
| Results on sales of assets                                  | -0,1          | 0,1           |
| Depreciation  | 58,3          | 59,0          |
| Charges (credits) to income not affecting cash flow         | 18,6          | -8,7          |
| Changes in assets, affecting cash flow                      | -8,3          | -122,3        |
| Changes in liabilities, affecting cash flow                 | 18,4          | 30,4          |
| Profit (loss) of minority interest                          | -0,1          | 0,7           |
| <b>Net cash provided by (used in) operating activities</b>  | <b>251,6</b>  | <b>146,6</b>  |
| Debt issuance   | 205,0         | 228,6         |
| Debt repayment  | -278,5        | -179,8        |
| Dividends Paid  | 0,0           | 0,0           |
| Others  | 0,0           | 0,0           |
| <b>Net cash provided by (used in) financing activities</b>  | <b>-73,4</b>  | <b>48,8</b>   |
| Capital Expenditures  | -189,5        | -124,9        |
| Other investment cash flow                                  | -0,4          | 0,1           |
| <b>Net cash provided by (used in) investing activities</b>  | <b>-189,8</b> | <b>-124,8</b> |
| <b>Total positive (negative) cash flow of the period</b>    | <b>-11,7</b>  | <b>70,6</b>   |
| Effect of inflation on cash and cash equivalents            | 0,6           | 6,0           |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>-11,1</b>  | <b>76,6</b>   |
| <b>Cash and cash equivalents at beginning of the period</b> | <b>184,3</b>  | <b>267,2</b>  |
| <b>Cash and cash equivalents at end of the period</b>       | <b>173,2</b>  | <b>343,8</b>  |

For more details on the Financial Statements, please refer to [www.svs.cl](http://www.svs.cl) or [www.arauco.cl](http://www.arauco.cl)

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**DISCLAIMER**

Figures for the Arauco's operations in Chile and its consolidated international operations were prepared in accordance with Chilean generally accepted accounting principles (Chilean GAAP).

This news release may contain forward-looking statements concerning Arauco's future performance and should be considered as good faith estimates by Arauco. These forward-looking statements reflect management's expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, many of which are outside Arauco's control, which could materially impact Arauco's actual performance. Readers are referred to the documents filed by Arauco with the United States Securities and Exchange Commission, specifically the most recent filing on Form 20-F which identifies important risk factors that could cause actual results to differ from those contained in the forward-looking statements. All forward-looking statements are based on information available to Arauco on the date hereof, and the Arauco assumes no obligation to update such statements.

References herein to "U.S.\$" are to United States dollars.

Discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

This report is unaudited.