

2009
SUSTAINABILITY
REPORT



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About This Report

Celulosa Arauco y Constitución S.A. (ARAUCO) has prepared an annual Corporate Sustainability Report every year since 2004. This report provides a comprehensive review of the company's economic, environmental and social performance of its business operations in Chile, Brazil, Argentina and Uruguay for the time period ranging from January 1 through December 31, 2009.

As in prior years, this report combines conventional, annual financial reporting with corporate sustainability reporting as a reflection of ARAUCO's continuing efforts to integrate sustainable practices into all aspects of management of the business.

This report was written following Global Reporting Initiative (GRI) protocols, and the contents and indicators published in this report were defined by GRI G3 Guidelines. These GRI references are identified throughout the report and have been included in a table which appears in the GRI Index Annex.

The financial statements included in this report were audited by an independent accounting firm. The sustainability-related content in this report has been self-evaluated by ARAUCO, following the GRI Reporting Framework for a B Application Level report. ARAUCO applied a rigorous, internal data-verification process to ensure accurate and meaningful data. Corporate Management takes responsibility for this report.

Additional detailed information on economic, financial and corporate governance indicators is published annually in June in Form 20-F (US Securities and Exchange Commission), and in ARAUCO's audited Consolidated Financial Statements report (prepared in compliance with the International Financial Reporting Standards). These documents are available online at www.arauco.cl and are an integral part of this report.

Stakeholder Feedback

The issues to be addressed in this report were determined based on a variety of stakeholder interactions, a review of public media coverage during 2009, and relevance to ARAUCO's sustainability. The key sources for determining issues include the following:

- **Survey of Report Recipients**

An informal survey was administered to a number of stakeholders who had received and read ARAUCO's 2008 report. These stakeholders were asked to provide feedback on how the report could be improved;

- **Nowack-Beer Consulting Survey**

A survey of 181 global customers was conducted by Nowack-Beer Consulting, a North American firm specializing in sustainability issues management and marketing communication;

- **Organizational Climate Survey**

ARAUCO commissioned an internal Organizational Assessment, which began in late 2008 and continued throughout 2009. A survey of workforce perceptions was sent to 4,100 employees and contract workers. This was followed by 75 information meetings to discuss the results and 22 focus groups to define needed actions;

- **Woodmark Stakeholder Consultation during FSC Certification Pre-assessment Process**

As part of the preliminary assessment of ARAUCO's operations for Forest Stewardship Council certification, extensive stakeholder input was gathered through 172 personal interviews and more than 60 written affidavits representing the opinions of environmental, social, labor, community and economic interests. More information can be found in the Environment section of this report.

• **AccionRSE Jury Report on ARAUCO's 2008 Annual Report**

Each year, AccionRSE, a Chilean non-profit organization, sponsors a juried competition through which it recognizes the best Annual and Corporate Responsibility Reports submitted by companies operating in Chile. In addition to choosing the best report, the jury provides each participant with a review of their corporate report in order to make improvements for coming efforts.



Stakeholder Issues Addressed in this Report

Stakeholder Issue	Application in 2009 Report
Provide more information about how the company integrates and measures its sustainability vision in its programs and in relation to recognized standards of performance.	This report provides more-detailed discussions of company programs and the progress made during 2009.
Provide information on future commitments and goals.	The focus of this report is 2009, but it also provides information on future commitments.
A need exists for a more balanced presentation of both favorable and unfavorable outcomes (problems and challenges).	This report provides more specifics on the degree of success in meeting 2009 goals and areas needing improvement.
Provide more information about the processes the company uses to communicate with and listen to various stakeholder groups.	There was a substantial increase in outreach to stakeholders during 2009. This is documented throughout the report.
Provide more information regarding the company's workers.	The nature and opinions of ARAUCO's workforce are addressed at several points in this report.
Provide more information about the company's relationship with nearby communities.	This report contains improved information on the company's programs, along with a better, more-detailed description.
Provide more information on ARAUCO's CERTFOR sustainable forest management certification for its forests in Chile.	This report contains more-detailed information on all third-party certification and added information about forest management certification.
Provide information on ethics and anti-corruption policies.	An explanation of the company's Ethics Code and implementation process is provided in this report.

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CHAIRMAN'S STATEMENT

During 2009, ARAUCO continued to face the global economy's contraction, as a result of one of the most severe economic recessions I can remember. Nevertheless, we were able to overcome the difficulties and find new opportunities due to the implementation of timely contingency plans. The results are in plain sight. The company emerged at year's end both profitable and favorably positioned within a market that began to show signs of stability in the final few months.

The latter was the result of solid policies and strategies that stay firm, whatever the situation. The permanent search for improved relationships with people, respect for the environment and management that ensures the business's profits over time, are the elements that constitute ARAUCO's long term sustainability. The way in which the company harmonizes these different interests allows it to maintain global market leadership. These elements are implicit in the Vision that guides us and on which we base our actions.

Regarding people, the focus during 2009 was set on reinforcing safety aspects of our industrial and forestry operations. This is a permanent challenge we face and we cannot be indulgent. Additionally, policies and programs favoring our workers and contract workers were implemented in our human resources area.



In terms of social matters, I highlight the "Cooperation Agreement for the Development of the Arauco Territory", an agreement that involves ARAUCO, the State of Chile and municipal governments and that will improve the quality of life of people living in the province with which we share a history.

Regarding environmental aspects, the decision to begin the FSC certification process for our forests in Chile is the most relevant. This is a complex process and we expect it to end successfully in the mid term.

Arauco Educational Foundation, which celebrated its 20th anniversary, deserves a special mention. The company, and especially the Board which I represent, is very proud of the foundation's work, as we consider the training of teachers and the provision of access to quality municipal education for the underprivileged children of our country to be a very important jobs.

Meanwhile, despite the economic downturn faced during 2009, ARAUCO was able to conduct strategic acquisitions to insure its future growth and to strengthen the company as a first-rate supplier in the forestry products market. ARAUCO acquired a Brazilian panel manufacturing firm and forests in Uruguay through a joint venture with the multinational corporation Stora Enso, with which we are also partners in Brazil.

Last, I cannot help but mention an event that took place after 2009, but that will definitely have an effect on current operations: the earthquake and tidal wave that hit Chile's southern central area on February 27, 2010. This disaster strongly impacted workers and contract workers, as well as neighboring communities. In addition to human lives lost, our facilities were damaged. In view of this, I want to mention ARAUCO's reaction to the tragedy. Starting on the day of the earthquake, and for the weeks that followed, the company quickly organized and pulled together corporate and individual efforts to provide valuable relief aid for the areas that were most severely affected.

I want all of our workers to know that we will spare no efforts in order to resume normal operations of all our facilities. I'm sure that the sense of unity, cooperation and team spirit that has grown from these sad circumstances will allow ARAUCO to endure this harsh test and emerge stronger.

We are satisfied with what we accomplished in 2009, despite the enormously complex global scenario that we faced. Our success was possible thanks to the efforts of thousands of employees and contract workers who we acknowledge, and to whom we extend our gratitude



José Tomás Guzmán Dumas

Chairman of the Board of Directors
ARAUCO

CEO'S STATEMENT

Presenting ARAUCO's 2009 Report at a time when the company and most of its employees and contract workers have just faced an enormous natural disaster, obliges a reflection, from a personal as well as a work-related point of view. Undoubtedly, the work done during 2009 and the challenges with which we close the year seem less significant in light of the February 27 earthquake and its aftermath. The entire nation's agenda has changed in tone and urgencies for the short term, and ARAUCO is committed to the Reconstruction stage. But I also want to say that ARAUCO's projects stay unchanged, as does our Vision for the future – if anything, our Vision has been strengthened by this February's events.

From this painful situation, which included the loss of six of our workers, and is, most probably, the hardest situation ARAUCO has had to face in more than 40 years of history, I would like to highlight the firm and decided commitment that was embraced by the company, its workers, contract workers and neighboring communities in order to get through this situation and resume operations in the shortest possible time.

Next, I present ARAUCO's Sustainability Report for the 2009 financial period, which describes the performance of our company in economic, environmental

and social aspects. This report provides detailed information on the progress made on the four essential aspects of the sustainability of our company: competitiveness, environmental impact, investments made in our people, and the relationships with communities close to our industrial facilities.

During late 2008, there were signs in the market that indicated that the global demand for pulp and forestry products would be much lower than what was expected. This situation generated a need to apply contingency plans to be able to place our products in a tumultuous market. This was one of the main challenges during 2009.

The demand for pulp and forestry products in our main markets suffered an unprecedented drop during the first semester of 2009, a situation that began to improve towards the end of the year. In this scenario, ARAUCO was able to place its entire production thanks to the timely search for alternative businesses in non-traditional markets, which became a reality thanks to the company's efficient logistics services.

Consolidated sales totaled US\$3.1 billion for the year, some 16% less than 2008 sales, with consolidated net earnings of US\$301 million, a drop of 25% compared to 2008 results.

Investments were made during the year for a total of US\$670 million, a plan that was mainly financed with our own resources. It is worth noting that, despite the crisis, ARAUCO had no difficulty placing bonds in the local market at favorable terms, reiterating the confidence of investors in the company.



Despite the ups and downs that prevailed during the year, ARAUCO decided to continue with its plans and take advantage of opportunities to grow through two strategic acquisitions. During 2009, we acquired TAFISA, a Brazilian manufacturer of MDF and particleboard, and entered into a joint venture with Stora Enso to purchase existing plantation forests and rangeland for the development of forest plantations in Uruguay. The acquisition of TAFISA significantly strengthens our position in Brazil and in other markets throughout Latin America, while our new joint venture in Uruguay provides a strategic base of renewable raw material capable of supporting an industrial forestry complex.

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At ARAUCO we firmly believe that the development of a nation is strengthened when companies actively get involved in the development of the communities close to their operations. In 2009, we entered into a landmark public-private partnership for the development of the Arauco province with the government of Chile's Bío-Bío

Region and the seven municipalities of Arauco province. This agreement will improve the quality of life of the people and workers in the province and is an addition to a series of ongoing initiatives that we are implementing in different provinces. These initiatives seek to support economic development, social development, and improved quality-of-life by providing, for example, improved housing for our workers and supporting education through our foundations, Fundación Arauco Educacional in Chile and Fundación Alto Paraná in Argentina.

Regarding environmental matters, our company has made a commitment to minimizing the impact of its operations, particularly in relation to global climate change. In late 2008, ARAUCO decided to conduct a comprehensive assessment to measure the company's carbon footprint of its operations in Chile, Argentina, and Brazil. This assessment, the first of this magnitude to be conducted by a forestry company in South America, was completed in July 2009, and constitutes a reference point to evaluate future efforts made by the company to minimize its environmental impact.

Another relevant event during the 2009 downturn -- one that is in line with our vision of sustainability --

Our company has committed to minimizing the impact of its operations, particularly in relation to global climate change. In late 2008, ARAUCO decided to conduct a comprehensive assessment to measure the company's carbon footprint of its operations in Chile, Argentina and Brazil.

was the company's decision to begin the process of obtaining Forest Stewardship Council (FSC) certification for its forests in Chile. The FSC environmental seal is broadly recognized by the international community, which is why obtaining this certification is the logical step to consolidate our position as global leader in sustainable forest management.

Additionally, ARAUCO increased its presence in the global market for "green energy" during 2009, with a third sale of Clean Development Mechanism-registered carbon credits. The company also moved forward with the construction of two new, renewable-energy cogeneration facilities that will provide clean power from biomass and

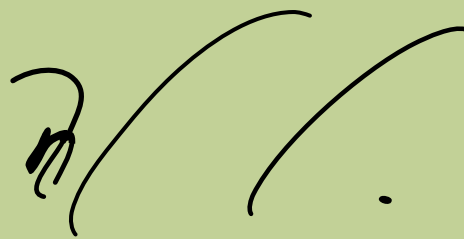
allow ARAUCO to generate revenue through the sale of carbon credits in the global market and renewable energy credits in the Chilean market.

Our efforts to improve safety in our industrial facilities operations resulted in improvement in different indicators as compared with 2008 results. However, we must further reinforce occupational health and safety management. Important steps were taken during 2009, and our goal is still "zero accidents".

Regarding our work environment, during 2009 we made efforts to assess and improve the interaction between management and employees and contract workers based upon the results of an organizational climate survey conducted in late 2008. We also implemented a series of programs such as performance, management and acknowledgement systems, a scholarship program to finance higher education for the children of our workers, and talent retention, among others. It is satisfying to see that at this point in the evaluation stage certain elements have been identified that will contribute to the flow of communication and harmony among the interested parties.

In closing, I would like to offer my personal thanks to every ARAUCO employee and contract worker for their

continued efforts and full support throughout a tough year. ARAUCO is a global leader in our industry and that is the result of the commitment and loyalty shown by our employees and contract workers, to whom I extend our acknowledgements and appreciation.



Matías Domeyko Cassel

President & CEO

ARAUCO

OUR VISION

“To be global leaders in the development of sustainable forest products”.

ARAUCO's vision and commitment statements continue to serve as the foundation for all of the company's economic, environmental, and social engagements with internal and external stakeholders. The company's stakeholders include shareholders, workers, contractors, local communities, government agencies, non-governmental organizations, educational and scientific institutions, customers, suppliers and the general public.



ARAUCO's Vision and Commitments

Our Vision

To be global leaders in the development of sustainable forest products.

Our Business

To sustainably maximize the value of our forests, combining excellence in forestry production with efficient industrial transformation of value-added products for their worldwide distribution in accordance with our customers' needs.

Our Commitments

- To guarantee shareholders maximum return, through the efficient and responsible management of all our processes, by applying systems and procedures that maximize that value of our business.

- To promote the sustainable use of natural resources, investing in research, technological innovation and training in order to gradually, continuously and systematically prevent and reduce the environmental impacts of our activities, products and services.
- To provide all customers with quality products and services and to motivate our suppliers to become part of our value-chain and commitment to quality.
- To ensure occupational health and safety for our employees and contractors, continuously reducing the safety risks of our operations and services.
- To foster a working environment that supports the career advancement of every employee by providing a workplace based on respect, honesty, professionalism, training and teamwork.
- To build permanent, collaborative relationships with the communities where we operate by incorporating their concerns and needs in our decision making, and by supporting their development.
- To maintain open and honest communications with all stakeholders.
- To comply with all legal requirements and other societal obligations that regulate our business and, where possible, perform to a higher level than the established standards.
- To apply systems and procedures that will allow us to manage our business risks, continuously evaluating our performance in all processes, applying the necessary corrective measures on time, and providing transparent and timely information about our progress.
- To make these commitments known to our employees, contractors and suppliers, involving and training them in order to implement our policy through everyone's effort and collaboration.

Corporate Governance

For more than 40 years, ARAUCO has been driven by a vision of global leadership in sustainable forest product development. As a result of this clear focus, the company has evolved into one of the largest forestry businesses in Latin America in terms of forest ownership and plantation performance, and a global leader in the manufacture of market pulp, panels and sawn timber.

The company's Board of Directors has nine members, none of whom simultaneously holds executive positions within the company. The current Board was appointed in April 2008, and it is ordinarily renewed every three years, in accordance to the corporation's laws.

The Board is the corporation's highest governance body. Its main mission is to maximize the company's value over the long term for its shareholders, customers, suppliers, collaborators and their families, ensuring the future viability and the competitiveness of the company.

Since ARAUCO is subject to the Chilean Securities and Insurance Superintendency's (Chilean SEC) regulations, it quarterly submits audited financial statements before the Chilean SEC. Financial statements as of June 30 and December 31 are audited.

Law N°20.382 on Corporate Governance was implemented by the Chilean Government in 2009. This law made several changes, mainly to the Chilean Securities Market Law and the Chilean Corporation Law.

One of the purposes of the Law N°20.382 is to increase the amount of information that corporations must provide to their shareholders, as well as to the Chilean SEC, in order to protect investors and minority shareholders.

Due to this new legislation, in late 2009, the Board of Celulosa Arauco y Constitución S.A. agreed to approve a General Policy for Customary Dealings with related parties which: (i) determines that certain operations are to be considered ordinary considering the corporation's business purpose, and (ii) establishes that all these operations should contribute to the interest of the company and be adjusted to market price, terms and conditions according to article 146 of the Corporation Law.

This policy was informed to the market through a material fact presented to the Chilean SEC on December 29, 2009, and is available at www.arauco.cl.

ARAUCO's Board designates a Chief Executive Officer who is helped by managers of the following areas: Forestry, Woodpulp, Sawn Timber and Panel businesses, Atlantic Region Corporate Management, Comptroller, Corporate Management, Corporate Affairs and Marketing, and Legal Affairs.

ARAUCO's senior management team is responsible for implementing the company's economic, environmental, social, and safety and occupational health programs.

Board of Directors

Chairman

José Tomás Guzmán

Vice Chairmen

Roberto Angelini

Manuel Enrique Bezanilla

Board Members

Jorge Andueza

Jorge Bunster

Carlos Croxatto

Alberto Etchegaray

Eduardo Navarro

Timothy C. Purcell

Management

Chief Executive Officer

Matías Domeyko

Woodpulp Business

Managing Director

Franco Bozzalla

Atlántic Region Business

Managing Director

Cristián Infante

Sawn Timber Business

Managing Director

Antonio Luque

Forestry Business

Managing Director

Álvaro Saavedra

Panel Business

Managing Director

Gonzalo Zegers

Corporate

Management Director

Jorge Garnham

Legal Affairs

Managing Director

Felipe Guzmán

Corporate Affairs and

Marketing Director

Charles Kimber

Corporate Comptroller

Managing Director

Robinson Tajmuchi

Shareholders

	Number of Shares	Ownership %
Empresas Copec S.A.	113,127,452	99.97791
Chilur S.A.	24,746	0.02187
Sucesión Cruchaga Montes María Raquel	153	0.00014
Antarchile S.A.	95	0.00008
TOTAL	113,152,446	100.00000

Code of Ethics

ARAUCO maintains an ongoing commitment to operating with integrity under the strictest of ethical principles. In the first quarter of 2009, as part of a company-wide effort to strengthen areas of operation that impact the transparency of its activities, ARAUCO implemented its first formal Code of Ethics, which was approved by the Board of Directors in December of 2008.

The Code details ethical principles and action policies in ten areas: Free Competition; Company Representation; Conflicts of Interest; Gifts and Gratuities; Relationship with Suppliers; Relationship with Clients; Relationship with the Environment; Management of Confidential Information; Accuracy of Information; and Personal Integrity. It also establishes an Ethics Committee comprised of members of senior management appointed by ARAUCO's Board of Directors.

In order to ensure that the highest standards and principles of corporate social responsibility would be adhered to throughout ARAUCO's global operations, each ARAUCO employee was given the Code to be read for full comprehension and analysis, and all employees formally committed to it. The Code was later modified during 2009, and today its new version is being implemented. A copy of the Code of Ethics can be downloaded in PDF form from ARAUCO's website, www.arauco.cl.

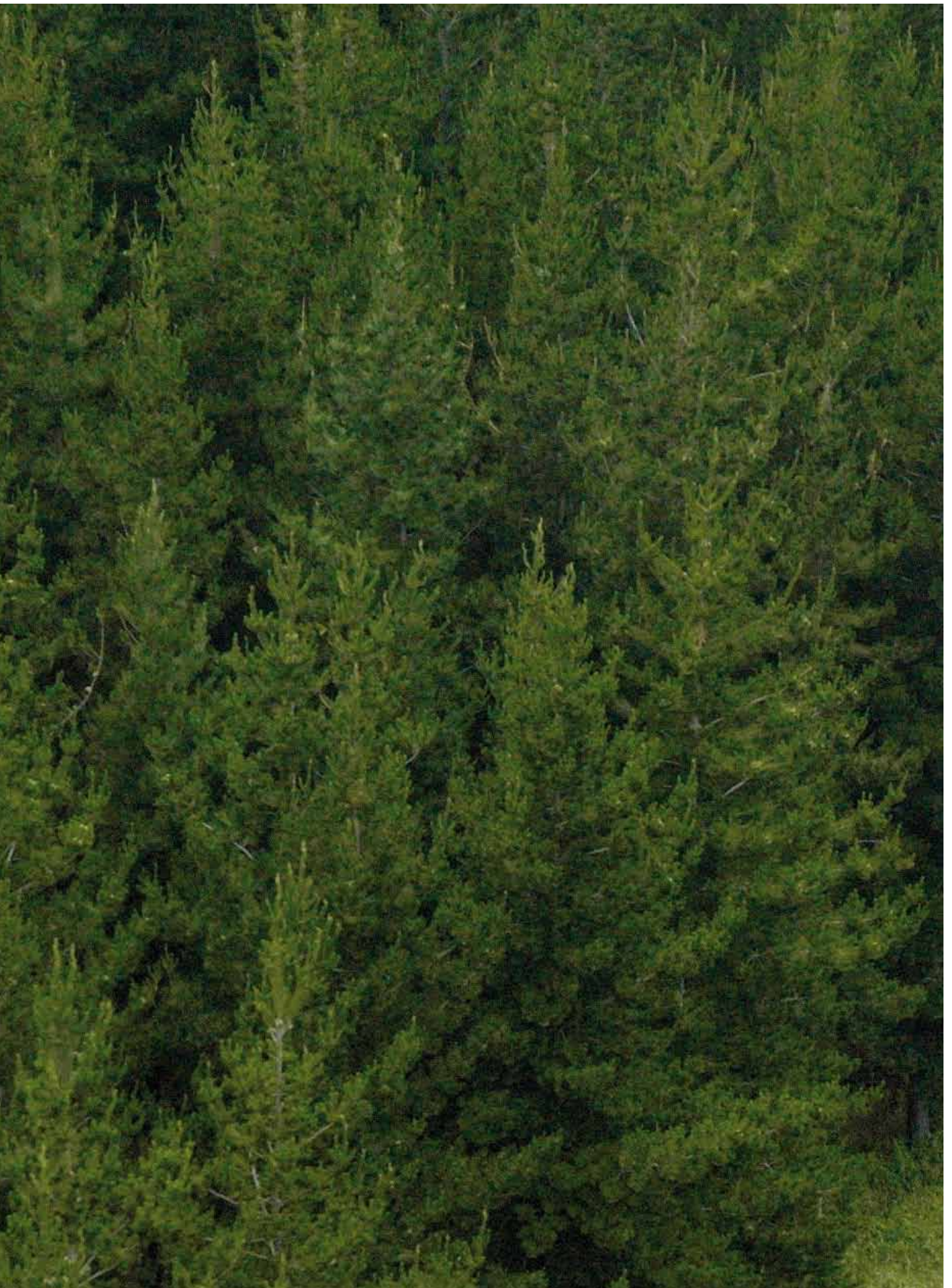




OUR BUSINESS

ARAUCO's goal is to maximize the value of our forests in a sustainable manner, combining excellence in forestry production with efficiency in industrial transformation of value-added products, for their worldwide distribution in accordance with our customer's needs.





ARAUCO AROUND THE WORLD

Markets served

ARAUCO serves customers in more than 75 countries, offering a wide variety of pulp, sawn timber, panel and moulding products, which are made available according to each market's needs. The company's sales organization is capable of analyzing and quickly finding new opportunities and changes in the market, defining the best strategy for each: from sales agents and sales representatives to sales offices established in Argentina, Australia, Brazil, Chile, Colombia, the United States, Holland, Japan, Mexico and Peru. In January 2010, the company opened a sales office in China, a market we have served for more than 30 years, and one which offers important growth potential.

In Latin America, ARAUCO operates 16 distribution centers in six countries. These centers sell ARAUCO panel and sawn timber products to more than 2,500 customers for furniture and construction applications.

In late 2008, ARAUCO's managers, aware of the downturn in the global economy, began to identify and analyze new markets for ARAUCO's products. Supported by the company's exceptional logistics services, efficient port facilities, warehouses, handling and transport capabilities, and distribution centers, the company was able to efficiently respond to adverse market conditions throughout 2009, and take full advantage of the improved conditions that emerged in the global pulp and wood markets toward the end of 2009.



- Sales Offices
- Operational Centers
- Sales Agents

Annual Capacity

Wood Pulp
3.2 million ADt

Sawn Timber
2.8 million m³

Panels
3.2 million m³

Moulding
750 thousand m³

Chile

736,000 hectares of Plantation Forests
5 Pulp mills
8 Saw mills
3 Panel mills
6 Remanufacturing facilities

Argentina

129,000 hectares of Plantation Forests
1 Pulp mill
2 Saw mills
2 Panel mills
1 Remanufacturing facility

Brasil

67,000 hectares of Plantation Forests
3 Panel mills

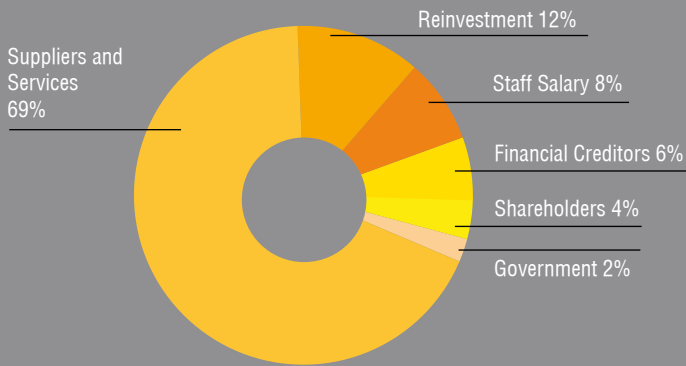
Uruguay

63,000 hectares of Plantation Forests

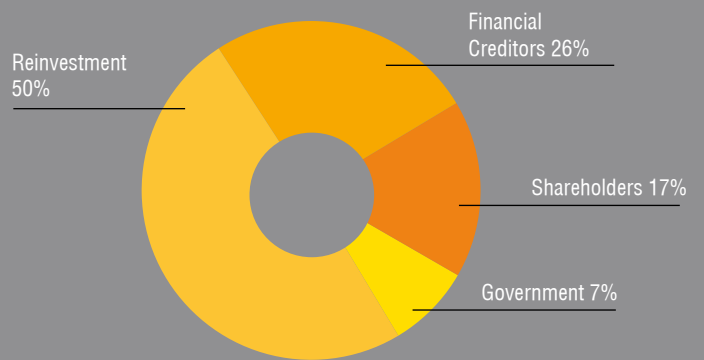


Economic Indicators

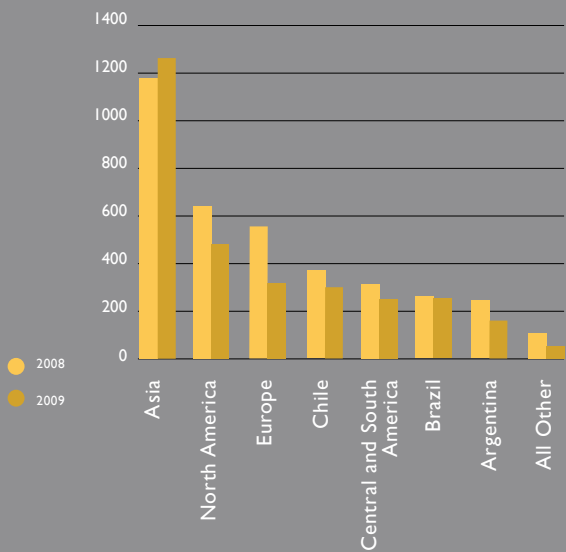
Resources Generated and Distributed in 2009
(Sales 2009: 3,113 million dollars)



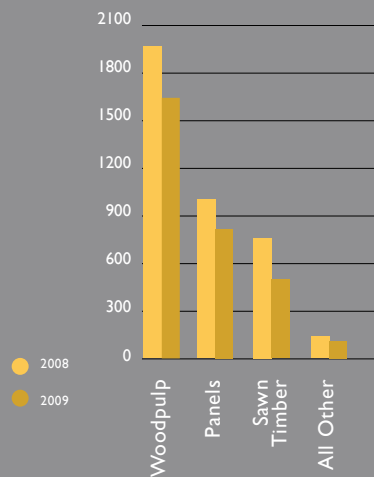
Resources Generated and Distributed in 2009
(EBITDA: 725 million dollars)



Consolidated Sales by Market
(Millions of Dollars)



Consolidated Sales by Product
(Millions of Dollars)



Economic (Millions of Dollars)

Indicator	2008	2009
Sales	3,713.9	3,113.0
Operating Income	1,382.0	960.5
Net Income	399.6	300.9
EBITDA	1,166.4	724.8
CAPEX	466.7	710.1
Total Assets	10,239.8	11,415.8
Fixed Assets	4,616.0	4,969.8
Net Assets	5,889.6	6,268.6
Financial Ratios		
EBITDA Margin	31.4%	23.3%
Debt / Capitalization	30.6%	33.4%

Marketing

Coverage	2008	2009
Countries Served	65	75
Sales Offices	9	10

Production

Products	Units	2008	2009
Woodpulp	Millions of ADMT	2.89	2.99
Panels	Millions of m ³	2.3	2.5
Sawn Timber	Millions of m ³	3.0	2.4
Energy generated	GWh	2,722	2,852

Forest Resources

Type of Forest	Units	2008	2009
Total Forest	Thousands of Hectares	1,508.7	1,610.9
Native Forest	Thousands of Hectares	308.9	326.9
High-value Conservation Areas	Number of Areas	25 (*)	38

(*) 2008 data includes only Chile. Brazil and Argentina were added in 2009.

Social Indicators

	Measure	2008	2009
Work Force			
Employees	No. of Employees	7,815	7,904
Service Contractors	No. of Companies	973	992
Contract Workers	No. of Workers	26,460	26,899
Occupational Health and Safety Indicators (*)			
Accident Severity Lost Time Rate	No. of Lost Days per MM Man-Hours	321.40	320.09
Accident Frequency Lost Time Rate	No. of Accidents with Lost Time per MM Man-Hours	9.48	8.23
Work-related Accidents		723	592
Work Related Illnesses		47	22
Casualties		10	19
Training			
Working Skills Certificates	N°. of Workers with Active Certificates	1,721	2,565
Impact on Education (Chile)			
Communities	N° Served	24	22
Schools	N° of Schools	320	270
Teachers	N° of Teachers	1,700	1,500
Students	N° of Students	36,400	28,300
Impact on Education (Argentina)			
Comunidades	N° de comunidades beneficiadas	2	2
Schools	N° of Schools	2	2
Teachers	N° of Teachers	129	120
Students	N° of Students	1,100	1,100

(*) Includes industrial operations in Chile, Argentina and Brazil

Awards

During 2009, ARAUCO and several of its consultants and suppliers earned special recognition for exceptional performance, programs, and activities. These included:

- The Chilean industry federation Sociedad de Fomento Fabril (SOFOFA) awarded its “Distinguished Business of 2009” honors to Empresas COPEC S.A., ARAUCO’s corporate parent. Citing, in particular, the contributions made by ARAUCO, SOFOFA recognized COPEC’s outstanding contribution to Chile’s economic growth, its role as a leader in exports, and its commitment to investment and employment. The award was presented by former Chilean expresident Michelle Bachelet and SOFOFA chairman Andrés Concha, to the chairman of Empresas Copec S.A. Roberto Angelini Rossi, vice chairman José Tomás Guzmán and Eduardo Navarro, the holding company’s general manager. Empresas Copec, through its subsidiary ARAUCO, is currently one of the major forestry companies of the world and the largest one in Chile.
- In Argentina, Alto Paraná’s forestry operations received the annual “2009 protagonist Award” from the television program Protagonistas (Main Actors) for their work with indigenous people in nearby villages and for supporting literacy courses for workers who had not finished elementary school.
- The Chilean Safety Association presented Arauco Distribution with its “Effective Action Award” in recognition of the low accident rates achieved by this business unit.
- ARAUCO, through Forestal Valdivia in Chile, received a national “Merit Award” in 2009 from the Chilean Safety Association for its effective work in risk prevention over a three-year period (2006-2008) which resulted in the highest-percentage reduction in accident rates in Chile.
- Operations at the Nueva Aldea Industrial Forestry Complex in Chile earned several awards from Mutual Security (Mutual de Seguridad) for safety performance.
 - The Nueva Aldea sawmill earned the “Competitive Business Award” for achieving the Excellence level of performance, exceeding the 99% risk-prevention standard set by Mutual Security.
 - The Nueva Aldea Log Merchandising operation earned a “Competitive Business Award” for its application of the Integrated Program for Operational Improvement (PIMO in Spanish), resulting in very low accident rates and excellent risk-prevention management.
 - The Nueva Aldea Log Merchandising operation also earned a “Second Place Award” in the agricultural and forestry economic category at the national level for its PIMO program results.
 - The pulp mill at Nueva Aldea earned a “Competitive Business Award” for its efforts in successfully integrating risk-prevention management into the daily activities of its workers, ensuring a safer work environment.
- AECOM Environment, a US consulting firm, earned Climate Change Business Journal’s “2009 Business Achievement Award” for its work on ARAUCO’s company-wide Carbon Footprint Assessment.





- Consultora de Bosques, a contractor that provides services to the ARAUCO's Quivolgo Nursery, received a "Competitive Business Award" from Mutual Security (Mutual de Seguridad) for successfully adopting the Competitive Business Safety Program.
- The Training and Employment Corporation of SOFOFA (Sociedad de Fomento Fabril) granted its "Corporate Social Responsibility Award" in the pulp business category to the Arauco mill for its commitment and contribution to improving the quality of life of its workers and their families.
- For the fifth consecutive year, ARAUCO attained the highest rating for Economic Value Added in the forestry sector, according to the Business Performance Ranking conducted annually by ECONSULT (a financial and economic analysis consulting business). Results for performance during the 2008 fiscal year were published in June 2009. This ranking evaluated 172 national companies with combined sales totaling 91% of Chile's GDP.
- The Chilean Education Ministry awarded the "Gabriela Mistral Teaching and Cultural Merit Order" to Claudio Figueroa, the Headmaster of Colegio Cholguán (a school operated and financed by ARAUCO), in recognition of a successful career in education as the leader of

this school. Also, Colegio Cholguán's high school choir received an honorable mention in the Interschool Choir Competition organized by the Andrés Bello University at Concepción headquarters in Chile.

- ARAUCO's systems area in Chile received two awards and one acknowledgement: Microsoft Chile presented ARAUCO with its "Excellence in Execution Award" for being the year's best business in technological infrastructure upgrading. Hewlett-Packard presented its Software Universe Award for BTO "Best-in-Class Application Quality Management" to the company in Las Vegas, Nevada, for being one of the best companies in automated software tests at the global level. SAP Chile distinguished ARAUCO with its "Recognition of excellence and innovation in the migration to SAP Version 6.0" for completing the migration process in record time in the region.

Memberships

ARAUCO is an associate member of more than 40 national and industry organizations. It also holds memberships in many bilateral chambers of commerce, as well as in social and professional associations in the countries in which it operates.





FORESTRY BUSINESS AREA

ARAUCO owns
1.6 million
hectares of
forestland

The company's forestry activities are the foundation of all of its business units. Its forestry plantations are among the fastest growing in the world, ensuring the company's fiber supply and competitiveness well into the future.



ARAUCO is the largest owner of forestland in Latin America, with plantations in Chile, Argentina, Brazil and Uruguay. All of the company's forests are operated under internationally-recognized standards for sustainable forest management.

ARAUCO is firmly committed to maintaining a renewable fiber resource that will help reduce harvest pressure on the world's natural forests and ecosystems while meeting the increasing market demand for fiber in its many forms: from paper pulp to forest products, and biomass-based clean energy, among others.

Forest and Land Ownership

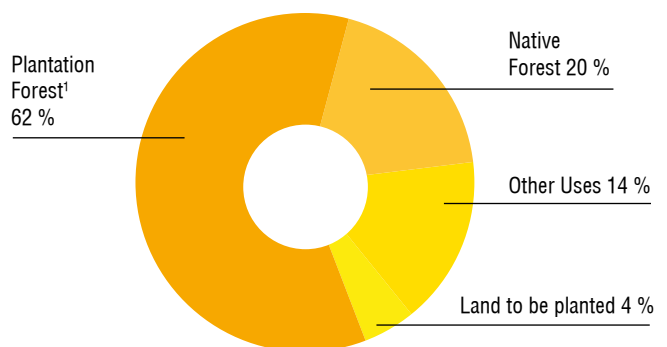
At the end of 2009, with the addition of the land in Uruguay acquired through a joint venture, and through other investments, ARAUCO held title to 1.6 million hectares of planted forestland and other land types located in Chile, Argentina, Brazil and Uruguay.

ARAUCO Land Ownership by Country (1.6 million hectares)

Country	2008	2009
Chile	1,090,627	1,099,846
Argentina	256,083	257,722
Brazil	122,659	126,616
Uruguay (1)	39,374	126,786
Total	1,508,743	1,610,970

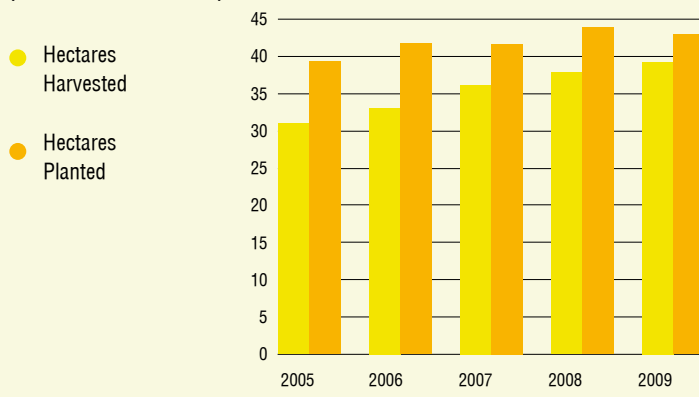
Of this total forest estate, 20% (327 thousand hectares) consists of native forests, mainly located in the temperate rainforest ecosystem in the south of Chile, Argentina, and Brazil. These native forests have been permanently set aside to conserve the Biodiversity that inhabits within them.

2009 Forest and Land Area by Use (1.6 million hectares)



(1) Includes 80% of Forestal Los Lagos in Chile and 50% of the land and forests of Montes del Plata in Uruguay.

Planting and harvesting (thousand hectares)



Forestry Operations

ARAUCO's forestry business was able to maintain a reasonable level of activity during 2009, because the company's pulp and panel businesses were able to maintain full operations even while global demand declined,

ARAUCO's forestry operations harvested 38.8 thousand hectares of plantation forests and planted 43.2 thousand hectares of pine and eucalyptus seedlings during the year. Over the long term, a planting-harvesting equilibrium is expected to be attained at about 58 thousand hectares per year.

ARAUCO consumed 24.6 million cubic meters of wood fiber in its own industrial facilities, and sold 1.5 million cubic meters of wood fiber to other facilities, primarily in Chile. Around 80% of the total fiber consumed and sold was sourced from the company's plantation forests. Sales by the Forestry business accounted for 3% of ARAUCO's total sales in 2009.

During 2009, the company's Forestry business continued a number of programs in environmental and social areas. These programs included:

- A strengthening of its forest management certification efforts.
- Reforestation programs in the Maule, Bío Bío and Los Ríos regions.
- Research on a new clonal pine species by Bioforest, ARAUCO's R&D unit.
- A US\$20 million investment to improve the work camps for forest workers and their transportation means (see the People section of this report for details).

Forest Certification

The Forestry business continued to expand its commitment to certification of its forest management and forest products.

ARAUCO has more than 1.1 million hectares of plantation forest in Chile that have been certified under the Chilean national standard for sustainable forest management, CERTFOR since 2003.

In 2009, ARAUCO management made the decision to seek certification of these 1.1 million hectares of forest in Chile to the forest management standards of the Forest Stewardship Council (FSC). (A more-detailed discussion of progress toward FSC certification in Chile may be found in the Environment section of this report. For additional information on the certification status at year-end of all the company's operations see the Certifications Appendix).



Forestry Investments

Forestry Joint Venture in Uruguay

As the economy weakened during 2008, ARAUCO initiated plans to face the downturn and to emerge stronger from the recession. One manifestation of these tactics was the formation, in May 2009, of a strategic joint venture (JV) in Uruguay with Stora Enso, a company with which ARAUCO has had a long-term relationship.

ARAUCO and Stora Enso each own 50% of Montes del Plata, the new JV, which operates as an independent entity. The new JV company owns plantation forests and open rangeland suitable for plantations that were contributed to the JV by ARAUCO (39,900 hectares) and by Stora Enso (69,770 hectares), as well as an additional 128,213 hectares that were acquired by the JV through the purchase of the Uruguayan operations of ENCE, a pulp manufacturer headquartered in Europe. ENCE's assets also included an industrial site in Punta Pereira with a port and barge station, a chip mill in M'Bopicuá and a nursery in Fray Bentos.

The 253,573 hectares of land held by Montes del Plata provides a strategic base of renewable raw material capable of supporting a world-class pulp mill. The Montes del Plata partners will closely monitor the economic, environmental, social and financial conditions needed to justify an investment of this nature. Any decision to build a new pulp mill will be based on a comprehensive feasibility and investment study which will take all of these factors into account.

Other Investments

During 2009, ARAUCO invested US\$249 million in land and plantation forests in Chile, Argentina and Brazil. In addition to the strategic acquisition in Uruguay, the company acquired 12,000 hectares of plantation forest in Chile, and purchased 2,300 hectares of plantation forest in Brazil.

Forestry Research

The conservation and care of ARAUCO's forests and natural resources is at the core of the company's mandate for sustainability. Bioforest is a scientific-technology research

center dedicated to the research and development of tools, plans and improvements for ARAUCO's forestry and pulp business areas. Bioforest employs highly-qualified staff and the latest techniques and technologies in its labs, nurseries, greenhouses and in the field, serving ARAUCO's forestry companies in Chile, Argentina, Brazil and Uruguay.

Bioforest's ongoing research programs in the forestry and pulp areas include work in pulp production, wood fiber products, genetics, site productivity, ecosystem management, wood properties, phytosanitary protection and other strategic projects.

Current research programs in the forestry area include work on ecosystem management, embryogenesis, integrated pest management, and wood properties.

Field work includes activities ranging from field trials of new clonal material to permanent monitoring of the quality and quantity of water used and returned to the ecosystem to provide information to develop improved tools for water management.

Bioforest applies the latest bio-technological processes and procedures to the company's plantation forestry programs and implements plans to care for, protect and enhance biodiversity in ARAUCO's native forests. All of Bioforest's in-field programs are governed by existing forestry regulations and internationally recognized standards for responsible forest management.



WOODPULP BUSINESS AREA



WOODPULP BUSINESS AREA

ARAUCO's pulp
business had
sales of
US\$ 1,683
million in 2009

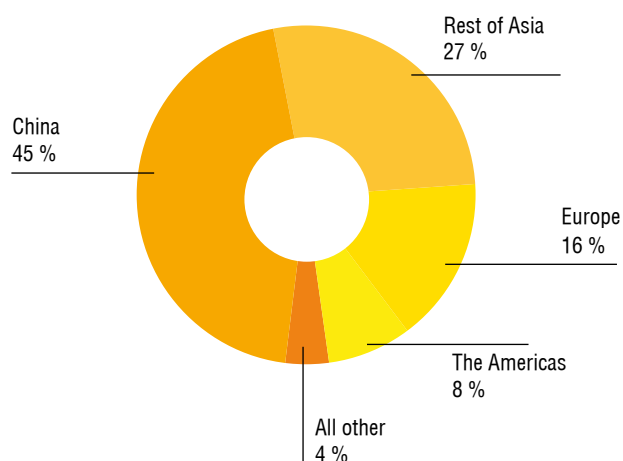
During 2009, ARAUCO ranked again among the world's three leading producers of market pulp, with more than three million tons of capacity and six industrial pulp mills. ARAUCO's pulp is produced from sustainably-managed pine and eucalyptus plantation fiber.



ARAUCO's Woodpulp business produces unbleached and bleached softwood paper pulp and bleached hardwood Eucalyptus paper pulp. These pulp products are used primarily to make printing and writing papers (bleached softwood kraft pulp "BSK" and bleached hardwood kraft pulp "BHK"), absorbent cores in personal care hygiene products (bleached softwood fluff pulp) and a wide range of specialty products such as filter paper, packaging roll stock and electric insulation papers (unbleached softwood kraft pulp "UBSK").

Woodpulp sales in 2009 totaled US\$1,683 million, and accounted for 54% of ARAUCO's total sales for the year. Arauco's pulp is marketed in more than 45 countries, with a significant portion of production sold to customers in Europe and Asia.

2009 Pulp Sales by Market (US\$1,683 million)



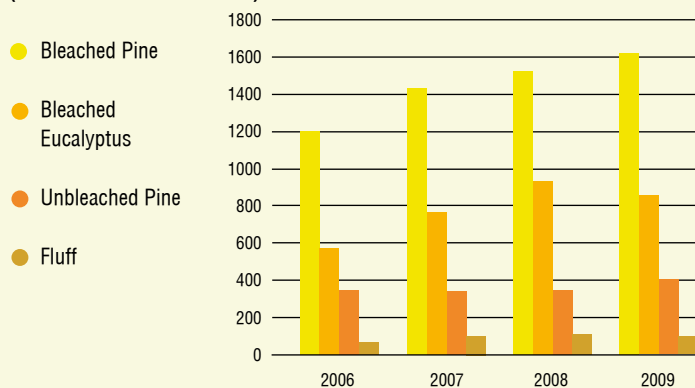
Woodpulp Operations

The company operates six pulp mills, five in Chile and one in Argentina, and has a rated capacity for market pulp of more than three million metric tons.

ARAUCO has established a long term relationship with its customers and is one of the world's low-cost pulp producers. The company was able to increase its woodpulp sales volume by 3.5% during 2009 as a result of a 7% increase in production over 2008 levels at the Nueva Aldea pulp mill. In addition, the Licancel Mill operated for 12 months during 2009, as compared with the 11 months it operated during 2008, and the Valdivia Mill produced at its full licensed capacity of 550,000 tons per year.

During the second half of the year, market demand and pricing began to show signs of recovery. At the end of 2009, ARAUCO had more than a 7% share of BSK, a 3.4% share of BHK and nearly 16% share of UBSK.

Woodpulp production by Product (Thousands of ADMT's)



Pulp Capacity

The approved pulp production capacity for each mill is as follows:

- Arauco: 790,000 ADMT/year of BSK and BHK pulp
- Constitución: 355,000 ADMT /year of UBSK pulp
- Licancel: 140,000 ADMT /year of BSK, BHK and UBSK pulp
- Valdivia: 550,000 ADMT /year of BSK and BHK pulp
- Nueva Aldea: 1,027,000 ADMT /year of BSK and BHK pulp
- Alto Paraná: 350,000 ADMT /year of BSK and Fluff pulp

Pulp Investments

Capital expenditures for the Woodpulp business totaled US\$168 million in 2009. Key investments included: US\$31 million for a new energy boiler at the Arauco mill; US\$20 million in environmental projects; US\$16.7 million in improving operating efficiency; among others.

In order to provide added flexibility for the Alto Paraná pulp mill in Argentina, the company began work on a US\$17million pulp-dryer project to increase the mill's ability to alternately manufacture fluff pulp. The ability to produce a higher percentage of its output as fluff pulp will provide ARAUCO with an opportunity, during 2011, to increase its share of this growing Latin American market segment.

During 2009, the Nueva Aldea pulp mill filed an Environmental Impact Statement with the Regional Environmental Commission in order to increase pulp production by 172,800 ADMT (from 1,027,200 to 1,200,000 ADMT annually), based on a US\$150 million investment which was approved during the first quarter of 2010.

Treated Wastewater Pipeline Projects

During 2009, ARAUCO made significant progress in implementing two major environmental investment programs for the discharge of treated wastewater from the Nueva Aldea and Valdivia pulp mills.

Nueva Aldea Pipeline

At Nueva Aldea mill, the company commissioned and began operating a new 52 km (32 mile) wastewater pipeline. The pipeline discharges treated plant wastewater some 2.3 km (1.4 miles) offshore in the Pacific Ocean at a depth of about 30 meters (approximately 100 feet), outside the Coastal Protection Zone and outside the area reserved for the management and exploitation of benthic



resources. The pipeline began trial operation in December 2009. Wastewater discharges are monitored continuously, and are reported electronically to government authorities on a real-time basis.

Valdivia Pipeline

In February 2009, ARAUCO filed an Environmental Impact Study for the construction of an underwater pipeline to discharge Valdivia's treated wastewater into the sea. As envisioned, the project would consist of a 37 km overland pipeline that runs from the Valdivia pulp mill and follows Highway T-20 towards Bahía de Maiquillahue in the Los Ríos Region. It will then connect to a 2 km (1.2 mile) pi-

peline ending in a diffuser outside the Coastal Protection Zone in Bahía de Maiquillahue.

The Environmental Impact Study, which was approved by environmental authorities in February 2010, details anticipated environmental impacts of the project and suggests mitigation, compensation and repair measures in accordance with existing government regulations.

The project will require the investment of more than US\$65 million, and construction is expected to take about two years. (For details on the related stakeholder consultation, see the Society section of this report).

PANEL BUSINESS AREA



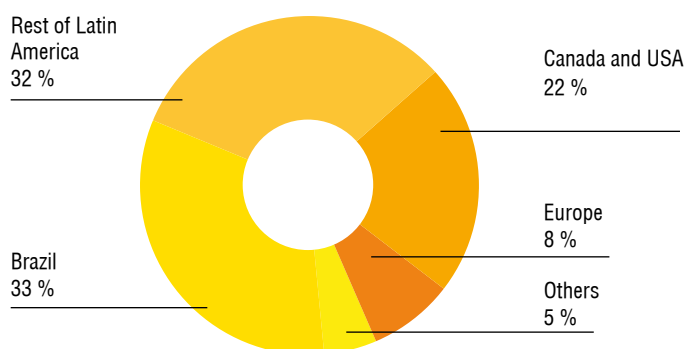
ARAUCO produces a wide range of wood and composite-wood MDF panels and mouldings for the construction and furniture industries. The major products manufactured by the Panel business are plywood, particleboard (PB), medium-density fiberboard (MDF) panels and mouldings, and hardboard (HB) panels.



ARAUCO is a world leader in the manufacture and sale of wood-based panels, with an installed capacity of more than 3.2 million cubic meters at its eight facilities in Chile, Argentina and Brazil. This business provides a key link in the company's strategy of full resource utilization by extracting maximum value from ARAUCO's forests and providing residuals for the generation of energy.

In 2009, Panel business sales of US\$832 million accounted for 27% of the company's consolidated sales, a 12% decrease from 2008. Panel products were marketed in 51 countries, with nearly two-thirds of total sales in Latin America.

Panel Sales by Market (US\$832 million)

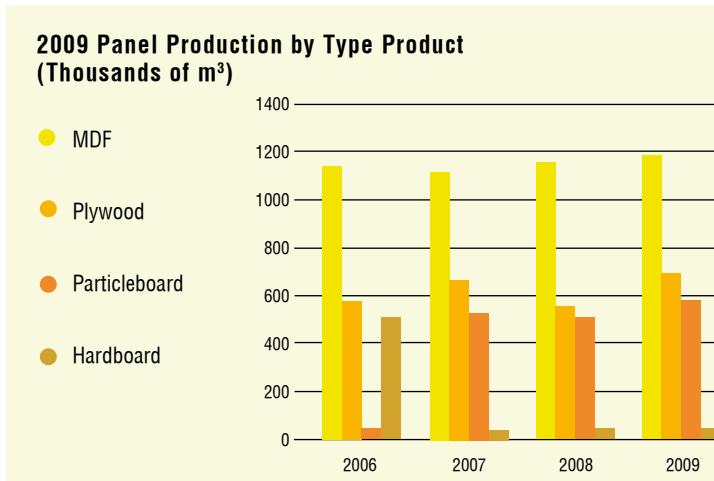


Panel Operations

Depressed global demand and the weak U.S. dollar in 2009 contributed to a very challenging year for the Panel business. However, despite a 20% to 30% drop in demand in its key markets, all of ARAUCO's panel facilities operated at full capacity during the first-half of the year. This was made possible by the sale of panel products into new markets as well as by adjusting the product mix.



As demand slowly firmed toward the end of 2009, the business was able to respond quickly and take full advantage of improving conditions in several markets.



The company currently has three panel plants in Chile, two plants in Argentina and three plants in Brazil. ARAUCO also owns 50% of a panel resin plant in Brazil and owns and operates a resin plant in Argentina. With the acquisition of the Brazilian producer, TAFISA, ARAUCO's total panel capacity grew to 3.2 million m³ in 2009, up from 2.6 million m³ in 2008.

At the end of 2009, panel capacity by product area, was:

- MDF: 1,530,000 m³/year
- Plywood: 805,000 m³/year
- HB: 60,000 m³/year
- PB: 790,000 m³/year

Panel Investments

During 2009, the company invested a total of US\$197 million in its Panel business, mainly through the purchase in August of the Brazilian wood-panel company TAFISA Brasil S.A. from subsidiaries of Sonae Industria, SGPS, S.A. for US\$165.2 million. TAFISA has a wood panel plant with an annual installed capacity of 640,000 m³ of Medium Density Fiberboard and particleboard. The facility also has value-added production lines such as laminated flooring and melamine coated panels, that make products for the construction and furniture industries. Through this acquisition, ARAUCO significantly strengthened its position in the Brazilian market and in other markets throughout Latin America.

Compliance with Formaldehyde Emission Regulations

ARAUCO must meet stringent formaldehyde-emissions standards in order to sell its panel products in different markets. In the United States, for example, ARAUCO must comply with the State of California Air Resources Board's airborne-toxic control measures (known as "CARB") that regulate formaldehyde emissions from composite wood products and from finished goods that contain composite wood products. Similar standards exist in Europe, Australia and Japan.

ARAUCO's TruChoice brand MDF moulding products have been in compliance with the first phase of the CARB re-



quirements since January 2009. This means that the formaldehyde emissions from the MDF are below 0.21 parts per million as determined by the ASTM E1333 Chamber Test.

The Panel business operates an active research and development program to ensure that its products stay ahead of anticipated changes in regulations while enabling the company to remain cost-competitive. The company expects its TruChoice brand MDF products to meet the

Phase-two CARB formaldehyde emission requirements (emissions below 0.11 ppm using the ASTM E1333 test method) in January 2011, well in advance of the phase-in date called for in the regulations.

In addition, ARAUCO has the capacity, upon customer request, to formulate MDF panels that meet European Emissions regulations (E1), ANZ regulations (Australia and New Zealand) or JAS regulations (Japan).

SAWN TIMBER BUSINESS AREA



ARAUCO continued to be the leading sawn timber producer in the Southern Hemisphere throughout 2009.

The company's Sawn Timber business produces a wide variety of wood and remanufactured lumber products for the furniture, construction, and packaging industries, among others. Sawn Timber sales in 2009 were US\$494 million, a 32% decrease from 2008 that was caused by a 16% reduction in prices and a 20% reduction in demand, primarily during the first half of the year. The Sawn Timber business represented 16% of the company's consolidated sales. Sawn Timber products were sold in 38 countries with sales to the Americas accounting for nearly three-fifths of the total.

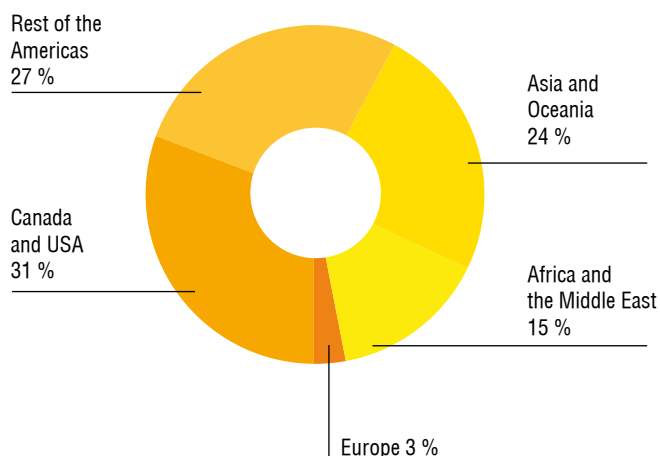


Sawn Timber Operations

2009 was a challenging year for all of ARAUCO's business areas, and was especially hard on the Sawn Timber business. Output for the year was 20% below 2008 levels. This decrease in production resulted from three factors: the closure of four sawmills during the last half of 2008 (three in Chile and one in Brazil) in response to rapidly deteriorating markets; the planned idling of the Viñales sawmill for modernization; and company-mandated use of personal holidays during the first half of 2009 due to the continued low level of market demand.

In November 2009, production at the Horcones II sawmill was suspended indefinitely. The Horcones II sawmill began operation in 1999 and had a contract work force of 370 people when operations were suspended.

2009 Sawn Timber Sales by Market (US\$494 million)

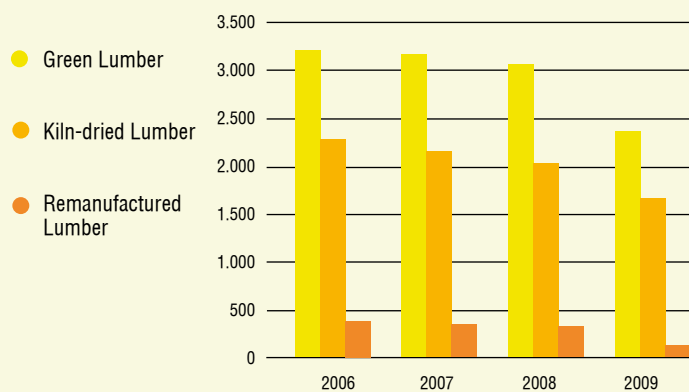


At the end of 2009, ARAUCO was producing lumber products at eight sawmills in Chile and two in Argentina, with a combined rated capacity of more than 2.8 million cubic meters for green lumber and 2.5 million cubic meters of kiln-dried lumber. In addition, ARAUCO operates seven



remanufacturing facilities (six in Chile and one in Argentina) that produce more than 500,000 cubic meters of high-quality remanufactured lumber and millwork, including solid and finger-joint mouldings and precut pieces.

2009 Sawn Timber Production



Sawn Timber Investments

During 2009, the company invested a total of US\$33 million in its Sawn Timber business, mainly for the renovation of the Viñales sawmill which required a US\$15 million investment. This facility resumed its operations in December 2009. The purpose of the upgrade was to double the capacity of the log intake to the production line while enhancing worker safety on the log line.

Modernization of the El Colorado Sawmill

The modernization project of the El Colorado sawmill was approved in 2009 and requires a US\$14.2 million investment. The purpose is to improve productivity and it includes an upgrade of the mill's control systems and automation of the lumber-sorting line. The company is currently in the process of obtaining the required environmental permits for this project.

ARAUCO Sustainable Solutions

Wood-framed construction has a number of advantages over brick-and-mortar construction, particularly in areas subject to earthquake and fires. Wood is a natural, renewable resource. A durable construction material, wood construction integrates readily with other high-technology components while delivering significant benefits in safety, energy savings and habitability.

In 2007, to promote these and other benefits of building with wood, ARAUCO created the "Building with Wood Program." This program provided technical assistance and information to architects, construction companies and the general public to better enable them to use ARAUCO's wood and panel products with confidence. ARAUCO's Building with Wood Program also provided customers with guidance in the construction processes and in the safe use of wood by providing information on the latest research and technological innovations, and through training workshops.

As this program evolved, ARAUCO changed its name to "ARAUCO Sustainable Solutions," a name that better reflects the program's purpose – to present ARAUCO's complete offerings of sustainable products for home





construction and furniture manufacturing, along with the broadest range of technical information and assistance available in to the construction, furniture and homeowner markets.

To deliver product and technical information, ARAUCO maintains a free, Spanish-language website www.araucosoluciones.com. As of December 2009, the website had more than 4,000 registered users.

Highlights of information provided include a “How To” Series, which shows ways to build furniture with ARAUCO wood and panels. During 2009 detailed construction plans for three homes (ranging from 49 to 126 m² – 441 to 1,134 square feet -- in size) were added to the site. Intended for the do-it-yourself builder, these home projects include architectural plans, building plans, and lists of materials.

During 2009, ARAUCO conducted more than 240 training sessions, technical seminars and product demonstration clinics, attracting 9,660 builders, carpenters, technicians, professionals and students in the construction and furniture industries.





ENERGY BUSINESS AREA

180 (MW)
is the energy
surplus available
for the SIC

ARAUCO is aware of the potential negative impacts of global climate change. As an integrated forest products company, it is able to use its biomass resources as a cost-effective carbon-neutral fuel in the production of energy. In doing so, the company realizes on-site environmental benefits and is able to derive revenue from the sale of surplus energy and Certified Emission Reduction (CER) credits.



Making full use of its forest resources including biomass, gives ARAUCO the significant competitive advantage of being energy independent, and moves the company forward as a sustainable enterprise.

Energy Capacity and Generation

At the end of 2009, the company was operating nine electric co-generation facilities in Chile. Seven of these facilities use biomass and/or black liquor as fuel to produce energy for ARAUCO's manufacturing operations. (The other two facilities burn diesel oil for fuel). Surplus electric energy is sold to Chile's Central Interconnect System (the national electric grid, also known as SIC). A total of 180 megawatts of surplus energy is available to the SIC.



Arauco Electric Energy Generation in 2009 (MW)

Facility	Total Installed Capacity	Power generated	Used by ARAUCO	Available to the SIC grid
ARAUCO	96	90	81	9
CONSTITUCION	40	30	22	8
CHOLGUAN/TRUPÁN*	29	28	15	13
LICANCEL	29	18	14	4
VALDIVIA*	140	106	45	61
HORCONES I	24	24	0	24
NUEVA ALDEA I*	30	29	15	14
NUEVA ALDEA II	10	10	0	10
NUEVA ALDEA III*	140	100	63	37
TOTALS	538	435	255	180

* Kyoto Protocol CDM registered facilities

Energy Self-sufficiency

Being energy self-sufficient and making full use of its forest resource are two of ARAUCO's core sustainability strategies.

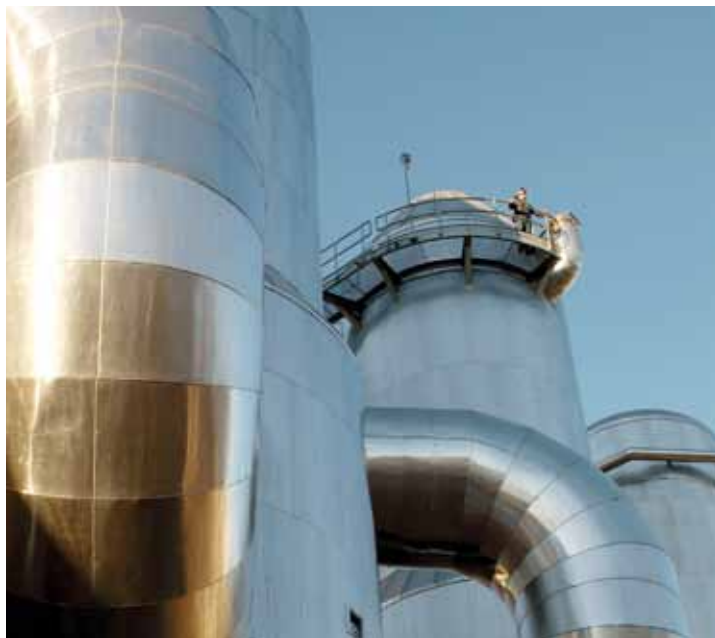
The company uses forest biomass (a mix of tree bark, sawdust and other byproducts from forest-products manufacturing) and pulpwood residual chemicals (known as black liquor) as fuel for its power boilers. During 2009, ARAUCO derived 74% percent of its operation's energy requirements from the burning of biomass and black liquor in its own electric co-generation facilities. Despite the need for a small amount of purchased electricity, ARAUCO was energy self-sufficient on a net basis, generating 612 GWh that were supplied to the national energy grid in 2009.

Kyoto Protocol

Because forest biomass is a carbon-neutral co-generation fuel, ARAUCO is able to benefit from the Clean Development Mechanism (CDM) provisions of the Kyoto Protocol. This international agreement among industrialized countries is intended to reduce global greenhouse gas (GHG) emissions through the sale of Certified Emission Reduction credits (also known as CERs or "carbon credits"). Each CER represents one metric ton of carbon dioxide equivalent that is not emitted through the burning of fossil fuel.

In 2009, the company derived revenue through the sale of 337,067 Certified Emission Reduction credits (CERs) under the Kyoto Protocol, bringing its total sale of CERs since 2007 to 1,070,851 credits.

In April 2009, ARAUCO registered the power plant at its Valdivia pulp mill under CDM provisions, making it the fourth ARAUCO forest-biomass-fueled renewable energy unit to achieve CDM registration. If operated at full capacity, the Valdivia unit and the company's three previously registered units (Trupán, Nueva Aldea Phase 1 and Nueva Aldea Phase 2)



have the potential to generate between 600,000 and 700,000 CERs annually.

Energy Investments

ARAUCO expanded its participation in the renewable energy business during 2009 with the commencement of work on two additional biomass-fueled, renewable-energy projects at the Arauco and Viñales mills. The first cogeneration project consists of a fourth high-pressure boiler and a turbine generator at the Arauco pulp mill while the second project calls for the construction of a new, biomass-fueled power boiler and turbine generator facility next to the Viñales sawmill.

Both projects are being developed under the CDM provisions of the Kyoto Protocol, and are expected to generate CERs from the date the plants begin operation, in 2010 and toward the end of 2011, respectively.

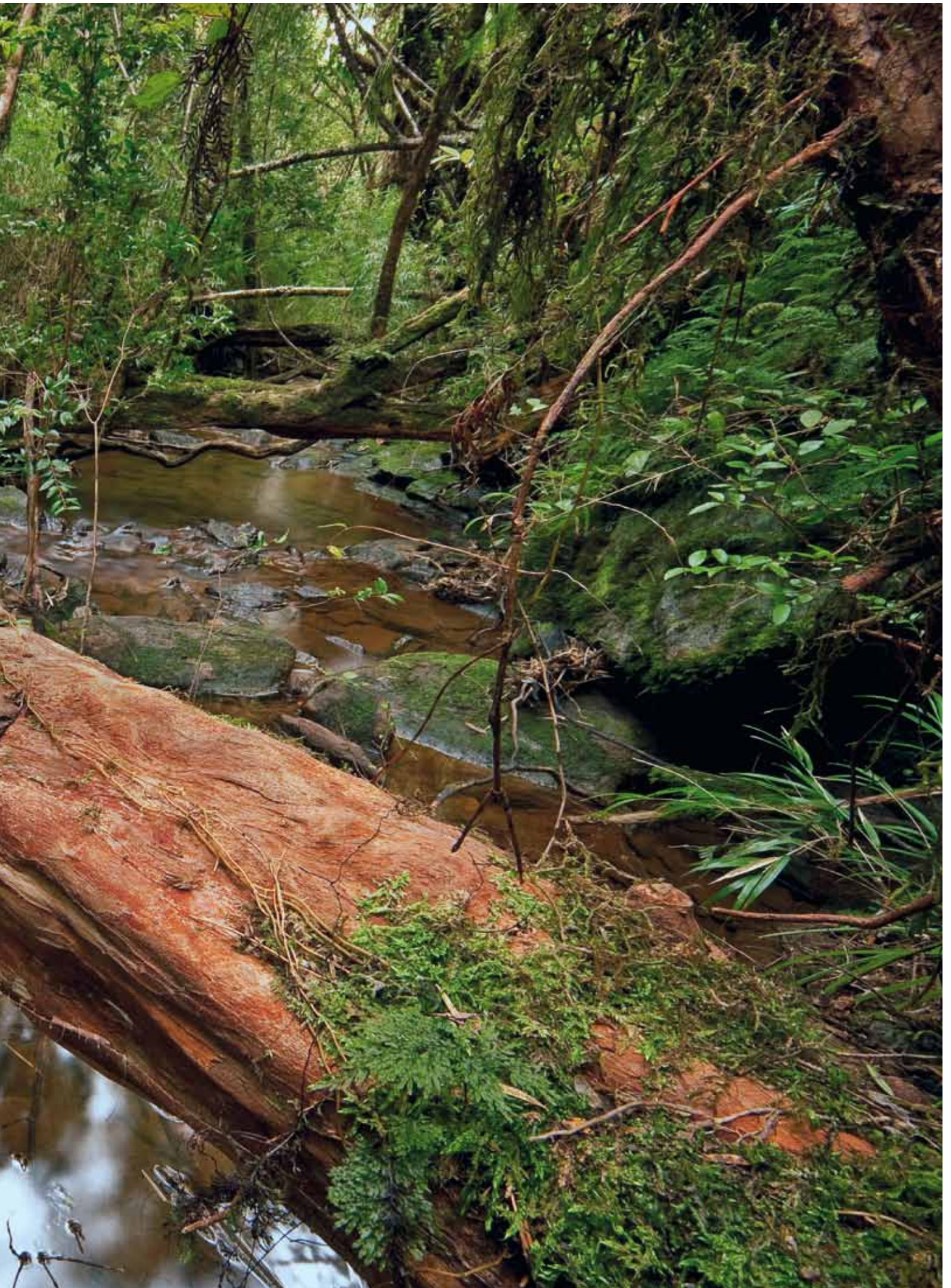




ENVIRONMENT

ARAUCO's operations are driven by a firm commitment to environmental stewardship. This commitment includes the efficient and responsible use of resources, the application of best practices, the protection of ecosystems, a focus on continuous improvement and investments in reducing the company's environmental footprint.







ENVIRONMENT

ARAUCO owns
327 thousand
hectares of
native forest

During 2009, ARAUCO completed a comprehensive, company-wide Carbon Footprint Assessment (CFA), to measure the level of green house gas emissions resulting from its operations in Chile, Argentina, Brazil and Uruguay.

This broad-reaching assessment, commissioned in 2008, was the first such study by any forest product company in South America, and one of a mere handful of similar assessments within the global forestry and pulp-producer sectors. ARAUCO's CFA is the company's first step toward a better understanding of how it can further reduce its carbon footprint and contribute to moderating global climate change.



In August, ARAUCO management made the decision to pursue Forest Stewardship Council (FSC) forest management certification for all of its forests in Chile. The management of these forests has been certified since 2003 as compliant with CERTFOR, the Chilean national standard for plantation forest management.

In Argentina, the Faplac forestry division is certified to the FSC sustainable forest management standard. One of ARAUCO's main objectives for 2010 will be to continue the resolution of pre-conditions to prepare for an assessment of the Alto Paraná forestry unit in Misiones according to the FSC standard for Argentina.

In Brazil, Florestal Arapotí officially received its FSC Forest Management certificate in 2009, covering a total of nearly 50,000 hectares (124,000 acres). Arauco Forest Brasil is certified to this standard in two regions, Campo do Tenente and Morungava (comprising 40,500 hectares-100,000-acres). The objective for 2010 is to attain certification of 33,000 hectares (81,500 acres) in a third region, Tunas, for which a pre-assessment to evaluate conditions prior to beginning the certification process has been conducted.

In Uruguay, the long-term goal for Montes del Plata is to certify all its forestland to the FSC Forest Management standard. At the moment, the corporations acquired by Montes del Plata in Uruguay during 2009 are undergoing an integration process. These include the operations purchased from Eufores S.A., which have been certified to the FSC Chain of Custody and Forest Management standards since 2004. These certifications will be reassigned to the new entity, Montes del Plata, following FSC protocol for such assignments.

In addition to these initiatives, the company continued to establish, measure and report on its annual objectives for environmental improvements. During 2009, ARAUCO operations filed 15 Environmental Impact Assessments (EIAs) with environmental authorities in Chile, primarily for the company's Woodpulp and Forestry businesses. (See the Environmental Studies Annex for more information).



Environmental Performance

Indicators

The tables that follow show raw material inputs and various outputs for each of ARAUCO's businesses.

Forestry Outputs

Production	Units	2008	2009
Logs	Millions of m ³	16.5	16.3
Chips & Residual Fiber for Fuel	Millions of m ³	4.3	3.8

Pulp Inputs and Outputs

Inputs	Units	2008	2009 (*)
Water	m ³ / ADt	52.47	50.32
Energy	GWh	1,701	1,812
Sulphuric Acid	kg/ ADt	26.43	22.90
Limestone	kg/ ADt	15.09	11.94
Oxygen	kg/ ADt	16.98	19.67
Liquid Oxygen (2)	kg/ ADt	4.28	2.66
Soda	kg/ ADt	23.10	23.87
Sodium Chlorate (1)	kg/ ADt	25.16	24.87
Hydrogen Peroxide	kg/ ADt	2.87	2.79
Outputs			
Pulp	millions of ADt	2.9	3.0
Emissions			
Wastewater	m ³ /ADt	46.57	44.94
Water Effluents			
TSS	kg/ ADt	1.82	1.62
COD	kg/ ADt	13.38	12.10
BOD	kg/ ADt	1.05	0.76
P	kg/ ADt	0.05	0.04
N	kg/ ADt	0.09	0.09
AOX	kg/ ADt	0.12	0.10
Air Emissions			
SO ₂	kg/ ADt	1.70	0.75
NO ₂	kg/ADt	1.48	1.62
Particulate matter	kg/ADt	1.83	1.17
Total Solid Waste	kg/ ADt	107.72	91.50

(1) Sodium Chlorate consumption is for pulp mills in Chile only (Arauco, Licancel, Valdivia and Nueva Aldea)

(2) Does not include information for Liquid Oxygen consumption at Alto Paraná

Panel Inputs and Outputs

Inputs	Units	2008	2009*
Fiber (1)	millions of m ³ sub	4.17	5.57
Water (2)	millions of m ³	3.11	4.29
Resin	t	140,250	185,214
Energy (3)	MWh	-	4,613,310
Outputs			
Panels	millions of m ³	2.37	2.85
Total Solid Waste	t	52.072	59.159

(*) Includes all of ARAUCO's operations

(1) Does not include biomass wood

(2) Does not include water used by energy plants at Nueva Aldea and Trupan, and the Chemical Division in Argentina

(3) For 2009 data, only the plywood facility at Nueva Aldea was included

Sawn Timber Inputs and Outputs

Inputs	Units	2008	2009*
Fiber	millions of m ³ sub	5.65	4.62
Water (1)	millions of m ³	3.07	2.12
Energy (1)	KWh	159.030.335	121.332.846
Outputs			
Green Lumber	millions of m ³	3.0	2.4
Total Solid Waste (1)	t	7.159	6.227

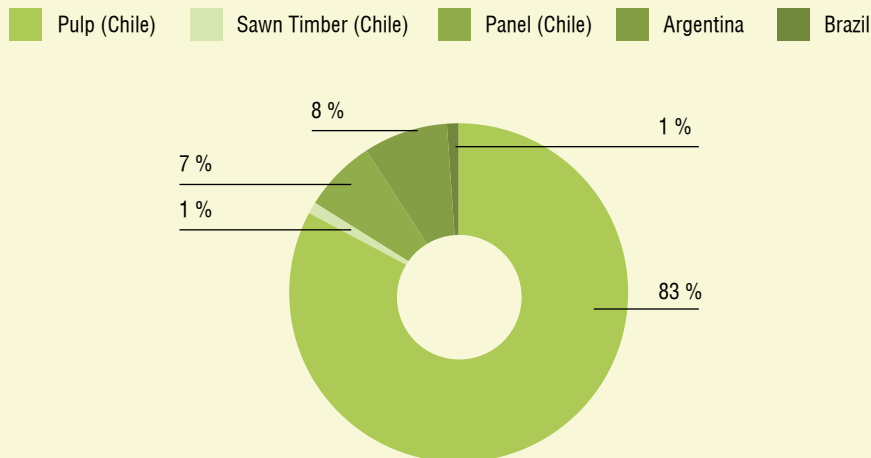
(*) Includes all of ARAUCO's operations

(1) Includes only operations in Chile

Environmental Investments

During 2009, ARAUCO invested US\$69 million in various environmental improvements for its production units.

2009 Investments in Environmental Projects (US\$ 69 million)

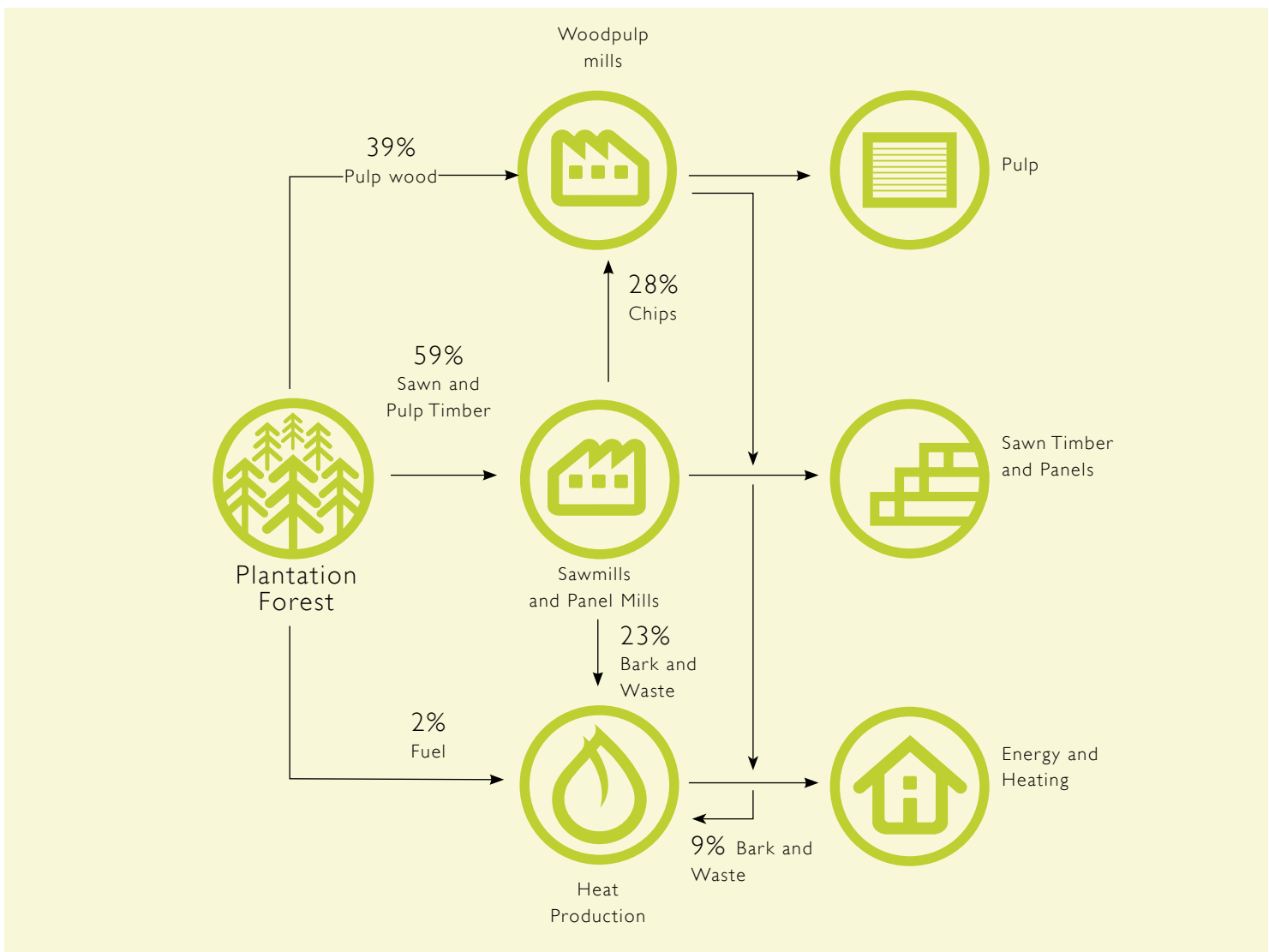


Forest Resource Utilization

ARAUCO uses a wide variety of input material in its production processes, including wood, chemical products, and water. These production processes, in turn, generate air emissions, liquid effluent and solid waste. Significant progress has been made in improving the company's environmental performance by reducing the volumes of input material and reducing discharges. Once harvested, plantation-grown pine or eucalyptus logs are processed and selected according to their characteristics and are

distributed to sawn timber, panel or pulp facilities, ensuring the most appropriate and value-optimized use of the fiber resource.

Processed wood byproducts (bark, shavings and sawdust) are used to manufacture other industrial products or are used as fuel for cogeneration power plants, ensuring the full use of the forest resource.



2009 Environmental Assessment

During 2009, the company established several objectives for its environmental performance. Most of these objectives were fulfilled, although a few were deferred.

Fulfillment of 2009 Environmental Objectives

Determine the level of greenhouse gas emissions resulting from ARAUCO's operations in Chile, Argentina and Brazil through the "ARAUCO Carbon Footprint" assessment project.	Accomplished
Communicate the company's Environmental, and Occupational Health and Safety Management Standards throughout the organization.	Rescheduled for 2010
Develop an Environmental and Occupational Health and Safety Management Policy.	Accomplished
Operate the Nueva Aldea Complex treated wastewater pipeline system according to its design.	Accomplished
Complete environmental investments committed in the Woodpulp Clean Production Agreement in Argentina.	Accomplished
Develop a base line and define the state of the conservation of wetlands present in the company's forestland in Argentina.	Rescheduled for 2012
Continue the studies of the High Conservation Value Forests in Argentina.	Accomplished in 2009 and will be maintained for 2010 and 2011
Identify special interest areas in the company's forestland in Argentina.	Accomplished
Conduct a satellite study of land use in forestland in Argentina.	Suspended
Certify 50,000 hectares of ARAUCO's Florestal Arapoti in Brazil to the FSC standard.	Accomplished

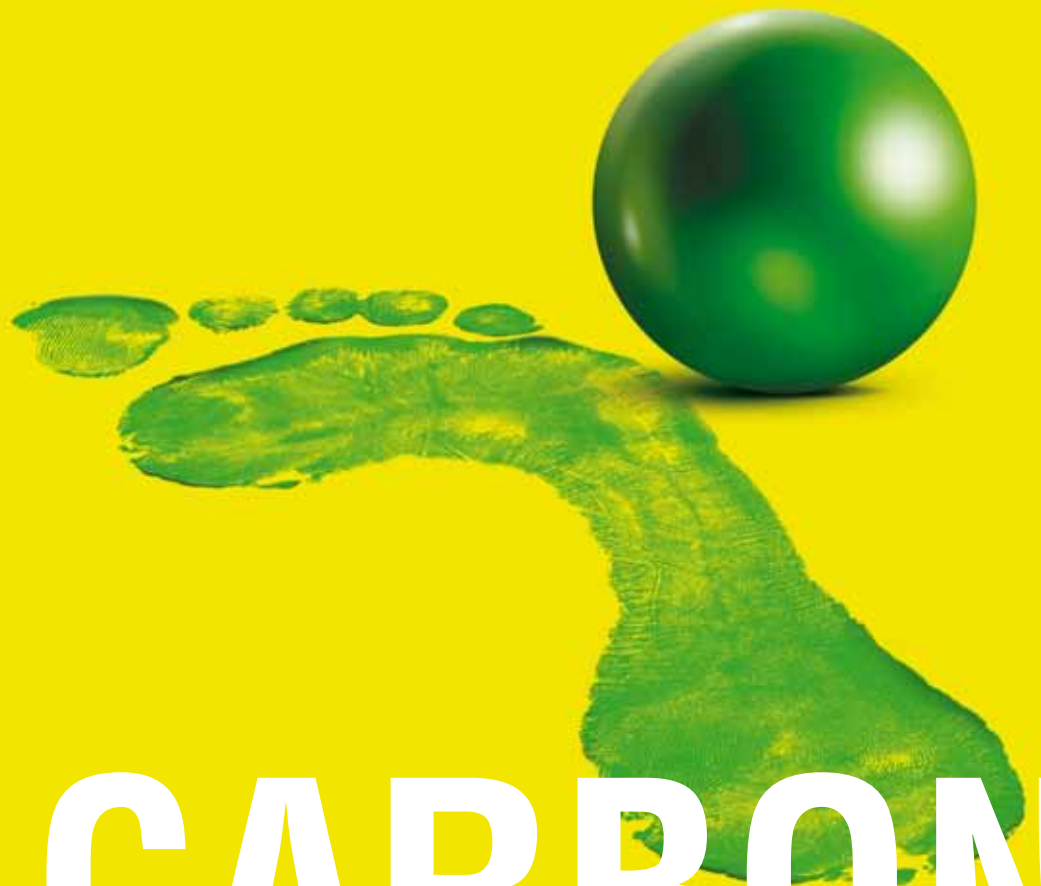
2010 Environmental Objectives

- Apply corrective actions suggested by Woodmark in the FSC pre-assessment process in order to comply with the standards required by the Forest Stewardship Council for the certification of 1.1 million hectares (2.7 million acres) of forests in Chile.



- Communicate ARAUCO's Corporate Environmental, Occupational Health and Safety Management Standards throughout the organization.
- Strengthen the internal work done in the company's wetlands in Chile in order to closely engage with the environmental authorities and societal agents to develop specific action plans. A 2010 priority will be projects in coastal wetlands associated with ARAUCO's forestland located in the estuaries of the Mataquito and Itata Rivers near their confluence with the Pacific Ocean.
- In Brazil, work will be done to certify 33,000 hectares of Vale do Ribeira (Tunas) to the FSC Forest Management Standard for Brazil. Also, the company's plantations in the Campo do Tenente region will be monitored to identify and inventory existing flora and fauna.
- Designate new High Conservation Value Forests in Argentina as part of the FSC certification process for the Alto Paraná forestry unit.
- Conduct a study of the carbon drain capacity found in the Ciénagas del Name wetland in Chile.

**CARBON FOOTPRINT
ASSESSMENT**



CARBON



Carbon Footprint Assessment

ARAUCO is aware that climate change is a global problem affecting people, companies, governments and organizations alike. The company has been proactive in addressing the challenge of understanding, quantifying and identifying ways in which it can reduce its carbon footprint.

In this sense, global climate change can be seen as an opportunity for the forestry business. ARAUCO, with a stated policy of full utilization of its forest resource, is increasingly becoming self-sufficient in energy generated from forestry biomass, has suc-

cessfully sold Carbon Credits (Kyoto Principal CERs), conducts ongoing research on biofuels and has recently completed a carbon footprint assessment.

In July 2009, ARAUCO completed its comprehensive assessment of the carbon footprint produced by its operations in Chile, Argentina and Brazil during 2008. ARAUCO's Carbon Footprint Assessment (CFA) was designed to benchmark the company's emissions of the six greenhouse gasses (GHGs) covered by the Kyoto Protocol. The findings will be used as a point of reference for ongoing efforts to reduce the company's carbon signature.

ARAUCO's Carbon Footprint Assessment was completed under the guidance of the US-based, independent consulting firm, AECOM Environment, which employed internationally accepted methodologies and calculation tools in assessing and reporting on ARAUCO's direct and indirect emissions of carbon dioxide (CO₂) and total carbon dioxide equivalent (CO₂e). Fundación Chile, a non-profit, non-governmental organization, served as a consultant to the project team. Ernst & Young, an independent auditing firm, validated the findings from ARAUCO's CFA. (For more information visit www.arauco.cl)

FOOTPRINT

Third-party Certification

During 2009, ARAUCO continued to employ third-party certification as a tool to help the company meet its commitments and foster continuous improvement, particularly in its environmental performance. Environmental experts in each business unit ensure ARAUCO's leadership in the adoption of best practices, and that these practices are reflected in the company's performance.

ARAUCO uses six certification protocols to measure progress in environmental performance and to communicate results transparently. ARAUCO's plantation forests and industrial facilities are certified to a number of different certification schemes including:

- International Standards Organization Quality Management (ISO 9001) and Environmental Management (ISO 14001) Systems.
- The international Occupational Health and Safety Assessment Series (OHSAS 18001).
- Chilean Sustainable Forest Management and Chain of Custody Standards (CERTFOR).
- Brazilian National Forest Certification Standards (CERFLOR).
- Forest Stewardship Council (FSC) Standards for Forest Management, Chain-of-Custody and Controlled Wood for Argentina, Brazil and Chile. (For more details on Certifications see the Certifications Annex).

Chile's CERTFOR standard and Brazil's CERFLOR standard are endorsed by PEFC, the international Programme for the Endorsement of Forest Certification Schemes. PEFC is the world's largest forest-management certification endorsement system, recognizing 25 national certification schemes that account for 500 million acres (200 million hectares) of certified forests worldwide.

The PEFC and FSC systems each incorporate Chain-of-Custody (CoC) protocols that provide a paper trail of documentation leading back to the forest of origin. In order for a product to be sold as "certified," its wood (or fiber) components must flow through an intact CoC supply chain. Companies at any point in the supply chain that desire to promote and sell certified products must obtain CoC certification.

All of ARAUCO's certification assessments are performed by third-party auditors.

ARAUCO's FSC Certified Operations in Chile

Despite the downturn in the global economy, 2009 saw continued growth in market demand for paper and wood products bearing the Forest Stewardship Council (FSC) ecolabel. Demand for these products was particularly strong in markets in developed countries, such as those found in Europe and North America, where civil-society actors have positioned the procurement of FSC-certified goods as a demonstration of corporate responsibility.

In August 2009, ARAUCO announced its decision to obtain FSC forest management certification for its forestland in Chile, some 1.1 million hectares. The first step was to undergo a third-party pre-assessment audit to determine the company's state of readiness for certification and to identify the areas requiring improvement in order to comply with Forest Stewardship Council (FSC) standards.





The pre-assessment was conducted by Woodmark, a program of the non-profit, UK-based Soil Association, between September and November 2009. During this period, an auditing team plus local experts carried out a two-phase process. In the first phase, the team reviewed more than 25 ARAUCO forestry operations. In the second phase, the team conducted private and independent interviews with 172 stakeholders representing environmental, social, labor, community and economic interest groups, and received more than 60 written comments.

As part of ARAUCO's commitment to transparency of the certification process, Woodmark presented the preliminary

findings of the pre-assessment to a gathering of stakeholders including the Board of Directors of FSC Chile, ARAUCO executives, and other interested observers.

Woodmark's pre-assessment findings indicated a course of corrective actions to be implemented by ARAUCO's forest management operations in order to comply with the FSC standard.

At the stakeholder gathering, ARAUCO stated that its firm commitment to obtaining FSC certification had no time limit, and that the company is committed to undertaking the necessary changes and to full transparency during the certification process.

FSC Certification in Argentina, Brazil and Uruguay

In Argentina, the Faplac forestry division is certified to the FSC sustainable forest management standard. One of ARAUCO's main objectives for 2010 will be to continue the resolution of the pre-conditions to prepare for an assessment of the Alto Paraná forestry unit in Misiones according to the FSC Forest Management Standard for Argentina .

In Brazil, Florestal Arapotí officially received its FSC Forest Management certification in 2009, covering a total of nearly 50,000 hectares. Arauco Forest Brasil also is certified to this standard in two regions, Campo do Tenente and Morungava, comprising 40,500 hectares. ARAUCO's objective for 2010 is to attain certification of 33,000 hectares in a third region, Tunas, for which an assessment to evaluate conditions prior to beginning the certification process has been conducted.

In Uruguay, the long term goal for Montes del Plata is to obtain certification of all its forestland to the FSC Forest Management Standard. At the moment, the corporations acquired by Montes del Plata in Uruguay during 2009 are undergoing an integration process. These include the operations purchased from Eufores S.A. which have been certified to the FSC Chain of Custody and Forest Management standards since 2004. These certifications will be reassigned to the new entity, Montes del Plata, following FSC protocol for such assignments..

Protecting Biodiversity

ARAUCO owns nearly 326,975 hectares (800,000 acres) of native forest in the four countries in which it operates. All of this area is protected from harvest, and is managed for biodiversity conservation.

Native Forest

Country	Area (hectares)
Chile	164,027
Argentina	111,192
Brazil	48,886
Uruguay	2,870
TOTAL	326,975

Conservation Programs

For more than a decade, ARAUCO has utilized active conservation programs to help protect biodiversity. At the end of 2009, the company supported ten active conservation programs on 70,000 hectares (175,000 acres) of ARAUCO's native forests. These ten programs (three in Chile, five in Argentina and two in Brazil) support research, restoration, conservation and environmental education on flora, fauna, habitats and sensitive ecosystems.



Biodiversity Conservation Programs

Program	Description	Participants	Location	Area (hectares)
CHILE				
Nahuelbuta Mountain	Protection for forestry ecosystems and native forests	Chilean forestry sector, Forest Ethics, Local NGOs, Government of Chile, Local communities	Nahuelbuta Mountain Range, Bío Bío Region, Chile	23,800
Parque Oncol	Protection of wild area, open to the community, Valdivian Rainforest (Selva Valdiviana) Refuge	Local community, Scientific community	Valdivia Coastal Mountain Range, Los Ríos Region, Chile	745
Nonguén National Reserve ²	Support of the conservation of this area	Community groups, Environmental organizations, University of Concepción, Concepción Natural History Museum, Forest Institute, CONAF ¹ , Bienes Nacionales, Sernatur, Local police and government authorities including the governor of the Bío Bío region and the mayors of Concepción, Chiguayante and Hualqui	Concepción, Bío Bío Region, Chile	3,055
ARGENTINA				
San Jorge Forestry Reserve	Area in which protected species such as the Palo Rosa and Yaguareté occur. Strategic location connecting Iguazú National Park and provincial parks Uruzú and Uruguay	Local community, Scientific community	Northern Misiones Province, Provincial Green Corridor, Argentina	16,600
Los Palmitos Conservation Area	Area in which protected species such as Araucaria angustifolia and the wild tapir occur. Strategic parcel allowing a narrow area of the Uruguay Provincial Park to be widened	Local community, Scientific community	Northern Misiones Province, Argentina	3,000
Valle del Alegría	Area in which protected species, such as arborescent ferns and coludito de los pinos, occur. Protection of the Arroyo Alegría river basin.	Local community, Scientific community	Cruce Caballero Provincial Park Border, Misiones Province, Argentina	8,600
Piray – San Pedro Conservation Area	Native Forest area allowing the continuation of the Green Corridor in an ecologically fragile zone.	Local community, Scientific community	Central Zone of the Provincial Green Corridor, Misiones, Province, Argentina	17,400
Biosphere Yaboti Conservation Area	Property located in the Yabotí Biosphere Reserve.	Local community, Scientific community	Southeastern Zone of the Provincial Green Corridor, Misiones Province, Argentina	770
BRAZIL				
Children's Environmental Education Program	These programs were developed in 2009, in Morungava, Campo do Tenente, and Arapotí.	Education secretaries of the corresponding municipalities, the Community and the Company.	Paraná State, Brazil	10 (Morungava)
Barra Mansa Private Nature Reserve	A High Conservation Value Reserve assigned as such during 2009.	Arauco do Brasil	Arapotí, Brazil	218.5

(1) Corporación Nacional Forestal (CONAF), Chile's National Forest Service.

(2) This program is not on ARAUCO-owned native forest.

Protection of High-Value Biodiversity Areas

In addition to its conservation programs, ARAUCO has focused on identifying and protecting areas in its native forest containing high-value biodiversity sites.

Beginning in 2007, ARAUCO implemented a clear strategy for protecting biodiversity, called Systematic Conservation Planning (abbreviated “PSC” in Spanish). In the growing field of Conservation Biology, PSC is an internationally-accepted, broadly-used methodology for identifying and protecting high-value sites for the conservation of biodiversity. The PSC methodology identifies effective types of programs that help sustain the highest-priority biodiversity values while engaging communities in support of local ecosystems.



Within ARAUCO, Bioforest has the responsibility for providing technical leadership and field-level guidance to ARAUCO’s forestry companies. The purpose of these efforts is to ensure that the biodiversity of the company’s native forests is conserved. By using the PCS methodology, Bioforest has established explicit and verifiable objectives for its programs.

The work undertaken by ARAUCO in 2009 focused on conserving threatened and endangered species of flora and fauna and monitoring of water quality and quantity in seven micro-basins. Future efforts are planned to protect vulnerable and rare flora and fauna, biological corridors, wetlands and ecosystem services.



HVEA Name	Purpose / Importance	Conservation Purpose
1. Pajonal de Tilicura (Tilicura Grassland)	Wetland close to the shoreline of the Vichuquén complex	Wetland
2. Palmas de Hualañe (Hualañe Palm Trees)	Southern border of the Chilean palm tree	Chilean palm tree
3. RUILLES de Huelón (RUILLES of Huelón)	Populations of this species are in danger in the northern border	Ruil
4. RUILLES de Los Calzoncillos (Underwear RUILLES)	Populations of this species are in danger in the northern border	Ruil
5. RUILLES de Agua Negra (Black Water RUILLES)	Populations of this species are in danger in the northern border	Ruil
6. Costilla de Los Corrales (Barnyard Rib)	A relict fragment of Maule Forest	Bosque Maulino (Maule Forest)
7. Quivolgo RUILLES and Pitaos	Ruil population near Maule, with a northern border of pitaos	Ruil
8. RUILLES de Porvenir and El Fin	Southern population of ruil	Ruil
9. Name Swamps	Wetland in Chile's longitudinal valley, with populations of endemic bird and fish species.	Wetland
10. Queules of Ralbún and Copiulemu	Populations found at the species' northern border.	Queule
11. Huemules of Ñuble	Population at the species' northern border	Huemul
12. Queules of Tomé and Penco	Diverse populations of this specie are endangered.	Queule
13. Santa Elena Wetland	Wetland in Chile's longitudinal valley, habitat of the cuca heron.	Wetland
14. Tubul-Raqui Wetland	Coastal wetland, a pitstop for migrating birds.	Wetland
15. Chauras of Laraquete	Only known populations of this species, which has an extremely limited distribution.	Chaura de Laraquete
16. Pitaos of La Isla	Pitao southern border.	Pitao
17. Lebu Coastal Forests	Olivillo Forest, a relict forest with plenty of lianas.	Bosque Olivillo Costero (Coastal Olivillo Forest)
18. Pitaos and Cypresses of the Lías River	Abundant populations of pitao and northern border of the coastal mountain cypress.	Pitao
19. Rucapehuén Forests	Darwin fox habitat, coastal araucaria, connection yo Nahuelbuta Park.	Darwin's Fox
20. Queules of Caramávida	Southern border of this species.	Queule
21. Michay of Cuyinco Alto	Populations of threatened red michay, a native liana species.	Red Michay
22. Llieques and Cypresses of Rucapillán and San Antonio	Populations of cypress in the mountains and Llieques in the coastal mountain range; Bullock frog habitat.	Bullock's Frog
23. Michay Araucano of Llieulleu	Southern border of the Michay Araucano.	Michay araucano
24. Araucarias of Carahue	Southern coastal border of this species, a genetically special population.	Araucaria
25. Caupolicán Swamp Forests	Northern border of huillin populations.	Huillin
26. Mariquina Lion Plant	Northern border of this endangered species.	Valdivia gayana
27. Entre Ríos Forests	Valdivian rainforest relicts located in the longitudinal valley, possible coastal-Andes ecological connection.	Valdivian rainforest
28. Forests of Estancilla	Valdivian rainforest	Valdivian rainforest
29. Fitzroya and Cypress areas of Isla del Rey (King's Island)	Northern border of the fitzroya and guaitecas cypress (pilgerodendron) on the coastline.	Alerce (Fitzroya)
30. Fitzroya area of Naguilán	Northern population of Fitzroya and connection to other protected areas.	Alerce (Fitzroya)
31. San Gabriel Lion Plant	Abundant population of Valdivia gayana.	Valdivia gayana
32. Las Trancas Fitzroya area	Coastal forests of fitzroya and valdivian rainforest.	Alerce (Fitzroya)

Bioforest has identified and managed programs for 61 micro-ecosystems in Chile containing High-Value Environmental Areas (abbreviated "AAVA" in Spanish). By the end of 2009, Bioforest had registered a total of 32 AAVA's (an increase of 7 over 2008). Each AAVA program has specific goals relative to its unique characteristics. In total, programs in these 61 units will provide protection for 216 key biodiversity conservation elements.

In Argentina, ARAUCO has adopted the FSC methodology for identifying areas in which biodiversity is at risk. These areas are termed "High Conservation Value Forests" (or HCVFs). Four areas in Argentina have been classified as HCVFs, encompassing approximately 20,000 hectares (50,000 acres) of forest.

In Brazil, ARAUCO's Florestal Arapoti was certified as compliant with the FSC Forest Management Standard, and has set aside 34,364 hectares of HCVF for permanent protection. Within these protected forests exists a high level of biodiversity, including 49% of Brazil's mammals and 11% of Brazil's other fauna. Among the 231 identified species of birds in this area, 12 are classified as threatened in the Brazilian state of Paraná. These forests also include more than 275 hectares of native Araucaria, a protected tree species.



THE UNSEEN WORLD OF
PARQUE ONCOL



PAR



The Unseen World of Parque Oncol

Rising some 715 meters above sea level in Chile's Los Ríos region, Parque Oncol is a mountainous, 754 hectare (1,800 acre) tract of virgin Valdivian rainforest that supports an unparalleled diversity of flora and fauna. It is said that Parque Oncol is an authentic relic of the ancient temperate rainforests that once covered much of South America. Because of Parque Oncol's exceptional biodiversity, ARAUCO has permanently set it aside from harvest, but allows public access for research, educational, and recreational purposes. Still, much of Parque Oncol's splendor remains unseen – or, perhaps, unnoticed – by the casual visitor.

During 2009, ARAUCO partnered with noted photographer Claudio Almarza to bring the park's myriad layers of life and beauty into the forefront through the photographic essay, Parque Oncol. With financial support from ARAUCO and tech-



nical assistance from more than 30 of Chile's top life-scientists, Almarza set out on a quest to capture, in pictures, the rich diversity of flora and fauna that makes Parque Oncol one of the most special places on earth.

After 18 months spent researching and living in the rainforest, Almarza emerged with more than 20,000 images. More than 300 of Almarza's best images tell the ecosystem's story on the 330 pages of Parque Oncol. As noted by ARAUCO CEO Matías Domeyko, "The amazing images contained in this book serve as an inspiration to readers, and remind us that we must preserve the valuable diversity of life, that sometimes goes unnoticed."

PARQUE ONCOL

CONSULTATIVE COUNCIL OF THE NONGUÉN NATIONAL RESERVE IN CONCEPCIÓN



Consultative Council of the Nonguén National Reserve in Concepción

The creation of the Consultative Council of the Nonguén National Reserve is a significant step in the participation of the citizens of Concepción in the management of a 3,055 hectare (7,500 acre) forest reserve.

A total of 27 institutions, including ARAUCO, participate as members in the council. Members include community groups, environmental organizations, the University of Concepción, the Concepción Natural History Museum, the Forest Institute, CONAF, Bienes Nacionales,

Sernatur, the local police and government authorities including the governor of Bío Bío Region and the mayors of Concepción, Chiguayante and Hualqui.

The objectives of the Consultative Council are:

- To implement a management plan for the protection of the Nonguén National Reserve.
- To integrate the programs in the Nonguén National Reserve more closely with CONAF and with needs at the local level, striving to improve the management of the protected area and the services that it provides.



Other Environmental Programs & Actions

Support for Scientific Research

During 2009, ARAUCO continued its active support of scientific research as part of ongoing efforts to better understand and conserve ecosystem biodiversity in the natural areas near its operations and to make this knowledge available to a broad range of stakeholders.

Río Itata Drainage Basin

ARAUCO, together with the Eula Center of the University of Concepción, published the 389-page book, *The Itata River Drainage Basin: Contributions to its sustainable management*. The book is the culmination of ten years of research into the ecosystem of Río Itata, the river that serves ARAUCO's Nueva Aldea mill.

Designed to be a scientific and technical reference tool, *The Itata River Drainage Basin* represents the work of na-

tional experts in hydraulics, sedimentology, biology, zoology, botany and other areas of science who worked together to study the Río Itata drainage basin.

In addition to supporting the scientific research, ARAUCO published 500 copies of the book, 100 of which were given to the Comisión Nacional de Medio Ambiente (CONAMA, the National Commission on the Environment), with another 300 distributed to educational institutions and national authorities.

The Río Itata research findings served as background for policy-making regarding the sustainable environmental, social and economic development of the region, and as a foundation for ARAUCO's own decision-making processes regarding operation of the Nueva Aldea facility. The work also makes a positive contribution toward the Chilean government's evolving National Strategy for the Integrated Management of Drainage Basins.



Wetlands

Chile is a signatory nation to The Convention of Wetlands of International Importance (The Ramsar Convention). ARAUCO is committed to the conservation and protection of wetlands and works closely with CONAMA to help it meet its objectives for defined priority wetlands in Chile, particularly on sites near company operations. ARAUCO has designated five wetland sites as High Value Environmental Areas as part of its ongoing programs for the protection of biodiversity. In addition, during 2009, the company supported several limnological assessments in the Ciénegas del Name, Tubul–Raqui and Tilicura wetlands. (Limnology is the study of biological, chemical, and physical properties of bodies of fresh water, especially of lakes and ponds.)

PIMEX-Nueva Aldea

During 2009, ARAUCO continued to support research by PIMEX-Nueva Aldea (Program of Marine Research of Excellence on the Ecosystem Surrounding the Mouth of the Itata River). Launched in 2006, the PIMEX research program was designed to investigate areas of concern expressed by stakeholders during the environmental impact assessment process for Nueva Aldea. The studies per-

med by PIMEX are supplemental to the monitoring required under Chile's environmental laws.

PIMEX has a staff of 35 researchers, a Board of Directors representing all the stakeholder groups participating in the Nueva Aldea Round Table, and a forum comprised of Bío Bío fishermen and company representatives that have been working together for three years.

To develop a deep understanding on ecosystem structure and functioning, PIMEX Nueva Aldea established two main areas of research: Ecology, which examines the pipeline's ecological impact on the marine species, populations and communities living on the continental shelf; and Physical and Chemical Oceanography, which explores the physics and chemistry of the continental shelf, with special emphasis on the micro-, meso- and macro-scale processes that affect the transport, dispersion and dilution of the pulp mill's treated wastewater.

In addition, PIMEX operates an area of Technological Innovation, which conducts studies on species that have high commercial value for local fishing communities.

PIMEX research findings are published in peer-reviewed scientific journals. During 2009, PIMEX published 11 scientific papers. PIMEX also makes research findings and technical advice available to local stakeholders, ensuring the transparency of ARAUCO's Nueva Aldea operations. In order to leverage the accomplishments to date and to pursue new lines of research, this program has been extended through the middle of 2011.

Fire Prevention and Suppression

Wildland fires pose a severe threat to the forestry industry. During the 2008-2009 season ARAUCO fought more than 2,500 wildland fires that occurred in plantations, native forests, and grasslands, investing US\$13.8 million on



fire prevention and suppression for its operations in Chile, Argentina, Brazil, and Uruguay.

While the risk of fire exists on company-owned lands, there is an even greater risk of fire on adjacent land over which ARAUCO has no control. In fact, more than 70% of the wildland fires occur on third-party-owned lands.

To reduce the risk to its forest assets, ARAUCO maintains a comprehensive fire fighting and fire protection program that encompasses citizen education, prevention, and surveillance. This program is in place in every country in which ARAUCO owns and manages plantation forests. During 2009, ARAUCO conducted extensive fire-education outreach to adults and children living in areas adjacent to

its forest plantation. As in years past, ARAUCO employees hosted community meetings and made presentations about fire prevention measures and the range of impacts that wildland fires can have on the community life and the environment. In Chile, the company also participates in fire-prevention programs together with the Corporación Chilena de la Madera (CORMA), Chile's forest-sector association.

In addition, ARAUCO reduces the likelihood of fire on its own lands by carefully managing fuel loads and applying best practices to help ensure that none of its harvest, transport or waste-disposal operations will ignite a fire.

Still, some level of wildland fire activity is inevitable. To ensure a rapid response when fire breaks out, ARAUCO main-



tains a total of 126 surveillance towers from which trained personnel scan the landscape of ARAUCO's holdings and neighboring lands, and report any sightings of smoke so that fire-suppression teams can be summoned. The fire-suppression teams have access to seven airplanes, 12 helicopters, 36 water trucks and six skidders. Fire-risk conditions are monitored daily from a centralized operation.

On extreme-risk days, preventive measures such as the deployment of fire crews and equipment to critical areas and the suspension of harvest operations, may be taken.

In Chile, ARAUCO maintains a team of 700 contract firefighters who each receive from 30 to 80 hours of training a year. In Argentina, Alto Paraná maintains a team of 32 professional firefighters, and in Brazil a team of 152 fire-fighting professionals. ARAUCO's fire prevention and fighting capability in Uruguay is comprised of trained company workers and a contract squad that is specially trained in fire suppression.

Transportation

ARAUCO strives to optimize the transportation of raw material, finished goods, and personnel to reduce the impact of its operations on the environment and on nearby communities. The company relies upon Geographic Information System (GIS) technology, data from its proprietary Forest Information System, and other inputs to design hauling roads and transportation schedules that will minimize inconvenience to local residents and prevent environmental risks.

The carbon footprint of ARAUCO's transportation activities, from forest operations to shipping, is reflected in the findings of the company's Carbon Footprint Assessment. Information about this Assessment is available online at www.arauco.cl.





OUR PEOPLE

ARAUCO's greatest asset is not its forests nor its mills, but its people. Tens of thousands of staff employees, supervisors, contract workers, managers and executives, located in production facilities and offices around the world, breathe life into the company, giving it vision and direction, and helping it grow in stature in the global market every workday.





OUR PEOPLE



OUR PEOPLE

In 2009
ARAUCO
provided
34,803
jobs worldwide

In 2009, ARAUCO provided 34,803 jobs worldwide through direct and indirect employment. This number includes 7,904 direct employees and 26,899 contract workers working at 992 specialized-service companies.



The ages of ARAUCO's workers range from 30-50 years. In Chile, the workforce is predominantly male (89%, excluding workers employed by contractors). Approximately 45% of ARAUCO's female employees hold professional and technical positions, 2% hold managerial positions, and 53% hold production jobs.

Organizational Climate

During 2009, ARAUCO took its first steps in implementing a program that seeks to improve its organizational climate, emphasizing that employees are valued individuals rather than merely a "human resource."

In November 2008, a written survey was circulated to 4,100 workers, reaching most of ARAUCO's facilities throughout Chile. Ninety percent of the questionnaires (3,688) were completed. Once the responses had been tabulated, the positive and negative assessment results were shared with senior management and, subsequently, with interested members of the workforce through a total of 75 meetings held during a three-month period in every one of the company's facilities.

The survey revealed that ARAUCO's workers perceived their company as being strong and competent in matters such as concern for the environment, occupational safety, job satisfaction, clear objectives, and maintaining its external image. However, the workers surveyed felt that the company was less-skilled in managing such matters as performance acknowledgements and incentives, employee workload, work-home balance, career development, and supervisory communication.

Armed with the initial results, ARAUCO conducted a series of 22 focus groups, with a total of 339 participants, to



clarify aspects of the written employee input. Next, workshops were held at each facility, bringing managers, assistant managers, and supervisors together to create site-specific action plans to improve the organizational climate.



Initiatives stemming from the workshops include: a salary and benefits survey of comparable companies in the Bío Bío and Metropolitan Regions to ensure competitiveness; implementation of pilot performance-management-and-reward systems to draw closer associations between performance and wages; the creation, in October, of a “People Services” unit that will focus on areas such as health, education, sports, recreation, culture and family enhancement. Additionally, an educational scholarship program was established to help underwrite university, technical, or professional education for children of ARAUCO workers.

ARAUCO also has begun implementation of initiatives to provide career development opportunities and to attract and retain highly qualified workers. In July 2009, the company created an Organizational Development Sub-Management unit to focus on these initiatives. In November, this unit began implementation of a talent-management model and succession plan for the company’s Woodpulp business. In addition, the company has created “development grids” that indicate the competencies and training required for each skilled position in the company’s pulp facilities. These grids provide employees with a clear path toward career advancement.

During 2009, ARAUCO also began the development of training programs to enhance situational leadership, management and communications skills among its 400 supervisory personnel.

ARAUCO plans to implement these training plans through April 2011.

Labor Relations

ARAUCO is committed to fair, good-faith negotiation of contracts through legally recognized channels. The company has historically maintained excellent labor relations at all of its operations in Chile and worldwide, maintaining permanent communication channels with its workers and contract workers.

Despite its positive relationships with its employees and contract workers, during 2009 the company was confronted with two illegal labor-related actions, involving blockades of ARAUCO facilities in Chile by contract workers in disputes with independent, contract- service companies. The first incident was resolved in four days, and the second labor action dissipated in eight days.

Relief and Retraining for Forestry Workers

The extended downturn in the global economy which began during the last-half of 2008 forced reductions in the level of production in some of ARAUCO’s business areas and the consequential adjustment of work days and production schedules for a significant number of workers.

In April 2009, ARAUCO, through Chile’s forest-industry association, Corporación de la Madera – (CORMA), became party to an unprecedented agreement between the forest products industry and the Chilean government to provide vocational re-training and monetary relief to some 5,000 forestry workers in the Maule, Bío Bío, Los Ríos and Los Lagos



regions whose jobs had been lost or otherwise negatively impacted by the downturn in the global economy.

The agreement between Chile's Ministry of Labor and CORMA called for the development of a human-capital program that would include remedial courses, training and labor-skills certification, as well as cash grants for workers who had been laid off or whose work shifts had been reduced.

The training and skills-certification programs were designed to prepare impacted workers to re-enter the labor market once the economy has improved. Areas in which vocational training was offered included crane operation, plant security, transportation, electrical maintenance, mechanics, carpentry, plumbing, welding, and forestry equipment operation.

CORMA member companies, including ARAUCO, contributed some US\$1.4 million toward the US\$5.2 million, six-month relief program, which began providing services to forest workers in September 2009. The balance of funding came from SENCE (National Service for Training and Employment) and from regional governments.

QUALITY HOUSING FOR ARAUCO CONTRACT WORKERS IN CHILE

During 2009, ARAUCO approved a project to provide a total of 3,660 new all-wood houses for company contract workers living near areas in which ARAUCO operates. Designed by Elemental S.A., the houses will range from 46-80 m² (414-720 square feet), depending on location and intended occupancy.

The project reflects a joint commitment by ARAUCO, the Chilean Housing Ministry, and the regional governments of Maule, Bío Bío and Los Ríos, to ensure the availability of high-quality public housing for workers.

ARAUCO has committed some US\$1.5 million toward the design and engineering drawings of the housing project.

Renovation of Forest Operation Camps and Staff Transportation

In Chile, ARAUCO outsources most of its forest-labor-related tasks (such as harvesting, planting, transportation and road maintenance) to specialized service contractors that hire and employ workers who are outfitted and trained to ARAUCO's standards of skill and safety. During 2009, the company's forestry business contracted 380 businesses that provided 12,452 workers to carry out the scheduled harvesting and planting programs.

Most of ARAUCO's forest holdings are in remote rural locations. The company owns and operates 51 forest camps which have a combined capacity to house 3,500 contract workers while they are working in the forest. In 2008, ARAUCO initiated a comprehensive program to renovate 30 camps in order to provide improved living conditions for forest workers. By the end of 2009, ARAUCO had completed the renovation work, which required a US\$10 million investment.

Seventy percent of ARAUCO's fleet of vehicles that are used to transport forest workers to labor sites was renovated during 2009. The total renovation of these vehicles required an investment of US\$ 10 million.

Operational Excellence Management Program

ARAUCO's highly successful Operational Excellence Management Program (OEMP) continued to improve the personal growth, confidence and performance of workers in the pulp, panel, and sawn timber businesses during 2009.

Based on a six-year track record of use and success, the Operational Excellence Management Program (OEMP) became the company's standard for human resources development. The OEMP directly engages workers in each business, and provides a mechanism for continuous improvement in job performance. The OEMP also facilitates the exchange of best practices within and between businesses. Teams are formed to suggest and implement creative solutions that will:

- Improve safety performance
- Improve environmental performance
- Enhance product quality
- Increase productivity
- Reduce cost.

Most importantly, the OEMP has helped to foster a new style of management that encourages open communication and the sharing of ideas at all company levels. ARAUCO employees and contract workers alike are eligible to participate in this program.

During 2009, the Forestry business adopted the OEMP, trained 241 forestry employees and set performance goals for 2010.

Operational Excellence Management Program 2009

Metric	Business Area				Totals
	Forestry	Woodpulp	Panels	Sawn Timber	
Years in Program	1	2	3	6	—
New Ideas Presented in 2009	0	85	316	368	769
2009 Ideas that Became Projects	0	57	162	368 ²	587
Successful Projects in 2009	0	25 ¹	82	212	319
Successful Projects Since Start	0	27	109	784	920
People Trained in 2009	241	40	400	1,630	2,311
People Trained ³ Since OEMP Start	241	1,620	3,640	8,624	14,125

(1) Includes two "Quick Wins" (improvements not requiring capital investment)

(2) In Sawn Timber, all ideas become projects.

(3) Includes employees and contract workers

2009 OPERATIONAL EXCELLENCE WINNING PROJECTS



Sawmills and Remanufacturing Plants

Project Name:
**Cholguán UPC Labeling
Automation**

The UPC (Universal Product Code) bar code is widely used to identify retail products in American stores. UPC codes appear on many TruChoice and Cholguán products destined for the United States. Applying these bar codes in-line to products with profiles of less than two inches has been problematic, given the narrowness of the product. The UPC label for these profiles required hand appli-

cation off the production line, a cumbersome step that added costs and slowed throughput, occasionally delaying delivery of product to the dock for shipping.

An OEMP project was designed to address this issue. The project team concluded that by modifying the position of the in-line labeling machine, and designing-in a folding positioning camera with two, spring-loaded, internal, adjustable plates, sufficient stability could be provided to the product profile to allow in-line machine labeling.

Today, these small moulding profiles are being labeled for the US market on the production line, increasing the line's throughput, reducing cost, and helping to ensure timely delivery of customer orders.



Pulp Mills
Project Name:
**Modification in Log
Transporter**

To reduce production downtime resulting from blockages on the log transporter at the pulp mills, an OEMP was designed to analyze the matter and implement a solution. The team discovered that log jams were happening frequently because the logs were not pro-

perly aligned on the transport mechanism. To rectify the problem, a number of modifications were made to the machinery, including changing the angles of the stone trap, setting serrated combs on both sides of the machine to better align the logs, and changing the line speed.

Significant improvements were noticed immediately once the project was implemented. Downtime and lost production were reduced by 50%, and the accident risk rate indicator dropped from five to three. The mill also has benefited from a tenfold reduction in maintenance costs for the log transporter.

ARAUCO's Innovation Model

During 2009, ARAUCO participated in a Fundación Chile program entitled, "Open Innovation and Corporate Entrepreneurship Platform." The program, developed together with the University of California, Berkeley, and sponsored by the Corporación de Fomento de la Producción (CORFO, Chile's Economic Development Agency) ran from May to December 2009. During this period, ARAUCO and five other Chilean companies were immersed in a world-class methodology aimed at realizing new business opportunities.

Using this program as a framework, the company is developing the "ARAUCO Innovation Model" with the objectives of incentivizing innovative ideas and establishing channels and tools to facilitate ARAUCO's support for their implementation. The "ARAUCO Innovation Model" seeks to promote an entrepreneurship culture within the company aiming to generate new businesses.



ARAUCO believes that there exists enormous innovative potential within its businesses, and that many initiatives that are not the center of its focus could be transformed into profitable businesses. (An example of this is ARAUCO's growing business in renewable energy credits.)

Occupational Health and Safety

On a company-wide basis, ARAUCO's safety performance in 2009 showed improvement over 2008 levels. The Woodpulp and Sawn Timber businesses showed the most significant improvements in both frequency and severity of accidents. Despite these reductions, there were 19 accidental deaths during 2009. Thirteen of these casualties resulted from an aviation accident in which a fire-fighting helicopter crashed, taking the lives of all occupants.

Though the strategies and programs used during 2009 had a positive impact on reducing accidents, much remains to be done. The following are some safety-performance highlights for the year.

Forestry Business

- Forest operations in Chile reversed a two-year negative trend with a 5% reduction in lost time resulting from accidents compared to 2008.
- The Forestry Signals Program was fully implemented, with a manual which provides a set of safety signals for use in the field.

Woodpulp Business

- The main emphasis during 2009 was the strengthening of preventive tools and hierarchical leadership aspects that will continue to be reinforced during 2010.
- The Arauco mill reached a world-class performance ranking on its frequency rate, with an indicator of less than one.
- Contractor companies achieved an 84% accident reduction since the system of preventive tools and hierarchical leadership was implemented.



Panel Business

- During 2009, work continued in Chile on the three pillars upon which Health and Occupational Safety is based: Culture, Learning, and Precise and Clear Norms and Standards. Activities included the “Critical Conduct Improvement Program,” research on processes and causal analysis, and a focus on reducing main operation risks.
- In Brazil, the focus was on prevention by streamlining risks, using analysis tools and the events-investigation process, and by implementing training programs to modify risk behavior.

Sawn Timber Business

- Key activities in 2009 included the provision of 43,739 hours of training in occupational health and safety management.
- In addition, 94% of the MASSO Strategic Preventive Management Plan actions were completed (489 out of a total of 520 scheduled activities).
- An Accident Benchmark System was developed for use by sawmills in Chile and Argentina.

Safety Performance in 2009

Accident Indicator ⁽¹⁾	Forestry	Woodpulp	Panels	Sawn	Company-wide Avg. ⁽²⁾
Frequency Rate ⁽³⁾ 2008	13.51	6.43	5.54	6.07	9.48
Frequency Rate 2009	13.58	3.48	4.93	2.79	8.23
Yr/Yr % Change	0.51%	-45.8%	-11.0%	-54.0%	-13.1%
Severity Rate ⁽⁴⁾ 2008	483.49	144.52	161.77	230.14	321.4
Severity Rate 2009	546.97	99.23	148.72	151.58	320.9
Yr/Yr % Change	13.1%	-31.3%	-8.1%	-34.1%	-0.4%

(1) Measurements include all operations in Chile, Argentina and Brazil.

(2) Company-wide average includes Bioforest, Arauco Distribution, and Engineering and Construction Management.

(3) Accident Frequency Rate is the number of accidents with lost time per million man-hours worked.

(4) Accident Severity Rate is the number of lost days per million man-hours worked.

Helicopter Crash

On February 15, 2009, a helicopter operated by the Maule-based company Flight Services crashed into a hill near Chanco, Chile, killing the pilot and 12 contract firefighters.



ARAUCO had mobilized its contract firefighters to help keep a blaze from spreading to its forestlands.

Chile's Civil Aeronautic General Council (DGAC), which investigated the crash, determined the cause of the accident to be related to flying in cloudy conditions under visual flight rules. According to the DGAC, the helicopter was properly maintained and in good working order at the time of the impact.

Although it was not required to do so by Chilean law, ARAUCO reached a compensation agreement with each family to supplement the benefits paid by Flight Service's insurers.

2010 Occupational Health and Safety Goals

The company has set the following goals for 2010:

- Communicate ARAUCO's Corporate Standard for Environmental and Occupational Health and Safety Management to company members.
- Establish a system for Key Safety Rules.
- Establish a system of Corporate Operational Standards.

Occupational Health & Safety System Review

In 2009, ARAUCO decided to undertake a diagnostic evaluation of the Occupational Health and Safety (OHS) management systems in place in the company's four business areas within Chile, taking a new step towards excellence regarding safety. In April 2009, ARAUCO awarded



the diagnostic evaluation contract to Environmental Resources Management (ERM), a provider of environmental, health and safety, risk, and social consulting services with offices in 39 countries. The goals of the evaluation were the following:

- To determine the scope of ARAUCO's current OHS management systems.
- To identify areas of strength and shortcoming within the existing systems.
- To recommend courses of action to improve the effectiveness of ARAUCO's OHS management.

ERM interviewed more than 40 ARAUCO managers, supervisors, and workers, made site visits to ARAUCO offices, production facilities and forest operations, and re-

viewed written internal documentation in its evaluation of the company's OHS management system against a set of 15 performance indicators.

These indicators are divided into three categories: Planning, Implementation & Operation, and constitute what ERM believes to be the minimum requirements for effective OHS management systems.

ERM concluded that each ARAUCO business area had developed solid OHS policies and had documented these policies thoroughly. In addition, the consulting team made recommendations for standardizing the OHS management systems across all four business units, and for the implementation of standardized OHS training company-wide.



ARAUCO management will implement ERM's recommendations and enhance the robustness of its OHS management systems during 2010 by making use of the Consolidated Environmental, Occupational Health and Safety Standards.



“Work Well, Work Safe” Campaign

During 2009, ARAUCO continued a campaign to instill safety as a company-wide essential value.

Launched by senior management, the campaign was designed to incorporate workplace and personal safety concepts into the lives of every ARAUCO employee and contract worker.

The campaign uses safety brochures, posters, and billboards to drive home the message of “Zero Accidents” to workers and their families. “Zero Accidents” will continue to be the main focus of the campaign as it continues through 2010.





SOCIETY

“Our operations benefit 35,000 workers and their families, and more than 990 contracting companies in more than 100 communities throughout Chile”.







ARAUCO maintains that the development of a country is strengthened when private-sector companies, together with civil society actors, become involved and embrace the responsibility of improving the quality of life in the communities where they maintain operations. Generating employment, stimulating productive development, providing opportunities for local suppliers, and enhancing trade skills and education are all parts of a chain that is anchored by economic and social development, generating projects for quality-of-life improvements.



Economic and Social Development and Quality of Life Improvement

As a world leader in the development of sustainable forest products, ARAUCO's commercial success is inseparably intertwined with the personal welfare of the people living in communities near its operations.

During 2009, the company continued to expand its Corporate Social Responsibility programs, which are focused on three main areas:

- **Economic Development**

ARAUCO contributes to the development of local economies in areas adjacent to its operations. In addition to providing employment and skills-training, the company transfers experience, management abilities and technologies to local communities and provides business opportunities for local enterprises.

- **Social Development**

ARAUCO's social-development efforts are focused lar-

gely on providing access to quality public education, promoting cultural opportunity, and supporting sports activities.

- **Quality of Life**

ARAUCO enhances the quality of life in local communities through investments in infrastructure, equipment, and public housing, and through programs that seek to preserve or restore cultural tradition.

To these ends, ARAUCO invested US\$ 10.7 million during 2009 in Corporate Social Responsibility programs in Chile, Argentina and Brazil.

Economic Development Initiatives

ARAUCO designs and implements local economic development programs in each of the countries in which it operates.

Supplier-Development Programs in Chile

During 2009, the company launched a Local Economic Development Program to provide business opportunities for local suppliers of goods and services to ARAUCO's operations. These suppliers provide such things as work clothing, tool maintenance, office supplies, hardware, and food service in every region in which the company operates.

Five Local Economic Development Councils, comprised of ARAUCO executives in each locality, were established to ensure the success of the program.

The Council's responsibilities include defining management strategies for supplier development and ensuring the company's commitment to each local program. During 2009, Councils were established in Horcones, Yungay, Nueva Aldea, Mariquina and Constitución to support the most-vulnerable communities that require long-term economic stimulus.

In establishing its Local Economic Development Program, ARAUCO partnered with third-parties that could provide specific expertise and financing to support operation of small supplier businesses. During 2009, these partner organizations included: Sercotec (Servicio de Cooperación Técnica), CORFO, Innova Chile, and CorpArauco (a corporation for the development of the Arauco Province).

SUCCESS STORIES



Rosman Confecciones in Curanilahue

Having completed 100 hours of training in administration, and after several successful meetings with purchasing agents at ARAUCO's Panel

business, Forestal Arauco, and other business units, Rosa Gajardo, owner of "Rosman Confecciones", was selected as a supplier of work clothes for the Panel business for 2010. Before it entered the Local Supplier Development program, "Rosman Confecciones" had only three workers.

At the time it became an approved ARAUCO supplier, the workforce had grown to six, with plans to add another four workers in the future.

"I began with orders placed by two contracting companies, and then ARAUCO's Panel business placed a large order that enabled me to add staff," Ms. Gajardo said. "My hopes are to become a supplier for other ARAUCO business units and hire more people."

"In 2007, I received the Corfo Spirit of Self-improvement and Entrepreneurship Award, which was presented to me by President Bachelet. I also received the International Award for Small Businesses. Earning recognition for what I do is one of the things that has helped me grow my business."



Maestranza Mansermec in Arauco Province

Maestranza Mansermec has been providing maintenance services to ARAUCO's Panel and Woodpulp businesses for more than a decade,

and provides employment to more than 100 workers in these two business areas.

Maestranza Mansermec intends to maintain its current level of employees throughout 2010, and to seek new machinery maintenance contracts.

"In 1996 we began providing maintenance services to ARAUCO," said Juan Pincheira for Maestranza Mansermec. "They soon became familiar with us and placed orders for larger tasks. In the last couple of years, we've also worked at

the Vadivia and Nueva Aldea pulp mills. With ARAUCO, we began to adopt the company's way of working with people and the environment. When we had an opportunity to be certified to the NCh2909 standard, we put all our efforts into it and were certified. Our objective now is to continue to be a trustworthy maintenance services supplier for ARAUCO"

Artisan Fishermen in the Maule, Bío Bío and Los Ríos Regions

ARAUCO has developed a permanent relationship with fishermen unions located in the communities near the company's industrial operations. During 2009, in Maule province, ARAUCO renewed signed agreements with 11 unions and their artisan fishermen from Putú, Constitución, Boyecura, Duao and La Trinchera. The agreements include a microcredit program, entrepreneurship subsidies, and resources for operational centers, in addition to implementation of activities for the development of artisan fishing.

In the Bío Bío Region, ARAUCO and Innova Bío Bío participated in an initiative with 107 fishermen in Dichato to establish a cooperative and diversify their production sources. The group's first harvest of mussels and Japanese oysters took place in Dichato during 2009.

In the Arauco province, progress was made in the public-private roundtable discussions established by ARAUCO, the Regional Federation of Artisan Fishermen and the fishermen's unions of the Arauco Gulf (Tubul, Puerto Nuevo Puerto Lavapie, Puerto Viejo, Puerto Lavapie, Esfuerzo del Mar, Rumena, Llico and Laraquete). Matters that were addressed included the manufacture of diving suits, infrastructure for the surveillance of handling areas, and improvements in the expansion of kitchens and other installations.

During 2009, ARAUCO worked with the fishermen of Mehuín, Mississippi and other quays in the Los Ríos province to strengthen the union organization's infrastructure, corporate image, and administration.

Business-Development Programs, Argentina

Triple Helix Node

Alto Paraná S.A., an ARAUCO subsidiary, participated as a founding member of the Triple Helix Node, an unprecedented joint effort among the private sector, the University of Misiones (UNAM), and local and regional governments of Misiones and Corrientes provinces to boost innovation and entrepreneurship and to derive additional

value from the area's natural resources. During 2009, the Triple Helix launched a program that seeks to apply research, design and creativity to the development of new, sustainable-wood-based products. Seven sawmills joined with UNAM industrial design students and faculty to develop ideas and prototype products. At year's end, these prototypes were being evaluated to determine which would be put into production during 2010.

Labor Skills Certification Program

Alto Paraná S.A. provided continued support for skills-certification of forest workers. The company participated in the creation of the Council of Certification of Labor Competencies and Continuous Education, a multi-stakeholder forest and woodworking organization comprised of government representatives, workers and companies.

Community Economic-Development Programs in Chile, Argentina & Brazil

ARAUCO participated in a number of economic-development programs with communities near its facilities. These programs seek to further activities that are not directly related to the company's operations. Projects undertaken and/or continued during 2009 included:

- Donating 930,488 plants in Chile to reclaim highly eroded agricultural land through reforestation.
- Supporting the creation of an artisan fishing cooperative in Dichato, in the Bío Bío Region of Chile, consisting of 107 members. This co-op made its first harvest of mussels and Japanese oysters during 2009.
- Creating economic opportunities to preserve the native tradition in agriculture and handcrafts of the Mapuche communities in Chile.
- Developing a strategic plan for tourism in Misiones Province, Argentina.
- Working with the National Service of Rural Learning in Brazil to train apprentices in both small- and large-scale agricultural techniques.

**SUPPORT PROGRAMS
FOR INDIGENOUS CULTURE**





Mapuche Silver Workshop

During 2009, ARAUCO participated with the Government of Chile, the Municipality of Mariquina and the non-governmental organization, Caritas Chile, in a program to establish a traditional silver workshop for the Millaray Mapuche Huilliche Women's Association (Asociación de Mujeres Mapuches Huilliches Millaray) in Chile's Los Ríos region.

ARAUCO provided the association with the tools and machinery needed to establish the workshop, as well as an initial supply of silver. It also provided research into the traditional designs of Mapuche jewelry and silver-making instruction through Chile's SENCE system, the National Service for Skills-training and Employment.

Self-Sufficiency through Traditional Crafts

The art of loom weaving is among the oldest cultural traditions of the



Mapuche people, and one that is representative of the importance of women in this society as transmitters of life and culture.

In 2003, 50 Mapuche women came together to form the Indigenous Women's Association "Relmu Witral" (in English, "Rainbow Woven Fabric") with the intent of preserving their cultural traditions, improving their economic standing, and providing an avenue for greater social interaction.

Now 150 members strong, the association markets its natural sheep's wool clothing throughout Chile and abroad. The association currently receives financial support from the religious order Compañía de Jesús and the Municipality of Tirúa, as well as technical support, marketing training, and supply chain development assistance from INTEGRARE Chile, a pro-minority-enterprise non-profit organization to which ARAUCO belongs.

During 2009, ARAUCO provided approximately US\$4,000 in working capital for the organization's members and provided support for the remodeling of a store and meeting place in Tirúa. ARAUCO also donated 5,000 native Raulí, Maitén and Roble plants to be planted in community gardens, and provided training in the care of these native trees.

LIGHTS SILVER

Plan Arauco – A Comprehensive Development Program for Arauco Province, Chile

After three years of dialogue, planning, and negotiation, in June 2009, ARAUCO entered into a landmark public-private agreement with the Regional Government of Bío Bío and the “Arauco 7” Provincial Association of Municipalities to launch a program of twelve initiatives designed to improve the quality of life throughout Arauco province.

The “Public-Private Cooperation Agreement for Arauco Territory Development” (also known as Plan Arauco) addresses economic, social, and quality of life concerns that were identified by the Arauco 7 Provincial Association leaders, government agencies, non-governmental organizations, trade unions, and other stakeholders during a period of consultation.

The Plan reflects the commitment of both the Chilean central government and ARAUCO Corporation to economic development and social welfare. During 2009, ARAUCO committed to an initial investment of approximately US\$4.8 million (CLP\$2.7 billion), for Plan Arauco projects focused on strengthening the area’s wood-products and forestry identity.

Plan Arauco Initiatives

The 12 Plan Arauco projects are focused on local economic development, social development, and improvements to quality of life.

Local Economic Development

1. Strengthen Corp ARAUCO
2. Create a fund for the development of wood-related businesses
3. Establish a retail store for ARAUCO products (Centro Maderas)
4. Support financing for a regional tourism campaign

Social Development

5. Build a high-end sports facility, using wood products
6. Offer vocational internships for CFT Lebu students
7. Conduct a study of educational and cultural needs and expectations and a reading-promotion program in Arauco Province, through the Arauco Educational Foundation

8. Provide funding for the Curanilahue Youth Orchestra
9. Sponsor an Interschool Soccer Championship in the Arauco Province

Quality Of Life

10. Support the construction of quality housing for ARAUCO Corporation’s forest workers
11. Replace tent cities with quality housing through “Arauco Lives Better Without Improvised Housing” campaign
12. Conduct an International Design Competition focused on wood-based public housing

During 2009, progress on this plan was as follows:

- **Project 1:** ARAUCO launched the capacity-building program for Arauco Province’s Development Agency.
- **Project 7:** The study conducted by Arauco Educational Foundation and University of Chile’s Center for Advanced Research in Education was presented in late December 2009.
- **Project 8:** ARAUCO signed an agreement to underwrite the activities of the Curanilahue Youth Orchestra during 2009 and 2010.
- **Project 9:** ARAUCO provided funding to support the province-wide youth soccer league, a program in which some 1,100 children participated during 2009.
- **Project 10:** In 2009, authorization for 450 houses moved forward in the SERVIU qualification process, which will allow ARAUCO contract workers to gain access to housing subsidies.
- **Project 11:** Six sites were set aside as camp locations.
- **Project 12:** ARAUCO, the University of Bío Bío and the non-profit foundation “A Roof for Chile” sponsored the international design competition to develop prototypes for the energy-efficient, wood-framed public housing that will be built to replace the region’s tent cities.

Social Development Initiatives

ARAUCO is driven by a desire to positively impact the lives of people in the hundreds of communities near its operations. To this end, ARAUCO maintains a longstanding commitment to make quality public education available in all of these communities. In addition, ARAUCO supports a wide range of other educational, cultural and sporting activities.



Access to Quality Education

Since its inception, ARAUCO has maintained a firm belief in the value of education as a determining factor in personal growth and national development. Ensuring access to quality public education has become one of the core values held by the company. ARAUCO has channeled its resources in support of better education through foundations in Chile (Arauco Educational Foundation and Belén Educa Foundation), Argentina (Alto Paraná Foundation) and Brazil (Arauco Brazil Environmental Education Foundation).

Arauco Educational Foundation
20 Years of Improving Municipal Education in Chile

2009 marked the 20th anniversary of Arauco Educational Foundation, a company-sponsored non-profit organization that seeks to support municipal education and access to culture, in order to provide children with better opportunities.

Arauco Educational Foundation was the vision of ARAUCO owner Anacleto Angelini, who recognized how important access to quality municipal education would be for the development of Chile. From its creation in 1989 through December 2009, the Foundation has increased teaching capacity through 66 programs benefiting 4,500 teachers at 530 schools in Chile’s Maule, Bío Bío and Los Ríos regions. More than 81,800 students have benefited from two decades of service by Arauco’s Educational Foundation.

In 2009, the Arauco Educational Foundation actively worked in 24 communities, operating 29 skills-training programs that served nearly 1,500 teachers.



During 2009 the Foundation implemented the following programs:

- **Raíces: Oral and Written Language**
Communities Served: Licantén, Mariquina, Lanco and Máfil. (2006-2009)
- **Sembrar: Psycho-social Development of Children up to 5 Years of Age**
Communities Served: Quillón, Coelemu (2006-2009) and Ninhue (2007-2010)
- **Support Program for Basic Education Development: Exploratory Study on Self Esteem: Community identity of children participating in the orchestra.**
Communities Served: Curanilahue (2 years plus follow up)
- **Mobile Library Program:** Language Development and Reading Promotion Communities Served: Quillón, Coelemu, Portezuelo, San Nicolás, Ninhue, Quirihue (2006-2009), Curanilahue (2007-2009), Lanco, Mariquina and Máfil (2005-2009).

- **Remodeling Program for the Gabriela Mistral Municipal Library in San José de la Mariquina** Community Served: San José de la Mariquina.
- **Support Program for School Management Improvement Plans** Communities Served: Ránquil, Coelemu, Trehuaco and Portezuelo (2008-2009).
- **Program for Teacher Teams' Self Esteem and Reinforcement** Community Served: Valdivia (2008-2009).
- **Early Reading & Writing Lecture Program:** Community Served: Valdivia (2008-2010).
- **Interactive-R Program for Elementary Education Development** Communities Served: Constitución and Empedrado (2008-2012).

During 2009, the Foundation generated six new publications, including two final reports of foundation programs and a book entitled, "Reading Comprehension and Text Production Tests," which was published by the Catholic University (UC). These publications are produced to share experiences and stimulate educational research as part of the private sector's contribution to education in Chile. (For additional information visit www.fundacionarauco.cl)



THE VALUE OF EVALUATION SEMINAR



In October 2009, Arauco Educational Foundation sponsored “The Value of Evaluation,” the second in its ongoing series of educational seminars. Held at the Fimaule events center in the city of Talca, the seminar was designed to facilitate the exchange of experiences, ideas and best practices relating to educational evaluation. Noted panelists Jorge Manzi, Ximena Azúa, and Blanca Cuadrado spoke at the seminar.

The 2009 Arauco Educational Foundation Awards ceremony took place at the conclusion of the Value of Evaluation seminar:

- **The Mabel Condemarín Teaching Award** distinguishes a teacher who is recognized by the educational community as an outstanding educator. Marisa Valentino, a teacher at public school Liceo C5 Augusto Santelices in the Licantén community was the recipient of the 2009 award.
- **The Community Award** is presented to the local community that best demonstrates its commitment to education through student reading achievements. The community of Portezuelo, in Chile’s VIII Bío Bío Region, received the 2009 award for the improvement of readership levels among its students.

Belén Educa Foundation, Chile

A charitable program of the Archbishop of Santiago, Belén Educa Foundation provides quality Catholic education to children of families with limited resources. Today, it operates eight schools in the communes of Puente Alto, Maipú, La Pintana, San Joaquín (La Legua Emergencia), Quilicura and Pudahuel, and employs more than 550 teachers.

In 2009, a total of 10,024 students received subsidized education through the Foundation, with more than half of these students in higher education.

ARAUCO, through its primary shareholder Empresas Copec, makes a significant financial contribution each year toward the operation of these eight schools and gives individual scholarships so that students can continue their studies. In addition, Empresas Copec executives play active roles in the oversight of school operation.

Schools

ARAUCO maintains that education is a key factor in a country's development, and that better-educated people are able to realize more of their inherent potential, allowing them to become valued members of society. ARAUCO's firm commitment is reflected in its sustained contribution over time to improve access to quality educational opportunities in the areas near its operations. The company recognizes that these programs benefit students, teachers and families, as well as the countries in which it operates.

In addition to its support of public education, the company operates schools in **Arauco, Constitución and Cholguán**, Chile. These schools were established by the company as a way of bolstering the scarce educational offerings in these areas. Managed and financed by ARAUCO, these institutions provide pre-school, elementary and high-school educational opportunities to children and teenagers living in these communities.

Each of these schools has earned a reputation for providing quality education, as demonstrated by the high performance levels of their students on Chile's standardized SIMCE and PSU tests. The scores of students attending

ARAUCO's schools consistently rank high when compared with those of other students at the regional and national level. In 2009, Colegio Constitución was cited as having the nation's highest scores in fourth-grade math and language, and the nation's second-highest scores in fourth-grade social studies.

Alto Paraná Foundation: Improving Education in Argentina

In Argentina, ARAUCO works to advance the quality of education in Misiones province through the Alto Paraná Foundation. Established in 1985 by Alto Paraná S.A., an ARAUCO subsidiary, the Foundation provides ongoing support for three educational institutions, a teacher skills-training center, and a university/professional school scholarship program.

During 2009, the Foundation provided the Los Lapachos Educational Institute with funding for infrastructure improvements and equipment purchases, as well as with scholarship support for underprivileged students. Located in Puerto Esperanza, the Institute has a student body of approximately 500, and provides pre-school, elementary and high school curricula.



The Foundation also provided operating support to Centro de Capacitación Docente Los Lapachos, a teacher-training center accredited by the Misiones Education Ministry. More than 300 teachers have received training at the Center since it was created by the Foundation in 2006. The Foundation also provided financial support to Instituto Nuestra Señora de los Milagros, a school providing pre-school, elementary and high school education, serving 600 underprivileged students living in remote rural areas around Puerto Piray. A portion of the funding provided by



Alto Paraná Foundation in 2009 went toward skills-development among school administrators, enhanced curricula and teacher training.

In 2009, The Foundation provided continued financial support to its Professional Training Center, a skills-training school. More than 300 students have trained at the Center since its inception in 2008. Additionally, the Alto Paraná Foundation, together with local authorities, the educational community, and parent groups, continued to support the advancement of quality education in the rural communities of Puerto Libertad, Colonia Delicia, and Puerto Piray.

In 2009, the Alto Paraná Scholarship Foundation provided grant funding to 30 students who met low-income, residency, and scholastic-achievement criteria. Three grant recipients completed their secondary education during 2009, and five grant recipients completed their university or professional coursework during the year.

Education Programs in Brazil

During 2009, ARAUCO Brazil continued its efforts to enhance educational and cultural development near the communities where it operates.

Sembrar Project:

In 2000, the United Nations examined a number of the world's major societal problems and established eight paths to positive change, framed as its "Objectives of the Millennium." ARAUCO Brazil has voluntarily embraced these principles in its Sembrar Project.

This project seeks to intervene with socially vulnerable young people between 16 and 18 years of age, and to prepare them for life as productive professionals. Program participants receive two years of vocational and social-skills training to prepare them to enter the labor market. At the end of 2009, the Sembrar Project was established in Curitiba, and plans exist to expand the program to Pfen and Jaguariaíva during 2010.

Environmental Education Foundation:

ARAUCO Brazil's Environmental Education Foundation promotes conservation and wise use of environmental resources, with an emphasis on responsible forest management. During 2009 1,146 people were trained through the Foundation's programs.

Education Theater:

During 2009, 8,793 people enjoyed the benefits of this program that provided access to arts and culture.

Living Environment Award:

Through this initiative, ARAUCO Brazil promotes the creation of school projects that make a positive contribution to conservation and environmental preservation. During 2009, 58 projects were launched, involving 1,647 students of state schools. The program's 2010 objective is to extend its reach to regions of very limited resources.

Vocational Education Internships

During 2009, ARAUCO's production facilities in Chile welcomed as interns 282 students from six technical and dual-educational institutions and 13 universities. Interns served in the company's industrial facilities and forestry operations alike.

During their stay, students acquired experience intended to give them competitive advantages whether they enter the labor market or go on to complete higher studies. Once an intern has completed the program, ARAUCO may offer an employment opportunity within the company, or may refer the intern to one of the companies that provides services to ARAUCO.

Quality of Life Initiatives

Year after year, ARAUCO has focused its efforts on making an important contribution to the development of people. It has remained steadfast to a commitment to help its workers and the communities neighboring its faci-

lities by providing quality housing, and by improving roads and other infrastructure, among other activities. Some examples follow.

Quality Housing for ARAUCO Contract Workers, Chile

In 2009, ARAUCO agreed to contribute approximately US\$800,000 in undeveloped land as part of a project to provide a total of 3,660 new houses for contract workers living in the areas in which ARAUCO operates. Elemental, a prestigious architecture firm specializing in the development of public housing, will head the project, with the government providing funding and assistance for the construction of these houses. (For more information see the Our People section of this report).

Infrastructure for Misiones Province, Argentina

Alto Paraná S.A. provided funding for public-works infrastructure improvements in the northern part of Misiones province in Argentina.

Children's Welfare, Argentina

The company provided support to non-governmental and religious organizations that provided assistance, shelter, and education to abandoned, disabled, and impoverished young people in Argentina.

Strengthening Stakeholder Relationships

ARAUCO recognizes the importance of maintaining constructive, ongoing relationships with all of its stakeholders and is aware that it needs the capacity and expertise of third-parties in order to ensure the success of its efforts to enhance quality of life, and ensure proper care for the environment.

During 2009, the company sought to strengthen these relationships through open dialogue and a range of business and social outreach activities in cooperation with many social, religious, educational, cultural, environmental, governmental and non-governmental organizations, agencies, and foundations.



Siqueiros Mural

ARAUCO, together with the governments of Chile and Mexico, supported the restoration of two murals, “Death to the Invader” and “From Mexico to Chile,” painted by renowned artists David Alfaro Siqueiros and Xavier Guerrero at Escuela México, a school in Chillán. The restoration of both murals, which were designated as national monuments, was completed in late 2009.

ARAUCO’s 2009 stakeholder outreach activities included:

- Participating in professional organization and student seminars.
- Meeting with civil agencies, community groups and union associations.
- Visiting universities, technical schools, neighborhood associations, social associations and groups, as well as local, regional and national authorities.
- Maintaining an open-door policy, allowing people in local communities to visit the company’s industrial facilities (9,119 visitors in 2009), Parks (Parque Oncol, 13,876 visits in 2009 and Coyanmahuida Park, 1,500 visits) and Visitors Centers (Quivolgo Forestry Visitors Center, 3,785 visitors in 2009).
- Hosting periodic meetings and tours through ARAUCO’s industrial facilities for authorities and civil organizations.

- Continuing to operate toll-free telephone hotlines at Nueva Aldea and Valdivia (hotlines established in 2006), and Horcones, Chile and Alto Paraná, Argentina (hotlines established in 2007).
- Mounting a community communications campaign about the company's Carbon Footprint Assessment using the internet and advertisements in newspapers and on radio.
- Participating in public safety campaigns.
- Updating ARAUCO's web page, which drew more than 367,000 visits in 2009.
- Providing informational brochures available at each production complex.
- Participating in national and local exhibitions fairs: EXPOCORMA XV International Forestry, Pulp and Paper Fair, in November 2009; EXPOAMBIENTAL 2009, in October; ENEDUC 2009, in October; ENELA 2009, in August; Enterprise Encounter of Araucanía, in August; EESUR 2009, in August; and Fital 2009, in March.
- Conducting roundtable discussion groups with participation from various government agencies, private institutions and social associations. These roundtables set common objectives and goals, and established ways for collaboration and defining work plans to further local economic development.
- Hosting stakeholder "Open Houses" to address the development of a treated wastewater pipeline for Valdivia pulp mill.

Corporate Sponsorship of Athletics

During 2009, ARAUCO served as a corporate sponsor for a number of athletes and sport centers in the areas in which it operates. These sponsorships included:

- ARAUCO Cup, Nueva Aldea
- ARAUCO Cup, Arauco Province
- Spanish Sports Club of Talca
- Tennis player Pedro Pablo Verdugo of Constitución
- Rowers Fabián López, Jonathan Tafra and Michael García of Constitución
- Rowing Team of Constitución
- Rugby Team of Constitución
- Rowing Federation of Valdivia
- Sports Clubs of Forestal Celco, Constitución Pulp Mill, and Colegio Constitución School
- Ñublense Sports Club of Chillán
- Valdivia Sports Club
- Tennis Club of Valdivia
- Los Troncos Rugby Team
- Golf Tournaments in Valdivia and Constitución
- Rodeo Competition in Arauco



DIALOGUE ON THE VALDIVIA PIPELINE



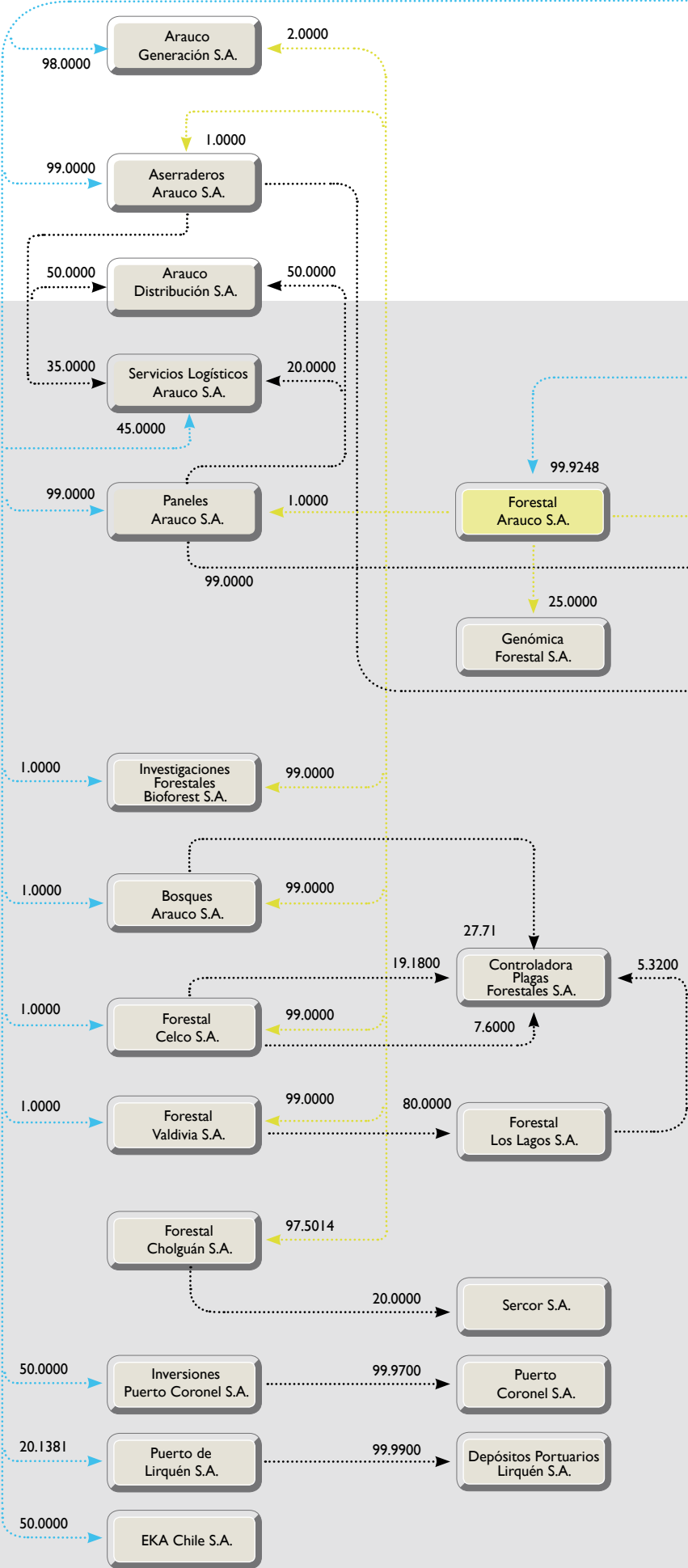
During 2009, ARAUCO participated in three stakeholder “open houses” and in more than 35 voluntary citizen-participation meetings to address its plans for a pipeline to the sea for its Valdivia pulp mill. These sessions were organized by ARAUCO and the Los Ríos Regional office of CONAMA, Chile’s national environmental commission.

ARAUCO’s participation in these events allowed for a face-to-face

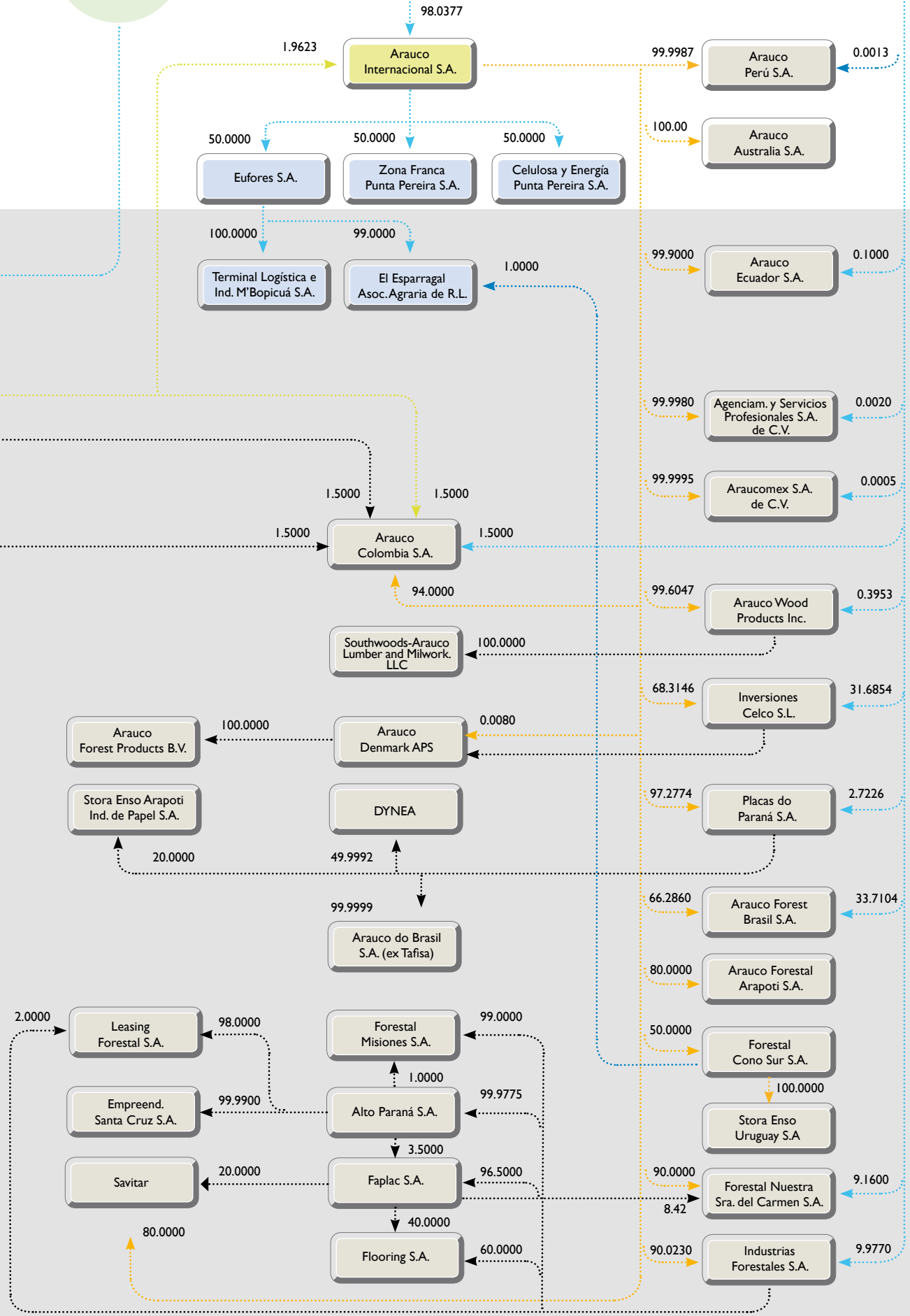
exchange of ideas and concerns about the routing of the pipeline, its potential environmental impacts, employment opportunities related to the project and other issues.

One of the purposes of these “open houses” was to reach out and foster a dialogue to build relationships based on mutual trust and constructive conversation. About 400 people and representatives of 12 communities in the Los Ríos province attended these sessions to discuss their concerns regarding the pipeline’s impact on the area’s economic activities, (artisan fishing and tourism). ARAUCO’s technical staff explained and illustrated (by means of models) how the pipeline would operate. They also explained how the pipeline’s discharge into the sea would be controlled.

ARAUCO CORPORATE STRUCTURE



Celulosa Arauco y Constitución S.A.



MANAGEMENT

President and Chief Executive Officer **Matías Domeyko**

Forestry Business

<i>Forestry Business Managing Director</i>	Álvaro Saavedra
<i>Development Manager</i>	Ricardo Schaffner
<i>Bioforest Manager</i>	Eduardo Rodríguez
<i>Human Resources Manager</i>	Osvaldo Cirano
<i>Forestal Celco / Cholguán Manager</i>	Rigoberto Rojo
<i>Bosques Arauco Manager</i>	Jorge Serón
<i>Forestal Valdivia Manager</i>	Víctor Cubillos
<i>Forestal Los Lagos Manager</i>	Manuel Arriagada
<i>Arauco Trading Manager</i>	Enrique Nieto
<i>Occupational Health and Safety Manager</i>	Rodolfo Zamora

Woodpulp Business

<i>Woodpulp Business Managing Director</i>	Franco Bozzalla
<i>Marketing Manager</i>	Ricardo Strauszer
<i>Marketing Manager</i>	José Vivanco
<i>Industrial Research Manager</i>	Raúl Benaprés
<i>Licancel Mill Manager</i>	Félix Hernaiz
<i>Constitución Mill Manager</i>	Fernando Herrera
<i>Nueva Aldea Mill Manager</i>	Gunars Luks
<i>Arauco Mill Manager</i>	Edison Durán
<i>Valdivia Mill Manager</i>	Sergio Carreño
<i>Environmental Health & Safety Manager</i>	Marcelo Stocker
<i>Engineering and Construction Manager</i>	Hernán Arriagada

Sawn Timber Business

<i>Sawn Timber Business Managing Director</i>	Antonio Luque
<i>Marketing Manager</i>	Rodrigo Monreal
<i>Sawmill Operations Manager</i>	Dagoberto Villagra
<i>Remanufacturing Operations Manager</i>	José M. Marques
<i>Administration Assistant Manager</i>	Álvaro Izquierdo
<i>Projects and Environment Assistant Manager</i>	Arturo Maturana
<i>Planning and Development Assistant Manager</i>	Wenceslao Sánchez
<i>Human Resources Assistant Manager</i>	Matías Prieto

Panel Business

<i>Panel Business Managing Director</i>	Gonzalo Zegers
<i>Marketing Manager</i>	Arturo Jaramillo
<i>Operations Manager</i>	Tito Jara
<i>Projects Manager</i>	Omar Romo
<i>Nueva Aldea Plywood Mill Manager</i>	Saúl Espinoza
<i>Trupan-Cholguan Panel Mill Manager</i>	Patricio Osses
<i>Arauco Plywood Mill Manager</i>	Jaime Castro
<i>Environmental Health & Safety Manager</i>	Ricardo Busch
<i>Administration Assistant Manager</i>	Juan Pablo Chávez

Corporate Affairs and Marketing

<i>Corp. Affairs and Marketing Director</i>	Charles Kimber
<i>Marketing Manager</i>	Francisco Lozano
<i>Public Affairs and Corp. Resp. Manager.</i>	Iván Chamorro
<i>Public Affairs Assistant Manager (North)</i>	Andrés Morán
<i>Public Affairs Assistant Manager (Central)</i>	Francisco Zamorano
<i>Public Affairs Assistant Manager (South)</i>	Juan Anzieta
<i>Communications Assistant Manager</i>	María Soledad Vial
<i>Distribution Manager</i>	Cristián Larraín

Sales Offices

<i>Arauco Wood Products (USA) Manager</i>	Francisco Figueroa
<i>Arauco Mexico Manager</i>	Rigoberto Rojo
<i>Arauco Colombia Manager</i>	Juan Pablo Vaccaro
<i>Arauco Perú Manager</i>	Enrique Bazán
<i>Arauco Chile Manager</i>	Andrés Vial
<i>Arauco Forest Products (Holland) Manager</i>	Alfonso Valdés
<i>Arauco Australia Manager</i>	Robert Busch

Arauco Educational Foundation

<i>Manager</i>	Angélica Prats
<i>Technical Director</i>	Graciela Lucchini
<i>Technical Director</i>	Alejandra Torretti
<i>Technical Director</i>	Isidora Recart

Corporate Management

<i>Corporate Management Director</i>	Jorge Garnham
<i>Chief Financial Officer</i>	Gianfranco Trufello
<i>Management Manager</i>	Juan Pablo Guzmán
<i>Human Resources People Manager</i>	Mauricio Pinto
<i>Logistics Services Manager</i>	Alberto Walker
<i>Systems Manager</i>	Rodrigo Picas
<i>Arauco Energy Generation Manager</i>	Carlos Rauld
<i>Environmental Health & Safety Manager</i>	Andrés Camaño
<i>Pipeline Project Technical Manager</i>	Marcelo Subiabre

Comptrollership

<i>Comptroller Director</i>	Robinson Tajmuch
<i>Tax Assistant Manager</i>	Alejandra Neira
<i>Accounting Assistant Manager</i>	Antonio Momares
<i>Internal Auditing Assistant Manager</i>	Agustín Geldrez
<i>Projects and Risks Assistant Manager</i>	José Andrés Calderón

Legal Affairs

<i>Legal Affairs Managing Director</i>	Felipe Guzmán
<i>Legal Affairs Assistant Manager</i>	José Ignacio Díaz

Atlantic Region

<i>Corporate Managing Director</i>	Cristián Infante
<i>Arauco-Stora Enso Uruguay Joint Venture Manager</i>	Erwin Kaufmann

Arauco do Brasil

<i>Manager</i>	Carlos Bianchi
<i>Marketing Manager</i>	Davi Olbertz
<i>Panels Operations Manager</i>	Herón Pereira
<i>Finance and Administration Manager</i>	Leandro Suski
<i>Forestry Manager</i>	Roberto Trevisan
<i>Legal Assistance Manager</i>	Deise Martins

Alto Paraná

<i>Manager</i>	Pablo Mainardi
<i>Woodpulp and Logistics Marketing Manager</i>	Martín Lavarello
<i>Wood and Panels Marketing Manager</i>	Pablo Ruival
<i>Finance Manager</i>	Pablo Franzini
<i>Administration Manager</i>	Sergio Gantuz
<i>Corporate and Legal Affairs Manager</i>	Adrián Lerer
<i>Safety and Environment Manager</i>	Raúl Gilende
<i>Forestry Operations Manager</i>	Ricardo Austin
<i>Woodpulp Operations Manager</i>	Gustavo Traini
<i>Sawmill Operations Manager</i>	Aldo López
<i>Panel Operations Manager</i>	Martín Macjus

MAIN SUBSIDIARIES AND RELATED COMPANIES

Business	Management	Board	History
Forestal Arauco S.A.	<i>Managing Director:</i> Álvaro Saavedra	<i>Chairman:</i> José Tomás Guzmán Roberto Angelini <i>Directors:</i> Manuel Bezanilla Carlos Croxatto Matías Domeyko	Established in 1969 as an Industrias de Celulosa Arauco S.A. forestry subsidiary. In 1989 it became the parent company to ARAUCO's forestry subsidiaries. Its main functions are to coordinate operating activities and specify development policies for Forestal Celco S.A., Bosques Arauco S.A., Forestal Valdivia S.A. and Forestal Cholguán S.A.
Aserraderos Arauco S.A.	<i>Managing Director:</i> Antonio Luque	<i>Chairman:</i> Matías Domeyko <i>Directors:</i> Franco Bozzalla Jorge Garnham Cristián Infante Charles Kimber Álvaro Saavedra Robinson Tajmuchi Gonzalo Zegers	Established in 1993, its main functions are the production and sale of sawn timber and manufactured products. It currently owns ten sawmills and seven remanufacturing facilities.
Paneles Arauco S.A.	<i>Managing Director:</i> Gonzalo Zegers	<i>Chairman:</i> Matías Domeyko <i>Directors:</i> Franco Bozzalla Jorge Garnham Cristián Infante René Katz Charles Kimber Antonio Luque Manfred Mayer Álvaro Saavedra Robinson Tajmuchi	Established on November 13, 1986 with the purpose of producing and selling Radiata pine plywood and other types of panels. It currently owns two plywood mills, one MDF panel and one hardboard production facility.
Industrias Forestales S.A.	<i>Managing Director:</i> Pablo Mainardi	<i>Chairman:</i> José Tomás Guzmán Juan Ernesto Cambiaso <i>Directors:</i> Roberto Angelini Carlos Croxatto Matías Domeyko	Established on December 12, 1996. Its purpose is to participate in companies through the creation of societies via shares, transitory merger of companies, collaboration associations, and any other form of association, and through the purchase, sale and negotiation of titles, shares and various securities and credit documents, in general. On December 27, 1996 it acquired the largest block of shares of Alto Paraná S.A. and to this date holds 99.9% of the capital stock of said society and of a society that indirectly grants it control over Faplac S.A. and Flooring S.A. (It is the holder, as well, of the largest block of shares of Trupan S.A.)

Business	Management	Board	History
Alto Paraná S.A.	<i>Managing Director:</i> Pablo Mainardi	<i>Chairman:</i> Cristián Infante <i>Directors:</i> Ignacio Adrián Lerer Pablo Mainardi	Established on September 8, 1975 and acquired in December 1996 by ARAUCO through its subsidiary Industrias Forestales S.A. It is responsible for the production and sale of all of ARAUCO's products manufactured in Argentina. It presently owns one woodpulp mill, two sawmills, two manufacturing facilities, one MDF panel production facility and one particleboard production facility.
Placas do Paraná S.A.	<i>Managing Director:</i> Carlos Bianchi	<i>Chairman:</i> Matías Domeyko <i>Directors:</i> Manuel Bezanilla Cristián Infante Antonio Luque Álvaro Saavedra Gonzalo Zegers	Established on August 10, 1965 and acquired by ARAUCO in March 2005 through subsidiary Arauco do Brasil Ltda. It is responsible for the production and marketing of MDF panels and particleboard, currently owning one MDF panel and one particleboard production facility.
Fundación Educacional Arauco	<i>Managing Director:</i> Angélica Prats	<i>Chairman:</i> José Tomás Guzmán <i>Directors:</i> Roberto Angelini Carlos Croxatto Matías Domeyko Alberto Etchegaray Charles Kimber José Zabala	Arauco Educational Foundation was established on April 11, 1989 by Celulosa Arauco y Constitución S.A. and its subsidiaries in order to make a social contribution to the communities in which they operate. The Foundation's basic idea is that education, especially when provided during the early stages of life, is essential to the development of a country.
Investigaciones Forestales Bioforest S.A.	<i>Managing Director:</i> Eduardo Rodríguez	<i>Chairman:</i> Matías Domeyko <i>Directors:</i> Franco Bozzalla Jorge Garnham Charles Kimber Álvaro Saavedra	Established in 1990 to maximize forest resource's productivity through research and technology. This company is currently dedicated to developing new techniques and processes that include the latest scientific and technological procedures for resource management.
Bosques Arauco S.A.	<i>Managing Director:</i> Jorge Serón	<i>Chairman:</i> Matías Domeyko <i>Directors:</i> Víctor Cubillos Jorge Garnham Rigoberto Rojo Álvaro Saavedra Ricardo Schaffner Robinson Tajmich	Established on May 26, 1969 as a supplier of woodpulp logs for the Arauco mill. Today it is involved in the forestation, reforestation, forest management and harvesting of its own land, located mainly in Region VIII (Bío Bío). Its production is sold to related companies and to other parties.

MAIN SUBSIDIARIES AND RELATED COMPANIES

Business	Management	Board	History
Forestal Celco S.A.	<i>Managing Director:</i> Rigoberto Rojo	<i>Chairman:</i> Matías Domeyko <i>Directors:</i> Víctor Cubillos Jorge Garnham Álvaro Saavedra Jorge Serón Ricardo Schaffner Robinson Tajmuchi	Established on November 9, 1978 as a supplier of woodpulp logs for the Constitución mill. It is now engaged in forestation, reforestation, forest management and harvesting of its own land, located in the Regions VII (Maule) and VIII. Its log production is sold to related companies and to third parties.
Forestal Cholguán S.A.	<i>Managing Director:</i> Rigoberto Rojo	<i>Chairman:</i> Matías Domeyko <i>Directors:</i> Franco Bozzalla Jorge Garnham Charles Kimber Antonio Luque Álvaro Saavedra Robinson Tajmuchi Gonzalo Zegers Eduardo Zañartu	Established on November 29, 1978 and later acquired by ARAUCO through subsidiary Forestal Arauco S.A. It currently engages in forestation, reforestation, forest management and harvesting of its own lands, mainly located in Region VIII.
Forestal Valdivia S.A.	<i>Managing Director:</i> Víctor Cubillos	<i>Chairman:</i> Matías Domeyko <i>Directors:</i> Jorge Garnham Rigoberto Rojo Álvaro Saavedra Ricardo Schaffner Jorge Serón Robinson Tajmuchi	Founded on December 1, 1989 as a supplier of logs for the Valdivia woodpulp mill. The company is engaged in the forestation, reforestation, management and forest harvesting of its own land, located in Regions IX (Araucanía) and X (Los Ríos).
Forestal Lagos S.A.	<i>Managing Director:</i> Manuel Arriagada	<i>Chairman:</i> Álvaro Saavedra <i>Directors:</i> José Rafael Campino Charles Kimber Jorge Serón Robinson Tajmuchi	Established in 1990 with the purpose of starting a Eucalyptus globulus plantation program south of Region X. On January 6, 2005 it became a subsidiary of both Forestal Valdivia S.A. and Forestal del Sur S.A.. Today Forestal Valdivia S.A. owns 80% of Forestal Los Lagos S.A. and Forestal del Sur S.A. owns the remaining 20%.
Arauco Forest Brasil S.A.	<i>Managing Director:</i> Carlos Bianchi	<i>Chairman:</i> Matías Domeyko <i>Directors:</i> Manuel Bezanilla Cristián Infante Antonio Luque Álvaro Saavedra Gonzalo Zegers	Formerly LD Forest Products S.A., this company was established on June 29, 1994 and acquired by ARAUCO in March 2005 through Arauco do Brasil Ltda. It is responsible for the forestation, reforestation, management and harvesting of its own forests, located mainly in the state of Paraná.

Business	Management	Board	History
Arauco Florestal Arapoti S.A.	<i>Managing Director:</i> Carlos Bianchi	<i>Chairman:</i> Cristián Infante <i>Directors:</i> Carlos Bianchi Glauco Bouerie Affonso Davi Olbertz Weine Olof Genfors Álvaro Saavedra Roberto Trevisan	Established on December 9, 2004, this company is responsible for the forestation, reforestation, harvest and sale of products and byproducts of eucalyptus and pine, as well as the production and sale of their seeds in the state/s of Parana.
Arauco do Brasil S.A.	<i>Managing Director:</i> Carlos Bianchi	<i>Chairman:</i> Matías Domeyko <i>Directors:</i> Manuel Bezanilla Cristián Infante Antonio Luque Álvaro Saavedra Gonzalo Zegers	Established on September 24, 1996, to manufacture, market and sell wood-based panel products and residual woodfiber.
EKA Chile S.A.	<i>Managing Director:</i> Isaac Morend	<i>Chairman:</i> Gustavo Romero <i>Directors:</i> Franco Bozzalla Jorge Garnham Mario Houde	Established on September 20, 2002, for the production, import, export and, in general, the acquisition, transfer and sale of chemical products as well as machinery and equipment for the industrial processing of these products. In addition, the company provides maintenance services for the above mentioned machinery and equipment.
Servicios Logísticos Arauco S.A.	<i>Managing Director:</i> Alberto Walker	<i>Chairman:</i> Jorge Garnham <i>Directors:</i> Franco Bozzalla Charles Kimber Antonio Luque Álvaro Saavedra Gonzalo Zegers	Established in August 2001 due to a change in line of business of Portuaria Arauco S.A. It is responsible for port activities as well as the logistic aspects once finished products leave the industrial mills until their delivery to end customers.
Compañía Puerto Coronel S.A.	<i>Managing Director:</i> Alberto Miranda	<i>Chairman:</i> Eduardo Hartwig <i>Directors:</i> Álvaro Brunet José Cox Enrique Elgueta Alberto Walker Álvaro Saavedra	Established in 1989 to build, operate and manage a cargo port in Coronel Bay, in Region VIII.

MAIN SUBSIDIARIES AND RELATED COMPANIES

Business	Management	Board	History
Puerto de Lirquén S.A.	<i>Managing Director:</i> Juan Manuel Gutiérrez	<i>Chairman:</i> Emilio Pellegrini Juan Carlos Eyzaguirre <i>Directors:</i> Matías Domeyko Gonzalo García Jorge Garnham Jaime Lea-Plaza Pedro Schlack	Established in 1970 as a continuation of the port activities conducted by Muelles y Bosques S.A. Its main business is to act as an operator in port movements and stevedoring of ships at the Port of Lirquén, in Region VIII, which it owns through its subsidiary Portuaria Lirquén S.A.
Arauco Generación S.A.	<i>Managing Director:</i> Carlos Rauld	<i>Chairman:</i> Matías Domeyko <i>Directors:</i> Hernán Arriagada Franco Bozzalla Jorge Garnham Antonio Luque Álvaro Saavedra Gonzalo Zegers	This firm began operating in 1994 in the energy sector, with the purpose of generating, supplying and selling electric energy.
Arauco Distribución S.A.	<i>Gerente:</i> Andrés Vial	<i>Chairman:</i> Charles Kimber <i>Directors:</i> Jorge Garnham Erwin Kaufmann Antonio Luque Rodrigo Monreal Gianfranco Truffello Gonzalo Zegers	Established on September 7, 1995 to distribute Aserraderos Arauco S.A. and Paneles Arauco S.A. products within the local market through a modern distribution center located on the outskirts of Santiago.
Arauco Internacional S.A.	<i>Managing Director:</i> Robinson Tajmuchi	<i>Chairman:</i> Matías Domeyko <i>Directors:</i> Matías Domeyko Juan Pablo Guzmán Robinson Tajmuchi Gianfranco Truffello	Established on September 7, 1989 as a subsidiary of Forestal Arauco Ltda. Restructured on October 16, 2002 as a subsidiary of Celulosa Arauco y Constitución S.A., for the purpose of consolidating all of ARAUCO's international businesses.
Stora Enso Uruguay S.A.	<i>Managing Director:</i> Erwin Kaufmann	<i>Chairman:</i> Nils Grafström <i>Directors:</i> Franco Bozzalla Matías Domeyko Cristián Infante Jouko Karvinen Bernd Rettig Álvaro Saavedra Elisabet Salander Björklund	Established for the farming and commercialization of citrus fruits, forest products and byproducts in Uruguay.

Business	Management	Board	History
Arauco Wood Products Inc.	<i>Managing Director:</i> Francisco Figueroa	<i>Chairman:</i> Charles Kimber <i>Directors:</i> Juan Pablo Guzmán Erwin Kaufmann Francisco Lozano Antonio Luque Rodrigo Monreal Gianfranco Truffello Alberto Walker Gonzalo Zegers	Established on June 2, 1995 to operate within the North American market selling the full range of ARAUCO's products.
Arauco Mex S.A. de C.V.	<i>Managing Director:</i> Rigoberto Rojo	<i>Chairman:</i> Charles Kimber <i>Directors:</i> Juan Pablo Guzmán Erwin Kaufmann Francisco Lozano Antonio Luque Rodrigo Monreal Robinson Tajmuchi Gianfranco Truffello Gonzalo Zegers	Established on September 1, 2003, to operate in Mexico and sell ARAUCO's full range of products.
Arauco Forest Products B.V.	<i>Managing Director:</i> Alfonso Valdés	<i>Chairman:</i> Matias Domeyko <i>Directors:</i> Franco Bozzalla Charles Kimber Ricardo Strausz Robinson Tajmuchi Gonzalo Zegers	Created in December 1999 to act as agent in the European market for the sale of ARAUCO's wood and panel products. As of April 2003 it also operates as a woodpulp sales agent for the European market.
Arauco Colombia	<i>Managing Director:</i> Juan Pablo Vaccaro	<i>Chairman:</i> Charles Kimber <i>Directors:</i> Juan Pablo Guzmán Erwin Kaufmann Francisco Lozano Antonio Luque Rodrigo Monreal Robinson Tajmuchi Gianfranco Truffello Juan Pablo Vaccaro Gonzalo Zegers	Established on February 15, 2008 for the sale of ARAUCO's wood and panel products in the Colombian market.

MAIN SUBSIDIARIES AND RELATED COMPANIES

Business	Management	Board	History
Arauco Perú S.A.	<i>Managing Director:</i> Enrique Bazán	<i>Chairman:</i> Charles Kimber <i>Directors:</i> Francisco Lozano Antonio Luque Robinson Tajmuchi Gonzalo Zegers	Established on October 27, 1997 under the name Cholguán Lima S.A. for the sale of Cholguán products in the Peruvian market. In 2001 it changed its corporate name to Arauco Perú S.A. and added Trupan and Araucopy panel products and Impregnated posts to its offerings in Peru.
Arauco Australia S.A.	<i>Managing Director:</i> Robert Busch	<i>Chairman:</i> Charles Kimber <i>Directors:</i> Robert Busch Antonio Luque Robinson Tajmuchi Gonzalo Zegers	Established on July 8, 2009 for the distribution and sale of ARAUCO forest products in Australia and New Zealand.

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Maule Region

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Planta Constitución

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Planta Nueva Aldea

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Panel Mills

Planta Trupán Cholguán

Camino Cholguan s/n
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Fax: (56-41) 286-4430

Planta Terciados Arauco

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Arauco, Chile
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Planta Terciados Nueva Aldea

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Planta Tableros MDF Piray

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Planta Tableros

Aglomerados Zárate

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Fax: (54-3487) 444-040

Planta Tableros MDF Jaguariva

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Aglomerados Curitiba

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GLOSSARY OF TERMS

AOX

(Adsorbable Organic Halogens)

Measure of the total amount of halogens (chlorine, bromine and iodine) bound to dissolved or suspended organic matter in pulp mill wastewater.

Biodiversity

Refers to the variety of life on three levels: the variety of ecosystems (ecosystem diversity), the variety of species (species diversity) and the variety within species (genetic diversity).

Biomass

Biological material that can be used as fuel or for industrial production.

Biosphere

The part of the earth and atmosphere capable of supporting living organisms.

Black Liquor

An aqueous byproduct (consisting of lignin residues, hemicelluloses, and inorganic chemicals) that is concentrated and burned to create energy and to recover the chemicals in the pulping process for reuse.

Bleached Pulp

Pulp in which natural brightness has been improved through the use of chemicals.

Bleaching

A process using chlorine or other inorganic chemical compounds to whiten the color of the pulp used in papermaking.

BOD

(Biochemical Oxygen Demand)

A parameter that identifies the amount of organic compounds found in wastewater that can be decomposed by biological organisms, consuming the oxygen dissolved in the receiving waters as a result. It is often used to gauge the effectiveness of wastewater treatment plants.

Carbon Credits (see Certified Emission Reduction credits)

Carbon Dioxide (CO₂) (see also Greenhouse Gases)

A chemical compound composed of two oxygen atoms covalently bonded to a single carbon atom. Carbon dioxide is used by plants during photosynthesis to make sugars. Carbon dioxide is generated as a byproduct of the combustion of fossil fuels or the burning of vegetable matter, among other chemical processes.

Carbon Dioxide Equivalent (CO₂e)

A measure of the global warming potential of five different gaseous compounds (methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆)) expressed in equivalence to the global warming effect of carbon dioxide. One of the more widely accepted protocols for this measure was developed by the Intergovernmental Panel on Climate Change.

Carbon Footprint (see also Greenhouse Gases)

The total set of greenhouse gas (GHG) emissions caused by an organization, event or product. It is often expressed in terms of the level of emissions of carbon dioxide or its carbon dioxide equivalent. The carbon footprint of an individual, organization or event can be measured by undertaking a GHG emissions assessment. Once the size of a carbon footprint is known, a reduction strategy can be devised that employs technological developments and /or better process and product management.

Carbon Storage and Carbon Sinks

Trees and other plants absorb carbon dioxide from the atmosphere. Through a process called "photosynthesis", plants store this carbon as cellulose, starches, and sugars. This carbon remains stored (or "bound") until it is released through the burning or decomposition of the wood fiber. A young forest, composed of growing trees, binds carbon dioxide more efficiently than does a mature forest and acts as a repository, or "sink," by storing that carbon for years to come.

CERFLOR

The voluntary Brazilian standard for forest certification, developed by the Brazilian Association of Technical Standards, a non-governmental organization. See also Sustainable Forest Management.

CERTFOR

The voluntary Chilean national standard for the sustainable management of plantation forests, developed by Fundación Chile, a national technology-transfer NGO. See also Sustainable Forest Management.

Certified Emission Reduction Credits (CERs or "Carbon Credits")

CERs are issued to operators of Clean Development Mechanism-registered projects based on the amount of greenhouse gas reductions achieved. Each credit represents a reduction in emissions of one metric ton of CO₂ or equivalent (CO₂e).

Chain of Custody (CoC)

The step-by-step monitoring process by which a product is traced from its origin to the final end product. In the case of paper, the chain of custody stretches from the forest or pulpwood plantation to the finished paper product.

Chlorine Dioxide (ClO₂)

A heavy, reddish-yellow gas used in solution as a bleaching agent and disinfectant.

Clean Development Mechanism (CDM)

One of the three flexible market mechanisms established by the Kyoto Protocol to incentivize the reduced emission of greenhouse gasses (GHG) in an effort to combat global climate change.

COD

(Chemical Oxygen Demand)

A parameter that identifies the amount of organic compounds found in wastewater. It is used as a measure of water quality.

CONAF

Chile's National Forest Corporation responsible for managing the country's forest resources and for promoting the development of the sector

CONAMA

Chile's National Environmental Commission.

Controlled Wood

A Forest Stewardship Council (FSC) system which mandates the verification that wood from (what FSC considers to be) unacceptable sources is not combined with FSC-certified wood in mixed-wood-content products. Adherence to the FSC Controlled Wood (CW) standard is the responsibility of the FSC CoC certificate holder, not the wood supplier or FSC. To be CW compliant, an FSC-approved, third-party auditor must verify that the wood has not been obtained illegally, in violation of traditional or civil rights, from high-conservation-value forests, from areas converted from natural-forest ecosystems, or from forests in which genetically-modified trees have been planted.

CORFO

Chilean Economic Development Agency, a government agency promoting investment and small-business development.

CORMA Corporación Chilena de la Madera.

Chile's leading private forest-industry trade association, comprised of companies, executives and professionals in the forestry and forest products business.

CORPARAUCO

Corporation for the Development of Arauco province. This is a private non-profit entity supported by the province's forestry businesses and the regional government of Arauco province. Its purpose is to further business and entrepreneurial growth within the province.

GLOSSARY OF TERMS

Environmental Management System (EMS)

The part of an overall management system that includes structure, planning activities, responsibilities, practices, procurements, processes and resources for developing, implementing, achieving, reviewing and maintaining an environmental policy. An example of an EMS certification standard is the International Standards Organization's ISO 14001 standard.

Forest Stewardship Council (FSC)

An internationally recognized certification program promoting responsible forest management through third-party certification to its endorsed standards. At the end of 2009, 120 million hectares (300 million acres) of forest were certified to FSC standards.

Greenhouse Gases (GHG) (see also Carbon Footprint)

Gases in an atmosphere that absorb and emit radiation within the thermal infrared range that trap heat within the surface-troposphere system causing heating at the surface of a planet. The main greenhouse gases in the Earth's atmosphere are: water vapor; carbon dioxide; methane; nitrous oxide; and ozone. Human industrialization activity since the mid-eighteenth century has increased the levels of greenhouse gases in the atmosphere.

High Conservation Value Forest - HCVF

The concept of High Conservation Value Forests was developed by the Forest Stewardship Council (FSC) and first published in 1999. Over time, this phrase has taken on a more general meaning, referring to forests that contain natural habitats which possess areas that are considered to be of outstanding significance or critical importance.

INNOVA CHILE

The main Chilean public agency charged with supporting research and furthering innovation in entrepreneurial and established businesses alike.

ISO-9001

(International Standards Organization)

An international Quality Management System standard that specifies rigorous requirements that must be met before a facility can be certified as compliant. See also Quality Management System.

ISO-14001

(International Standards Organization)

An international Environmental Management System standard that specifies rigorous requirements that must be met before a facility can be certified as compliant. See also Environmental Management System.

NO₂

(Nitrogen Dioxide)

Chemical compound that occurs when fuels containing nitrogen are burned. Nitrogen dioxide contributes to acid rain and can contribute to producing ozone in photochemical smog.

OHSAS 18001

(Occupational Health and Safety Assessment Series)

An international Occupational Health and Safety standard that specify rigorous requirements that must be met before a facility can be certified as compliant.

PEFC

(Programme for the Endorsement of Forest Certification Schemes)

The international Programme for the Endorsement of Forest Certification Schemes (PEFC) endorses national forest certification schemes as meeting certain threshold requirements. PEFC is the world's largest forest certification endorsement system, recognizing 25 national certification schemes that account for more than 500 million acres (200 million hectares) of certified forests.

Quality Management System (QMS)

The part of an overall management system that addresses the principles and processes surrounding the design, development and delivery of a general product or service. An example of a QMS certification system is the International Standards Organization's ISO 9001 standard.

SENCE

(National Skills-training and Employment Service)

Chile's National Service of Training and Employment. Its purpose is to promote the development of labor competencies and to improve work force productivity and quality.

SERCOTEC

(Technical Cooperation Service)

A Chilean organization helping small enterprises gain market access, improve their competitive positions through training, and implement design and technology advances to add value to their products.

Silviculture

The cultivation and management of forests and woodlands.

Sodium Chlorate

Bleaching chemical used for making chlorine dioxide (ClO₂) to bleach pulp. Chlorine dioxide is the predominant bleaching agent in use today.

SUB

Solid under bark.

Sulfur Dioxide (SO₂)

Chemical compound produced by burning fuel that contains sulfur, typically coal and oil. Sulfur dioxide contributes to acid rain and can contribute to producing ozone in photochemical smog.

Sustainable Development

According to a definition used by the World Bank, sustainable development is "a process of managing a portfolio of assets to preserve and enhance the opportunities people face." Sustainable development includes economic, environmental, and social

sustainability, which can be achieved by rationally managing physical, natural, and human capital.

Sustainable Forest Management

Management planning and practices that maintain and enhance the long-term health of forest ecosystems for the benefit of all living things while providing environmental, economic, social and cultural opportunities for present and future generations.

Sustainable Forest Management (SFM) Certification

A market-based instrument aimed at promoting sustainable forest management. SFM Certification typically takes into account a balance of environmental, economic and social values. The more-credible SFM Certification schemes require independent assessment of forest management practices according to internationally and/or nationally accepted standards.

TSS

(Total Suspended Solids)

The amount of solids in wastewater effluent which is often used as a measure of water quality.

Unidad de Fomento (UF)

Unit of account that is linked to, and adjusted daily to reflect the changes in, the Chilean consumer price index reported by the Chilean National Institute of Statistics.

Virgin Fiber

Wood fiber that has not been previously used in the manufacture of pulp, paper or board.

CERTIFICATIONS

Forestry Business Area: Current Forestry Certifications (Chile)

(As of December 31, 2009)

COUNTRY / Facility	Certification Program	Certification	Certified Area	First Certification Date	Last Re-certification
Re-certification					
Forestal Celco	CERTFOR*	FM	543,434 ha	2003 - 2008	2008 - 2013
	CERTFOR	CoC	N/A	2004 - 2009	2009 - 2014
	FSC ⁽¹⁾	CoC / CW ⁽²⁾	N/A	2008 - 2013	
Bosques Arauco	CERTFOR	FM	280,642 ha	2003 - 2008	2008 - 2013
	CERTFOR	CoC	N/A	2004 - 2009	2009 - 2014
	FSC ⁽¹⁾	CoC / CW ⁽³⁾	N/A	2009 - 2014	
Forestal Valdivia**	CERTFOR	FM	275,769 ha	2003 - 2008	2008 - 2013
	CERTFOR	CoC	N/A	2004 - 2009	2009 - 2014
	FSC ⁽¹⁾	CoC / CW ⁽⁴⁾	N/A	2009 - 2014	

* CERTFOR does not use certificate numbers

** Includes 80% of FLL)

(1) Only Eucalyptus pulp logs are covered under these certificates

(2) FSC certificate number SGS-COC-6510

(3) FSC certificate number SGS-COC-529

(4) FSC certificate number SGS-COC-6402

Forestry Business Area: Current Forestry Certifications (Argentina, Brazil and Uruguay)

(As of December 31, 2009)

COUNTRY / Facility	Certification Program	Certification	Certified Area	First Certification Date	Last Re-certification
RE-CERTIFICATION					
Alto Paraná (Forestal)	FSC	CoC / CW ⁽¹⁾	120,560 ha	2008 - 2013	
Alto Paraná (Forestal)	FSC	FM/CoC	N/A	2009 - 2014	
FAPLAC (Bosques)	FSC	FM/CoC ⁽²⁾	6,396 ha	2002 - 2007	2008 - 2013
BRAZIL					
Arauco do Brasil	FSC	FM /CoC ⁽³⁾	40,251 ha	2003 - 2008	2008 - 2013
	FSC	CoC	N/A		
Florestal Arapotí	CERFLOR*	FM	49,430 ha	2003 - 2008	2008 - 2013
	CERFLOR	CoC	N/A		
	FSC	FM/CoC ⁽⁴⁾	49,430 ha	2009 - 2014	
URUGUAY⁽⁵⁾					
Montes del Plata (Joint Forestry Business)	FSC	FM/COC ⁽⁶⁾	123,917 ha	2004 - 2009	2009 - 2014
	FSC	CoC/CW ⁽⁷⁾	N/A	2004 - 2009	2009 - 2014

* CERFLOR does not use certificate numbers

(1) FSC certificate number SW-CW/FM-3652

(2) FSC certificate number SW-FM/COC-0187

(3) FSC certificate number SW-FM/COC-1059

(4) FSC certificate number SW-FM/COC-4511

(5) The FSC certified areas (identified in the table) refer to certificates awarded to Eufores (forestry operations purchased from Ence in Uruguay in 2009) and which are now part of Montes del Plata. As of 12/31/2009, Eufores existed as a legal entity. These certifications will be reassigned to the new entity, Montes del Plata, following FSC protocol for such assignments. The certified area does not include hectares leased to third parties.

(6) FSC certificate number SGS-FM/COC-1941

(7) FSC certificate number SGS-COC-1944

Other Forestry Business Area Certifications

(As of December 31, 2009)

COUNTRY / Facility	ISO 14001	OHSAS 18001	ISO 9001
CHILE			
Forestal Celco & Cholguán	X	X	
Bosques Arauco	X	X	
Forestal Valdivia	X	X	
Forestal Los Lagos			
ARGENTINA			
Alto Paraná (Forestal)	X	X	
FAPLAC (Bosques)			
BRAZIL			
Arauco do Brasil			
Florestal Arapoti	X		
URUGUAY (*)			
Montes del Plata (Joint Forestry Business)			

(*Former Stora Enso and Eufores operations are certified as compliant to ISO 14001 and OHSAS 18001. The new joint venture company, Montes del Plata, has not been certified as an entity. The integration process of these systems began in late 2009.

Production Areas: Current Certifications (Chile)

(As of December 31, 2009)

Facility	CERTFOR Chain of Custody	FSC Chain of Custody	ISO 14001	OHSAS 18001	ISO 9001
Pulp Business Area					
Arauco Pulp Mill	X	SGS COC 6455	X		X
Constitución Pulp Mill	X		X		X
Licancel Pulp Mill	X				X
Nueva Aldea Pulp Mill	X	SGS COC 5376	X		X
Valdivia Pulp Mill	X	SGS COC 6456	X		X
Sawn Timber Business Area					
8 Saw mills	X		X	X	
5 Remanufacturing Facilities	X		X	X	
Laminated Beam Plant	X		X	X	
Panel Business Area					
Horcones - Plywood	X		X	X	
Nueva Aldea - Plywood	X		X	X	
Trupán - MDF	X		X	X	
Cholguan - Hardboard	X		X	X	

Production Areas: Current Certifications (Argentina)

(As of December 31, 2009)

Facility	CERTFOR Chain of Custody	FSC Chain of Custody	ISO 14001	OHSAS 18001	ISO 9001
Pulp Business Area					
Alto Paraná		SGS COC 6261			
Sawn Timber Business Area					
Piray - Saw Mill			X	X	X
Bossetti - Saw Mill			X	X	X
Piray - Remanufacturing Facility			X	X	X
Panel Business Area					
Alto Parana - Chemical Plant			X	X	X
Piray - MDF			X	X	
Zárate - Particleboard		SGS COC 0706	X	X	X

Production Areas: Current Certifications (Brazil)

(As of December 31, 2009)

Facility	CERTFOR Chain of Custody	FSC Chain of Custody	ISO 14001	OHSAS 18001	ISO 9001
Panel Business Area					
Curitiba - Particleboard		SW COC 1150			X
Jaguariava - MDF		SW COC 1149	X	X	X
Pfien - MDF and Particleboard			X	X	X

ENVIRONMENTAL STUDIES

2009 Environmental Impact Studies (Status as of December 31, 2009)

Project	Business Area	Location	Status
Seven Stone and Gravel Quarries (for road construction in forests)	Forestry	Four locations	Under evaluation
Line 2 Log Debarking and Chipping at Trupán-Cholguán Facility	Panels	Cholguán	Approved
Cholguán Woodyard	Panels	Cholguán	Approved
Expansion of Viñales Sawmill	Sawn Timber	Constitución	Approved
Viñales Cogeneration Power Plant	Sawn Timber	Constitución	Approved
Production optimization at Nueva Aldea Facility	Pulp	Ránquil	Approved
Black liquor accumulating tank at Valdivia Facility	Pulp	Valdivia	Under evaluation
Tertiary sludge incineration, Valdivia Facility	Pulp	Valdivia	Approved
Underwater Pipeline at Valdivia Facility	Pulp	Valdivia	Under evaluation

CELULOSA ARAUCO Y CONSTITUCIÓN S.A. AND SUBSIDIARIES

ARAUCO IFRS Report
December 31, 2009

Contents:

Consolidated Balance Sheet
Income Statement by Activity
Statement of Changes in Net Equity
Statement of Consolidated Cash Flows
Auditors Report

*International Financial Reporting Standards

\$	-	Chilean pesos
US\$	-	US Dollars
UF	-	Unidad de Fomento

Consolidated Balance Sheet

Assets	12/31/2009	12/31/2008	01/01/2008
	U.S.\$ (000)	U.S.\$ (000)	U.S.\$ (000)
Current Assets			
Operative Current Assets			
Cash and cash equivalents	534,199	167,308	267,872
Financial assets at fair value through profit or loss	8,426	13,469	10,626
Trade and Other receivables-net	558,441	588,803	686,726
Related-party receivables	18,272	5,475	11,379
Inventories	620,058	691,206	529,478
Biological assets	310,832	305,730	351,227
Prepaid expenses	61,263	74,331	54,194
Tax receivables	160,346	148,670	122,219
Other current assets	2,421	998	1,738
Activos Corrientes en Operación, Corriente, Total	2,274,258	1,995,990	2,035,459
Non-Current Assets and disposal groups held for sale	0	0	0
Total Current Assets	2,274,258	1,995,990	2,035,459
Non-Current Assets			
Trade and Other receivables	11,080	7,864	17,099
Investment in associates through equity method	476,101	141,590	153,861
Intangible assets	74,930	14,469	15,640
Property, plant and equipment	4,969,753	4,615,971	4,609,641
Biological assets	3,446,696	3,346,703	3,479,289
Deferred tax assets	109,760	87,221	81,295
Hedge assets	17,998	0	0
Prepaid expenses	26,322	21,169	16,530
Other non-current assets	8,874	8,863	24,424
Total non-current assets	9,141,514	8,243,850	8,397,779
Total Assets	11,415,772	10,239,840	10,433,238

Liabilities

	12/31/2009	12/31/2008	01/01/2008
	U.S.\$ (000)	U.S.\$ (000)	U.S.\$ (000)
Current Liabilities			
Operative Current Liabilities			
Loans that accrue interest	524,909	372,622	336,363
Other financial liabilities	10,648	14,051	7,007
Trade and Other payables	321,892	309,704	309,127
Related-party payables	12,081	9,102	8,116
Provisions	5,169	3,753	2,320
Current tax payables	15,917	10,325	40,960
Other liabilities	58,741	88,542	214,933
Deferred income	1,629	2,628	4,671
Post-employment benefit obligations	2,372	2,188	2,478
Total Operative Current Liabilities	953,358	812,915	925,975
Liabilities included in disposal group held for sale	0	0	0
Total Current Liabilities	953,358	812,915	925,975
Non Current Liabilities			
Loans that accrue interest	2,678,010	2,279,321	2,388,826
Provisions	9,463	5,585	6,271
Deferred tax liabilities	1,256,090	1,092,393	1,093,597
Other liabilities	110,832	24,045	35,446
Deferred income	291	236	299
Post employment benefit obligations	25,295	18,109	19,445
Total non-current liabilities	4,079,981	3,419,689	3,543,884
Net Equity			
Net equity attributable to parent company net equity instrument holders			
Issued capital	353,176	353,176	353,176
Other reserves	21,618	(139,238)	0
Retained profit/loss (accumulated losses)	5,893,799	5,675,616	5,465,431
Net equity attributable to parent company net equity instrument holders	6,268,593	5,889,554	5,818,607
Minority interest	113,840	117,682	144,772
Total net equity	6,382,433	6,007,236	5,963,379
Total net equity and liabilities	11,415,772	10,239,840	10,433,238

Income Statement by Activity

	2009	2008
Estado de Resultados Integrales	U.S.\$ (000)	U.S.\$ (000)
Profit (loss) from operations		
Revenue	3,113,045	3,713,893
Cost of sales	(2,152,535)	(2,331,854)
Gross profit	960,510	1,382,039
Other operating income	202,586	123,678
Marketing costs	(7,155)	(12,002)
Distribution costs	(388,535)	(455,197)
Research and development	(3,915)	(3,827)
Administrative expenses	(242,185)	(247,023)
Other operating expenses	(48,294)	(37,869)
Financial costs	(193,872)	(175,241)
Participation in profit/(loss) of associates through equity method	4,084	4,241
Participation in profit/(loss) of joint ventures through equity method	2,537	1,598
Exchange rate differences	17,632	(67,778)
Profit (loss) due to write-off of non-current asset accounts not available for sale	(9,362)	(9,086)
Negative goodwill immediately recognized	36,871	0
Other profit (loss)	27,231	(444)
Profit (loss) before income tax	358,183	503,089
Income tax expenses/(income)	(53,537)	(98,044)
Profit (loss) from continuing operations after tax	304,596	405,045
Profit (Loss) from discontinued operations, Net of Tax	0	0
Profit (loss)	304,596	405,045
Profit (Loss) attributable to equity holders		
Profit (loss) attributable to equity instrument holders in net equity of the parent company	300,898	399,566
Profit (loss) attributable to minority interest	3,698	5,479
Profit (loss)	304,596	405,045
Ordinary Shares		
Basis earnings (losses) per share	0.003	0.004
Earning (losses) per share from discounting operations	0	0
Earning (losses) per share from continuing operations	0.003	0.004
Ordinary Diluted Shares		
Basis earnings (losses) per diluted share	0.003	0.004
Earning (losses) per diluted share from discounting operations	0	0
Earning (losses) per diluted share from continuing operations	0.003	0.004
Profit (loss)	304,596	405,045
Other income and expenses with charge or credit to net equity		
Profit (loss) due to write off non-current asset accounts not available for sale		
Cash flow hedges	(5,807)	0
Currency translation differences	177,480	(148,469)
Adjustments of associates	1,902	(3,015)
Income tax related to components of other income and expenses or payment in equity	987	0
Other income and expenses charged to or credit to net equity	174,562	(151,484)
Total Comprehensive Income	479,158	253,561
Comprehensive Income and Expense Statement Attributable to:		
Comprehensive income and expenses statement attributable to majority shareholders	461,754	260,328
Comprehensive income and expenses statement attributable to minority shareholders	17,404	(6,767)
Total comprehensive Income	479,158	253,561

Statement of Changes in Net Equity

	Ordinary Shares			Reserves			Changes in Retained Earnings (Accumulated Losses) U.S.\$ (000)	Changes in Equity Attributable to Parent Company Shareholders, Total U.S.\$ (000)	Changes in Minority Interests U.S.\$ (000)	Changes in Net Equity Total U.S.\$ (000)
	Share Capital U.S.\$ (000)	Conversion Reserves U.S.\$ (000)	Hedge Reserves U.S.\$ (000)	Other Reserves U.S.\$ (000)						
12-31-2009										
Opening balance at 01/01/2009	353,176	(136,223)	0	(3,015)		5,675,616	5,889,554	117,682	6,007,236	
Changes										
Total Comprehensive Income	0	163,774	(4,820)	1,902		300,898	461,754	17,404	479,158	
Cash dividends declared	0	0	0	0		(82,715)	(82,715)	0	(82,715)	
Other increases (decreases) in net equity	0	0	0	0		0	0	(21,246)	(21,246)	
Changes in equity	0	163,774	(4,820)	1,902		218,183	379,039	(3,842)	375,197	
Closing balance at 12/31/2009	353,176	27,551	(4,820)	(1,113)		5,893,799	6,268,593	113,840	6,382,433	

	Ordinary Shares			Reserves			Changes in Retained Earnings (Accumulated Losses) ThU.S.\$	Changes in Equity Attributable to Parent Company Shareholders, Total ThU.S.\$	Changes in Minority Interests ThU.S.\$	Changes in Net Equity Total ThU.S.\$
	Share Capital ThU.S.\$	Conversion Reserves ThU.S.\$	Hedge Reserves ThU.S.\$	Other Reserves ThU.S.\$						
12-31-2008										
Opening balance previous period 01/01/2008	353,176	0	0	0		5,465,431	5,818,607	144,772	5,963,379	
Changes										
Total Comprehensive Income	0	(136,223)	0	(3,015)		399,566	260,328	(6,767)	253,561	
Cash dividends declared	0	0	0	0		(189,381)	(189,381)	0	(189,381)	
Other increases (decreases) in net equity	0	0	0	0		0	0	(20,323)	(20,323)	
Changes in equity	0	(136,223)	0	(3,015)		210,185	70,947	(27,090)	43,857	
Closing balance at 12/31/2008	353,176	(136,223)	0	(3,015)		5,675,616	5,889,554	117,682	6,007,236	

Statement of Cash Flows-Direct Method

	2009	2008
Cash Flows from (used in) Operating, Direct Method	U.S.\$ (000)	U.S.\$ (000)
Collection of trade accounts receivable	3,675,727	3,926,137
Research and development disbursements	(3,915)	(3,827)
Payments to suppliers	(2,785,842)	(2,891,042)
Salaries paid	(190,821)	(186,925)
Payments received and forwarded by the Value-Added Tax	147,533	185,779
Other collections (payments)	16,326	(12,143)
Cash flows by (used in) Operating, Total	859,008	1,017,979
Cash flows by (used in) Other Operating Activities		
Amounts received from dividends classified as operating income	17,084	5,797
Amounts received from interest received classified as operating income	18,601	18,729
Interest payments classified as operating income	(152,343)	(162,223)
Amounts received by the Income Tax Returned	62,203	36,949
Income tax payments	(53,528)	(147,495)
Cash flows by (used in) other Operating Activities, Total	(107,983)	(248,243)
Cash flows net of (used in) Operating Activities	751,025	769,736
Cash flows from (used in) Investing Activities		
Proceeds from sale (divestment) of property, plant and equipment	4,006	1,152
Proceeds from sale (divestment) of biological assets	2,185	2,241
Proceeds from sale (divestment) of subsidiaries, net of cash expropriated	7	0
Proceeds from sale (divestment) of other financial assets	0	19
Other cash flows from (used in) investing activities	0	186
Purchase of property, plant and equipment	(275,151)	(310,260)
Payments for intangible assets purchase	(1,378)	(1,279)
Payments for biological assets purchase	(92,002)	(146,359)
Payments for acquiring subsidiaries, net of cash acquired	(174,111)	0
Payments for acquiring associates	0	(2,353)
Payments for acquiring joint ventures, net of cash acquired	(116,279)	0
Loans to related companies	(51,225)	0
Other investing disbursements	(13,343)	(10,078)
Cash flows from (used in) Investing Activities	(717,291)	(466,731)
Cash flows from (used in) Financing Activities		
Loans obtained	545,286	623,625
Bonds issued	636,677	202,537
Loan payments	(746,531)	(887,058)
Dividend payments to minority interests	(20,769)	(19,638)
Dividend payments by the reporting entity	(114,406)	(297,950)
Other Cash Flows from (Used in) Financing Activities	2,115	0
Cash flows from (used in) Financing Activities	302,372	(378,484)
Net increase (decrease) of Cash and Cash Equivalents	336,106	(75,479)
Effect of exchange rate variations on cash and cash equivalents	30,785	(25,085)
Cash and cash equivalents, shown in the cash flow statement, at the beginning of the year	167,308	267,872
Cash and cash equivalents, shown in the cash flow statement, at the year end	534,199	167,308

REPORT OF INDEPENDENT ACCOUNTANTS (Translation from the original in Spanish)


Santiago, March 23, 2010


To the Shareholders and Directors
Celulosa Arauco y Constitución S.A.

We have audited the accompanying consolidated statements of financial position of Celulosa Arauco y Constitución S.A. and subsidiaries as of December 31, 2009 and 2008, the opening consolidated statement of financial position as of January 1, 2008 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2009 and 2008. Management of Celulosa Arauco y Constitución S.A. is responsible for the preparation and fair presentation of these financial statements (including their corresponding notes). Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Celulosa Arauco y Constitución S.A. and subsidiaries as of December 31, 2009 and 2008 and as of January 1, 2008, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2009 and 2008 in accordance with Chilean Financial Reporting Standards/International Financial Reporting Standards.


Ricardo Arraño T.



GRI Indicator	Description	Page/comment
PROFILE		
I STRATEGY AND ANALYSIS		
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	6-10
1.2	Description of key impacts, risks, and opportunities.	6, 18
2 ORGANIZATIONAL PROFILE		
2.1	Name of the organization.	Celulosa ARAUCO y Constitución S.A. (ARAUCO)
2.2	Primary brands, products, and/or services.	20
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	See ARAUCO Corporate Structure Annex
2.4	Location of organization's headquarters.	ARAUCO's central and administration headquarters is located in Santiago, Chile; Avenida El Golf 150, Piso 14.
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	20
2.6	Nature of ownership and legal form.	15
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	21
2.8	Scale of the reporting organization, including employees, net sales, total capitalization, quantity of products or services provided.	22, 23
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	There were no changes regarding structure or ownership. There were changes regarding the size of operations in Brazil with the purchase of Tafisa and in Uruguay, ARAUCO Internacional S.A. and Stora Enso Amsterdam BV formed the joint venture Montes del Plata, each owning 50% of the following corporations: Forestal Cono Sur S.A.; Eufores S.A.; Zona Franca Punta Pereira S.A.; and Celulosa y Energía Punta Pereira S.A. Forestal Cono Sur S.A. owns 100% of Stora Enso Uruguay S.A. and Eufores S.A. owns 100% of Terminal Logística e Industrial M'Bopicuá S.A. Forestal Cono Sur S.A. owns 1% of El Esparragal Asociación Agraria de Responsabilidad Limitada, and the remaining 99% is owned by Eufores S.A.
2.10	Awards received in the reporting period.	24, 25
3 REPORT PARAMETERS		
3.1	Reporting period for the information provided.	Year 2009
3.2	Date of most recent previous report.	Annual Report and Environmental and Social Responsibility Report 2008, published in April 2009 and the 2008 Report submitted to the SVS in April 2009.
3.3	Reporting cycle	Annual
3.4	Contact point for questions regarding the report or its contents.	Communications Assistant Manager located at company headquarters in Santiago, Chile, or at e-mail info@arauco.cl

GRI Indicator	Description	Page/comment
3.5	Process for defining report content.	Report Profile and Scope
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Report Profile and Scope
3.7	State any specific limitations on the scope boundary of the report.	There are no limitations.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	ARAUCO's main subsidiaries do not develop sustainability reports. Information on these subsidiaries and in which ARAUCO has direct participation was gathered following level 3 GRI guidelines and their information was consolidated and included in this report. ARAUCO established a joint venture with Stora Enso In Uruguay and the information on this new corporation was reported as required by law.
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques	The GRI protocol was applied. In some cases, explanatory notes are provided to further understand the criteria that was used.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	As of 2009, the application of the IFRS accounting regulations became obligatory. The figures for the previous reporting period were adjusted to the new criteria, so as to be able to compare the information for 2008 and 2009.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	As of 2009, the application of the IFRS accounting regulations became obligatory which significantly changed the financial statements.
3.12	Table identifying the location of the Standard Disclosures in the report.	4, 5
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	All the information contained in this report was validated by ARAUCO's management. In addition, the company's operations were subject to extensive verification and assessment for its Carbon Footprint Assessment and for the pre-assessment for the FSC certification process. The financial report was audited by Price Waterhouse Coopers, whose only relationship with the company is as an auditing entity.
4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT		
Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	14
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	The chairman of the Board does not hold an executive position in the company.
4.3	Number of members of the highest governance body that are independent and/or non-executive members.	All of ARAUCO's board members are designated by the main shareholder.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	The fraud reporting procedure is a communication mechanism with the highest governance body. Through this mechanism workers can present their concerns regarding specific issues.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance.	The compensation of key staff, which includes board members, senior managers and assistant managers, is comprised of set monthly amounts which can be supplemented with a discretionary annual bonus.

GRI INDEX

GRI Indicator	Description	Page/comment
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	In addition to the Ethics Code, which clearly states the cases in which a conflict of interest involving the highest governance body and workers can be generated, in December 2009, the Board approved the General Policy for Customary Proceedings regarding operations with related parties. For more detail visit www.arauco.cl
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	There are no specific procedures regarding this indicator.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	12, 13
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	There is no specific procedure with a set frequency for the highest governance body to assess the company's performance. ARAUCO's CEO gives an account of these matters at monthly Board meetings.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	The corporation's administration is conducted by a Board comprised of nine members chosen by the Shareholders Association. These members can be re-elected and their positions are held for three years, after which the Board is totally renewed. There is no procedure to evaluate the Board's performance.
Commitments to External Initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	The company applies the Precautionary Principle in its industrial and research activities even though this practice is not a formal policy. The company does have a Management System in place for environmental and occupational health and safety issues which complies with Chilean law requirements for these matters. ARAUCO also has specific forestry certifications, such as CERTFOR, and others at the global level, such as ISO and OHSAS, for the safety of workers, the environment and the community in general.
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	ARAUCO's environmental certification systems are endorsed by international organizations that are known for their environmental protection programs. Our subsidiary in Brazil follows the United Nations Millennium Development Goals and the goal for 2010 is to formally subscribe to this initiative.
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization participates or approves.	25
Participation of Stakeholder Groups		
4.14	List of stakeholder groups engaged by the organization.	2, 100, 103

GRI Indicator	Description	Page/comment
4.15	Basis for identification and selection of stakeholders with whom to engage.	2
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	2
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	3
ECONOMIC PERFORMANCE INDICATORS		
	Management Focus	18
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	22
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	42, 54, 55
EC3	Coverage of the organization's defined benefit plan obligations.	ARAUCO complies with the current social welfare system in all the countries in which it operates. In Chile, the company acts as retainer and subsequent payer to the Pension Fund Administrator chosen by each worker. At ARAUCO do Brasil the government, through the Nacional Institute for Social Security, is in charge of workers' retirement pension and health. The company is legally obliged to contribute to this entity an amount equal to 20% of a worker's annual salary. Additionally, a worker contributes between 9% and 11% according to his salary. In Argentina the company complies with law 16.425.
EC4	Significant financial assistance received from government.	See Financial Statement.
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	As of December 31, 2009 the relationship between the entry level wage and local minimum wage to that date was as follows: Brazil 1.8 times; Argentina, 1.44 times and Chile, 1.64 times.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	See Society Section of this report.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	There is no procedure in place for local hiring of senior management though personnel have migrated to the areas in which the company operates. The company's role in local hiring of professional- and worker-level jobs is relevant: more than 80% of workers employed by the company in Chile are local.
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	See People and Society sections of this report.

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GRI Indicator	Description	Page/comment
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	See Society section.
ENVIRONMENTAL PERFORMANCE INDICATORS		
DMA	Management Focus	46
EN1	Materials used.	50, 51
EN2	Percentage of materials used that are recycled input materials.	All of ARAUCO's business units have specific management plans for full use of byproducts, including their possible transformation into input material for other processes, to reduce pressure on natural resources. Since various raw materials are used in the manufacture of pulp, panels and sawn timber, this report provides information on those that are more relevant.
EN3	Direct energy consumption by primary energy source.	In 2009, ARAUCO's direct energy consumption from fossil fuels (excluding biomass) was about 23,329 TJ (this figure consolidates information from all the company's business units in Chile and abroad).
EN4	Indirect energy consumption by primary source.	ARAUCO's indirect energy consumption in business units in Chile and abroad during 2009 was about 84,780 TJ (includes black liquor and tal oil, among others, since energy obtained from our production is linked to biomass). In addition, self-generated energy was about 68,383 TJ (includes electric energy and self generated thermal energy). Approximately 2,826 TJ were sold (which includes electric energy exports, but excludes steam and biomass exports from saw mills).
EN5	Energy saved due to conservation and efficiency improvements.	A few examples: At the Nueva Aldea pulp mill, the building's lighting was rationed. In Chile, during 2009, the Sawn Timber area applied a strategic program to reduce the use of electric energy by reducing production hours during peak hours. Valdivia and Viñales saw mills installed new drying chambers with state of the art technology which use less electric energy and steam per m ³ of dry wood. The Panel business in Chile has applied similar strategies and operational excellence projects to reduce energy consumption. No initiatives of this type have been implemented at Arauco do Brasil and Alto Paraná.
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	42, 43, 44

GRI Indicator	Description	Page/comment
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	<p>Many initiatives were developed during 2009. For example, at the Valdivia pulp mill action was taken to minimize the transportation of solid residue to waste areas, resulting in a reduction in the use of vehicles. A bus network for workers was implemented at Nueva Aldea, and use of airlines was limited. The use of video conferences in lieu of travel was encouraged.</p> <p>At Piray, in Argentina, cars providing services are subject to speed restrictions for efficient fuel use. At the same facility, energy consumption not related to production was reduced by 10%. In Chile, as well as in Argentina, forestry camps set up near plantations generated important reductions in air emissions by using buses for transporting personnel.</p>
EN8	Total water withdrawal by source.	<p>In Chile's Sawn Timber business, the use of surface water in 2009 was 589 thousand m³ and 132 thousand m³ was underground water. Underground water consumption by ARAUCO do Brasil was 240 thousand m³ and water withdrawal from rivers was 399 thousand m³. Water withdrawal from the Paraná River in Alto Paraná amounted to 21.9 million m³ while underground water use reached 21 thousand m³. Water sources for the Pulp business in Chile are the rivers Cruces (Valdivia), Carampange (Arauco), Itata (Nueva Aldea), Maule (Constitución) and Mataquito (Licancel). The Panel business in Chile uses water from underground wells. The Cholguan facility uses surface water as well.</p>
EN9	Water sources significantly affected by withdrawal of water.	<p>During 2009, ARAUCO operations did not affect water sources. For example, the Nueva Aldea pulp mill reported treated effluents discharge into the Itata River between 2006 and 2009. According to environmental monitoring conducted by the University of Concepción EULA center, no change in water quality was reported.</p>
EN10	Percentage and total volume of water recycled and reused.	<p>The following parameters were registered at pulp mills in Chile during 2009: at the Valdivia pulp mill, water recirculation was 72%; Arauco, 12%; Nueva Aldea, 79%; Licancel, 19.8%. The information is not available for the Constitución pulp mill. In the Sawn Timber area recycled water amounted to 130,965 m³. In Argentina, Piray MDF facility recycled about 10 m³/hour of water from the wood defibering process. This water is reused in equipment cleansing. In addition, the energy unit in Argentina has a 74% recovery rate of condensed steam from the steam turbine and the percentage of recycled / reused water is 15.5%. The remaining operations such as Zárate, the Chemical Division, and saw mills do not recycle water. The same is true in Brazil.</p>

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GRI Indicator	Description	Page/comment
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	58, 59, 60, 61
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	59
EN13	Habitats protected or restored.	60, 61
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	58, 59, 60, 61
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	ARAUCO operations in Argentina, Chile, Brazil and Uruguay did not affect any species during 2009.
EN16	Total direct and indirect greenhouse gas emissions by weight.	Total GHG emissions measured in MM CO ₂ e, estimated for 2009 based on consolidated production in each business unit, were the following: Forestry: 0.0329 million tons; Pulp 0.7077 million tons; Panels 0.1413 million tons and Sawn Timber 0.0350 million tons.
EN17	Other relevant indirect greenhouse gas emissions by weight.	To read the carbon footprint assessment report visit www.arauco.cl
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Carbon Footprint Assessment, see report at www.arauco.cl
EN19	Emissions of ozone-depleting substances by weight.	Carbon Footprint Assessment, see report at www.arauco.cl
EN20	NO, SO, and other significant air emissions by type and weight.	Carbon Footprint Assessment, see report at www.arauco.cl
EN21	Total water discharge by quality and destination.	50, 51
EN22	Total weight of waste by type and disposal method.	50, 51
EN23	Total number and volume of significant spills.	There were no significant spills in ARAUCO's operational units in 2009.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Hazardous waste resulting from the company's production units is treated within the respective country, with no need to transport waste across borders.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	No water bodies and related habitats were affected by water discharges from the company's operations during 2009.
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Non-material indicator.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	In general, ARAUCO does not reclaim products or packaging at the end of their shelf life. There is an initiative among the saw mills in Chile to recover metal straps to be reused.
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	In 2009, there were no fines or sanctions for this item in any of the company's operations.

GRI Indicator	Description	Page/comment
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	This impact was measured by the carbon footprint assessment. For more information visit www.arauco.cl
EN30	Total environmental expenditures.	51
LABOR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS		
DMA	Management Focus	70
LA1	Total workforce by employment type, employment contract, and region.	72, 73
LA2	Total number and rate of employee turnover by age group, gender, and region.	In Chile, average employee turnover in 2009 was 0.39% (1.41% in 2008). Average employee turnover in Brazil was 1.58%.
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Benefits for employees hired for a limited or unlimited time period in Chile, are: Food (cafeteria service is available in most of the facilities. If there is no cafeteria, an amount in money is provided for this item); and Life Insurance Benefits for all employees, hired indefinitely: - Complementary Life Insurance. - Catastrophic Health Insurance. Both insurance programs include a co-payment on behalf of the employee.
LA4	Percentage of employees covered by collective bargaining agreements.	During 2009, the percentage of workers covered by collective bargaining agreements in Chile was as follows: 85% in Pulp, 45% in Forestry, 77% in Panels, 48% in Sawn Timber and 49% in Remanufacturing.
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	There is no notice period specified for collective agreements. Regarding layoffs, a 30-day notice is given or a month's payment if no notice is provided.
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Chilean legislation defines cases in which company employees are represented in health and safety committees. During 2009, ARAUCO extended this to its offices in Santiago, and the company's many business units have extended this to their contract workers. In Brazil there are two joint committees: CIPA (internal committee for accident prevention comprised of 18 members, 9 chosen by employees and the rest are chosen by the employer) and CIPATR (internal committee for accident prevention in rural work) with 8 people. In addition, each business unit in Brazil has a general safety committee in which company executives participate. In Argentina, in 2009, a provincial law was enacted for the establishment of safety committees. Voluntary committees in industrial facilities were established under MASSO management and within the OHSAS 18001 certification framework.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region.	23, 80, 81, 82
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	There are specific programs for workers but these do not include family members or community members.
LA9	Health and safety topics covered in formal agreements with trade unions.	ARAUCO provides collective life insurance for every worker in the company's facilities.

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GRI Indicator	Description	Page/comment
LA10	Average hours of training per year per employee by employee category.	ARAUCO participates in Labor Competency Certification programs in Chile and Argentina. In 2009, in Chile, 300 operators (brigadiers, chainsaw operators in the forestry area, phitosanitary product operators) were trained. Specifically in Chilean saw mills, 76% of the work force was trained (with an annual average of 16 hours), focusing on machinery operators, assistants and administrative staff. Employee training in the Panel business averaged 20 hours annually for each employee. In Brazil, during 2009, training averaged 4.2 hours a month for each direct employee.
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	ARAUCO has been conducting a Management Team Program, which seeks to reinforce skills through continuous support, coaching, workshops and assessments. This program has been implemented mainly in the pulp mills (managers, assistant managers and superintendants), as well as in the Sawn Timber business and in the Distribution area (Chile, Peru, Colombia and Mexico).
LA12	Percentage of employees receiving regular performance and career development reviews.	In 2009, ARAUCO's performance management in Chile (evaluation at the professional category) included 648 managers: 206 people in the forestry unit; 176 in panels; 78 in pulp; 114 in saw mills and 74 in distribution. In 2010, some 1,200 people will be evaluated and the program will be extended to the operational level in 2012.
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	No data is collected for these indicators.
LA14	Ratio of basic salary of men to women by employee category.	People working in similar job positions and responsibility levels receive similar wages.
HUMAN RIGHTS PERFORMANCE INDICATORS		
DMA HR	Management Focus	Respect for people is a part of our daily actions throughout the company
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	These clauses are not included in investment agreements.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	All contracting companies are evaluated according to criteria on compliance with labor legislation and occupational health and safety variables.
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	ARAUCO did not conduct this type of training in 2009.
HR4	Total number of incidents of discrimination and actions taken.	No incidents were registered in 2009.

GRI Indicator	Description	Page/comment
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	No activities involving such risks have been registered at ARAUCO.
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	No such practices have been detected at ARAUCO or its contracting companies. ARAUCO rejects any practices associated with child labor.
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	No activities involving such risks have been registered.
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	ARAUCO's safety personnel have been trained in matters of safety and are retrained every three years, as stated by law.
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	No incidents regarding this matter were registered during 2009.
SOCIETY PERFORMANCE INDICATORS		
DMA	Management Focus	88
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	89-102
S02	Percentage and total number of business units analyzed for risks related to corruption.	All employees are informed and instructed on the Ethics Code, which establishes guidelines for good employee behavior. Employees are also instructed on the Fraud Reporting Procedure in order to report any actions that go against the organization's principles. These procedures guarantee confidentiality.
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	The Ethics Code establishes guidelines for employees' behavior. Each employee receives a copy and signs a document affirming their understanding of the Code .
S04	Actions taken in response to incidents of corruption.	There were no incidents regarding this item.
S05	Public policy positions and participation in public policy development and lobbying.	ARAUCO actively participates in the development of public policies for areas in which it operates. For three years ARAUCO participated in a working group that launched the Arauco Plan in the Bío Bío Province during 2009. In September 2009, ARAUCO became part of a multisector initiative for the Corral commune.
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	The company makes contributions according to Chilean Law 19.884 on election expenditure transparency, limits and controls.
S07	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	The company did not register any legal actions for anticompetitive behavior, anti-trust, or monopoly practices.

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GRI Indicator	Description	Page/comment
S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	There were no significant fines or sanctions in 2009.
PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS		
DMA	Management Focus	ARAUCO's commitment is to provide all customers with quality products and services, and to motivate our suppliers to become part of our value and quality chain.
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	The company sells pulp and forest products that do not involve health and safety risks for people.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	No incidents of this type were registered.
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	36, 37
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	No incidents of this type were registered.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	In 2009 Nowack-Ber Consulting, a US based company specializing in marketing and business development, surveyed 181 pulp, sawn timber, panel and lumber customers from around the world on their perceptions of ARAUCO. Results showed that customers consider the company to be a trustworthy supplier. For more information visit www.arauco.cl .
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing	Pulp accounts for 70% of ARAUCO's business. Pulp is a commodity which is sold directly to customers. Advertising and other massive marketing activities are not relevant. Regarding forestry products, the company complies with communication and marketing legislation in each country in which the company operates.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	No incidents of this type were registered.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	No incidents of this type were registered.
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	No fines were registered.





Corporate Legal Information

Name:

Celulosa Arauco y Constitución S.A.

Tax Identification N°:

93.458.000 - I

Address:

Av. El Golf 150, Piso 14, Las Condes,
Santiago, Chile

Type of Entity:

Corporation

Inscription in Securities Registry:

N° 042 on July 14, 1982

Celulosa Arauco y Constitución S.A. was constituted under Public Act on October 28, 1970 before Public Notary Ramón Valdivieso Sánchez, later modified through Public Act dated May 6, 1971 held before Public Notary Sergio Rodríguez Garcés. The company's existence was authorized on August 18, 1971 by Resolution N° 300-S of the Chilean Securities and Insurance Supervisor, inscribed in sheet 6.431, N° 2.993 of Santiago's Real Estate Registry Trade Record of 1971. The respective extract was published in the Official Daily on September 4, 1971.

2009
SUSTAINABILITY
REPORT



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