



### 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, consisting mostly of radiata pine and eucalyptus. The company 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, 2.9 million m<sup>3</sup> of sawn timber and 463 thousand m<sup>3</sup> of remanufactured wood products.

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

#### KEY FIGURES

US\$ Millon	Q4 2007	Q3 2008	Q4 2008	Q4/08 vs Q4/07	Q4/08 vs Q3/08	FY 2007	FY 2008	2008 vs 2007
Sales	1,002	975	749	-25.2%	-23.2%	3,576	3,689	3.2%
Gross Profit	423	386	233	-44.8%	-39.4%	1,638	1,493	-8.8%
Operating income	245	200	75	-69.3%	-62.3%	1,009	782	-22.5%
EBITDA <sup>(1)</sup>	343	286	159	-53.8%	-44.5%	1,360	1,138	-16.3%
Net income	174	130	(6)	-103.3%	-104.4%	696	479	-31.2%
CAPEX	385	143	137	-64.4%	-4.1%	803	525	-34.6%
Net Financial Debt	2,263	2,225	2,337	3.3%	5.0%	2,263	2,337	3.3%
Capitalization <sup>(2)</sup>	7,944	8,048	8,127	2.3%	1.0%	7,944	8,127	2.3%
EBITDA Margin	34.3%	29.3%	21.2%	-13.1%	-8.2%	38.0%	30.9%	-7.2%
ROCE	10.6%	8.4%	3.0%	-7.5%	-5.3%	10.6%	7.7%	-2.8%

(1) EBITDA = Operating Income + Depreciation + Stumpage

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

#### Conference Call

February 19, 2009, at 9:30 am Eastern Time (New York)/ 11:30 am Santiago Time

Please dial: +1 (973) 935-8893

Participants' password: 84943687

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## Summary of Fourth Quarter 2008 Results

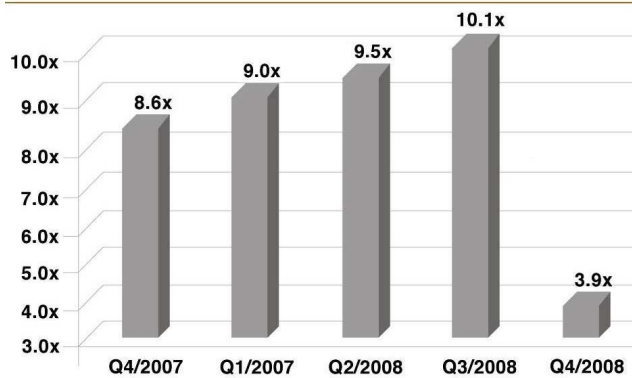
### Q4 2008 vs. Q4 2007 review:

- Arauco’s consolidated sales reached US\$749 million during the fourth quarter of 2008, a decrease of 25.2% over the US\$1,002 million obtained in the fourth quarter of 2007. This decrease in consolidated sales is explained mainly by lower sales in all our product’s lines due to worse market conditions.
- During the fourth quarter of 2008, consolidated EBITDA reached US\$159 million, a 53.8% decrease when compared with the EBITDA reached during the same period of 2007. This decrease was due mainly to a lower EBITDA from the Pulp and Panels Division.
- Arauco’s Net Consolidated Income for the fourth quarter of 2008 reached a loss of US\$6 million, a decrease of 103.3% compared to the US\$ 174 million obtained in the fourth quarter of the previous year. This decrease is the result of a lower Operating Income, together with higher Foreign Exchange Losses.
- Capital expenditures during the fourth quarter of 2008 reached US\$137 million, a 64.4% decrease compared to the US\$385 million expended during the fourth quarter of 2007. This lower Capex is the result of a decrease in the Capex of the Forestry Division due to the acquisition of forestry assets to Stora Enso in Brazil during the last quarter of 2007, and a lower Capex coming from the Pulp Division explained by the end of the construction of the Nueva Aldea Pipeline.

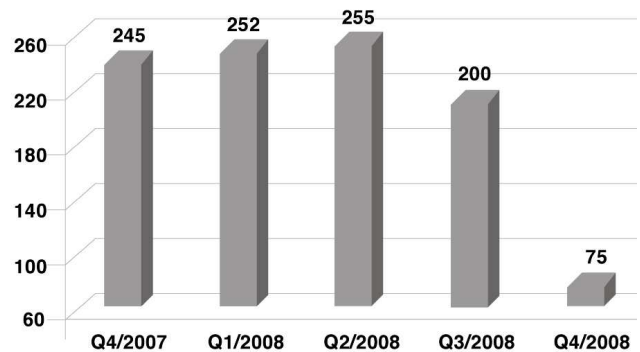
### Q4 2008 vs. Q3 2008 review:

- Arauco’s consolidated sales decreased by 23.2% during the fourth quarter of 2008 compared to the US\$975 million reached in the third quarter of 2008. This decrease is the result of lower sales of pulp, sawn timber and panels.
- Arauco’s consolidated EBITDA decreased by 44.5% from the US\$286 reached during the third quarter of 2008. This lower EBITDA is explained mainly by a decrease of 81.1%, 17.1% and 28.2% in the EBITDA of the Pulp, Panels and Sawn Timber Divisions respectively, partially offset by an increase of 77.5% in the Forestry’s EBITDA.
- Net Consolidated Income for the fourth quarter of 2008 decreased by 104.4% compared to the US\$130 million obtained during the third quarter of 2008. This decrease in net income was due mainly to a lower Operating Income and by an increase in Foreign Exchange Losses and Interest Expenses.
- Capital expenditures during the fourth quarter of 2008 reached US\$137 million, which was a 4.1% lower than the US\$143 million expended during the third quarter of 2008.

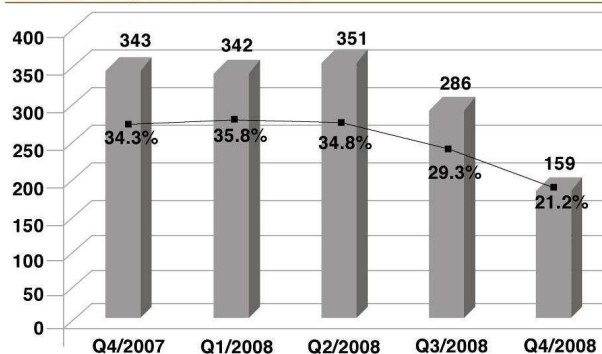
### Interest Coverage Ratio (EBITDA / Net Interest)



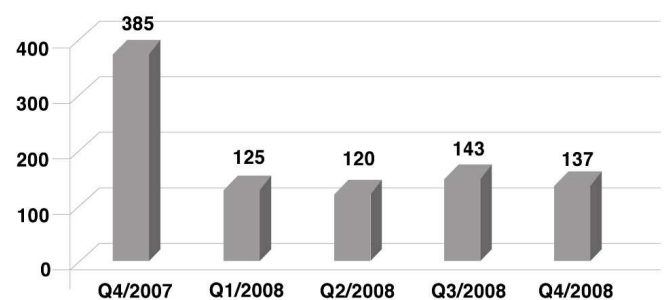
### Operating Income by Quarter US\$ Million



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



### Capex by Quarter US\$ Million





### CONSOLIDATED INCOME STATEMENT ANALYSIS

#### Arauco Revenue Summary, Q4 2007 – Q4 2008

Arauco’s consolidated sales for the fourth quarter of 2008 reached US\$749 million, a decrease of 25.2% over the US\$1,002 million sold during the fourth quarter of 2007 (Figure 1). This decrease in consolidated sales is explained mainly by lower sales in all our product’s lines.

Compared to the US\$975 million sold during the third quarter of 2008, consolidated sales were 23.2% lower during the fourth quarter of 2008. This decrease was mainly due to lower sales of pulp, sawn timber and panels, in that order. (Figure 2)

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

#### Pulp Division Sales

Pulp sales reached US\$344 million during the fourth quarter of 2008, a 27.7% decrease compared to the same quarter of the previous year. This decrease is explained mainly by lower average prices and sales volume of 24.3% and 4.5% respectively.

The deterioration in pulp prices and sales volume is due to the economic slowdown that is affecting all commodities, including pulp. The international crisis has affected our clients in the paper industry in moments when the paper demand has severely dropped.

Compared to the US\$480 million sold during the third quarter of 2008, pulp sales decreased by 28.4%. This decrease was due mainly to lower average prices of 24.9% and lower sales volume of 4.7%. The decrease in prices is consequence of a reduction in the global demand of market pulp. Our export prices have dropped approximately 30% when compare to the levels of the first nine months.

Global Pulp Markets remain oversupplied despite the production curtailment in some regions. Chinese buyers have been destocking during the past months but some buyers were encouraged to take advantage of low prices, buying additional volumes at the end of the year, which seems to be just a temporary episode.

The perspectives for the pulp market, as with other commodities, depend on the global economic recovery and it can not be ruled out the possibility that this recessive situation will keep during the rest of 2009. However, the substantial comparative cost production advantage that Arauco has respect to other producers, will allow the company to successfully face this negative cycle.

FIG. 1 Sales by Product Q4/2007 - Q4/2008 US\$ Million

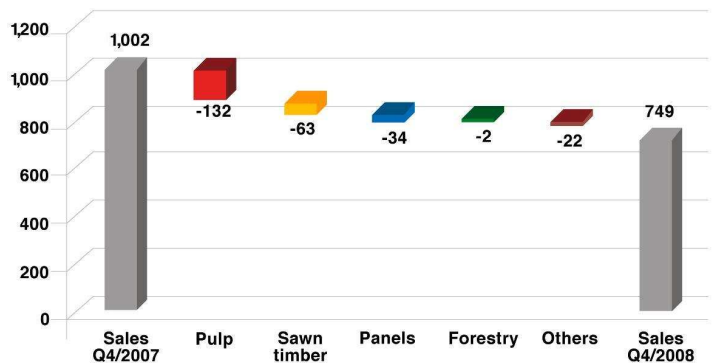
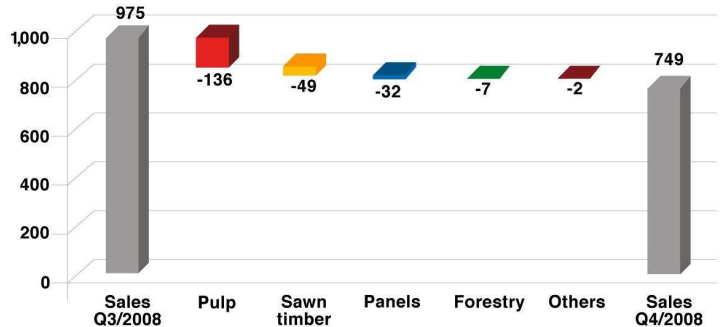
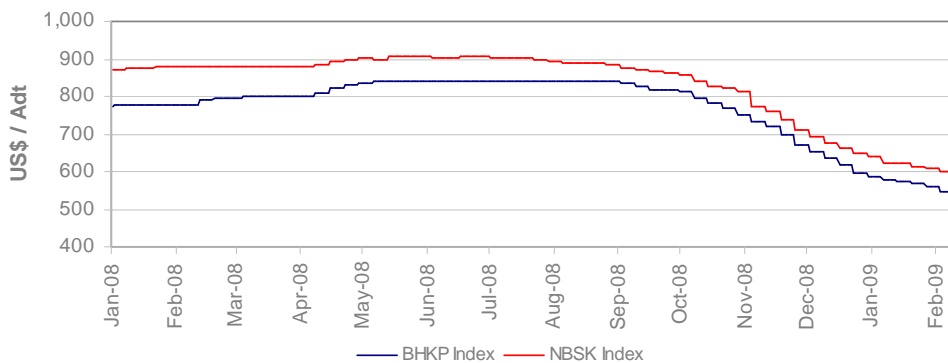


FIG. 2 Sales by Product Q3/2008 - Q4/2008 US\$ Million



#### Market Pulp Price Performance





### CONSOLIDATED INCOME STATEMENT ANALYSIS

#### Sawn Timber Division Sales

During the fourth quarter of 2008, sales of sawn timber and remanufactured wood products reached US\$143 million, a decrease of 30.6% when compared to the same period in 2007. This negative effect was due mainly to a decrease in sales volume of 20.3%, followed by lower average prices of 12.9%. The main explanation for this contraction is the slowdown that is still affecting the US Housing Industry and the financial crisis that is affecting all markets, which has negatively affected sales volume and prices of sawn timber and moldings due to a lower demand.

Compared to the US\$192 million sold during the third quarter of 2008, sawn timber sales decreased by 25.5%. This decrease was due mainly to lower sales volume and average prices of 17.4% and 9.9% respectively.

The US Housing Industry continued with a downward trend during the last quarter of 2008. The construction of houses continued falling, reaching levels of 550,000 houses built per year as of December of 2008, which negatively compares to the 2 million houses initiated 2 years ago.

The current levels of construction are the lowest of the last 50 years. There is still an important amount of unsold houses in stock, which will not allow a recovery of this sector in the short term.

However, the fall in the price of oil and the lower global production activity are opening a window for fleet tariffs reductions, generating a positive impact in exporting companies.

#### Panels Division Sales

During the fourth quarter of 2008, sales of panels reached US\$208 million, a decrease of 14.0% when compared to the fourth quarter of 2007. This decrease in sales was due mainly to lower sales volume of 16.5%, partially offset by higher average prices of 3.0%. The decrease in sales volume is the result of a lower demand of MDF, PBO and HB that is used in the furniture industry.

Compared to the US\$240 million sold during third quarter of 2008, panels sales decreased by 13.2%. This decrease is explained mainly by lower sales volume and average prices of 8.0% and 5.6% respectively, both effects explained by a lower demand in North America and Europe.

During the last quarter of 2008 sales of plywood have started to decline in almost all markets, especially in the US and Europe. The devaluation of some currencies is forcing a reduction in prices in order to be competitive. The US Housing crisis is still present and affecting our sales of MDF mouldings.

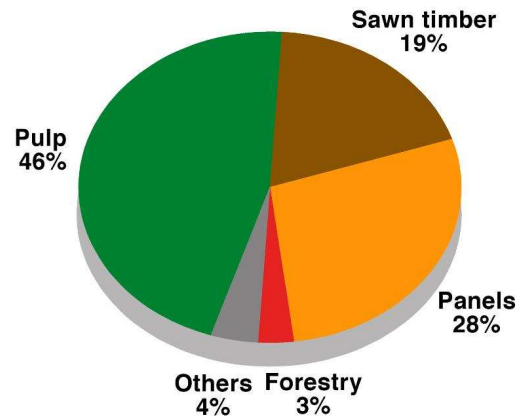
Sales of panels in Latin America remain stable; however some markets are starting to show signs of weakness.

#### Operating Income

Arauco's Operating Income for the fourth quarter of 2008 reached US\$ 75 million, decreasing 69.3% from the US\$245 million obtained in the fourth quarter of 2007. This negative effect is explained mainly by lower sales of all our products, which was partially offset by a decrease in cost of sales as a consequence of lower sales volume. Unit costs of pulp were higher during this quarter when compared to the fourth quarter for 2007 due to higher costs of wood and chemicals.

Compared to the US\$200 million obtained in the third quarter of 2008, Operating Income decreased by 62.3%. This negative effect is due mainly to lower Consolidated Sales of 23.2%, partially offset by lower unit costs of pulp, resulting from a depreciation of Chilean Peso and lower energy costs. The decrease in Consolidated Sales is the result of lower sales of pulp (-28.4%), sawn timber (-25.5%) and panels (-13.2%).

FIG. 3  
Sales by Product  
Fourth Quarter 2008





### CONSOLIDATED INCOME STATEMENT ANALYSIS

#### Net Income

Net Income for the fourth quarter of 2008 reached a loss of US\$5.8 million (Figure 4), a decrease of 103.3% compared to the US\$174 million of Net Income obtained in the fourth quarter of the previous year. This decrease in Net Income is the result of a 69.3% decrease in Operating Income, together with higher Foreign Exchange Losses produced by the depreciation of the Chilean peso and the Brazilian Real that negatively affected the assets that were registered in those currencies. This negative effect was partially compensated by lower Income Taxes.

Compared to the US\$130 million obtained in the third quarter of 2008, Consolidated Net Income decreased by 104.4% (Figure 5). This negative effect in Consolidated Net Income is explained mainly by a 62.3% decrease in Operating Income and by an increase in Foreign Exchange Losses and Interest Expenses of 130.6% and 36.9% respectively. In terms of Interest Expenses, the growth came from a lower capitalization of interests. The depreciation of the Chilean peso also contributed to an increase in Foreign Exchange Losses due to Recoverable Taxes and Sundry Debtors that were registered in this currency.

#### EBITDA

Consolidated EBITDA for the fourth quarter of 2008 reached US\$159 million, a 53.8% decrease when compared to the US\$343 million for the same period of 2007 (Figure 6). This decrease is principally due to a lower Pulp and Panel Divisions' EBITDA, which decreased by 83.8% and 36.5% respectively. In terms of both, pulp and panels, the decrease in the EBITDA is explained mainly by lower sales as a result of a deterioration of the global economy. In contrast, Forestry Division's EBITDA grew 36.4% explained by an adjustment to market conditions of the transfer prices of wood sold to the other divisions.

Consolidated EBITDA for this quarter was 44.5% lower than the US\$286 million EBITDA for the previous quarter (Figure 7). The explanation for this change is a decrease of 81.1%, 17.1% and 28.2% in the EBITDA of the Pulp, Panels and Sawn Timber Divisions respectively, partially offset by an increase of 77.5% in the Forestry's EBITDA explained by an adjustment of the transfer prices of wood sold to the other divisions and by lower transportations costs. The lower Pulp Division's EBITDA is mainly due to a strong deterioration of market pulp prices globally, partially offset by a small reduction in the cash cost of pulp due to lower energy costs. In the case of Panels and Sawn Timber, the decrease in EBITDA mainly came from lower sales volume and average prices due to a lower demand in most of the markets.

FIG. 4  
Net Income Q4/2007 - Q4/2008  
US\$ Million

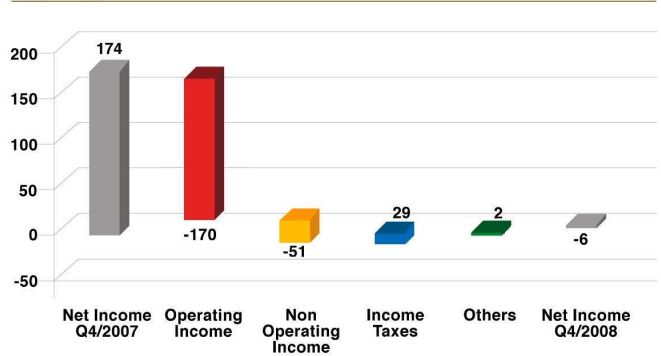


FIG. 5  
Net Income Q3/2008 - Q4/2008  
US\$ Million

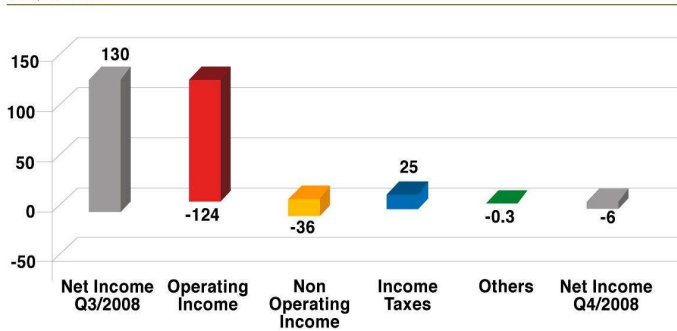


FIG. 6  
EBITDA by Division Q4/2007 - Q4/2008  
US\$ Million

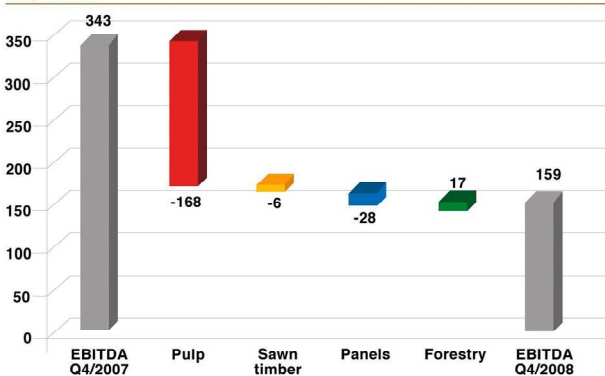
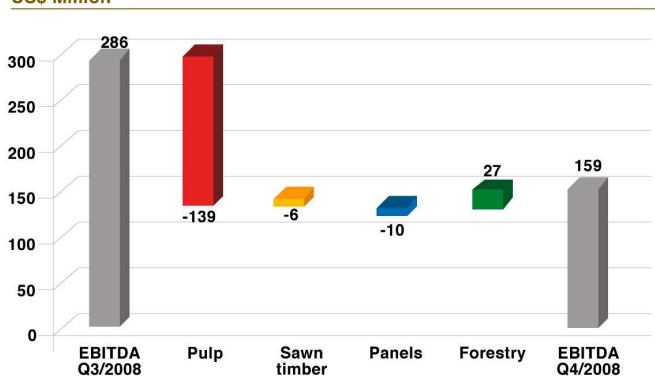


FIG. 7  
EBITDA by Division Q3/2008 - Q4/2008  
US\$ Million





## CONSOLIDATED INCOME STATEMENT ANALYSIS

### Production

Compared to the fourth quarter of 2007, production volumes during this quarter increased by 14.4% and 3.4% in pulp and panels respectively and decrease by 20.5% in sawn timber. (Figure 8)

The increase in production of pulp is explained mainly to the normal operation of the Licancel Mill, which was closed during the fourth quarter of 2007; to the operation at full capacity of the Valdivia Mill, which started to increase production from Adt 440,000 to Adt 550,000 in March of 2008; and to a higher production coming from the Nueva Aldea Mill, which was under its annual maintenance process in December of 2007.

In the case of panels, the increase came from the operation at full capacity of the second line of plywood in Nueva Aldea, which started operations during the last quarter of 2007.

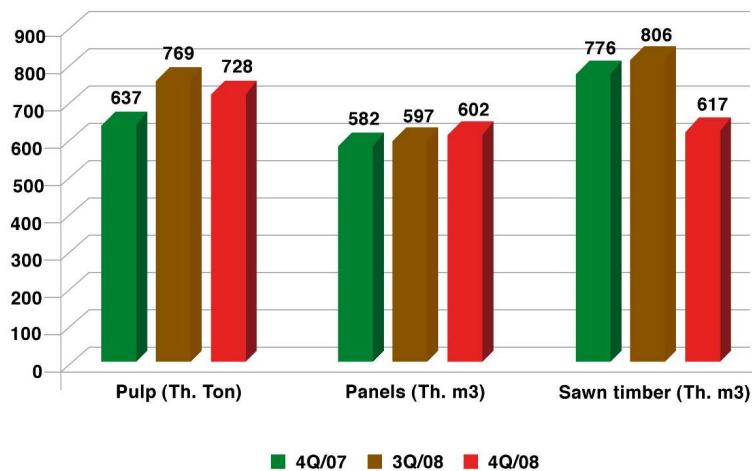
The sawn timber production decreased during the fourth quarter of 2008 due to the closure of the Arapoti, Lomas Coloradas and Coronel sawmills. The closure of these sawmills is explained mainly by the lower demand of saw timber produced by the global economic recession.

Compared to the previous quarter, production of pulp and sawn timber decreased by 5.4% and 23.5% respectively, and panel's production remained constant at their normal levels.

The pulp production decreased due to the annual maintenance of the Alto Paraná Mill and Arauco II Mill in October and November of 2008 respectively.

In the case of saw timber the decrease is explained by the closure of the Lomas Coloradas Sawmill at the end of the third quarter of 2008 and by a lower production as a consequence of a decrease in the demand coming from most markets.

FIG. 8  
Production Volume





## CONSOLIDATED BALANCE SHEET ANALYSIS

### Assets

Current Assets reached US\$1,935 million as of December 31 2008, a 0.8% increase compared to the fourth quarter of 2007. This growth is the result of an increase in Inventories, but at the same time it is offset by lower Marketable Securities during the last quarter of 2008.

Current Assets decrease by 7.1% during the last quarter of 2008 compared to the US\$2,101 million for the third quarter of 2008. The decrease is explained by lower Account Receivables and Marketable Securities.

Fixed Assets reached US\$6,790 million as of December 31 2008, a 3.2% increase when compared to the fourth quarter of the previous year. This increase in Fixed Assets was the result of a growth in Forest due to the revaluation that is made every year in December and to an increase in Other Fixed Assets explained mainly by the construction of the Nueva Aldea Pipeline and a cogeneration plant in the Arauco Complex.

Compared to the third quarter of 2008, Fixed Assets grew by 3.5%.

FINANCIAL DEBT			
US\$ million	Q4 2007	Q3 2008	Q4 2008
Short term Debt	168.4	239.5	27.0
Short-term portion of long-term debt	129.2	296.0	307.8
Long term financial debt	2,233.1	1,969.0	2,169.5
<b>TOTAL FINANCIAL DEBT</b>	<b>2,530.6</b>	<b>2,504.5</b>	<b>2,504.3</b>
Cash & equivalents	267.2	279.4	167.1
<b>NET FINANCIAL DEBT</b>	<b>2,263.4</b>	<b>2,225.0</b>	<b>2,337.2</b>

### Liabilities

Total Current Liabilities reached US\$682 million during the fourth quarter of 2008, an increase of 8.26% compared to the US\$631 million for the fourth quarter of 2007. This increase is explained mainly by an increase in Short-term portion of Long-term debt resulting from the movement to short-term portion of long term debt of U.S. \$100 million of a Yankee Bond that is due in September of 2009, and of U.S. \$160 million of a syndicated loan.

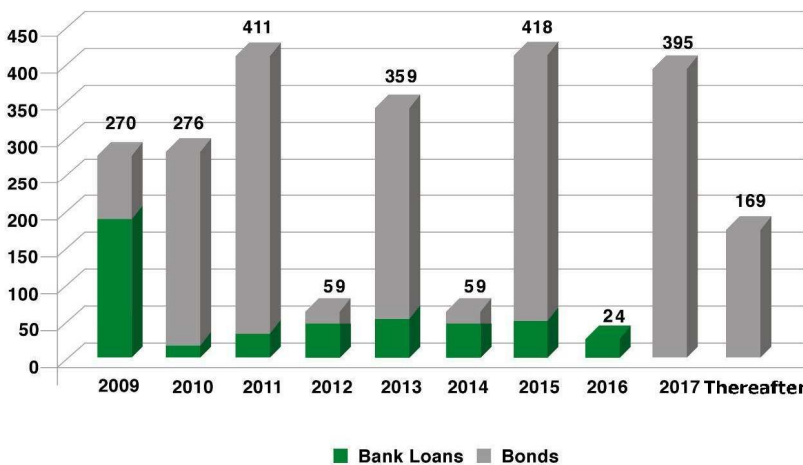
Compared to the US\$890 million for the third quarter of 2008, current liabilities were reduced by 23.3%. This fact is explained mainly by a decrease in short-term debt due to a refinancing through the issuance of a US\$200 million bond in the local market in November 2008.

Long Term Liabilities reached US\$2,480 million at the end of the fourth quarter of 2008, a decrease of 1.71% compared to the US\$2,523 million for the fourth quarter of 2007. This decrease is the result of the movement to short-term portion of long term debt of U.S. \$160 million of a syndicated loan, partially offset by an increase in long term bonds after the issuance of the US\$200 million Bond.

Compared to the previous quarter, long-term liabilities increased by 9.0% explained by the issuance of the \$200 millions Bond in November 2008 in the local market.

FIG. 9

### Long Term Debt Amortization US\$ Million



### Shareholders Equity

Arauco's Shareholders' Equity grew 3.9% from US\$5.4 billion at the end of the fourth quarter of 2007 to US\$5.6 billion at the end of the fourth quarter of 2008.

This growth is the result of an increase in Retained Earnings of 5.0% and to a growth of 2.6% in Other Reserves due to the forestry valuation which is adjusted at the end of every year.

Compared to the third quarter of 2008, Shareholders' Equity increased by 1.5%



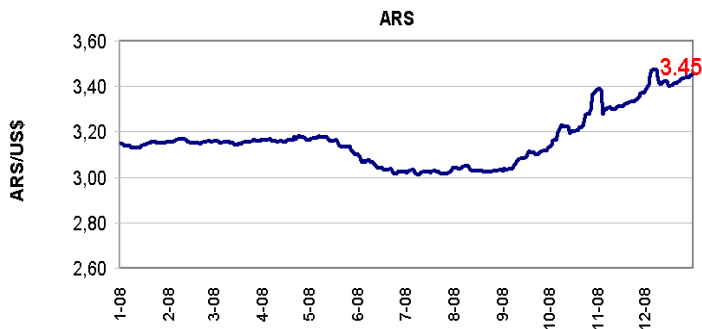
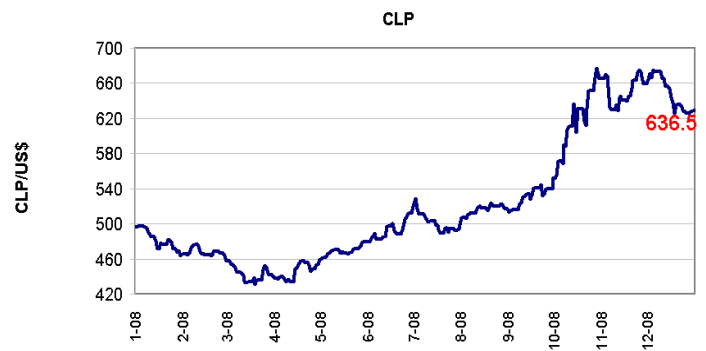
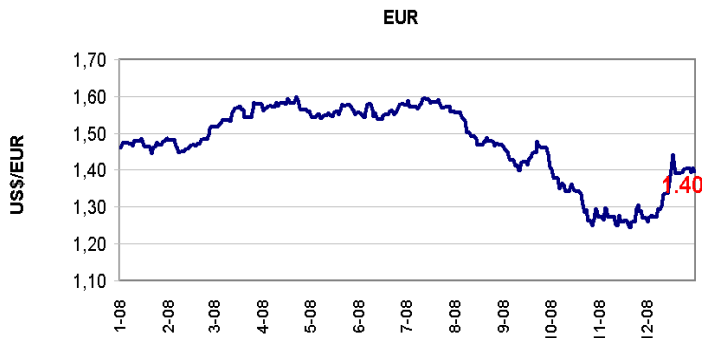
Main Financial Ratios of Arauco:

**FINANCIAL RATIOS**

	Q4/07	Q3/08	Q4/08
<b>Profitability</b>			
Gross margin	42.2%	39.5%	31.2%
Operating margin	24.4%	20.5%	10.0%
EBITDA margin	34.3%	29.3%	21.2%
ROA (EBIT / Average Total Assets)	11.8%	9.0%	3.4%
ROCE (EBIT (1 - tax rate) / Average Total Capitalization)	10.6%	8.4%	3.0%
ROE (Net Income / Average Equity)	13.3%	9.5%	-0.4%
<b>Leverage</b>			
Interest Coverage Ratio (EBITDA / Net Interest)	8.6x	10.1x	3.9x
Interest Coverage Ratio (EBITDA / Gross Interest)	7.3x	8.7x	3.5x
Average Net Financial Debt / EBITDA	1.6x	1.9x	3.7x
Total financial debt / Total Capitalization	31.9%	31.1%	30.8%
Net financial debt / Total Capitalization	28.5%	27.6%	28.8%
Total financial debt / Equity	46.7%	45.2%	44.5%
Net financial debt / Equity	41.8%	40.1%	41.6%

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

	Q4/07	Q1/08	Q2/08	Q3/08	Q4/08
<b>CLP (CLP/USD)</b>	496.9	437.7	526.1	551.3	636.5
<b>ARS (ARS/USD)</b>	3.15	3.16	3.02	3.13	3.45
<b>BRL (BRL/USD)</b>	1.78	1.74	1.60	1.91	2.31
<b>EUR (USD/EUR)</b>	1.46	1.58	1.58	1.41	1.40





## **Fourth Quarter Events**

### **Arauco issued two local bonds in Chile for 6,000,000 UF (approx. US\$ 200 million)**

On November 6, 2008, Arauco issued two series of bonds for approximately MMUS\$200 in the local market after 17 years being out of this market.

The first bond, of 5,000,000 UF (unit of account used in Chile), was issued at 4.82% with a maturity of 21 years and a grace period of 10 years. The spread over the BCU (Chilean Treasury Bond) was 142 basis points.

The second bond, of 1,000,000 UF, was issued at 4.66% with a maturity of 6 years and a grace period of 3 years. This bond was issued with a spread over the BCU of 126 basis points.

Both series of bonds received a local rating of AA by Fitch Ratings and Feller-Rate (*Strategic Affiliate of Standard & Poor's*).

The transaction was closely followed by the market, other companies and the authorities since it was the first issuance in the local financial market after several weeks of no transactions due to a period of illiquidity in the market. The success of this issuance is the result of the solid financial position and successful business strategy of the company.

Arauco still maintains 4,000,000 UF (approx. US\$ 140 million) of the 10,000,000 UF bonds lines that can be issued in the local market.

### **On December 30, 2008, Arauco decided to shut down the Coelemu Sawmill**

The reasons for the decision made by Arauco are the low demand of sawmill products in the United States, resulting from the decrease in the construction of new homes and the high stock of unsold homes, and the financial crisis affecting the main markets. All this has taken a toll on the sales of wood, having great impact on the forestry industry in general. This sawmill had an annual production capacity of 80,000 m<sup>3</sup>, which represented a 3% of Arauco's sawmilling capacity.

### **Arauco will start reporting its financial results under IFRS (International Financial Reporting Standards) in 2009.**

Arauco changed its accounting standards to IFRS on January 1<sup>st</sup>, 2009. The first quarter 2009 results under IFRS have to be presented to the Chilean Securities Commission before May 31<sup>st</sup> of 2009. The financial statements under IFRS will be presented with a comparison of the previous year and will include additional disclosures.

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

<b>US\$ Million</b>	<b>Q4 2007</b>	<b>Q3 2008</b>	<b>Q4 2008</b>	<b>FY 2007</b>	<b>FY 2008</b>
Net Sales	1,002.1	975.0	749.2	3,575.7	3,689.1
Cost of sales	(578.8)	(589.4)	(515.7)	(1,938.0)	(2,196.3)
<b>Gross profit</b>	<b>423.3</b>	<b>385.5</b>	<b>233.5</b>	<b>1,637.7</b>	<b>1,492.8</b>
Selling and administrative expenses	(178.4)	(186.0)	(158.3)	(629.1)	(710.7)
<b>Operating income</b>	<b>244.9</b>	<b>199.5</b>	<b>75.2</b>	<b>1,008.6</b>	<b>782.0</b>
Interest Income	6.9	4.4	4.5	21.3	21.2
Income on investments in related companies	5.2	(5.4)	6.7	11.9	12.6
Other non operating income	6.7	10.8	10.6	28.4	31.7
Loss on investments in related companies	0.4	(0.0)	0.6	(0.0)	(0.5)
Goodwill Amortization	(0.7)	(0.0)	(0.1)	(2.9)	(0.2)
Interest expense	(46.9)	(32.8)	(44.9)	(180.8)	(164.8)
Other non operating expenses	(9.8)	(6.3)	(17.4)	(28.6)	(39.2)
Price-level restatement	(0.2)	0.3	(0.1)	(0.9)	(0.5)
Foreign exchange gains (losses)	5.0	(19.3)	(44.5)	12.5	(48.6)
<b>Non-operating income</b>	<b>(33.5)</b>	<b>(48.4)</b>	<b>(84.4)</b>	<b>(139.1)</b>	<b>(188.3)</b>
<b>Income before taxes and extraordinary items</b>	<b>211.4</b>	<b>151.1</b>	<b>(9.2)</b>	<b>869.4</b>	<b>593.8</b>
Income taxes	(36.7)	(22.9)	1.7	(176.7)	(119.3)
Extraordinary Items	0.0	0.0	0.0	0.0	0.0
<b>Income before min. interest and negative goodwill amortization</b>	<b>174.7</b>	<b>128.2</b>	<b>(7.5)</b>	<b>692.7</b>	<b>474.5</b>
Minority interest	(1.4)	0.8	0.5	(1.1)	(1.1)
<b>Net income after minority interest</b>	<b>173.3</b>	<b>129.0</b>	<b>(7.0)</b>	<b>691.6</b>	<b>473.5</b>
Negative goodwill amortization	0.9	1.3	1.3	4.1	5.3
<b>Net income for the period</b>	<b>174.2</b>	<b>130.3</b>	<b>(5.8)</b>	<b>695.7</b>	<b>478.7</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>12/31/2007</b>	<b>9/30/2008</b>	<b>12/31/2008</b>
Cash & cash equivalents	267.2	279.4	167.1
Account receivables	587.9	637.4	528.3
Inventories	754.5	849.6	871.4
Other current assets	326.2	335.2	385.4
<b>Total Current Assets</b>	<b>1,935.8</b>	<b>2,101.7</b>	<b>1,952.2</b>
Land	640.1	646.1	650.8
Forest	2,867.3	2,835.6	3,046.4
Buildings and other infrastructure	2,090.4	2,104.7	2,118.3
Machinery and equipment	2,963.4	2,972.8	2,988.2
Other Fixed Assets	489.8	655.7	700.5
Accumulated Depreciation	(2,473.3)	(2,656.0)	(2,714.6)
<b>Total Fixed Assets</b>	<b>6,577.8</b>	<b>6,559.0</b>	<b>6,789.6</b>
<b>Total Other Assets</b>	<b>120.8</b>	<b>112.6</b>	<b>112.0</b>
<b>TOTAL ASSETS</b>	<b>8,634.4</b>	<b>8,773.3</b>	<b>8,853.8</b>
Short-term debt	168.4	239.5	27.0
Short-term portion of Long-term debt	129.2	296.0	307.8
Accounts payable	220.7	244.9	241.1
Other current liabilities	112.5	109.4	106.9
<b>Total Current Liabilities</b>	<b>630.7</b>	<b>889.9</b>	<b>682.8</b>
Long-term bank borrowings	410.6	246.5	244.8
Long-term bonds	1,822.5	1,722.5	1,924.7
Other long term liabilities	290.1	305.6	310.5
<b>Total Long Term Liabilities</b>	<b>2,523.3</b>	<b>2,274.6</b>	<b>2,480.1</b>
<b>Minority Interest</b>	<b>66.6</b>	<b>65.4</b>	<b>67.8</b>
<b>Total Shareholder's Equity</b>	<b>5,413.8</b>	<b>5,543.5</b>	<b>5,623.2</b>
<b>TOTAL LIABILITES &amp; SHAREHOLDER'S EQUITY</b>	<b>8,634.4</b>	<b>8,773.3</b>	<b>8,853.8</b>

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

<b>US\$ Million</b>	<b>Q4 2007</b>	<b>Q3 2008</b>	<b>Q4 2008</b>	<b>FY 2007</b>	<b>FY 2008</b>
Net income (loss) for the period	174.2	130.5	(5.9)	695.7	478.7
Results on sales of assets	0.0	(0.1)	0.4	0.1	0.7
Depreciation	74.1	54.5	60.5	251.3	233.2
Charges (credits) to income not affecting cash flow	16.4	53.0	92.1	65.8	176.8
Changes in assets, affecting cash flow	(108.1)	(18.0)	(58.7)	(220.8)	(286.3)
Changes in liabilities, affecting cash flow	115.7	67.5	61.0	235.8	179.2
Profit (loss) of minority interest	1.4	(0.8)	(0.5)	1.1	1.1
<b>Net cash provided by (used in) operating activities</b>	<b>273.7</b>	<b>286.7</b>	<b>148.9</b>	<b>1,029.0</b>	<b>783.4</b>
Debt issuance	409.4	153.6	212.7	1,445.1	826.2
Debt repayment	(201.4)	(288.8)	(221.6)	(1,346.3)	(852.8)
Dividends Paid	(111.9)	0.0	(103.6)	(284.3)	(300.7)
Others	(1.7)	0.0	0.0	(3.3)	0.0
<b>Net cash provided by (used in) financing activities</b>	<b>94.5</b>	<b>(135.2)</b>	<b>(112.4)</b>	<b>(188.8)</b>	<b>(327.3)</b>
Capital Expenditures	(385.2)	(143.1)	(137.1)	(802.8)	(525.2)
Other investment cash flow	34.1	(6.9)	0.1	34.6	(6.0)
<b>Net cash provided by (used in) investing activities</b>	<b>(351.1)</b>	<b>(150.0)</b>	<b>(137.0)</b>	<b>(768.2)</b>	<b>(531.2)</b>
<b>Total positive (negative) cash flow of the period</b>	<b>17.1</b>	<b>1.5</b>	<b>(100.6)</b>	<b>72.1</b>	<b>(75.1)</b>
Effect of inflation on cash and cash equivalents	3.2	(11.5)	(11.8)	10.8	(25.1)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>20.3</b>	<b>(10.0)</b>	<b>(112.3)</b>	<b>82.9</b>	<b>(100.1)</b>
<b>Cash and cash equivalents at beginning of the period</b>				184.3	267.2
<b>Cash and cash equivalents at end of the period</b>				<b>267.2</b>	<b>167.1</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)

For further information, please contact:

Felipe Hartwig  
felipe.hartwig@arauco.cl  
Phone: (56-2) 461 7494

Valentina Concha  
valentina.concha@arauco.cl  
Phone: (56-2) 461 7283

Fax: (56-2) 461 75 41  
[www.arauco.cl](http://www.arauco.cl)



**DISCLAIMER**

Figures for 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 "US\$" 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.