



Valdivia Pulp Mill, Los Ríos Region - Chile

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 m³ of wood panels, 3.4 million m³ of sawn timber and 463 thousand m³ 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	Q2 2007	Q1 2008	Q2 2008	Q2/08 vs Q2/07	Q2/08 vs Q1/08	1H 2007	1 H 2008	1 H 2008 vs 1 H 2007
Sales	885	956	1.009	13,9%	5,5%	1.689	1.965	16,4%
Gross Profit	414	426	448	8,2%	5,1%	799	874	9,4%
Operating income	266	252	255	-3,9%	1,4%	510	507	-0,6%
EBITDA ⁽¹⁾	352	342	351	-0,1%	2,7%	680	693	2,0%
Net income	181	187	167	-8,1%	-11,0%	346	354	2,3%
CAPEX	131	125	120	-8,3%	-3,9%	320	245	-23,5%
Net Financial Debt	2.216	2.226	2.360	6,5%	6,0%	2.216	2.360	6,5%
Capitalization ⁽²⁾	7.328	8.145	8.116	10,7%	-0,4%	7.328	8.116	10,7%
EBITDA Margin	39,7%	35,8%	34,8%			40,3%	35,3%	
ROCE	11,5%	9,9%	9,8%			11,1%	9,8%	

(1) EBITDA = Operating Income + Depreciation + Stumpage

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

Conference Call

August 19, 2008, at 3:00 pm Eastern Time (New York)/ 3:00 pm Santiago Time

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

Conference ID: 60039738

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Summary of Second Quarter 2008 Results

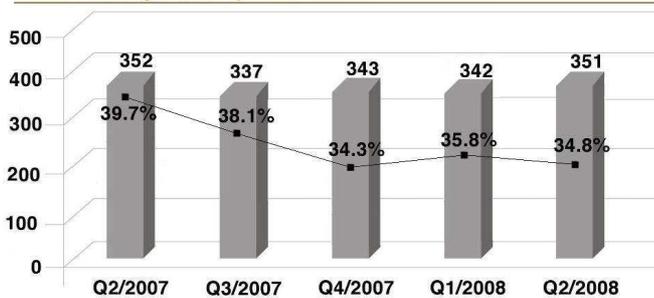
Q2 2008 vs. Q2 2007 review:

- Arauco’s consolidated sales reached U.S.\$1,009 million during the second quarter of 2008, an increase of 13.9% over the U.S.\$885 million obtained in the second quarter of 2007. The increase in consolidated sales is the result of a strong increase in sales of pulp and panels. The increase in all these products is the result of both, higher sales volumes and prices.
- During the second quarter of 2008 consolidated EBITDA reached U.S.\$351 million, very similar to the U.S.\$352 million EBITDA reached during the same period of 2007. This stable EBITDA was mainly due to a lower EBITDA from the Pulp and Forestry Division, partially offset by a higher EBITDA from the Panels Division.
- Arauco’s net consolidated income for the second quarter of 2008 reached U.S.\$167 million, a decrease of 8.1% compared to the U.S.\$ 181 million obtained in the second quarter of the previous year. This decrease is the result of a lower Operating Income and to Foreign Exchange Losses in 2008 compared to Foreign Exchange Gains during the second quarter of 2007.
- Capital expenditures during the second quarter of 2008 reached U.S.\$120 million, a 8.3% decrease compared to the U.S.\$131 million expended during the second quarter of 2007. The lower Capex when compared to the second quarter of 2007 is the result of a decrease in the Panels Division’s Capex explained by the end of construction of the second line of plywood at the Nueva Aldea Panel mill, together with a lower Forestry Division’s Capex explained by lower purchases of forest from Forestal Río Grande.

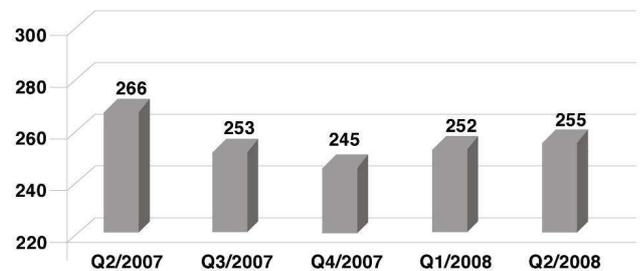
Q2 2008 vs. Q1 2008 review:

- Arauco’s consolidated sales increased by 5.5% during the second quarter of 2008 compared to the U.S.\$956 million reached in the first quarter of 2008. This increase is the result of higher sales of pulp, panels and sawn timber.
- Arauco’s consolidated EBITDA increased by 2.7% from the U.S.\$342 reached during the first quarter of 2008. This higher EBITDA is mainly explained by an increase of 17.1% and 6.6% in the EBITDA of the Forestry and Panels Divisions respectively, partially offset by a decrease of 1.6% in the Pulp Division’s EBITDA.
- Net consolidated income for the second quarter of 2008 decreased by 11.0% compared to the US\$187 million obtained during the first quarter of 2008. This decrease in net income was mainly due to a Foreign Exchange Loss in the second quarter of 2008.
- Capital expenditures during the second quarter of 2008 reached U.S.\$120 million, 3.9% lower than the first quarter of 2008. This decrease in CAPEX is mainly explained by a lower Pulp Division’s Capex of 7.4%, followed by a decrease in the Panels Division’s Capex of 18.4%.

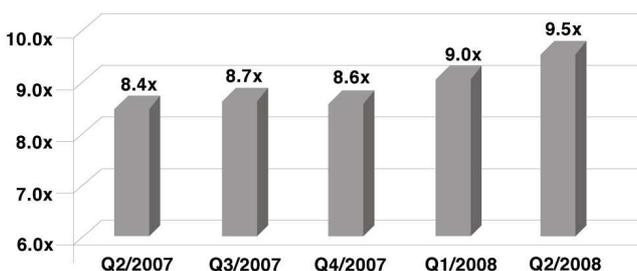
EBITDA (US\$ MM) & EBITDA Margin (%) by Quarter



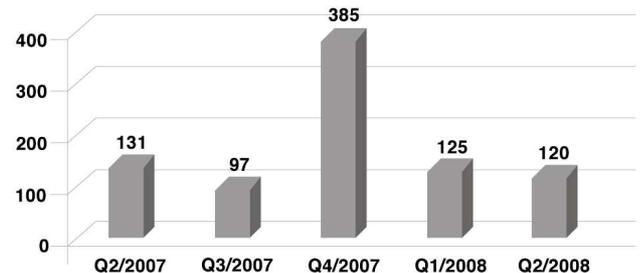
Operating Income by Quarter US\$ Million



Interest Coverage Ratio (EBITDA / Net Interest)



Capex by Quarter US\$ Million





CONSOLIDATED INCOME STATEMENT ANALYSIS

Arauco revenue summary, Q2 2007 – Q2 2008

Arauco Quarterly Sales (U.S.\$ million)	Q2/07	Q3/07	Q4/07	Q1/08	Q2/08
Pulp Division	440	429	475	443	526
Sawn Timber Division	184	206	206	184	191
Panels Division	193	224	242	236	248
Forestry Division	21	20	26	31	17
Other	47	6	53	62	26
Total	885	885	1.002	956	1.009

Arauco’s consolidated sales for the second quarter of 2008 reached U.S.\$1,009 million, an increase of 13.9% over the U.S.\$885 million obtained in the second quarter of 2007 (Figure 1). This growth in consolidated sales is mainly explained by a strong increase in sales of pulp and panels.

Compared to the U.S.\$956 million obtained in the first quarter of 2008, consolidated sales were 5.5% higher during the second quarter of 2008. This increase was result of higher sales of pulp, panels and sawn timber, partially offset by a decrease in sales of energy due to lower spot market prices.(Figure 2)

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

Pulp Division Sales

Pulp sales reached U.S.\$526 million during the second quarter of 2008, a 19.7% increase compared to the same quarter of the previous year. This growth is mainly explained by higher average prices of 9.7% and to a 9.1% increase in sales volume. The higher average prices reached during the quarter when compared to the second quarter of 2007 are the result of a better global pulp market scenario. In terms of sales volume, the growth is mainly explained by the additional production that came from the Nueva Aldea Mill, which operated at full capacity during the quarter, compared to the same period of last year, when it was under its ramp-up process, and to the additional production that came from the Licancel Mill, which was stopped for six months starting from May of 2007.

Compared to the U.S.\$443 million sold during the first quarter of 2008, pulp sales increased by 18.9%. This growth was mainly due to higher sales volume of 16.7% explained by the regularization of the container shipments after a tight shipment market during the first quarter of 2008. Average prices increased by 1.9% compared to the first quarter of 2008.

During the second quarter of 2008 the global pulp market remained firm, especially in the short fiber market. The fundamentals of this scenario are explained by the demand coming from China as well as supply restrictions faced by some short fiber producers. However, during the last part of the quarter, the market has shown some signs of weakening as a consequence of high levels of inventories in hands of paper producers and to an over supply of paper in some markets.

FIG. 1

Sales by Product Q2/2007 - Q2/2008
US\$ Million

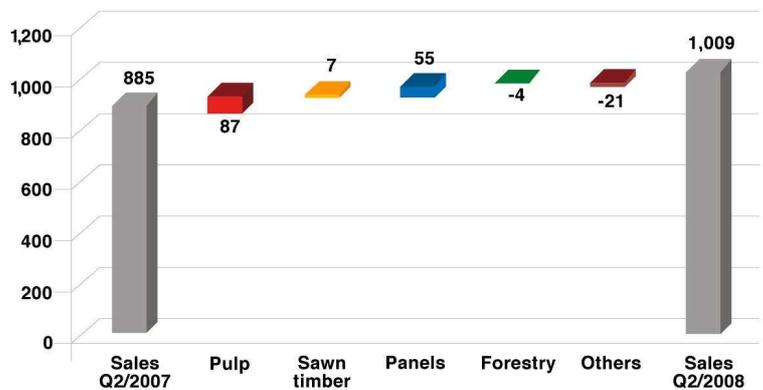
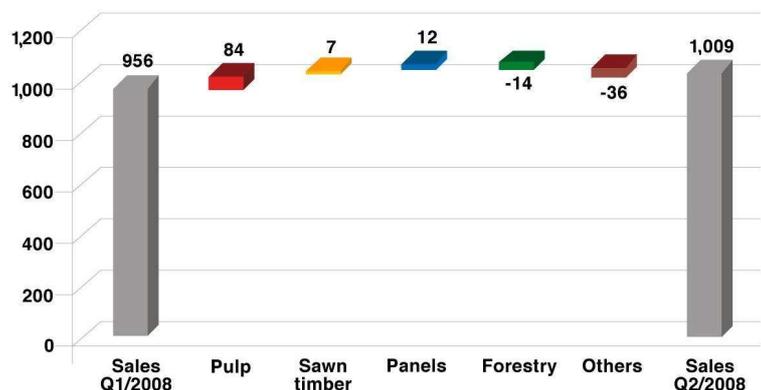


FIG. 2

Sales by Product Q1/2008 - Q2/2008
US\$ Million





CONSOLIDATED INCOME STATEMENT ANALYSIS

Sawn Timber Division Sales

During the second quarter of 2008 sales of sawn timber and remanufactured wood products reached U.S.\$191 million, a growth of 3.7% when compared to the same period of 2007. This positive effect is mainly due to an increase in sales volume of 3.1%, followed by higher average prices of 0.6%. The increase in sales volume is mainly explained by a change in the product mix which means higher sales of sawn timber and lower sales of remanufactured wood products as a consequence of a strengthening of some of our markets for sawn timber.

Despite this improvement in sales, the housing industry crisis in the US will keep affecting this division in the next months. There is a high stock of unsold houses in the US, which will not allow a recuperation of the market during the rest of the year.

Compared to the U.S.\$184 million sold during the first quarter of 2008, sawn timber sales increased by 3.7%. This increase was mainly due to higher sales volume and average prices of 3.3% and 0.4% respectively. The increase in sales volume was mainly due to higher sales of central board to Asia and the Middle East.

During the second quarter of this year the market has shown a greater availability of sawn timber, especially in Europe. The Asian Market is more balanced in terms of supply and demand, allowing price increases.

Panels Division Sales

During the second quarter of 2008, sales of panels reached U.S.\$248 million, experimenting a growth of 28.5% when compared to the second quarter of 2007. This increase in sales was mainly due to higher average prices of 27.1%, together with higher sales volume of 1.1%. The increase in prices is the result of better average prices for all our products when compared to the second quarter of 2007, especially better prices for HB, PBO and Plywood. Despite the US Housing Crisis problems, Arauco has been able to increase prices of plywood in this market due to the characteristics of its products and to a lower availability of plywood explained by the closure of mills in that region.

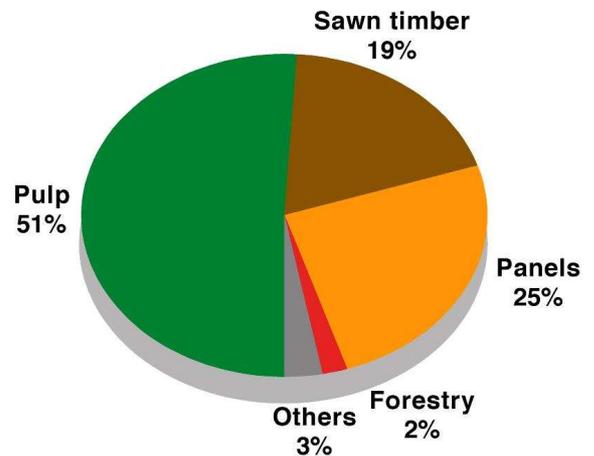
Compared to the U.S.\$236 million sold during first quarter of 2008, panels sales increased by 5.2%. This increase is mainly explained by higher average prices of 11.2%, partially offset by lower sales volume of 5.3%. The increase in prices came from higher prices of plywood due to a better demand in the markets in which we participate, and to higher prices of MDF mouldings explained by a lower supply availability of MDF and Finger Joint mouldings in the US. In terms of sales volume, the decrease is mainly explained by lower volumes of PBO sold in Argentina as a result of logistics problems associated to the agricultural strikes that faced this country during the quarter and to unusual high sales during the first quarter due to the decision to increase inventories of some of our clients. Another reason for this decrease is the fact that at the beginning of the first quarter of 2008 Arauco had higher levels of inventories of MDF in Brazil which was in turn translated into higher levels of sales volume of that product during the quarter when compared to the second quarter of 2008.

Operating Income

Arauco's Operating Income for the second quarter of 2008 reached U.S.\$ 255 million, decreasing 3.9% from the U.S.\$ 266 million obtained in the second quarter of 2007. This negative effect is mainly explained by higher costs of wood, chemicals and freight costs, partially offset by higher sales of pulp (19.7%) panels (28.5%) and sawn timber (3.7%). The explanation for the increase in the cost of wood is an 11% appreciation of the Chilean peso (average exchange rate for the quarter), together with higher levels of inflation and higher costs of fuel.

Compared to the U.S.\$ 252 million obtained in the first quarter of 2008, Operating Income experimented an increase of 1.4%. This positive effect is mainly due to higher Consolidated Sales of 5.5%, partially offset by an increase in Cost of Sales of 5.8%. The increase in Consolidated Sales is the result of higher sales of pulp (18.9%), panels (5.2%), and sawn timber (3.7%). In term of costs, the increase in costs mainly came from higher maintenance and freight costs.

FIG. 3
Sales by Product
Second Quarter 2008





CONSOLIDATED INCOME STATEMENT ANALYSIS

Net Income

Net Income for the second quarter of 2008 reached U.S.\$ 167 million (Figure 4), a decrease of 8.1% compared to the U.S.\$ 181 million obtained in the second quarter of the previous year. This decrease in Net Income is the result of a 3.9% decrease in Operating Income and to a Foreign Exchange Loss during the quarter produced by a depreciation of the Chilean peso that negatively affected the assets that were registered in this currency. This decrease in Net Income was partially offset by a higher Income on investments in related companies due to an increase in the income that came from the 20% stake that Arauco holds on the Stora Enso Paper Mill in Brazil, and by a decrease in Interest Expenses of 6.5%.

Compared to the U.S.\$ 187 million obtained in the first quarter of 2008, Consolidated Net Income decreased by 11.0% (Figure 5). This negative effect in Consolidated Net Income is mainly explained by a Foreign Exchange Loss during the quarter that was produced by a depreciation of the Chilean peso which negatively affected the assets that were registered in this currency as compared to a Foreign Exchange Gain during first quarter of 2008 when the peso appreciated against the US dollar. This decrease in Net Income was partially offset by an increase in Income on investments in related companies.

EBITDA

Consolidated EBITDA for the second quarter of 2008 reached U.S.\$351 million, very similar to the U.S.\$352 million for the same period of 2007 (Figure 6). This stable EBITDA is principally due to a lower Pulp, Forestry and Sawn Timber Divisions' EBITDA, which decreased by 5.4%, 8.5% and 12.8% respectively, partially offset by a higher EBITDA from the Panels Division which grew by 30.0%. The increase in the EBITDA of the Panels Division is mainly explained by higher average prices of our main products. In terms of pulp, the decrease in the EBITDA is mainly explained by higher costs of chemicals and wood.

Consolidated EBITDA for this quarter was 2.7% higher than the U.S.\$342 million EBITDA for the previous quarter (Figure 7). The explanation for this effect is an increase of 17.1% and 6.6% in the EBITDA of the Forestry and Panels Divisions respectively, partially offset by a decrease of 1.6% in the Pulp Division's EBITDA. The higher Forestry EBITDA is the result of better sales prices of pulpwood due to an increase in transfer prices to other divisions. In the case of Panels, the increase in EBITDA mainly came from higher average prices. The decrease in the EBITDA of the Pulp Division is the result of higher costs of chemicals and wood costs (mainly explained by an increase in the internal transfer prices of pulpwood) in addition to a lower EBITDA generated by the sale of electricity due to a decrease of spot prices in the market.

FIG. 4

Net Income Q2/2007 - Q2/2008
US\$ Million

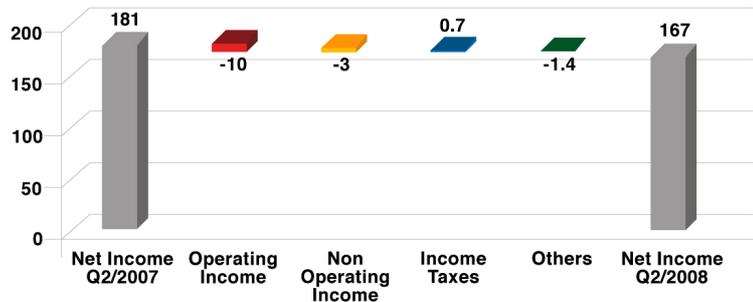


FIG. 5

Net Income Q1/2008 - Q2/2008
US\$ Million

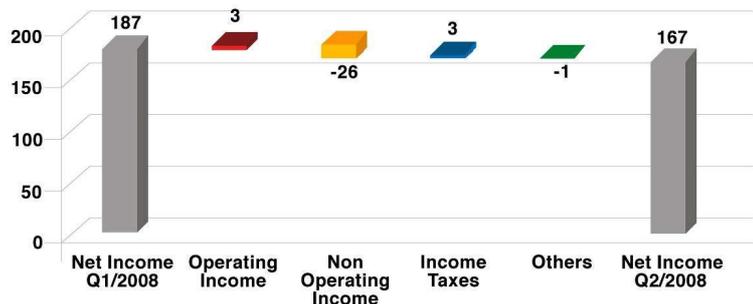


FIG. 6

EBITDA by Division Q2/2007 - Q2/2008
US\$ Million

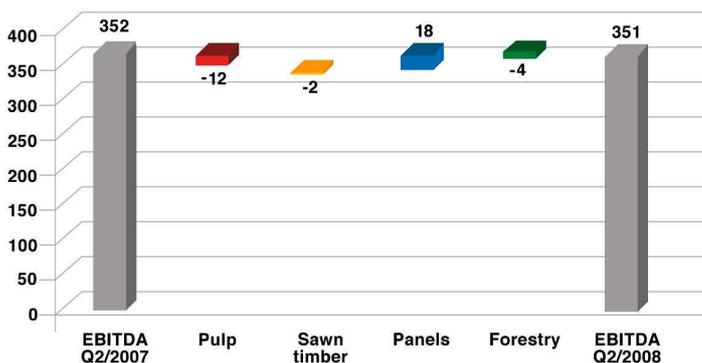
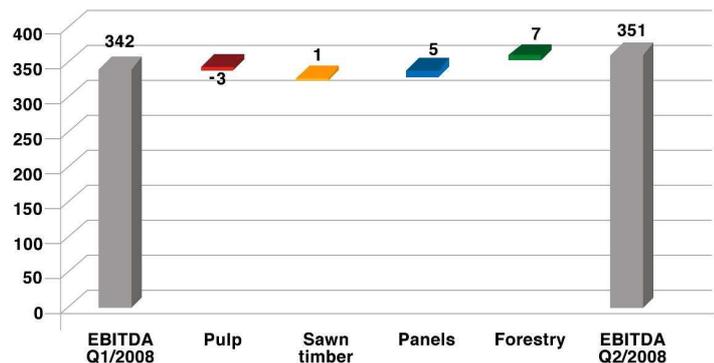


FIG. 7

EBITDA by Division Q1/2008 - Q2/2008
US\$ Million





CONSOLIDATED INCOME STATEMENT ANALYSIS

Production

Compared to the second quarter of 2007, production volume during this quarter increased by 7.2% in panels and by 4.5% in pulp. Sawn timber production increased by 0.9%. (Figure 8)

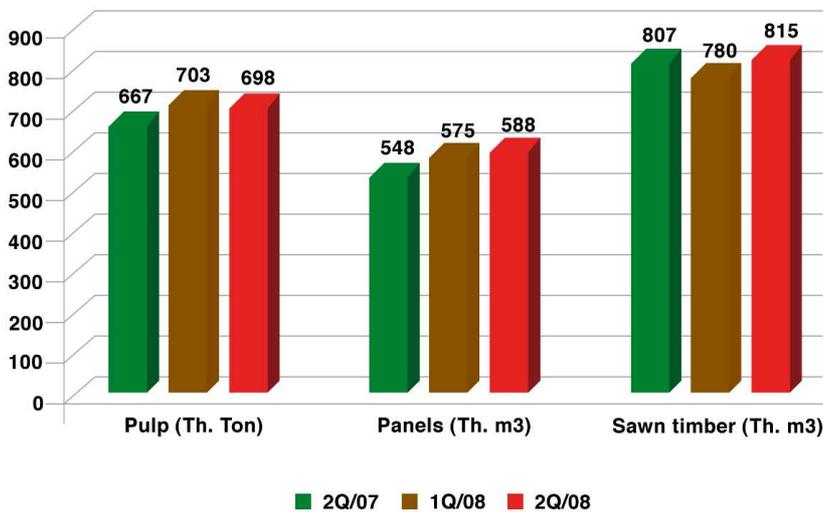
The increase in production of pulp is mainly explained by the normal operation of the Nueva Aldea Mill which was under the final stage of its ramp-up process during the second quarter of 2007 and by higher production at the Licancel Mill which was stopped for six months starting from May of 2007. In the case of panels, the increase in production came from the additional volume of plywood produced by the second line of the Nueva Aldea Plywood Mill.

Compared to the previous quarter, production of sawn timber and panels increased by 4.4% and 2.2% respectively. In the case of pulp, production decreased by 0.8%.

The increase in production of sawn timber is mainly explained by additional days of production during the second quarter of 2008 when compared to the first quarter of 2008. In the case of panels, the higher production is explained by the ramp-up process of the second line at the Nueva Aldea Plywood Mill. Pulp production decreased due to the scheduled annual maintenance at the Valdivia and Arauco I mills during the second quarter of 2008.

FIG. 8

Production Volume



CONSOLIDATED BALANCE SHEET ANALYSIS

Assets

Current Assets reached U.S.\$ 2,174 million as of June 30, 2008, a 25.6% increase compared to the second quarter of 2007. This growth is the result of an increase in Account Receivables, followed by higher Inventories and Marketable Securities respectively.

Compared to the U.S.\$ 2,194 million for the first quarter of 2008, Current Assets decreased by 0.9%. The decrease in Current Assets is mainly explained by lower Marketable Securities and Recoverable Taxes, partially offset by an increase in Account Receivables.

Fixed Assets reached U.S.\$ 6,562 million as of June 30, 2008, a 6.9% increase compared to the second quarter of 2007. This increase in Fixed Assets was the result of a growth in Forests explained by the forestry acquisitions in Brazil during the second semester of 2007, and to the forestry valuation which is adjusted at the end of every year. This increase in Fixed Assets is also explained by an increase in Machinery and Equipment due to the completion of the second line at the Nueva Aldea Plywood Mill and to an increase in Land explained by the forestry acquisition in Brazil.

Fixed assets decreased by 0.7% during the second quarter of 2008 compared to the U.S.\$ 6,607 million reached at the end of the first quarter of 2008.

FINANCIAL DEBT

US\$ million	Q2 2007	Q1 2008	Q2 2008
Short term Debt	153,0	215,8	289,5
Short-term portion of long-term debt	164,8	202,5	209,4
Long term financial debt	2.112,3	2.151,9	2.150,2
TOTAL FINANCIAL DEBT	2.430,0	2.570,1	2.649,1
Cash & equivalents	214,4	343,8	289,4
NET FINANCIAL DEBT	2.215,6	2.226,3	2.359,6

Liabilities

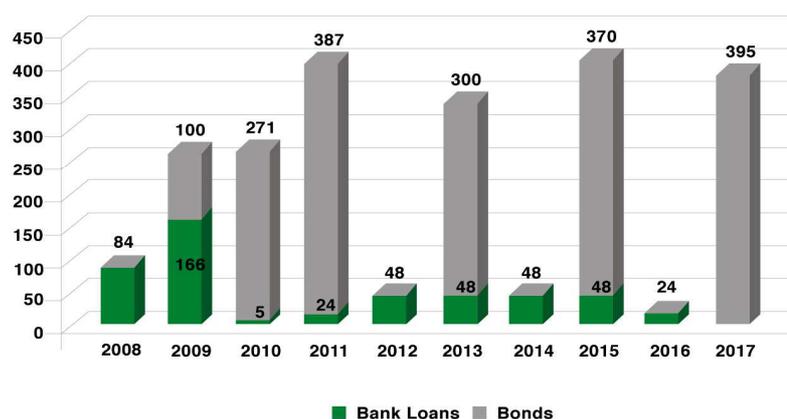
Total Current Liabilities reached U.S.\$ 862 million during the second quarter of 2008, an increase of 24.0% compared to the U.S.\$ 695 million for the second quarter of 2007. This increase is mainly explained by an increase in Short-term debt due to higher pre-export financings and by a higher level of Short-term portion of Long-term debt due to the movement from Long-term debt of U.S.\$ 160 million of a Syndicated Loan.

Compared to the U.S.\$ 828 million for the first quarter of 2008, Current Liabilities increased by 4.1%. This increase is mainly explained by an increase in Short-term debt due to higher pre-export financings, partially offset by lower Accounts payable.

Long Term Liabilities reached U.S.\$ 2,460 million at the end of the second quarter of 2008, an increase of 4.4% compared to the U.S.\$2,357 million for the second quarter of 2007. This growth in Long Term Liabilities was due to an increase in Long-term bank borrowings explained by the signing of a U.S.\$ 240 million bilateral loan in October of 2007.

Compared to the previous quarter, Long-Term Liabilities remained stable.

FIG. 9
Long Term Debt Amortization
US\$ Million



Shareholders Equity

Arauco's Shareholders' Equity grew 11.6% from U.S.\$4.9 billion at the end of the second quarter of 2007 to U.S.\$5.5 billion at the end of the second quarter of 2008. This growth is the result of an increase of 12.6% in Retained Earnings and a growth of 12.2% in Other Reserves, due to the increase in the forestry valuation which is adjusted at the end of every year.

Compared to the first quarter of 2008 Shareholders' Equity decreased by 1.9% explained by the payment of dividends in May of 2008, partially offset by an increase in Retained Earnings due to the net income reached during the second quarter of 2008.

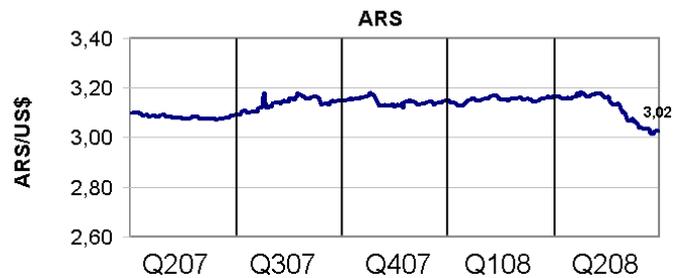


Main Financial Ratios of Arauco:

FINANCIAL RATIOS

	Q2/07	Q1/08	Q2/08
Profitability			
Gross margin	46,8%	44,5%	44,4%
Operating margin	30,0%	26,3%	25,3%
EBITDA margin	39,7%	35,8%	34,8%
ROA (EBIT / Average Total Assets)	13,4%	11,5%	11,5%
ROCE (EBIT (1 - tax rate) / Average Total Capitalization)	11,5%	9,9%	9,8%
ROE (Net Income / Average Equity)	14,8%	13,6%	12,1%
Leverage			
Interest Coverage Ratio (EBITDA / Net Interest)	8,4x	9,0x	9,5x
Interest Coverage Ratio (EBITDA / Gross Interest)	7,4x	8,0x	7,9x
Average Net Financial Debt / EBITDA	1,6x	1,6x	1,7x
Total financial debt / Total Capitalization	33,2%	31,6%	32,6%
Net financial debt / Total Capitalization	30,2%	27,3%	29,1%
Total financial debt / Equity	49,6%	46,1%	48,5%
Net financial debt / Equity	45,2%	39,9%	43,2%

Key Exchange Rates for the U.S. Dollar (closing rate)					
	Q2/07	Q3/07	Q4/07	Q1/08	Q2/08
One U.S. Dollar is					
CLP	526,9	511,2	496,9	437,7	526,1
ARS	3,09	3,15	3,15	3,17	3,02
BRL	1,93	1,83	1,78	1,76	1,60
EUR	1,35	1,43	1,46	1,58	1,58





Second Quarter Events

In May of 2008, The University of Chile presented the conclusions of the study requested by CONAF, under direction of Ramsar, in order to develop a Conceptual Ecosystem Model for the Carlos Anwandter's Wetland and concluded, in its second progress report, that the disappearance of the "luchecillo" was likely related to natural causes.

As part of the environmental resolution that modified the Valdivia Mill environmental permit, the COREMA of the Tenth Region of Chile asked the National Forestry Corporation (CONAF) to elaborate an Integral Environmental Management Plan for the wetland, which was completed in 2006. The plan concluded that there was a need to develop a Conceptual Ecosystem Model for the wetland. CONAF selected the Science Faculty of the University of Chile to conduct this study.

The study indicated in its second progress report that the disappearance of the "luchecillo," a water weed that was an important food source of black-necked swans, was likely related to natural causes. Specifically, the study proposed that the disappearance of the "luchecillo" was caused by the convergence of three factors in May 2004: (i) low levels of precipitation, (ii) low levels of water flow in the rivers and the wetland and (iii) three instances in which temperatures reached zero degrees Celsius or lower. According to the study, the simultaneous occurrence of these factors was likely responsible for the disappearance of the "luchecillo" which, in turn, led to the death and migration of the swans.

In May of 2008, Arauco together with other Chilean forestry companies, two universities and Fundación Chile, created Bioenercel S.A., a technological consortium which objective is to apply to the InnovaChile tender of CORFO for the development of second generation bio-fuels through forestry biomass.

The consortium is composed by Celulosa Arauco, CMPC, Masisa and the University of Concepción with a participation of 20% each; the Catholic University of Valparaíso with a 13%; and Fundación Chile with a 7%.

The objective of Bioenercel is to develop technologies that will allow the introduction of second generation bio-fuels to the national energy matrix. There is a national necessity to explore the possibility to produce second generation bio-fuels and Arauco has not only the raw material, but also the possibility to contribute in the R&D process.

Initially, two processes of biomass conversion into bio-fuels are going to be evaluated: the biotechnological transformation and the thermo-chemical transformation. The first is conducted for the production of bio-ethanol and the second, for the production of bio-oil.

In June of 2008, the Valdivia Pulp Mill reached its authorized annual production capacity

In June, 2008, the Valdivia Mill reached its authorized annual production capacity of 550,000 Adt/year. The mill gradually increased its production in a term of 4 months, starting from March 2008.

Subsequent Events

In July of 2008, Arauco presented an Impact Study Declaration for the construction of a cogeneration plant (U.S.\$ 105 million Capex) through the use of forestry biomass in Constitución, Chile.

Arauco is planning the construction of a new cogeneration plant with total capacity of 41 MW in the area of Viñales, Constitución. This plant will allow Arauco to increase the surplus that it has in terms of energy, increasing its supply to the national energy grid (SIC).

Today, Arauco's contribution to the SIC is about 160 MW, contribution that will increase in 32 MW with this new cogeneration unit, which is equivalent to the double of the electric consumption of the city of Constitución.

A higher efficiency, clean energy, lower costs and the possibility to change the energy matrix of the country are some of the strengths that offer the energy cogeneration through forestry biomass.

The Viñales Project will be under the Clean Development Mechanism of the Kyoto Protocol.

FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

US\$ Million	1H 2007	1H 2008
Net Sales	1.688,7	1.964,9
Cost of sales	-889,8	-1.091,1
Gross profit	799,0	873,8
Selling and administrative expenses	-288,5	-366,5
Operating income	510,4	507,3
Interest Income	11,5	12,2
Income on investments in related companies	5,2	11,2
Other non operating income	9,1	10,3
Loss on investments in related companies	0,0	-1,1
Goodwill Amortization	-1,5	-0,1
Interest expense	-92,1	-87,0
Other non operating expenses	-12,1	-15,5
Price-level restatement	-0,3	-0,6
Foreign exchange gains (losses)	2,3	15,2
Non-operating income	-77,8	-55,4
Income before taxes and extraordinary items	432,7	451,9
Income taxes	-88,7	-98,1
Extraordinary Items	0,0	0,0
Income before minority interest and negative goodwill amortization	344,0	353,8
Minority interest	0,2	-2,3
Net income after minority interest	344,2	351,5
Negative goodwill amortization	2,0	2,8
Net income for the period	346,3	354,2

For more details on the Financial Statements, please refer to www.svs.cl or www.arauco.cl

FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET

US\$ Million	30/06/2007	30/06/2008
Cash & cash equivalents	214,4	289,4
Account receivables	523,9	705,4
Inventories	680,0	846,1
Other current assets	311,7	332,8
Total Current Assets	1.730,0	2.173,7
Land	529,6	643,7
Forest	2.567,5	2.835,6
Buildings and other infrastructure	1.993,6	2.097,6
Machinery and equipment	2.843,0	2.961,6
Other Fixed Assets	590,7	617,3
Accumulated Depreciation	-2.384,8	-2.594,2
Total Fixed Assets	6.139,5	6.561,6
Total Other Assets	92,7	121,6
TOTAL ASSETS	7.962,2	8.856,9
Short-term debt	153,0	289,5
Short-term portion of Long-term debt	164,8	209,4
Accounts payable	250,8	245,4
Other current liabilities	126,7	117,5
Total Current Liabilities	695,2	861,8
Long-term bank borrowings	259,8	327,7
Long-term bonds	1.852,5	1.822,5
Other long term liabilities	244,3	309,7
Total Long Term Liabilities	2.356,6	2.459,9
Minority Interest	11,9	68,7
Total Shareholder's Equity	4.898,4	5.466,5
TOTAL LIABILITES & SHAREHOLDER'S EQUITY	7.962,2	8.856,9

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FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOWS

US\$ Million	1H 2007	1H 2008
Net income (loss) for the period	346,3	354,2
Results on sales of assets	0,1	0,4
Depreciation	119,7	118,2
Charges (credits) to income not affecting cash flow	40,1	31,7
Changes in assets, affecting cash flow	-50,7	-209,7
Changes in liabilities, affecting cash flow	66,1	50,7
Profit (loss) of minority interest	-0,2	2,3
Net cash provided by (used in) operating activities	521,4	347,8
Debt issuance	834,1	459,8
Debt repayment	-832,1	-342,4
Dividends Paid	-172,5	-197,1
Others	-5,2	0,0
Net cash provided by (used in) financing activities	-175,6	-79,7
Capital Expenditures	-320,4	-245,0
Other investment cash flow	-0,3	0,9
Net cash provided by (used in) investing activities	-320,8	-244,1
Total positive (negative) cash flow of the period	25,0	24,0
Effect of inflation on cash and cash equivalents	5,2	-1,8
Net increase (decrease) in cash and cash equivalents	30,1	22,2
Cash and cash equivalents at beginning of the period	184,3	267,2
Cash and cash equivalents at end of the period	214,4	289,4

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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.