

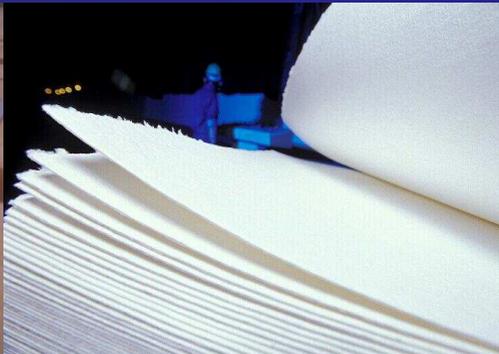


ARAUCO®

Q4 08 Financial Results

Conference Call Presentation

February 19th, 2009



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

- Q4 08 Highlights
- Financial Review
- Outlook



Highlights of Q4 08

- Revenues of MMUS\$ 749 (- 25.2% over Q4 2007 / - 23.2% over Q3 2008)
- EBITDA of MMUS\$ 159 (- 53.8% over Q4 2007 / - 44.5% over Q3 2008)
 - Annual EBITDA of MMUS\$ 1,138 (- 16.3% over 2007)
- Net Income of MMUS\$ -6 (- 103.3% over Q4 2007 / - 104.4% over Q3 2008)
 - Annual Net Income of MMUS\$ 479 (- 31.2% over 2007)
- Arauco issued two local bonds in Chile for 6,000,000 UF (approx. US\$ 200 million).
- Shut down of the Coelemu Sawmill (Dec. 30), with a capacity of 80.000 m3 per year (aprox. 3% of Arauco`s sawmilling capacity).

Financial Review - Consolidated Income Statement- (Quarterly)

Income Statement (MMUS\$)	Q4 07	Q3 08	Q4 08	Chg (%) Q408/Q407	Chg (%) Q408/Q308
Net Sales	1,002	975	749	-25%	-23%
Operating income	245	200	75	-69%	-62%
EBITDA	343	286	159	-54%	-45%
EBITDA Margin	34.3%	29.3%	21.2%		
Non-operating income	-33	-48	-84	152%	74%
Interest expense	-47	-33	-45	-4%	37%
Foreign exchange gains (losses)	5	-19	-44	-988%	131%
Other non-operating income	8	4	5	-41%	34%
Income taxes	-37	-23	2	-105%	-107%
Net Income	174	130	-6	-103%	-104%

Financial Review – Pulp Markets during Q4

- **Global Pulp market demand deteriorated sharply during the quarter**
 - Prices down 30% compared with the first nine months
 - 1.7 million tons of market downtime
 - Increase in inventories (36% higher than the average of last two years)
- **Devaluation of almost all currencies against the US\$ dollar**
- **Costs of production started to decrease**
 - Energy
 - Freight
 - Local currency costs

Financial Review - Consolidated Income Statement- (Quarterly)

Net Sales

	Q4 07	Q3 08	Q4 08	Chg (%) Q408/Q407	Chg (%) Q408/Q308
Pulp	475	480	344	-28%	-28%
Sawn Timber	206	192	143	-31%	-26%
Panels	242	240	208	-14%	-13%
Forestry	26	30	24	-8%	-22%
Others	53	33	31	-42%	-7%
Total Sales	1,002	975	749	-25%	-23%

Chg (%) Q408/Q407	Price	Sales Volume
Pulp	-24%	-4%
Sawn Timber	-13%	-20%
Panels	3%	-16%

Chg (%) Q408/Q308	Price	Sales Volume
Pulp	-25%	-5%
Sawn Timber	-10%	-17%
Panels	-6%	-8%

- Pulp: The deterioration in pulp prices and sales volume is due to the economic slowdown that is affecting the pulp market and most commodities.
- Sawn Timber: 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.
- Panels: 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.

Financial Review - Consolidated Income Statement- (Quarterly)

Operating Income

(MMUS\$)	Q4 07	Q3 08	Q4 08	Chg (%) Q408/Q407	Chg (%) Q408/Q308
Net Sales	1,002	975	749	-25%	-23%
Cost of sales	-579	-589	-516	-11%	-13%
Selling and administrative expenses	-178	-186	-158	-11%	-15%
Operating income	245	200	75	-69%	-62%
Operating margin	24.4%	20.5%	10.0%		

Q408 vs. Q407

- Increase in unit cost of pulp, explained by higher costs of wood and chemicals.
- Higher unit cost of MDF Panels (resins and wood).

Q408 vs. Q308

- Lower unit cost of pulp due to a decrease in costs of chemicals and energy.
- Decrease in fleet and transportation costs.
- Lower unit cost of MDF Panels (resins)
- Depreciation of the Chilean peso.

Financial Review - Consolidated Cash Flow - (Quarterly)

Cash Flow

(MMUS\$)	Q4 07	Q3 08	Q4 08	Chg (%) Q408/Q407	Chg (%) Q408/Q308
Cash flow from operating activities	274	287	149	-46%	-48%
Cash flow from financing activities	95	-135	-112	-219%	-17%
Dividends Paid	-112	0	-104		
Bonds Issued	0	0	203		
Bonds Paid	-130	0	0		
Long Term Loans Issued	0	0	0		
Long Term Loans Paid	0	-80	0		
Short-Term Loans Issued (Paid)	338	-55	-211		
Others	-2	0	0		
Cash flow from investment activities	-351	-150	-137	-61%	-9%
Capex					
Pulp	-123	-52	-68		
Sawn timber	-19	-10	-8		
Panels	-16	-19	-6		
Forestry	-227	-62	-56		
Others	34	-7	0		
Net total positive (negative) cash flow	17	1	-101		

Financial Review - Consolidated Debt

US\$ million	Q4 07	Q3 08	Q4 08	Chg (%) Q408/Q407	Chg (%) Q408/Q308
Short term Debt	168	240	27	-84%	-89%
Short-term portion of long-term debt	129	296	308	138%	4%
Long term financial debt	2,233	1,969	2,170	-3%	10%
TOTAL FINANCIAL DEBT	2,531	2,504	2,504	-1%	0%
Cash & equivalents	267	279	167	-37%	-40%
NET FINANCIAL DEBT	2,263	2,225	2,337	3%	5%

Long-term Debt Amortization Schedule (MMUS\$)



Financial Review – Financial Ratios

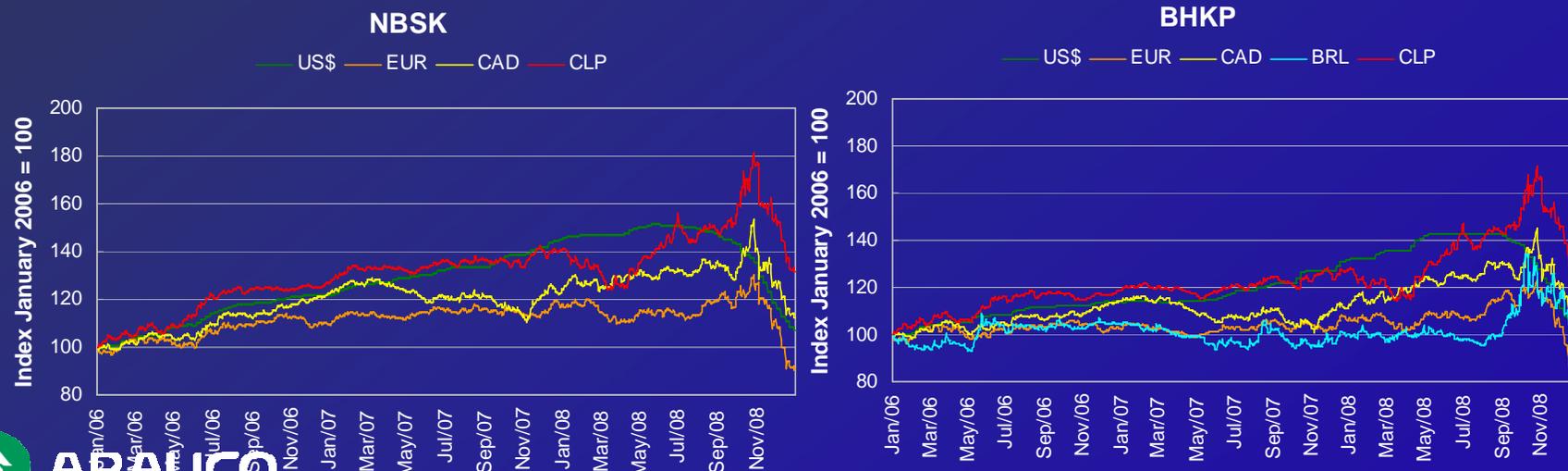
<i>Profitability</i>	Q4 07	Q3 08	Q4 08
Gross margin	42.2%	39.5%	31.2%
Operating margin	24.4%	20.5%	10.0%
EBITDA margin	34.3%	29.3%	21.2%
ROA (EBIT / Average Total Assets)	11.8%	9.0%	3.4%
ROCE (EBIT (1 - tax rate) / Average Total Capitalization)	10.6%	8.4%	3.0%
ROE (Net Income / Average Equity)	13.3%	9.5%	-0.4%
<i>Leverage</i>	Q4 07	Q3 08	Q4 08
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%

Outlook – Pulp Market

- **Global Pulp Markets remain weak:**
 - Oversupply 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 Printing & Writing are not good**
 - It is very probable that this recessive situation will go on during the rest of 2009
 - Demand for office papers will go down as unemployment rises
 - Paper associated with export goods coming from China
 - Paper producers have felt less impact than pulp producers
- **Tissue and Packaging should be less vulnerable**

Outlook – Pulp Market

- Demand for pulp will continue to be weak and the only positive news could come from:
 - Definitive shutdowns of high cost pulp capacity
 - Acceleration in the reduction of pulp unit costs
 - Freight
 - Energy
 - Chemicals
- Arauco is completely focused on cost reduction and improving its cost advantage



Outlook – Sawn Timber Market

- The financial crisis that started in the US is affecting all markets.
 - The construction of houses in the US has continued falling, reaching levels of 466,000 houses built per year as of January of 2009, compared to the 2 million houses 2 years ago.
 - 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.

Outlook – Panel Market

- The economic slowdown is starting to affect the demand for Panels
 - 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

Subsequent Events

- Arauco will start reporting its financial results under IFRS (International Financial Reporting Standards) in 2009.
- On February 13th, 2009, Arauco presented the EIS for the construction of the Valdivia Pipeline. The pipeline will have a length of 37km. and an estimated CAPEX of MMUS\$ 65.

Q & A



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A replay of this conference call will be available from February 19, 2009, 10:30 to February 26 2009 23:59 (EST)

Replay number: +1 (706) 645-9291

Password: 84943687



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