

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, 2.3 million m³ of wood panels, 3.8 million m³ of sawn timber and 514 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	Q1 2006	Q4 2006	Q1 2007	Q1/07 vs Q1/06	Q1/07 vs Q4/06
Sales	640	834	804	25,6%	-3,6%
Gross Margin	298	417	385	29,4%	-7,6%
Operating income	169	254	245	44,3%	-3,8%
EBITDA*	235	333	328	40,0%	-1,3%
Net income	113	189	165	46,4%	-12,7%
CAPEX	152	147	189	24,5%	28,6%
Net Financial Debt	2.053	2.239	2.167	5,6%	-3,2%
Capitalization**	6.708	7.255	7.272	8,4%	0,2%
EBITDA Margin	36,7%	39,9%	40,9%		
ROCE	8,0%	11,9%	10,8%		

*EBITDA = Operating Income + Depreciation + Stumpage
** Capitalization = Financial Debt + Equity

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Summary of First Quarter Results

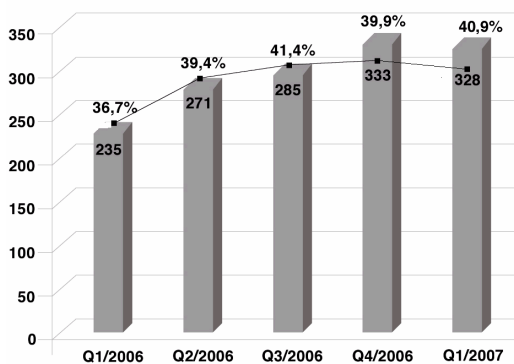
Q1 2007 vs Q1 2006 review:

- Arauco’s consolidated sales reached U.S.\$804 million during the first quarter of 2007, an increase of 25.6% over the U.S.\$640 million obtained in the first quarter of 2006. The increase in consolidated sales is the result of a strong increase in sales of pulp due to higher market prices and sales volume as a result of the ramp up of the Nueva Aldea Pulp Mill. This increase in consolidated sales is also explained by higher sales of panels, due to higher average prices.
- Arauco’s net consolidated income for the first quarter of 2007 reached U.S.\$165 million, an increase of 46.4% compared to the U.S.\$113 million obtained in the same period of 2006. This increase in consolidated net income is mainly explained to an increase in sales of pulp and panels, partially offset by higher interest expenses.
- During the first quarter of 2007 consolidated EBITDA reached U.S.\$328 million, an increase of 40.0% compared to the U.S.\$235 million for the same period in 2006. This increase is mainly due to a higher operating income as a result of an increase in sales of pulp and panels.
- Capital expenditures during the first quarter of 2007 were U.S.\$189 million, an increase of 24.5% compared to the U.S.\$152 million expended during the first quarter of 2006. This increase is the result of the purchase of forest plantations from Forestal Anchile Ltda., the construction of the second line of plywood at the Nueva Aldea Plywood Mill and to the construction of the Nueva Aldea and Constitución Pipelines.

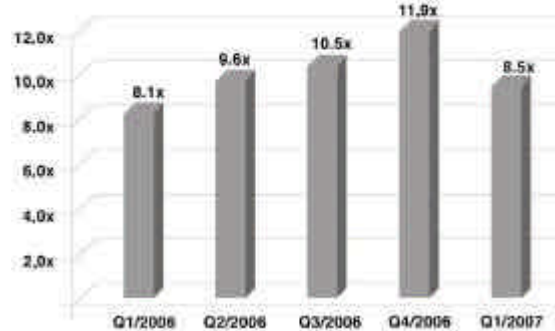
Q1 2007 vs Q4 2006 review:

- Arauco’s consolidated sales were 3.6% lower during the first quarter of 2007 compared to the U.S.\$834 reached in the fourth quarter of 2006. This decrease in sales is the result of a reduction in sales of pulp explained by lower sales volume. Sales of sawn timber were also lower during this quarter due to a decrease in prices of molding sold in the US market.
- Net consolidated income for the first quarter of 2007 decreased 12.7% compared to the US\$189 million obtained in the last quarter of 2006. The lower net income reached during the first quarter of 2007 is mainly due to a decrease in sales of pulp and sawn timber, an increase in depreciation due to the commencement of operation of the Nueva Aldea Pulp Mill, and to an increase in interest expenses.
- Arauco’s consolidated EBITDA was 1.3% lower in this quarter when compared to the fourth quarter of 2006. The lower EBITDA is explained by a decrease in operating income as a result of a reduction in sales of pulp and sawn timber.
- Capital expenditures were 28.6% higher during the first quarter of 2007 compared to the U.S.\$147 million expended during the last quarter of 2006. This growth is due to the forest plantations acquired from Forestal Anchile Ltda.

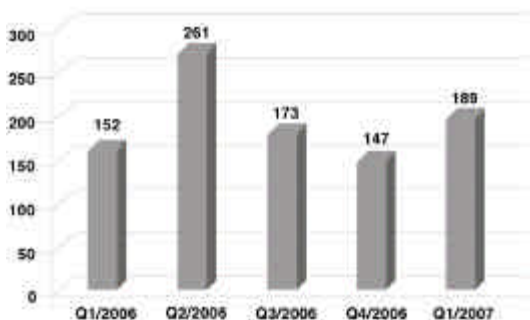
EBITDA (US\$ MM) & EBITDA Margin (%) by Quarter



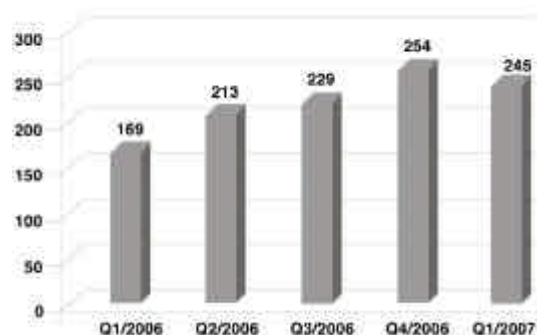
Interest Coverage Ratio (EBITDA / Net Interest)



Capex by Quarter US\$ Million



Operating Income by Quarter US\$ Million



CONSOLIDATED INCOME STATEMENT ANALYSIS

Arauco revenue summary, Q1 2006 – Q1 2007

Arauco Quarterly Sales (U.S.\$ million)	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07
Pulp Division	261	289	299	409	386
Sawn Timber Division	174	181	178	201	174
Panels Division	168	183	179	191	195
Forestry Division	21	17	18	19	17
Others	16	18	13	14	33
Total	640	689	687	834	804

Arauco’s consolidated sales for the first quarter of 2007 reached U.S.\$804 million, an increase of 25.6% over the U.S.\$640 million obtained in the first quarter of 2006 (Figure 1). The increase in consolidated sales is principally explained by the strong growth in sales of pulp, followed by an increase in sales of panels.

Compared to the U.S.\$834 million obtained in the fourth quarter of 2006, consolidated sales were 3.6% lower as a result of a decrease in pulp and sawn timber sales (Figure 2).

The breakdown of sales by product of the fourth quarter is presented in Figure 3.

Pulp Division Sales

Pulp sales reached U.S.\$386 million during the first quarter 2006, a 47.7% increase compared to the same quarter of the previous year. This growth in sales is explained by a 24.8% increase in price, due to better market conditions, and to higher sales volume of 18.4% as a result of the commencement of operation of the Nueva Aldea Pulp Mill in August, 2006.

The higher market pulp prices seen during this quarter, when compared to the first quarter of 2006, is mainly explained by a strong demand coming from China, and to the closure of pulp mills in North America due to higher costs of production.

Compared to the U.S.\$409 million for the fourth quarter of 2006, pulp sales decreased by 5.7%. This decrease in sales was mainly due to lower sales volume of 8.3%, explained by an increase in inventory due to a change in the logistics as a consequence of reorganization in the fleet routes and to the decision to replenish inventories after reaching low levels at the end of 2006. This negative effect was partially offset by higher market prices of 2.8%.

The increase in pulp prices during this quarter, compared with the last quarter of 2006, is mainly due to a deficit in the supply of woodchips in North America and Scandinavia that has maintained prices on a high level, specially for softwood. Softwood pulp prices have experienced some increases during the first quarter. On the other hand, hardwood pulp prices have remained more stable.

FIG. 1
Sales by Product Q1/2006 - Q1/2007
US\$ Million

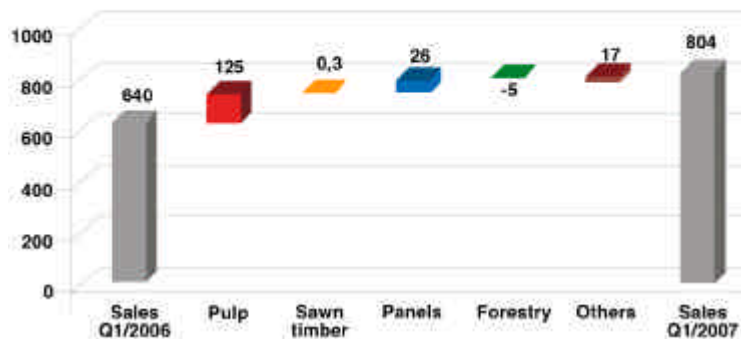
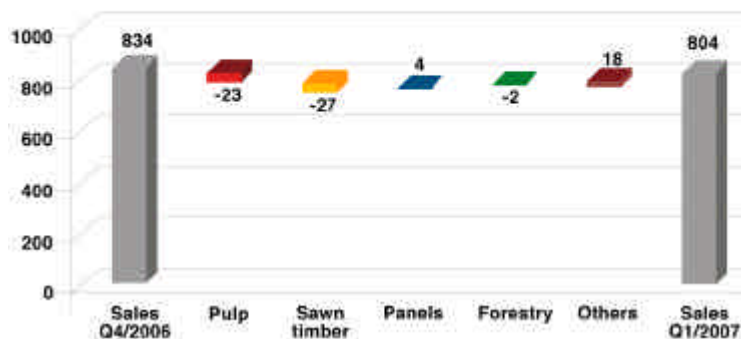


FIG. 2
Sales by Product Q4/2006 - Q1/2007
US\$ Million



CONSOLIDATED INCOME STATEMENT ANALYSIS

Sawn Timber Division Sales

During the first quarter of this year, sales of sawn timber remained stable when compared with the same period of 2006, reaching U.S.\$174 million. This neutral effect is mainly due to an increase in sales volume of 3.3%, partially offset by lower average prices of 3.1%. The increase in sales volume is a consequence of an improvement in the Asian, Middle Eastern, European and Latin-American markets. The lower market prices are explained by a decrease in prices for remanufactured wood products sold in the U.S. market.

Sawmill sales decreased by 13.5% in the first quarter of 2007 when compared to the U.S.\$201 million sold during the fourth quarter of 2006. This variation was principally due to a decrease in sales volume and average prices explained by lower prices for sawn timber and remanufactured wood products sold in the US market. This decrease in prices in the US market is driven by the contraction of the moulding market in North America.

Panels Division Sales

During the first quarter of 2007, sales of panels reached U.S.\$195 million, a growth of 15.7% compared with the first quarter of 2006. This increase in sales is mainly due to a growth in average prices of 15.4%. The increase in prices is explained by higher prices of all our products. For Plywood, prices have increased in all markets except to the Mexican market due to an overstock that should be corrected during the second quarter. MDF, PBO, and HB have shown better prices and demand during this quarter due to a good demand coming from the Central and South American furniture industry.

Panel sales increased 2.0% in the first quarter of this year compared to the U.S.\$191 million in the fourth quarter of 2006. This is mainly explained by the higher average prices of 6.7% partially offset by lower sales volume of 4.4%. The increase in prices is explained by an improvement in prices of plywood, as well as higher prices of MDF, PBO, and HB due to a strong demand coming from the Latin American market.

Operating Income

Operating Income increased by 44.3% to U.S.\$ 245 million in the first quarter of 2007 from the U.S.\$ 169 million obtained in the first quarter of 2006. This positive impact is mainly explained by a 25.6% increase in consolidated sales. This increase was partially offset by a 22.2% increase in cost of sales, mainly explained by an increase in sales volume of pulp and sawn timber (18.4% in pulp, and 3.3% in sawn timber), by an increase in depreciation due to the ramping up process of the Nueva Aldea Pulp Mill, and to higher unit costs of chemicals.

Compared to the U.S.\$ 254 million obtained in the fourth quarter of 2006, operating income in the first quarter of 2007 decreased by 3.8%. This decrease is because of lower consolidated sales of 3.6%, mainly due to lower sales volume of pulp and a decrease in average prices of sawn timber in the US market.

Net Income

Net Income for the first quarter of 2007 reached U.S.\$ 165 million (Figure 4), an increase of 46.4% compared to the U.S.\$ 113 million for the first quarter of the previous year. This increase is the result of higher operating income. This increase was partially offset by higher interest expenses because of a lower capitalization of interest, as a consequence of the end of construction of the Nueva Aldea Pulp Mill.

FIG. 3
Sales by Product
First Quarter 2007

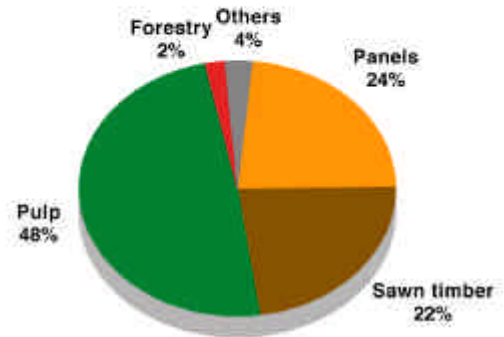


FIG. 4
Net Income Q4/2005 - Q4/2006
US\$ Million

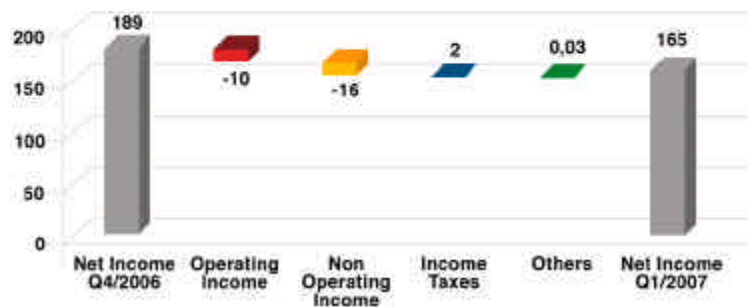
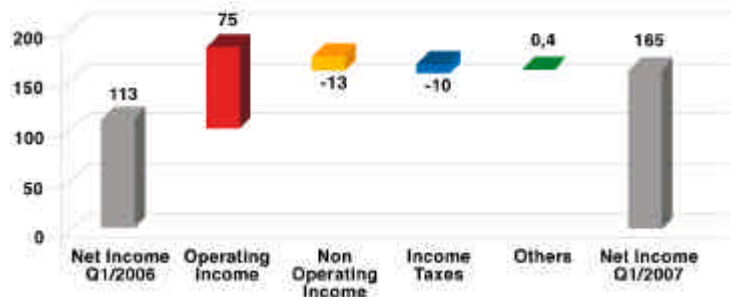


FIG. 5
Net Income Q1/2006 - Q1/2007
US\$ Million



CONSOLIDATED INCOME STATEMENT ANALYSIS

Compared to the U.S.\$ 189 million obtained in the fourth quarter of 2006, Consolidated Net Income decreased by 12.7% (Figure 5). This decrease in consolidated net income is mainly explained by lower operating income and an increase in interest expenses of 32.5%, due to a lower capitalization of interests.

EBITDA

Consolidated first quarter of 2007 EBITDA reached U.S.\$328 million, an increase of 40.0% compared to the U.S.\$235 million for the same period of 2006 (Figure 6). This increase in consolidated EBITDA is principally due to a growth in operating income of 44.3%, and higher depreciation. The main contributions for this increase in EBITDA came from the Pulp division which grew 74.9%, followed by the Panel division with a growth of 28.8%. This increase in consolidated EBITDA was partially offset by a decrease in sawn timber EBITDA due to lower operating income.

Consolidated EBITDA for this quarter was 1.3% lower than the U.S.\$333 million EBITDA for the previous quarter (Figure 7). The explanation for this negative effect was a decrease of 3.8% in operating income. This effect is explained by a decrease in EBITDA from the Panel, Sawn Timber, and Pulp divisions, partially offset by a higher EBITDA coming from the Forestry division.

FIG. 6
EBITDA by Division Q1/2006 - Q1/2007
US\$ Million

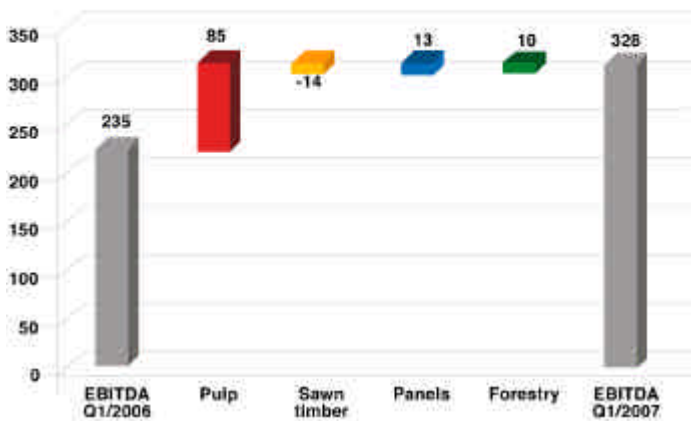
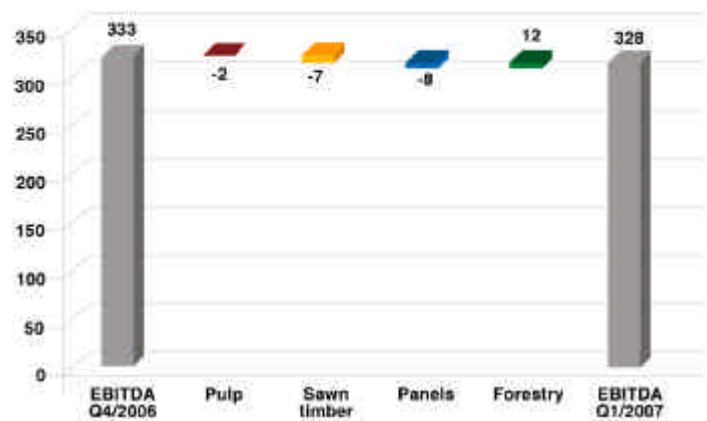


FIG. 7
EBITDA by Division Q4/2006 - Q1/2007
US\$ Million



Production

Compared to the first quarter of 2006, production volume during this quarter increased 25.2% in pulp, 0.1% in panels, and decreased 3.1% in sawn timber. (Figure 8).

The increase in pulp production is mainly explained by the commencement of operation of the Nueva Aldea Pulp Mill. Panel production increased principally due to a higher productivity reached at the Trupán Mill.

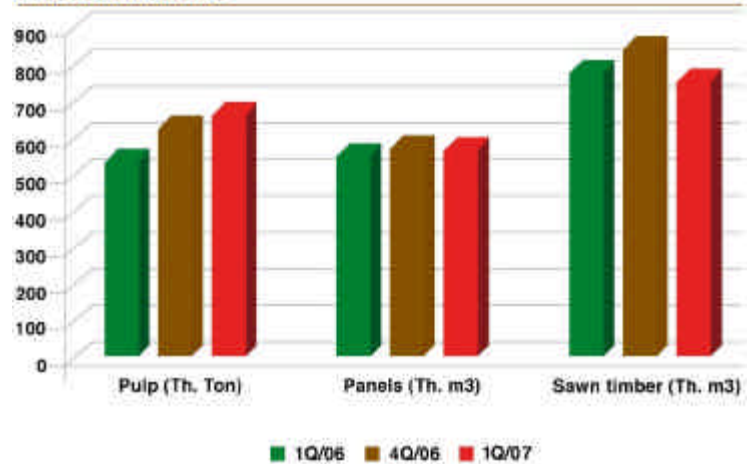
The decrease in the sawn timber division was mainly due to a decrease in the production of wood mouldings due to the contraction of the U.S Housing Market.

Compared to the previous quarter, production increased 5.2% in pulp, and decreased 2.8% and 0.4% in panels and sawn timber respectively. The higher pulp production during this quarter is explained by the ramping up process the Nueva Aldea Pulp Mill.

Panel production decreased due to is a schedule maintenance stoppage at the Trupán Mill.

The decrease in sawn timber production was mainly because of a decrease in the production of wood mouldings due to the contraction of the U.S Housing Market.

FIG. 8
Production Volume



CONSOLIDATED BALANCE SHEET ANALYSIS

Assets

Current assets reached U.S.\$ 1,678 million as of March 31, 2007, a 9.9% increase compared to the first quarter of 2006, as a result of an increase in Account Receivables and Inventories, partially offset by a decrease in Marketable Securities. Compared to the U.S.\$ 1,620 million for the fourth quarter of 2006, current assets increased 3.6%. This effect on current assets is mainly explained by an increase in Inventories, partially offset by a decrease in Account Receivables.

Fixed assets reached U.S.\$6,145 million as of March, 31, 2007, a 10.8% increase compared to the first quarter of 2006. This increase in fixed assets was the result of an increase in Property, Plant and Equipment, mainly because of the construction of the Nueva Aldea Pulp Mill.

Fixed assets increased 0.5% compared to the fourth quarter of 2006. This increase is mainly explained to the ongoing construction of the Nueva Aldea Pipeline and the construction of the second line of plywood at the Nueva Aldea Panel Mill.

FINANCIAL DEBT			
US\$ million	Q1 2006	Q4 2006	Q1 2007
Short term Debt	110,5	203,5	126,8
Short-term portion of long-term debt	93,9	272,5	268,0
Long term financial debt	2.179,5	1.947,3	1.945,3
TOTAL FINANCIAL DEBT	2.383,9	2.423,2	2.340,1
Cash & equivalents	331,2	184,3	173,2
NET FINANCIAL DEBT	2.052,7	2.238,9	2.166,9

Liabilities

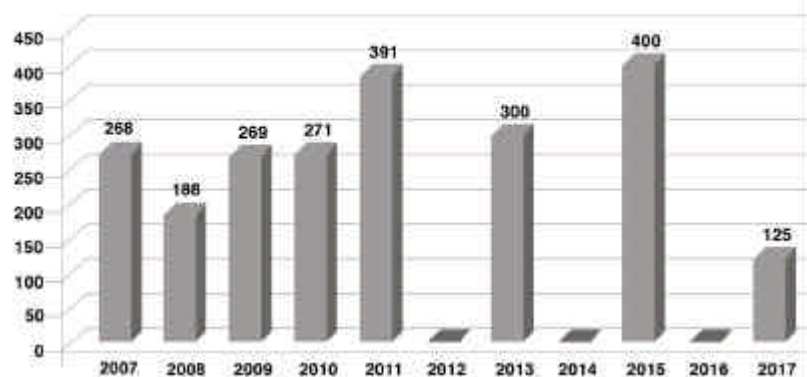
Total Current Liabilities reached U.S.\$789 million during the first quarter of 2007, an increase of 68.8% compared to the U.S.\$ 467 million for the first quarter of 2006. This increase is mainly because of the movement to Current portion of bonds payable of U.S.\$100 million of the Yankee Bond due in December of 2007, to the movement to Current portion of long-term bank borrowings of U.S.\$100 million of the APSA notes, and to an increase in pre-export financing.

Compared to the U.S.\$825 million in the fourth quarter of 2006, current liabilities decreased 4.4%.

Long Term Liabilities reached U.S.\$2,176 million at the end of the first quarter, a decrease of 7.2% compared to the U.S.\$2,345 million for the first quarter of 2006. This decrease in long term liabilities is because of a decrease in Long-term Bonds due to the movement to Current portion of bonds payable of U.S.\$100 million of the Yankee Bond due in December of 2007, as well as a decrease in Long-term Bank Borrowings as a result of the movement to Current portion of long-term Bank Borrowings of U.S.\$100 million of the APSA notes.

Compared to the previous quarter, Long Term Liabilities increased by 1.4%

FIG. 9
Long Term Debt Amortization
US\$ Million



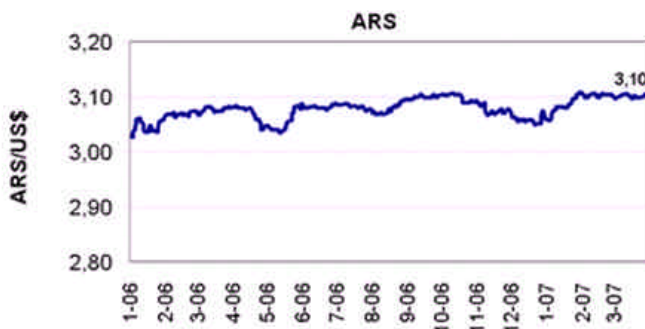
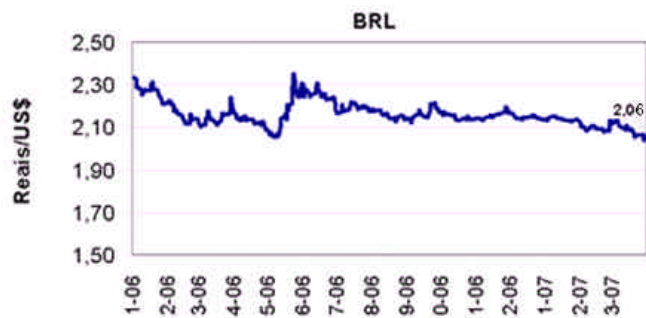
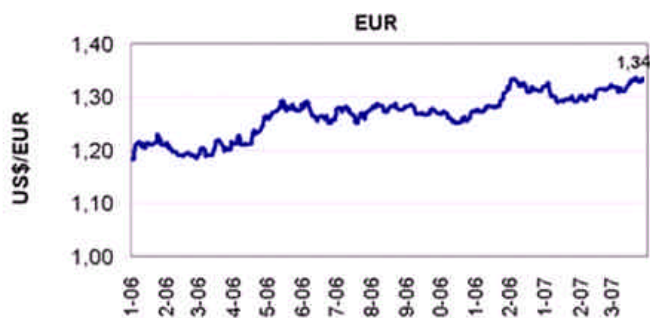
Shareholders Equity

Arauco's shareholders equity grew 14.0% from U.S.\$4.3 billion at the end of the first quarter of 2006 to U.S.\$4.9 billion for the first quarter of 2007. This increase is the result of an increase in Retained Earnings and Forestry Reserve.

Main Financial Ratios of Arauco:

FINANCIAL RATIOS			
	Q1/07	Q4/06	Q1/06
Profitability			
Gross margin	47,9%	50,0%	46,5%
Operating margin	30,4%	30,5%	26,5%
EBITDA margin	40,9%	39,9%	36,7%
ROA (EBIT / Average Total Assets)	12,4%	13,5%	9,5%
ROCE (EBIT (1 - tax rate) / Average Total Capitalization)	10,8%	11,9%	8,0%
ROE (Net Income / Average Equity)	13,5%	16,3%	10,5%
Leverage			
Interest Coverage Ratio (EBITDA / Net Interest)	8,5x	11,9x	8,1x
Interest Coverage Ratio (EBITDA / Gross Interest)	7,4x	9,9x	6,4x
Average Net Financial Debt / EBITDA	1,7x	1,6x	2,2x
Total financial debt / Total Capitalization	32,2%	33,4%	35,5%
Net financial debt / Total Capitalization	29,8%	30,9%	30,6%
Total financial debt / Equity	47,4%	50,2%	55,1%
Net financial debt / Equity	43,9%	46,3%	47,5%

Key Exchange Rates for the U.S. Dollar (closing rate)					
	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07
One U.S. Dollar is					
CLP	526,2	539,4	537,0	532,4	539,2
ARS	3,08	3,09	3,10	3,06	3,10
BRL	2,16	2,17	2,17	2,14	2,06
EUR	1,21	1,28	1,27	1,32	1,34



First Quarter Events

In January, 2007, the Corema of the Tenth Region postponed the deadline to present the environmental impact study of the Valdivia Mill Pipeline.

In December 2006, Arauco requested a permission from the authorities to postpone the presentation of the environmental impact study of the Valdivia Mill Pipeline, for the discharge of effluents into a different body other than the Cruces River. In January 2007, the authority approved the postponement of the presentation of the study for two years.

In January, 2007, Arauco acquired pine plantations from Forestal Anchile.

In January 2007, through its subsidiary Bosques Arauco S.A., Arauco acquired 5,105 hectares of radiata pine plantations (excluding land) from Forestal Anchile Ltda. This acquisition represented an investment of approximately U.S.\$43.6 million.

In February 2007 the pipeline of the Constitución Mill commenced its operations.

FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

US\$ Million	Q1 2007	Q1 2006
Net Sales	803,6	639,9
Cost of sales	-418,5	-342,3
Gross profit	385,1	297,6
Selling and administrative expenses	-140,5	-128,1
Operating income	244,7	169,5
Interest Income	5,7	7,6
Income on investments in related companies	2,7	1,7
Other non operating income	5,7	2,4
Loss on investments in related companies	0,0	0,0
Goodwill Amortization	-0,7	-0,7
Interest expense	-44,5	-36,8
Other non operating expenses	-9,7	-2,7
Price-level restatement	-0,0	-0,0
Foreign exchange gains (losses)	0,0	0,7
Non-operating income	-40,8	-27,8
Income before taxes and extraordinary items	203,9	141,7
Income taxes	-40,2	-29,9
Extraordinary Items	0,0	0,0
Income before minority interest and negative goodwill amortization	163,7	111,8
Minority interest	0,1	0,0
Net income after minority interest	163,8	111,9
Negative goodwill amortization	1,1	0,7
Net income for the period	164,9	112,6

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

FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET

US\$ Million	31/03/07	31/03/06
Cash & cash equivalents	173,2	331,2
Account receivables	498,4	374,1
Inventories	695,7	604,6
Other current assets	310,3	216,1
Total Current Assets	1.677,5	1.526,0
Forest	2.577,5	2.222,7
Property, plant and Equipment	5.353,9	4.344,6
Other Fixed Assets	538,1	1.102,7
Depreciation	-2.324,7	-2.121,8
Total Fixed Assets	6.144,8	5.548,2
Total Other Assets	86,6	75,7
TOTAL ASSETS	7.908,9	7.149,9
Short-term debt	394,8	204,4
Accounts payable	226,4	155,0
Other current liabilities	167,6	108,0
Total Current Liabilities	788,9	467,4
Long-term bank borrowings	362,8	497,0
Long-term bonds	1.582,5	1.682,5
Other long term liabilities	230,4	166,0
Total Long Term Liabilities	2.175,7	2.345,4590
Minority Interest	12,5	12,7
Total Shareholder's Equity	4.931,8	4.324,3
TOTAL LIABILITES & SHAREHOLDER `S EQUITY	7.908,9	7.149,9

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

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOWS

US\$ Million	Q1 2007	Q1 2006
Net income (loss) for the period	164,9	112,6
Results on sales of assets	-0,1	-0,0
Depreciation	58,3	42,9
Charges (credits) to income not affecting cash flow	18,6	21,1
Changes in assets, affecting cash flow	-8,3	-27,7
Changes in liabilities, affecting cash flow	18,4	5,8
Profit (loss) of minority interest	-0,1	-0,0
Net cash provided by (used in) operating activities	251,6	154,6
Debt issuance	205,0	239,0
Debt repayment	-278,5	-242,7
Dividends Paid	0,0	-0,0
Others	0,0	0,0
Net cash provided by (used in) financing activities	-73,4	-3,7
Capital Expenditures	-189,5	-152,2
Other investment cash flow	-0,4	-7,5
Net cash provided by (used in) investing activities	-189,8	-159,7
Total positive (negative) cash flow of the period	-11,7	-8,8
Effect of inflation on cash and cash equivalents	0,6	1,5
Net increase (decrease) in cash and cash equivalents	-11,1	-7,3
Cash and cash equivalents at beginning of the period	184,3	338,5
Cash and cash equivalents at end of the period	173,2	331,2

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

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.

Contact:

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

Maria José Ibaceta
mariajose.ibaceta@arauco.cl
Phone: (56-2) 461 7283

Fax: (56-2) 461 75 41
www.arauco.cl