

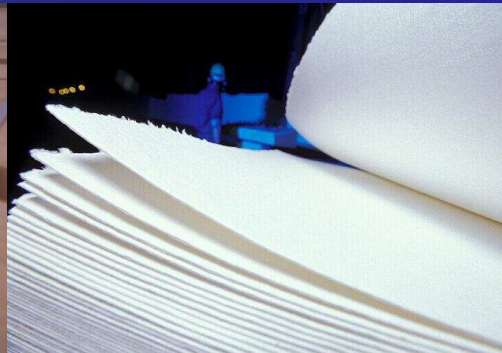


ARAUCO®

Q2 08 Financial Results

Conference Call Presentation

August 20th, 2008



Disclaimer

Forward-looking statements are based on the beliefs and assumptions of Arauco's management and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Arauco and could cause results to differ materially from those expressed in such forward-looking statements.

Contents

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Arauco's main businesses



Forestry	Pulp	Sawn timber	Panels	Energy
721,799 hectares (1.8 million acres)	5 mills 2.7 million tons	12 sawmills 2.92 million m ³	4 facilities Plywood: 805 Th m ³ MDF: 520 Th m ³ Hardboard: 60 Th.m ³	9 plants 538 MW Surplus: 165 MW
119,632 hectares (295.6 Th acres)	1 mill 350 Th. tons	2 sawmills 470,000 m ³	2 facilities MDF: 305 Th m ³ PB : 260 Th m ³	
26,565 hectares (65.6 Th acres)				
63,724 hectares (157.5 Th acres)		1 sawmill (*) 250,000 m ³	2 facilities MDF: 305 Th. m ³ PB : 300 Th m ³	
931,721 hectares (2.3 million acres)	6 mills 3.0 million tons	14 sawmills 3.39 million m ³	8 facilities 2.56 million m ³	9 plants 538 MW Surplus: 165 MW



(*) Temporarily Closed

Highlights of Q2 08

- Revenues of MMUS\$ 1,009 (+ 13.9% over Q2 2007 / + 5.5% over Q1 2008)
- EBITDA of MMUS\$ 351 (- 0.1% over Q2 2007 / + 2.7% over Q1 2008)
- Net Income of MMUS\$ 167 (- 8.1% over Q2 2007 / - 11.0% over Q1 2008)
- The Valdivia Pulp Mill reached its authorized annual production capacity.
- Arauco presented an impact study declaration for a new cogeneration plant (estimated Capex of U.S.\$ 105 million).

Financial Review - Consolidated Income Statement- (Quarterly)

Income Statement

(MMUS\$)	Q2 07	Q1 08	Q2 08	Chg (%) Q208/Q207	Chg (%) Q208/Q108
Net Sales	885	956	1.009	14%	5%
Operating income	266	252	255	-4%	1%
EBITDA	352	342	351	0%	3%
EBITDA Margin	39,7%	35,8%	34,8%		
Non-operating income	-37	-15	-41	10%	173%
Interest expense	-48	-43	-44	-7%	4%
Foreign exchange gains (losses)	2	25	-10	--	-141%
Net Income	181	187	167	-8%	-11%

Financial Review - Consolidated Income Statement- (Quarterly)

Net Sales

	Q2 07	Q1 08	Q2 08	Chg (%) Q208/Q207	Chg (%) Q208/Q108
Pulp	440	443	526	20%	19%
Sawn Timber	184	184	191	4%	4%
Panels	193	236	248	28%	5%
Forestry	21	31	17	-20%	-46%
Others	47	62	26	-44%	-58%
Total Sales	885	956	1.009	14%	5%

Chg (%) Q208/Q207	Price	Sales Volume
Pulp	10%	9%
Sawn Timber	1%	3%
Panels	27%	1%

Chg (%) Q208/Q108	Price	Sales Volume
Pulp	2%	17%
Sawn Timber	0%	3%
Panels	11%	-5%

Financial Review - Consolidated Income Statement- (Quarterly)

Operating Income

(MMUS\$)	Q2 07	Q1 08	Q2 08	Chg (%) Q208/Q207	Chg (%) Q208/Q108
Net Sales	885	956	1.009	14%	5%
Cost of sales	-471	-530	-561	19%	6%
Selling and administrative expenses	-148	-174	-192	30%	10%
Operating income	266	252	255	-4%	1%
Operating margin	30,0%	26,3%	25,3%		

Q208 vs. Q207

- Higher sales of pulp (19.7%), panels (28.5%) and sawn timber (3.7%).
- Increase in costs of wood, chemicals and freight.
- Appreciation of the Chilean Peso, higher energy costs and prices of oil.

Q208 vs. Q108

- Increase in sales of pulp (18.9%), panels (5.2%), and sawn timber (3.7%).
- Higher maintenance and freight costs

Financial Review - Consolidated Cash Flow - (Quarterly)

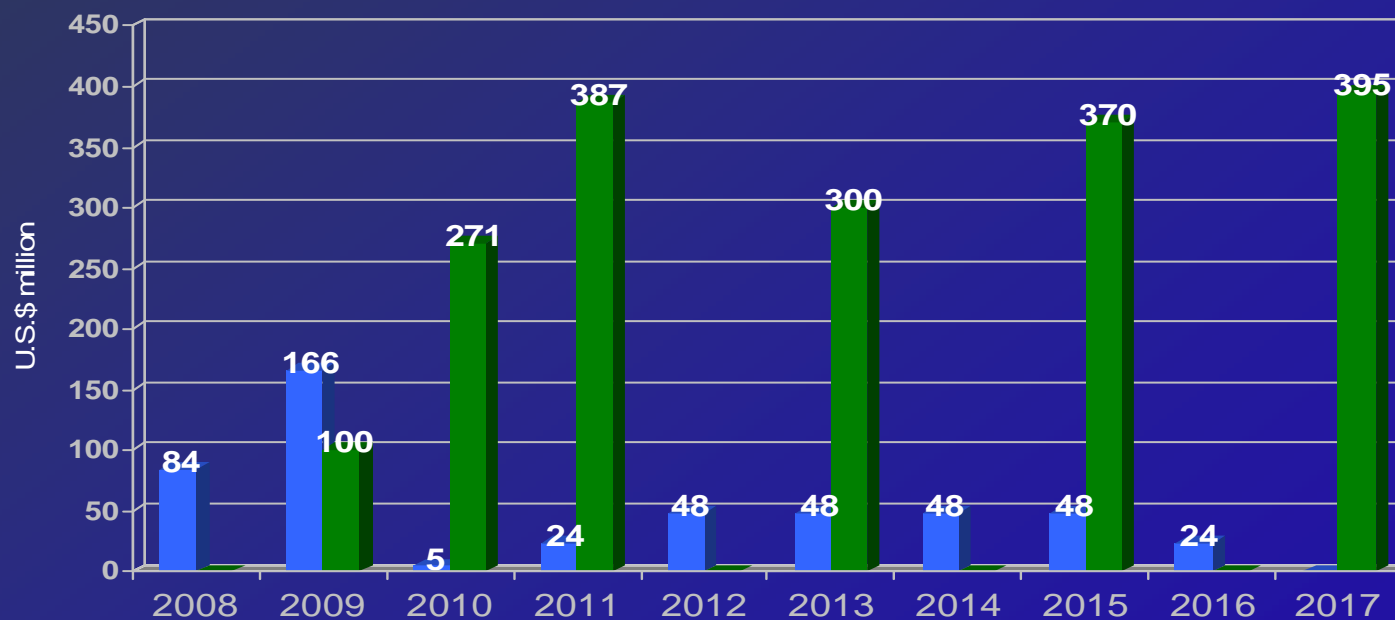
Cash Flow

(MMUS\$)	Q2 07	Q1 08	Q2 08	Chg (%) Q208/Q207	Chg (%) Q208/Q108
Cash flow from operating activities	270	147	201	-25%	37%
Cash flow from financing activities	-102	49	-128	26%	-363%
Dividends Paid	-172	0	-197		
Bonds Issued	270	0	0		
Bonds Paid	0	0	0		
Long Term Loans Issued	0	0	0		
Long Term Loans Paid	-200	0	0		
Short-Term Loans Issued (Paid)	5	49	69		
Others	-5	0	0		
Cash flow from investment activities	-131	-125	-119	-9%	-4%
Capex					
Pulp	-43	-53	-49		
Sawn timber	-2	-3	-8		
Panels	-21	-16	-13		
Forestry	-64	-52	-50		
Others	0	0	1		
Net total positive (negative) cash flow	37	71	-47	-227%	-166%

Financial Review - Consolidated Debt

US\$ million	Q2 07	Q1 08	Q2 08	Chg (%) Q208/Q207	Chg (%) Q208/Q108
Short term Debt	153	216	289	89%	34%
Short-term portion of long-term debt	165	202	209	27%	3%
Long term financial debt	2.112	2.152	2.150	2%	0%
TOTAL FINANCIAL DEBT	2.430	2.570	2.649	9%	3%
Cash & equivalents	214	344	289	35%	-16%
NET FINANCIAL DEBT	2.216	2.226	2.360	7%	6%

Long Term Debt Amortization

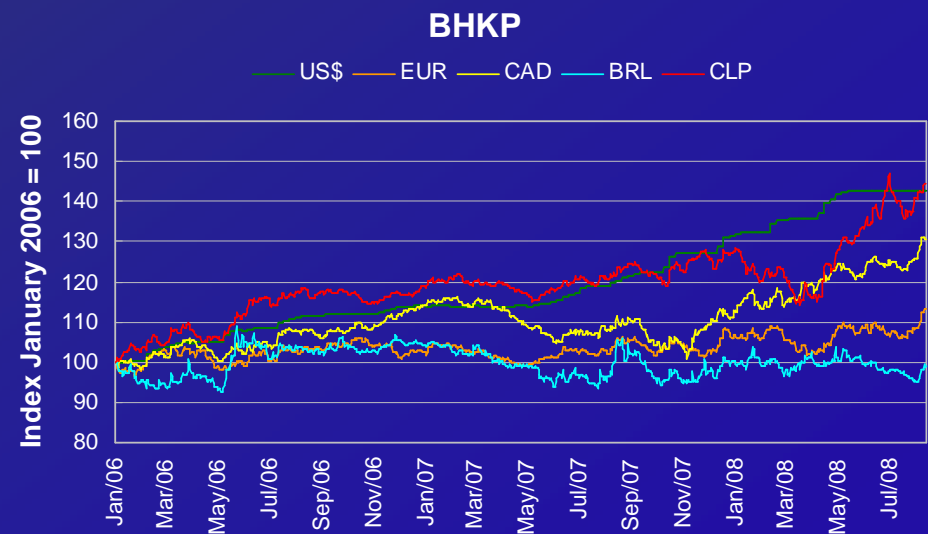


Financial Review – Financial Ratios

Profitability	Q2 07	Q1 08	Q2 08
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	Q2 07	Q1 08	Q2 08
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%

Outlook – Pulp Market

- Global Pulp market showing some signs of weakening :
 - Over supply of paper in some markets. P&W paper suffering from economic slowdown.
 - Some European paper producers forced to shut down capacity
 - Increased production of NBSK at the expense of BHKP, generating a weaker market for softwood pulp.
- Perspectives for the second semester will be conditioned on the world economy's performance, which could have an impact on the pulp market and other commodities.



Outlook – Sawn Timber Market

- **The U.S Housing and Construction Market is still weak.**
 - The construction of houses is still decreasing , reaching levels of 1 million of houses per year, compared with 2 million of houses per year, two years ago.
 - There is a significant stock of unsold houses.
 - It's expected that this situation will continue during part of 2009.
- **Higher wood availability (specially from Europe), decreasing the prices for Europe, Middle East and North of Africa.**
- **Demand and supply in Asia remains stable with some price increases.**

Outlook – Panel Market

- Demand for Plywood has remained high. All the markets show good perspectives.
- Reinitiating commercial operations of Fiberboard Panels oriented to the Furniture Market (MDF, PBO, HB) in Asia due to a higher supply in the Latin America Markets.
- Higher prices for MDF mouldings due to a lower supply availability of both MDF and Finger Joint mouldings.

Q & A



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August 20th, 2008

A replay of this conference call will be available from August 20th at 18:00 to August 27th at 23:59 (EST)

Replay* telephone number: (1) (706) 645-9291

Conference ID: 60039738



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