EMPRESAS COPEC S.A.

CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2010

IFRS - International Financial Reporting Standards

IAS - International Accounting Standards

CHFRS - Chilean Financial Reporting Standards

IFRIC - International Financial Reporting Interpretations Committee

GAAP - Generally Accepted Accounting Principles

ThUS$ - Thousands of U.S. dollars

MMUS$ - Million of U.S. dollars

Index to the consolidated financial statements of Empresas Copec S.A. and affiliates

Notes **Page**

Classified Statement of Financial Position

	Note	12.31.2010 ThUS$	12.31.2009 ThUS$
Assets			
Current assets			
Cash and cash equivalents	3.1	1,739,692	1,267,885
Other current financial assets	3.2	72,846	51,730
Other current non-financial assets	3.4	217,141	144,210
Current trade and other receivables	3.3	1,729,362	1,092,593
Current receivables from related parties	16.1	98,387	80,420
Inventory	6	1,187,656	879,142
Current biological assets	7	348,159	310,832
Current tax assets	8	80,446	113,791
Total current assets other than assets or disposal groups held for sale or held for distribution to equity holders		**5,473,689**	**3,940,603**
Non-current assets or disposal groups held for sale		370,734	0
Non-current assets or disposal groups held for distribution to equity holders		0	0
Non-current assets or disposal groups held for sale or held for distribution to equity holders		370,734	0
Total current assets		**5,844,423**	**3,940,603**
Non-current assets			
Other non-current financial assets		72,487	1,277
Other non-current non-financial assets	3.4	61,114	62,185
Non-current rights receivable	3.3	8,577	16,259
Non-current receivables from related parties	16.1	491	453
Equity method investments	19	1,138,908	1,045,385
Intangible assets other than goodwill	10	698,371	78,745
Goodwill	10	159,450	63,776
Property, plant and equipment	11	7,747,150	6,688,334
Non-current biological assets	7	3,446,862	3,446,696
Investment property	13	92,820	85,869
Deferred tax assets	14	179,145	150,039
Total non-current assets		**13,605,375**	**11,639,018**
Total assets		**19,449,798**	**15,579,621**

Classified Statement of Financial Position

	Note	12.31.2010 ThUS$	12.31.2009 ThUS$
Equity and liabilities			
Liabilities			
Current liabilities			
Other current financial liabilities	3.5	903,737	644,144
Trade and other payables	15	1,079,290	754,653
Current payables to related parties	16.2	12,426	7,539
Other current provisions	17	11,041	9,935
Current tax liabilities	8	105,048	12,368
Current provisions for employee benefits	18	5,627	6,188
Other current non-financial liabilities		302,871	149,343
Total current liabilities other than liabilities included in disposal groups held for sale		**2,420,040**	**1,584,170**
Liabilities included in disposal groups held for sale		139,363	0
Total current liabilities		**2,559,403**	**1,584,170**
Non-current liabilities			
Other non-current financial liabilities	3.5	4,068,519	3,166,596
Non-current liabilities		949	846
Non-current payables to related parties		0	0
Other non-current provisions	17	18,757	18,521
Deferred tax liabilities	14	1,787,123	1,417,569
Non-current provisions for employee benefits	18	70,704	53,852
Other non-current non-financial liabilities		155,163	129,817
Total non-current liabilities		**6,101,215**	**4,787,201**
Total liabilities		**8,660,618**	**6,371,371**
Equity			
Issued capital		686,114	686,114
Accumulated gains (losses)	27	8,230,537	7,621,923
Share premium		0	0
Own shares held in portfolio		0	0
Other shares in equity		0	0
Other reserves		807,006	636,807
Equity attributable to equity holders of parent company		**9,723,657**	**8,944,844**
Minority interest		1,065,523	263,406
Total equity		**10,789,180**	**9,208,250**
Total equity and liabilities		**19,449,798**	**15,579,621**

Statement of Comprehensive Income by Function

	Note	12.31.2010 ThUS$	12.31.2009 ThUS$
Gain (loss)			
Operating revenues	23	12,149,778	9,941,513
Cost of sales		(9,800,751)	(8,261,132)
Gross margin		**2,349,027**	**1,680,381**
Gain on the derecognition of financial assets measured at amortized cost		0	0
Loss on the derecognition of financial assets measured at amortized cost		0	0
Other income by function		382,918	185,574
Distribution costs		(517,595)	(478,436)
Administrative expenses		(685,676)	(590,102)
Other expenses by function		(89,066)	(65,657)
Other gains (losses)		(10,853)	67,027
Financial income	24	34,223	29,863
Financial costs	24	(242,430)	(205,635)
Share in profit (loss) of associates and joint ventures from equity method	19	67,223	37,894
Exchange differences	25	(5,368)	39,541
Gain (loss) on indexed assets		(2,328)	1,875
Gain (loss) on difference between previous book value and fair value of reclassified financial assets measured at fair value		0	0
Income (loss) before taxes		**1,280,075**	**702,325**
Income tax expense	14	(244,741)	(109,954)
Income (loss) from continuing operations		**1,035,334**	**592,371**
Income (loss) from discontinued operations		0	2,280
Income (loss)		**1,035,334**	**594,651**
Income (loss) attributable to			
Income (loss) attributable to equity holders of parent		1,013,789	576,188
Income (loss) attributable to minority interest		21,545	18,463
Income (loss)		**1,035,334**	**594,651**
Earnings per share			
Basic earnings per share			
Basic earnings (loss) per share from continuing operations		0.7955956	0.4432714
Basic earnings (loss) per share from discontinued operations		0.0000000	0.0000000
Basic earnings (loss) per share		**0.7955956**	**0.4432714**
Diluted earnings (loss) per share from continuing operations		0.7955956	0.4432714
Diluted earnings (loss) per share from discontinued operations		0.0000000	0.0000000
Diluted earnings (loss) per share		**0.7955956**	**0.4432714**

	12.31.2010 ThUS$	12.31.2009 ThUS$
Statement of comprehensive income		
Gain (loss)	**1,035,334**	**594,651**
Components of other comprehensive income, before taxes		
Foreign currency translation differences		
Gain (loss) on foreign currency translation differences, before taxes	189,758	560,717
Reclassification adjustments for foreign currency translation differences, before taxes	0	0
Other comprehensive income, before taxes and foreign currency translation differences	**189,758**	**560,717**
Available-for-sale financial assets		
Gain (loss) on new measurements of available-for-sale financial assets, before taxes	1,347	(1,314)
Reclassification adjustments for available-for-sale financial assets, before taxes	0	0
Other comprehensive income before taxes, available-for-sale financial assets	**1,347**	**(1,314)**
Cash flow hedges		
Gain (loss) on cash flow hedges, before taxes	2,589	2,353
Reclassification adjustments for cash flow hedges, before taxes	0	0
Adjustments for amounts transferred to the initial book value of hedged items	0	0
Other comprehensive income, before taxes, cash flow hedges	**2,589**	**2,353**
Other comprehensive income, before taxes and gains (losses) from investments in equity instruments	0	0
Other comprehensive income before taxes and gains (losses) from revaluation	0	0
Other comprehensive income, before taxes and actuarial gains (losses) from defined-benefits plans	0	0
Share in other comprehensive income of equity method associates and joint ventures	(22,242)	(19,997)
Other components of other comprehensive income, before taxes	**171,452**	**541,759**
Income taxes related to components of other comprehensive income		
Income taxes related to foreign currency translation differences in other comprehensive income	0	0
Income taxes related to investments in equity instruments in other comprehensive income	0	0
Income taxes related to available-for-sale financial assets in other comprehensive income	(229)	(20)
Income taxes related to cash flow hedges in other comprehensive income	(795)	731
Income taxes related to changes in revaluation surplus in other comprehensive income	0	0
Income taxes related to defined-benefit plans in other comprehensive income	0	0
Reclassification adjustments from income taxes related to components of other comprehensive income	0	0
Total income taxes related to components of other comprehensive income	**(1,024)**	**711**
Other comprehensive income	**170,428**	**542,470**
Total comprehensive income	**1,205,762**	**1,137,121**
Comprehensive income attributable to		
Comprehensive income attributable to equity holders of parent company	1,183,988	1,117,889
Comprehensive income attributable to minority interest	21,774	19,232
Total comprehensive income	**1,205,762**	**1,137,121**

Statement of Changes in Net Equity

CURRENT PERIOD - 12/2010	Ordinary Shares												
	Share Capital	Share Premium	Legal and Statutory Reserves	Available-for-Sale Reserves	Translation Adjustment Reserves	Revaluation Reserves	Hedge Reserves	Other Miscellaneous Reserves	Other Reserves	Changes in Retained Earnings (Accumulated Losses)	Changes in Net Equity Attributable to Equity Holders of Parent, Total	Changes in Minority Interest	Changes in Net Equity, Total
Current period opening balance: January 1, 2010	**686,114**	**0**	**0**	**(734)**	**(16,754)**	**0**	**(12,494)**	**666,789**	**636,807**	**7,621,923**	**8,944,844**	**263,406**	**9,208,250**
Increase (decrease) from changing in accounting policies	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) from correction of errors	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	**686,114**	**0**	**0**	**(734)**	**(16,754)**	**0**	**(12,494)**	**666,789**	**636,807**	**7,621,923**	**8,944,844**	**263,406**	**9,208,250**
Changes in equity													
Comprehensive income													
Gain (loss)	0	0	0	0	0	0	0	0	0	1,013,789	1,013,789	21,545	1,035,334
Other comprehensive income	0	0	0	1,118	189,556	0	1,767	(22,242)	170,199	0	170,199	229	170,428
Comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0	0
Issuance of equity	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0	(395,902)	(395,902)	0	(395,902)
Increase (decrease) from other contributions from equity holders	0	0	0	0	0	0	0	0	0	0	0	0	0
Decrease (increase) from other distributions to equity holders	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) from transfers and other changes	0	0	0	0	0	0	0	0	0	(9,273)	(9,273)	780,343	771,070
Increase (decrease) from transactions involving shares in portfolio	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) from changes in shares in subsidiaries that do not imply loss of control	0	0	0	0	0	0	0	0	0	0	0	0	0
Total changes in equity	**0**	**0**	**0**	**1,118**	**189,556**	**0**	**1,767**	**(22,242)**	**170,199**	**608,614**	**778,813**	**802,117**	**1,580,930**
Current period ending balance 12.31.10	**686,114**	**0**	**0**	**384**	**172,802**	**0**	**(10,727)**	**644,547**	**807,006**	**8,230,537**	**9,723,657**	**1,065,523**	**10,789,180**

PREVIOUS PERIOD - 12/2009	Ordinary Shares: Share Capital	Ordinary Shares: Share Premium	Legal and Statutory Reserves	Available-for-Sale Reserves	Translation Adjustment Reserves	Revaluation Reserves	Hedge Reserves	Other Miscellaneous Reserves	Other Reserves	Changes in Retained Earnings (Accumulated Losses)	Changes in Net Equity Attributable to Equity Holders of Parent, Total	Changes in Minority Interest	Changes in Net Equity, Total
Previous period opening balance: January 1, 2009	**686,114**	**0**	**0**	**600**	**(576,535)**	**0**	**(15,580)**	**686,621**	**95,106**	**7,234,475**	**8,015,695**	**252,033**	**8,267,728**
Increase (decrease) from changes in accounting policies	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) from correction of errors	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	**686,114**	**0**	**0**	**600**	**(576,535)**	**0**	**(15,580)**	**686,621**	**95,106**	**7,234,475**	**8,015,695**	**252,033**	**8,267,728**
Changes in equity													
Comprehensive income													
Gain (loss)	0	0	0	0	0	0	0	0	0	576,188	576,188	18,463	594,651
Other comprehensive income	0	0	0	(1,334)	559,781	0	3,086	(19,832)	541,701	0	541,701	769	542,470
Comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0	0
Issuance of equity	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0	(189,419)	(189,419)	0	(189,419)
Increase (decrease) from other contributions from equity holders	0	0	0	0	0	0	0	0	0	0	0	0	0
Decrease (increase) from other distributions to equity holders	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) from transfers and other changes	0	0	0	0	0	0	0	0	0	679	679	(7,859)	(7,180)
Increase (decrease) from transactions involving shares in portfolio	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) from changes in shares in subsidiaries that do not imply loss of control	0	0	0	0	0	0	0	0	0	0	0	0	0
Total changes in equity	**0**	**0**	**0**	**(1,334)**	**559,781**	**0**	**3,086**	**(19,832)**	**541,701**	**387,448**	**929,149**	**11,373**	**940,522**
Previous period ending balance 12.31.09	**686,114**	**0**	**0**	**(734)**	**(16,754)**	**0**	**(12,494)**	**666,789**	**636,807**	**7,621,923**	**8,944,844**	**263,406**	**9,208,250**

Consolidated Statement of Cash Flows, Direct Method

	12.31.2010 ThUS$	12.31.2009 ThUS$
Statement of cash flows		
Cash flows provided by (used in) operating activities		
Classes of collections from operating activities		
Collections from sales of goods and provision of services	13,294,841	11,965,777
Collections from royalties, installments, commissions and other operating revenues	0	0
Collections from contracts held for intermediation or negotiation	0	0
Collections from premiums and benefits, annuities and other benefits from subscribed policies	306,240	0
Other collections from operating activities	172,301	116,493
Classes of payments		
Payments to providers for the supply of goods and services	(11,593,753)	(10,485,129)
Payments from contracts held for intermediation or negotiation	0	0
Payments to and on behalf of employees	(413,631)	(315,289)
Payments for premiums and benefits, annuities and other obligations derived from subscribed policies	(768)	0
Other payments for operating activities	(68,803)	(3,915)
Dividends paid	0	0
Dividends received	14,206	25,088
Interest paid	(222,023)	(159,004)
Interest received	15,840	26,822
Income taxes refunded (paid)	(43,954)	17,248
Other inflows (outflows) of cash	5,844	205
Net cash flows provided by (used in) operating activities	**1,466,340**	**1,188,296**
Cash flows provided by (used in) investing activities		
Cash flows provided by the loss of control of subsidiaries or other businesses	0	0
Cash flows used to obtain control of subsidiaries or other businesses	(292,040)	0
Cash flows used in the purchase of non-controlling shares	(8,000)	(179,861)
Other collections from the sale of equity or debt instruments of other entities	0	0
Other payments to obtain equity or debt instruments of other entities	0	0
Other collections from the sale of shares in joint ventures	0	0
Other payments to acquire shares in joint ventures	(39,559)	(145,724)
Loans to related parties	0	(66,735)
Proceeds from the sale of property, plant and equipment	11,626	5,604
Purchases of property, plant and equipment	(706,892)	(431,814)
Proceeds from sales of intangible assets	0	0
Purchases of intangible assets	(1,673)	(1,378)
Proceeds from other long-term assets	1,471	2,211
Purchases of other long-term assets	(117,183)	(92,002)
Proceeds from government subsidies	0	0
Cash prepayments and loans granted to third parties	0	0
Collections from the reimbursement of prepayments and loans granted to third parties	0	0
Payments derived from futures, term, options and swap contracts	0	0
Collections from futures, term, options and swap contracts	0	0
Collections from related parties	10,716	0
Dividends received	5,805	0
Interest received	0	0
Income taxes refunded (paid)	0	0
Other inflows (outflows) of cash	139,972	(16,296)
Net cash flows provided by (used in) investing activities	**(995,757)**	**(925,995)**

Cash flows provided by (used in) financing activities			
Proceeds from the issuance of shares		5,167	0
Proceeds from the issuance of other equity instruments		0	500
Payments to acquire or redeem shares of the entity		0	0
Payments for other shares in equity		0	0
Proceeds from long-term loans		688,753	2,079,491
Proceeds from short-term loans		674,574	0
Total proceeds from loans		**1,363,327**	**2,079,491**
Loans from related parties		0	0
Payments of loans		(1,089,695)	(1,349,907)
Payments of capital lease liabilities		0	0
Payments of loans to related parties		0	0
Proceeds from government subsidies		0	0
Dividends paid		(267,852)	(210,349)
Interest paid		(6,756)	(2,843)
Income taxes refunded (paid)		0	0
Other inflows (outflows) of cash		(14,052)	(21,176)
Net cash flows provided by (used in) financing activities		**(9,861)**	**495,716**
Net increase (decrease) in cash and cash equivalents, before effect of exchange rate variations		**460,722**	**758,017**
Effects of exchange rate variations on cash and cash equivalents			
Effects of exchange rate variations on cash and cash equivalents		11,210	90,450
Net increase (decrease) in cash and cash equivalents		471,932	848,467
Cash and cash equivalents, beginning of period		1,267,697	419,230
Cash and cash equivalents, end of period	3.1	1,739,629	1,267,697

NOTE 1. CORPORATE INFORMATION

Empresas Copec S.A. is a financial holding company that, through its affiliates and associates, operates in a variety of economic sectors. Since its inception in 1934, the Parent Company was dedicated to the distribution of liquid fuel. This business line was transferred to a new affiliate in October 2003.

Today, the operations of Empresas Copec S.A. can be divided into two large areas of specialization: natural resources and energy. Within the area of natural resources, the Company has businesses in the forestry, fishing and mining industries. Within the energy segment, the Company's businesses include the distribution of liquid fuel, liquid petroleum gas and natural gas, as well as electricity generation; all of these sectors are strongly linked to the growth and development of the country.

The Company's main affiliates and associates include Celulosa Arauco y Constitución S.A., Compañía de Petróleos de Chile COPEC S.A., Copec Colombia Investments Ltd., Copec Colombia Holdings Ltd., Abastecedora de Combustibles S.A., Sociedad Nacional de Oleoductos S.A., Metrogas S.A., Corpesca S.A., Orizon S.A., Pesquera Iquique-Guanaye S.A., Empresa Eléctrica Guacolda S.A. and Sociedad Minera Isla Riesco S.A.

Empresas Copec S.A., the Group's Parent Company, is a publicly held corporation that is registered in the Securities Registry under No. 0028. The Company is regulated by the Chilean Superintendency of Securities and Insurance. The Company's legal address is Avenida El Golf No. 150, 17th floor, Las Condes, Santiago, Chile, and its taxpayer identification number is 90.690.000-9.

Empresas Copec S.A. is controlled by AntarChile S.A., which holds 60.82% of the Company's shares. Antarchile S.A. is a publicly held corporation that is registered in the Securities Registry under No. 0342 and is regulated by the Chilean Superintendency of Securities and Insurance.

The Group's final parent is Inversiones Angelini y Cía. Ltda., which holds 63.4015% of the shares of Antarchile S.A.

Consolidated financial statements correspond to the period ended as of December 31, 2010. Both the consolidated financial statements and the publication of the same were approved by the Board of Directors at its Ordinary Meeting No. 2,498, held on March 31, 2011. The financial statements of the affiliates were approved by their respective Boards of Directors.

The Company's financial statements for the period ended as of December 31, 2009, as well as the publication of the same, were approved by its Board of Directors at its Extraordinary Meeting No. 2,485, held on March 25, 2010. The financial statements as of December 31, 2009 were subsequently presented to and approved by shareholders at the Ordinary Shareholders' Meeting held on April 28, 2010.

Capital Management:

Capital management refers to the management of the Company's equity. The purpose of the capital management policies of the Empresas Copec S.A. Group is:

- To ensure the Company's normal operations and the continuity of the business in the long term;
- To ensure the financing of new investments in order to maintain sustained growth over time;
- To maintain an appropriate capital structure according to economic cycles that affect the business and the nature of the industry;
- To maximize the Company's value, providing investors with an adequate return on their investment.

Capital requirements are incorporated on the basis of the Company's financing needs, while at the same time taking care to maintain appropriate liquidity levels and to comply with the financial covenants established in the debt contracts in force. The Company manages its capital structure and makes adjustments on the basis of the prevailing economic conditions, in order to mitigate the risks associated with adverse market conditions and to take advantage of any opportunities that arise to improve the Company's liquidity position.

The financial structure of Empresas Copec S.A. and its affiliates as of December 31, 2010 and December 31, 2009 is detailed as follows:

	12.31.2010 ThUS$	12.31.2009 ThUS$
Equity	10.789.180	9.208.250
Interest-bearing loans	1.545.738	857.270
Capital leases	768	608
Bonds	3.371.352	2.941.667
Total	**15.707.038**	**13.007.795**

Future events that could result in a significant adjustment to the book values of assets and liabilities during the next financial year are not considered likely. The effects of the earthquake that took place on February 27, 2010, as well as other items, are described in Note 26.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The significant accounting principles adopted for the preparation of these consolidated financial statements are described below.

These consolidated financial statements are presented in thousands of U.S. dollars, with no decimals.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"). These standards have been adopted in Chile, and they represent the complete, explicit and unreserved adoption of the abovementioned international standards.

The accounting principles adopted in the preparation of these consolidated financial statements have been designed on the basis of the IFRSs in force as of December 31, 2010, and they have been applied uniformly to all of the periods presented in these consolidated financial statements.

The consolidated financial statements of Empresas Copec S.A. as of March 31, 2009 were the Group's first financial statements prepared in accordance with International Financial Reporting Standards (IFRS). Prior to that date, the Group's financial statements were prepared in accordance with Generally Accepted Accounting Principles in Chile.

2.1 Bases of presentation

In the preparation of the consolidated financial statements, certain critical accounting estimates have been used to quantify some assets, liabilities, income and expenses. In addition, Management is required to apply its judgment in the process of applying the accounting policies of the Empresas Copec S.A. Group. The areas that involve a greater degree of judgment or complexity or in which the assumptions and estimates are significant for the consolidated financial statements are described in Note 5.

New accounting pronouncements:

As of the date of issuance of these consolidated financial statements, the following IFRSs and Interpretations of the IFRIC (International Financial Reporting Interpretations Committee) had been issued, but their application was not mandatory:

New standards, amendments and interpretations that are mandatories since January 1, 2010, but are not significant for the Company (they could be significant on future transactions).

Standards and Amendments	Title	Mandatory application date for annual periods
IFRIC 9	Reassessment of embedded derivatives	January 1, 2010
IFRIC 16	Hedge for net investment of foreign operations	January 1, 2010
IFRIC 17	Distributions of non-cash assets to owners	January 1, 2010
IFRIC 18	Transfers of assets from customers	January 1, 2010
IFRIC 19	Extinguishing financial liabilities with equity instruments	January 1, 2010
IAS 1	Financial Statements presentation	January 1, 2010
IFRS 2	Share-based payments	January 1, 2010
IFRS 3	Business combinations	January 1, 2010
IFRS 5	Non-current assets held for sale and non-continuing operations	January 1, 2010
IAS 27	Consolidated and Separate Financial Statements	January 1, 2010
IAS 36	Asset impairment	January 1, 2010
IAS 38	Intangible assets	January 1, 2010
IAS 32	Financial Instruments presentation	January 1, 2010
IFRS 7	Financial instruments	January 1, 2010
IAS 1	Financial Statements presentation	January 1, 2010

New standards, amendments and interpretations issued, but not in force for the period 2010, for which the Company haven't made any adoption of them in advance.

Standards and Amendments	Title	Mandatory application date for annual periods
IFRS 3	Business combinations	July 1, 2010
IAS 27	Consolidated and Separate Financial Statements	July 1, 2010
IFRIC 13	Loyalty customer program	January 1, 2011
IFRS 7	Financial instruments disclosures	July 1, 2011
IAS 12	Income taxes	January 1, 2012
IFRS 9	Financial assets	January 1, 2013
IAS 24	Related-party disclosures	January 1, 2011
IFRIC 14	Limits for benefit assets, minimun requeriments for financing and their interrelationship	January 1, 2011

Management estimates that the adoption of the standards listed above will not have a significant impact on the consolidated financial statements of the Empresas Copec S.A. Group during the initial application period.

2.2 Bases of consolidation

(a) Affiliates

Affiliates are all entities (including special purpose vehicles) over which the Group has the power to direct financial and operating policies, which is generally the result of a majority holding of the shares with voting rights. In evaluating whether or not the Group controls another entity, the existence and effect of potential voting rights that are currently exercised or converted are taken into consideration. Affiliates are consolidated beginning on the date on which control is transferred, and they are excluded from consolidation beginning on the date on which control ceases.

In order to account for the acquisition of affiliates by the Group, the *acquisition method* is used. Acquisition cost is the fair value of the assets delivered, the equity instruments issued and the liabilities incurred or assumed at the date of exchange, plus the costs directly attributable to the acquisition. The identifiable assets acquired and the identifiable liabilities and contingencies assumed in a business combination are initially valued at fair value as of the acquisition date, regardless of the scope of minority interests. The excess of the acquisition cost over the fair value of the Group's share in the net identifiable assets acquired is recognized as goodwill. If the acquisition cost is less than the fair value of the net assets of the acquired affiliate, the difference is recognized directly as a gain in income, as negative goodwill.

Intercompany transactions and balances and unrealized gains on transactions between entities are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of a loss due to the impairment of the transferred asset. When it is necessary in order to ensure the uniformity of the policies that have been adopted, the accounting policies of the affiliates are modified.

The consolidated financial statements include the consolidated figures of Abastecedora de Combustibles S.A. and affiliates, Celulosa Arauco y Constitución S.A. and affiliates, Compañía de Petróleos de Chile Copec S.A. and affiliates, Compañía Minera Can Can S.A. and affiliate, Copec International Inc., EC Investrade Inc., Pesquera Iquique Guanaye S.A. and affiliates, Servicios de Combustibles Ltda. and Sociedad Nacional de Oleoductos S.A.

Taxpayer ID	Company Name	Ownership Interest			
		12.31.2010			12.31.2009
		Direct	Indirect	Total	Total
91.806.000-6	ABASTECEDORA DE COMBUSTIBLES S.A.	99,0481	0,0000	99,0481	99,0481
93.458.000-1	CELULOSA ARAUCO Y CONSTITUCION S.A.	99,9779	0,0000	99,9779	99,9779
99.520.000-7	COMPAÑIA DE PETROLEOS DE CHILE COPEC S.A.	99,9996	0,0004	100,0000	100,0000
96.623.630-2	COMPAÑIA MINERA CAN CAN S.A.	99,8680	0,1320	100,0000	100,0000
91.123.000-3	PESQUERA IQUIQUE-GUANAYE S.A.	50,2180	31,7150	81,9330	81,9330
88.840.700-6	SERVICIOS DE COMBUSTIBLES LTDA.	99,9740	0,0260	100,0000	100,0000
81.095.400-0	SOCIEDAD NACIONAL DE OLEODUCTOS S.A.	0,0000	52,6857	52,6857	52,6857
0-E	EC INVESTRADE INC.	100,0000	0,0000	100,0000	100,0000
0-E	COPEC INTERNATIONAL INC. (USA)	100,0000	0,0000	100,0000	100,0000

(b) Transactions and minority interest

The Group applies the policy of considering transactions with minority interest as transactions with independent third parties. The disposal of minority shares involves gains and/or losses that are recognized in income. The acquisition of minority interest generates goodwill or a profit, equal to the difference between the price paid and the corresponding share in the book value of the net assets of the affiliate.

(c) Joint ventures

Shares in joint ventures are recorded using the *equity method*, as described in IAS 28, Investments in Associates (paragraphs 20 to 34).

In the event that the joint venture presents negative equity, an investor must only recognize a liability if it has incurred legal or implicit obligations, or if it has made payments on behalf of the associate, and the investment should be valued at zero until such time as the associate generates gains that reverse the negative equity generated previously as a result of the losses.

(d) Associates

Associates are entities over which the Parent Company exercises significant influence but does not have control; this is generally the result of an ownership interest between 20% and 50% of the voting rights. Investments in associates are accounted for using the *equity method* and they are initially recognized at cost. The book value of these investments is increased or decreased to recognize the corresponding share in the profit or loss for the period and in the comprehensive income resulting from the translation adjustments arising from the conversion of the financial statements to other currencies. Investments in associates include purchased goodwill (net of any accumulated impairment loss).

The share in the losses or gains subsequent to the acquisition of associates is recognized in income, and the share in movements in reserves subsequent to the acquisition is recognized in comprehensive income. When the Group’s share in the losses of an associate is greater than or equal to its share in the same, including any unsecured accounts receivable, additional losses are not recognized, unless the Group has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated as a function of the ownership interest in such associates. Unrealized losses are also eliminated, unless the transaction provides evidence of a loss due to the impairment of the transferred asset. When it is necessary in order to ensure the uniformity of the policies that have been adopted, the accounting policies of the associates are modified.

Investments in associates are detailed in Note 19.

e) Special purpose vehicles

The company Fondo de Inversión Bío Bío and its associate Forestal Río Grande S.A. are entities that, together, are classified as Special Purpose Vehicles, due to the fact that they hold exclusive contracts with the affiliate Celulosa Arauco y Constitución S.A. for the supply of wood and future purchases of land, as well as a forest administration contract.

The consolidated financial statements of the affiliate Celulosa Arauco y Constitución S.A. include the balances of the company Fondo de Inversión Bío Bío and its subsidiary Forestal Río Grande S.A.

2.3 Financial Information of Operating Segments

IFRS 8 requires companies to adopt the “Management Approach” to disclose information about the results of their operating segments. In general, this is the information that Management uses internally to evaluate segment performance and to determine how to assign resources to segments.

A business segment is a group of assets and operations in charge of supplying products or services that are subject to risks and returns that differ from other business segments. A geographic segment is in charge of providing products or services in a concrete economic environment that is subject to risks and returns that differ from other segments that operate in other economic environments.

The Empresas Copec S.A. Group decided to use operating segments based on its main direct affiliates: Celulosa Arauco y Constitución S.A., Compañía de Petróleos de Chile Copec S.A., Abastecedora de Combustibles S.A., Sociedad Nacional de Oleoductos S.A. and Pesquera Iquique-Guanaye S.A.

Segment financial information is detailed in Note 29.

2.4 Transactions in currencies other than the functional currency

(a) Functional currency and presentation currency

The entries included in the financial statements of each of the entities belonging to the Group are valued using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currencies of the Parent Company and the main affiliates and associates are presented in the table below:

Company	Functional Currency
Empresas Copec S.A.	U.S. dollar
Celulosa Arauco y Constitución S.A.	U.S. dollar
Compañía de Petróleos de Chile Copec S.A.	Chilean peso
Abastecedora de Combustibles S.A.	Chilean peso
Pesquera Iquique - Guanaye S.A.	U.S. dollar
Sociedad Nacional de Oleoductos S.A.	Chilean peso
Metrogas S.A.	Chilean peso
Empresa Eléctrica Guacolda S.A.	U.S. dollar
Sociedad Minera Isla Riesco S.A.	U.S. dollar
Compañía Minera Can Can S.A.	U.S. dollar

Consolidated financial statements are presented in U.S. dollars, which is the functional currency defined by Empresas Copec S.A., the Parent Company, as the affiliates from the forestry and fishing sectors represent, on average, approximately 70% of the Company's consolidated assets, demand liabilities, net income and EBITDA. These are predominantly export sectors, and consequently, the majority of their revenues are denominated in dollars. Likewise, a significant portion of their costs is indexed to the dollar, and their financial liabilities are also dollar-denominated. Both sectors carry their accounting in dollars.

With respect to operating costs, although the cost of labor and services is generally invoiced and paid in local currency, this expense is not as significant as raw materials and equipment depreciation, which are part of global markets and are predominantly influenced by the dollar.

(b) Transactions and balances

Transactions in currencies other than the functional currency are converted to the functional currency using the exchange rates prevailing as of the dates of the transactions. Losses and gains in foreign currency that arise from the settlement of these transactions and the conversion of foreign-currency-denominated monetary assets and liabilities to the period-end exchange rates are recognized in income, except when they are deferred to net equity, as is the case with cash flow hedges and net investment hedges.

Changes in the fair value of foreign-currency-denominated monetary titles that are classified as available for sale are categorized as exchange differences resulting from changes in the amortized cost of the title or other changes in the book value of the title. Exchange differences are recognized in income for the period, and other changes are recognized in comprehensive income.

Exchange differences from non-cash items such as equity instruments at fair value through profit and loss are presented as part of the gain or loss in fair value. Exchange differences from non-cash items such as equity instruments classified as available-for-sale financial assets are included in net equity, in the revaluation reserve.

(c) Group entities

The income and financial position of all of the entities belonging to the Empresas Copec S.A. Group (none of which uses the currency of a hyperinflationary economy) that have a functional currency other than the presentation currency are converted to the presentation currency as follows:

(i) Assets and liabilities of each statement presented are converted at the exchange rate as of the reporting date;
(ii) Income and expenses from each income statement account are converted at the average exchange rate (unless such average is not a reasonable approximation of the cumulative effect of the exchange rates in force as of the transaction dates, in which case income and expenses are converted on the dates of the transactions); and
(iii) All resulting exchange differences are recognized as a separate component of comprehensive income.

In consolidation, exchanges differences arising from the conversion of a net investment in foreign entities, or from foreign-currency-denominated loans and other instruments designated as hedges for those investments, are recorded in the net equity of the shareholders. When the investments are sold, the resulting exchange differences are recognized in income as part of the loss or gain on the sale.

Adjustments to goodwill and fair value that arise from the acquisition of a foreign entity are treated as assets and liabilities belonging to the foreign entity and are converted at the exchange rate as of the end of the period.

(d) Bases of conversion

Assets and liabilities denominated in Chilean pesos, readjustable Chilean pesos (UF) and other currencies have been converted in U.S. dollars at the exchange rate as of the closing date of the financial statements, according to the following detail:

Exchange rate per dollar	12.31.2010	12.31.2009
Chilean pesos (CLP)	468,01	507,10
Argentine pesos (A$)	3,97	3,82
Real (R$)	1,66	1,74
Readjustable Chilean pesos (UF)	0,023	0,024
Euro €	0,75	0,70
Colombian pesos (COP)	1.905,10	2.043,07

2.5 Property, plant and equipment

Property, plant and equipment mainly includes forestry lands, production and storage plants, retail sales branches, service stations, offices and construction works in progress. These items are presented at historical cost less the corresponding depreciation. Historical cost includes expenses that are directly attributable to the acquisition of the good.

Subsequent costs are included in the initial value of the asset or they are recognized as a separate asset, only when it is likely that the future economic benefits associated with the elements of the fixed asset will flow to the Company and the cost of the element can be reliably determined. The value of the component that was substituted is written off for accounting purposes. The rest of the repairs and maintenance are charged to income for the period in which they are incurred.

Depreciation is calculated using the *straight-line method*, including any impairment adjustments. The amount presented in the statement of financial position represents the cost less accumulated depreciation and any impairment charges.

		Minimum	Maximum
Buildings and construction works	Useful life (years)	16	100
Plant and equipment	Useful life (years)	8	80
IT equipment	Useful life (years)	6	18
Fixed facilities and fittings	Useful life (years)	6	20
Motor vehicles	Useful life (years)	6	10
Other property, plant and equipment	Useful life (years)	3	27

The residual value and useful lives of the assets are reviewed, and adjusted if necessary, at the end of each reporting period.

When the book value of an asset exceeds its estimated recoverable amount, the book value is immediately reduced to the recoverable amount.

Losses and gains on the sale of property, plant and equipment are calculated by comparing the income obtained with the book value, and they are recorded in comprehensive income statement.

Costs can also include losses and gains that qualify as foreign currency cash flow hedges for purchases of property, plant and equipment.

2.6 Biological assets

IAS 41 requires biological assets to be presented in the Statement of Financial Position at fair value. Standing forests are recorded at fair value less the estimated costs at the point of harvest, considering that the fair value of these assets can be reliably measured.

The valuation of forest plantations is based on discounted cash flow models, which means that the fair value of the biological assets is calculated using the cash flows from continuing operations, that is, on the basis of sustainable forestry management plans considering the growth potential of the forests. This valuation is performed on the basis of each stand identified and for each type of forest species.

The forest plantations presented in current assets correspond to plantations that will be harvested and sold in the short term.

Biological growth and changes in fair value are recognized in the income statement under “Other income by function.”

Biological assets are also living animals over which the society manages their biological transformation. This transformation includes growing, degradation, production and procreation process that cause qualitative and quantitative changes on biological assets. Society’s living animals are molluscs mussels Mytilus chilensis (called “chorito”).

As general valuation rule of these assets, they are initially recognized at cost and subsequent at fair value less estimated costs at sale point. Notwithstanding the above, the Society has defined that for certain assets, principally those in growing process, doesn’t exist a fair value that can be reliably measured before the harvest.

Cultures of this species are initially valued at cost and adjusted in the final stage of the cultivation, i.e., before the harvest occurs the cultures are valued at fair value less costs at sale point. The effect is charged or credited to income at the end of each period.

2.7 Investment property

Investment properties are held to earn a return through long-term income, and they are not occupied by the Group. Investment property is accounted for at historical cost.

Lands held under operating lease contracts are classified as and accounted for as real estate investments when they meet the rest of the conditions of the definition of a real estate investment. Operating leases are recognized as if they were capital leases.

Real estate investments also include lands whose future use has not yet been determined as of the date of the financial statements.

2.8 Intangible assets

(a) Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the share in the net identifiable assets of the acquired affiliate/associate as of the date of the transaction. Goodwill related to acquisitions of affiliates is included in intangible assets. Goodwill related to acquisitions of associates is included in investments in associates and is tested for impairment along with the total balance of the associate. Goodwill that is recognized separately is tested for impairment on an annual basis and is valued at cost less accumulated impairment losses. Gains and losses on the sale of an entity include the book value of goodwill related to the entity being sold.

Goodwill is assigned to Cash Generating Units (CGUs) in order to test for impairment losses. The assignment is made to the CGUs that are expected to benefit from the business combination that gave rise to the goodwill.

Purchased negative goodwill from the acquisition of an investment or a business combination is credited directly to income statement under “Other income (loss).”

(b) Patents and trademarks

Industrial patents are valued at historical cost. They have a finite useful life and are presented at cost less accumulated amortization. Amortization is calculated using the straight-line method over the useful life that has been determined.

Useful life of industrial patents is between 10 to 50 years.

(c) Concessions and other rights

Concessions and other rights are presented at historical cost. They have a finite useful life and are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method over the terms established in the contracts.

(d) Fishing rights

Authorizations for fishing activities are presented at historical cost. There is no finite useful life for the use of such rights, and therefore they are not subject to amortization. However, the “indefinite” character of the useful life of this asset must be reviewed during each reporting period.

(e) Water rights

Water rights acquired from third parties are presented at historical cost. There is no finite useful life for the use of these rights, and therefore they are not subject to amortization. However, the “indefinite” character of the useful life of this asset must be reviewed during each reporting period.

(f) Easements

Easement rights are presented at historical cost. There is no finite useful life for the use of these rights, and therefore they are not subject to amortization. However, the “indefinite” character of the useful life of this asset must be reviewed during each reporting period.

(g) Mining properties and projects

Mining properties and mining projects are presented at historical cost. There is no finite useful life for the use of these rights, and therefore they are not subject to amortization. However, the “indefinite” character of the useful life of this asset must be reviewed during each reporting period.

(h) IT programs

IT program licenses that have been acquired are capitalized on the basis of the costs incurred to acquire them and to prepare them for use in the specific program. These costs are amortized over their estimated useful lives (3 to 16 years).

Expenses related to the development or maintenance of IT programs are recognized as expenses when they are incurred. The costs directly related to the production of unique and identifiable controlled IT program, and that are likely to generate economic benefits in excess of their costs during more than one year, are recognized as intangible assets. Direct costs include the expenses of the personnel that develop IT programs, as well as an appropriate percentage of general expenses.

Development costs for IT programs recognized as assets are amortized over their estimated useful lives, which do not exceed five years.

(i) Research and development expenses

Research expenses are recognized as expenses when they are incurred. The costs incurred in development projects (related to the design and testing of new or improved products) are recognized as intangible assets when the following requirements are met:

- It is technically possible to complete the production of the intangible asset such that it can become available for use or sale;
- Management intends to complete the intangible asset in question, in order to use it or sell it;
- It is possible to use or sell the intangible asset;
- It is possible to demonstrate how the intangible asset will generate probable economic benefits in the future;
- The technical, financial or other resources necessary to complete the development and to use or sell the intangible asset are available; and
- It is possible to reliably value the disbursement attributable to the intangible asset during its development.

Other development expenses are recognized as expenses when they are incurred. Development costs previously recognized as expenses are not recognized as assets in a subsequent period. Development costs with a finite useful life that are capitalized are amortized using the straight-line method, beginning when commercial production commences, over the period during which they are expected to generate benefits, which does not exceed 10 years.

Development assets are tested for impairment annually, in accordance with IAS 36.

2.9 Interest costs

Interest costs incurred for the construction of any qualified asset are capitalized over the period of time that is necessary to complete and prepare the asset for its intended use. Other interest costs are recorded in income (expenses).

2.10 Impairment losses for non-financial assets

Assets with an indefinite useful life are not amortized and they are tested for impairment losses annually. Assets that are amortized are tested for impairment losses when an event or change in circumstances indicates that the book value may not be recoverable. An impairment loss is recognized for the excess of the book value of the asset over its recoverable amount. The recoverable amount is the fair value of an asset less the greater amount between its selling costs or its value in use. In order to evaluate impairment losses, assets are grouped at the lowest level at which there are separately-identifiable cash flows (cash generating units). Non-financial assets other than goodwill that have been affected by impairment losses are reviewed as of each reporting date to see if the losses have been reversed.

2.11 Financial assets

2.11.1 Classification

Financial assets are classified under the following categories: at fair value through profit and loss, loans and receivables, held-to-maturity financial assets, and available-for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets upon initial recognition.

(a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for investment purposes. A financial asset is classified in this category if it is acquired primarily in order to be sold in the short term. Derivatives are also classified as acquired for investment purposes, unless they are designated as hedges. Assets in this category are classified as current assets, and the liability position of these instruments is presented in the Statement of Financial Position under “Other financial liabilities.”

Acquisitions and disposals of financial assets are recognized as of the date on which the Company commits to the acquisition or sale of the asset.

These assets are initially recorded at cost and subsequently their value is updated on the basis of their fair value, with changes in value being recognized in income.

(b) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and with a fixed maturity that Management intends to and is able to hold to maturity. If the Empresas Copec S.A. Group were to sell more than an insignificant amount of held-to-maturity financial assets, the entire category would be reclassified as available for sale. These available-for-sale financial assets are included in non-current assets, except those assets maturing in less than 12 months from the reporting date, which are classified as current assets.

During the period the Company did not hold financial assets in this category.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are classified in this category or that are not classified in any other category. They are included in non-current assets, unless Management intends to dispose of the investment in the 12 months following the reporting date.

The Group classifies investments in publicly traded securities in this category.

(d) Accounts receivables

See Note 2.14

2.11.2 Recognition and measurement:

Acquisitions and disposals of investments are recognized on the date on which the Company commits to the acquisition or sale of the asset. Investments are initially recognized at fair value plus the transaction costs for all financial assets not recorded at fair value through profit and loss. Financial assets at fair value through profit and loss are initially recognized at fair value, and the transaction costs are recorded in income.

Investments are written off for accounting purposes when the rights to receive cash flows from the investments have expired and/or been transferred and/or all of the risks and rewards of ownership have been substantially transferred. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently accounted for at fair value. Loans and receivables are accounted for at their amortized cost, in accordance with the *effective interest method*.

The fair value of investments in publicly traded securities are based on current purchase prices. If the market for a financial asset is not liquid (and for titles that are not publicly traded), fair value is determined using valuation techniques that include the use of recent arm's length transactions between knowledgeable, willing parties and that involve other instruments that are substantially the same; the analysis of discounted cash flows; and options price-setting models. In these cases market-based inputs are used to the greatest extent possible, whereas inputs specific to the entity are relied on as little as possible. In the event that none of the abovementioned techniques can be used to determine the fair value, the investments are recorded at acquisition cost net of any applicable impairment losses.

As of each reporting date, an evaluation is performed to determine whether there is objective evidence that a financial asset or group of financial assets may have been impaired. For capital securities classified as available for sale, in order to determine whether the securities are impaired the Company must determine whether there has been a significant or prolonged decrease in the fair value of the securities, to below the cost of the same. If there is any evidence of this type for available-for-sale financial assets, the accumulated loss — calculated as the difference between the acquisition cost and the current fair value, less any previous impairment losses for that financial asset that have already been recognized in income — is eliminated from net equity and recognized in income. Impairment losses recognized in income for equity instruments are not reversed through the statement of income.

2.12 Derivative financial instruments and hedging activity

Derivative financial instruments are initially recognized at fair value as of the date on which the derivative contract was executed, and they are subsequently revalued at fair value. The method used to recognize the resulting loss or gain depends on whether the derivative has been designated has a hedging instrument, and if so, on the nature of the entry it is hedging. Certain derivatives are designated as:

(a) Fair value hedges for recognized liabilities (fair value hedge);
(b) Hedges for a concrete risk associated with a recognized liability or a highly probable forecast transaction (cash flow hedge); or
(c) Hedges for a net investment in a foreign operation (net investment hedge).

The relationship between the hedging instruments and the hedged entries are documented at the beginning of the transaction, along with the risk management objectives and the strategy to manage several hedging transactions. The evaluation, both initially and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective at offsetting changes in fair value or the cash flows of the hedged entries is also documented.

The total fair value of the hedging derivatives is classified as a non-current asset or liability if the remaining term of the hedged entry is greater than 12 months and as a current asset or liability if the remaining term of the hedged entry is less than 12 months. Marketable derivatives are classified as current assets or liabilities.

The effective portion of changes in the fair value of the derivatives that are designed and that qualify as cash flow hedges are recognized in the Statement of Other Comprehensive Income. The gain or loss related to the ineffective portion is immediately recognized in income under “Other operating income” or “Other miscellaneous operating expenses,” respectively.

When a hedging instrument expires or is sold, or when it ceases to fulfill the criteria to be recognized using the accounting treatment for hedges, any accumulated gain or loss in equity as of that date remains in equity and is recognized when the forecast transaction affects the statement of income. When the forecast transaction is no longer expected to take place, the accumulated gain or loss in equity is immediately transferred to the statement of income.

2.13 Inventory

Inventory is valued at cost or net realizable value, whichever is less. Cost is determined using the *weighted average cost method*, except for fuel at the affiliate Compañía de Petróleos de Chile COPEC S.A., which is recorded using the *first in, first out method (FIFO)*.

The cost of finished products and of products in progress includes the costs of design, raw materials, direct labor, other direct costs and general manufacturing expenses (based on a normal operating capacity), but it does not include interest costs.

Net realizable value is the estimated sales price in the normal course of business, less any applicable variable sales costs.

As of the date of these consolidated financial statements, there is no inventory pledged as collateral to report.

The initial costs of wood are determined based on fair value less the selling costs at the point of harvest.

Biological assets are transferred to inventory as forests are harvested.

When, as a result of market conditions, the manufacturing costs of a product exceed its net realizable value, a provision is recorded for the difference. Such provision also considers amounts related to obsolescence from low turnover and technical obsolescence.

2.14 Trade and other receivables

Receivables are initially recognized at fair value (nominal value including implicit interest), and they are subsequently recognized at their amortized cost according to the *effective interest method*, less the provision for impairment losses. When the nominal value of the account receivable does not differ significantly from its fair value, the account is recognized at its nominal value.

Implicit interest must be disaggregated and recognized as financial income, to the extent that interest is being accrued.

The amount of the provision is the difference between the book value of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate.

Receivables are presented at their net value, which is net of estimated uncollectible amounts. This provision is determined when there is evidence that the different companies belonging to the Group will not receive payment in accordance with the original terms of the sale. Provisions are recorded when the customer resorts to legal measures such as bankruptcy or cessation of payment, or when the Group has exhausted the means of debt collection over a reasonable period of time. These include phone calls, e-mails and collections letters. For sales in Chile by our distribution affiliates, provisions are estimated using a percentage of the accounts receivable that is determined on a case-by-case basis, depending on the internal risk classification of the customer and the age of the debt (days overdue).

2.15 Cash and cash equivalents

Cash and cash equivalents include cash on bank accounts, time deposits at credit institutions, other highly liquid short-term investments with an original term of three months or less, and bank overdrafts. In the Statement of Financial Position, bank overdrafts are classified under current liabilities.

2.16 Paid-in capital

Paid-in capital is represented by 1,299,853,848 single-series ordinary shares (See Note 21).

Incremental costs directly attributable to the issuance of new shares are presented in net equity as a deduction, net of taxes, from the proceeds obtained.

The Company's dividend policy is to distribute 40% of net profits, as defined in Note 22, on an annual basis. This policy is established each year at the Shareholders' Meeting.

Dividends on ordinary shares are recognized as goodwill on the accumulated reserves, to the extent that the benefit for the shareholders is being accrued.

The item "Other reserves" in equity mainly consists of translation adjustment reserves and hedge reserves. Empresas Copec S.A. does not have any restrictions associated with the abovementioned reserves.

The translation reserve corresponds to the foreign currency translation differences of the Empresas Copec S.A. Group's affiliates that use a functional currency other than the U.S. dollar.

Hedge reserves correspond to the portion of the effective gain or loss on hedge swap contracts in force as of the date of these financial statements.

2.17 Trade and other payables

Trade payables are initially recognized at fair value and subsequently at their amortized cost using the *effective interest method.* When the nominal value of the account payable does not differ significantly from its fair value, the account is recognized at its nominal value.

2.18 Interest-bearing loans

Obligations with banks and financial institutions are initially recognized at fair value, net of any costs incurred in the transaction. Subsequently, third-party resources are valued according to their amortized cost; any difference between the funds obtained (net of any costs necessary to obtain them) and the reimbursement value is recognized in the statement of income during the term of the debt, in accordance with the *effective interest method*. The *effective interest method* involves the application of referential market rates for debts with similar characteristics to the amount of the debt (net of any costs necessary to obtain the debt).

Third-party resources are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date.

2.19 Income taxes and deferred taxes

Deferred taxes are calculated, in accordance with the *liability method*, over temporary differences that arise between the tax bases of the assets and liabilities and their book value in the annual consolidated accounts. However, if deferred taxes arise from the initial recognition of a liability or an asset in a transaction other than a business combination that at the time of the transaction affects neither income for accounting purposes nor the gain or loss for tax purposes, it is not accounted for. Deferred taxes are determined using tax rates (and laws) in force or that are about to be approved as of the reporting date and that are expected to apply when the corresponding deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is likely that there will be future tax benefits that can be used to offset the temporary differences.

Deferred taxes are recognized over differences that arise in investments in affiliates and associates, except in those cases where the date on which temporary differences are reversed can be controlled and it is likely that such differences will not be reversed in the foreseeable future.

2.20 Employee benefits

(a) Personnel vacations

The Group recognizes the expense for personnel vacations using the *accrual method*, and the expense is recorded at its nominal value.

Certain affiliates recognize a vacation bonus expense, where there is a contractual obligation with general staff, and such obligation is equal to a fixed amount according to the employment contracts. This vacation bonus is recorded as an expense when the employee uses his or her vacation time, and it is recorded at nominal value.

(b) Production bonuses

An expense for production bonuses is recorded when the Board of Directors has made a decision that such bonus will be effective. The Group recognizes a provision when it is contractually obligated to do so or when past practice has created an implicit obligation and it is possible to reliably estimate the obligation. This bonus is recorded at its nominal value.

(c) Staff severance indemnities

The liability recognized in the statement of financial position is the present value of the obligation for defined benefits as of the reporting date. Such value is calculated annually by independent actuaries, and it is determined by discounting the estimated future outflows of cash at interest rates on instruments denominated in the currency in which such benefits will be paid and with terms similar to those of the corresponding obligations.

Losses and gains that arise from experience and from changes in the actuarial hypotheses are charged or credited to income for the period in which they occur.

Costs for past services are immediately recognized in the statement of income.

The concepts indicated in letters a) and b) do not represent significant entries in the Statement of Comprehensive Income.

2.21 Provisions

Provisions for environmental restoration, restructuring costs and lawsuits are recognized when:

(i) The Group has a current liability, whether legal or implicit, as a result of past events;
(ii) It is likely that an outflow of resources will be necessary to settle the obligation; and
(iii) The amount has been reliably estimated. This amount is quantified using the best estimate possible as of each period-end.

Provisions are valued at the present value of the disbursements that are expected to be necessary to settle the obligation using the best estimate available. The discount rate utilized to determine the present value reflects current market estimates, as of the reporting date, of the time value of money, as well as the specific risk related to the liability in question.

2.22 Revenue recognition

Operating revenues include the fair value of the considerations received or receivable for the sale of goods and services in the ordinary course of business. Operating revenues are presented net of value-added taxes, returns, reductions and discounts, and after eliminating intra-Group sales.

Revenues are recognized when the amount of the same can be reliably valued, it is likely that the future economic benefits will flow to the entity, and the specific conditions for each of the activities are met, as described below. It is not considered possible to reliably value the amount of the revenues until all contingencies related to the sale have been resolved.

(a) Sales of goods

Sales of goods are recognized when an entity belonging to the Group has delivered the products to the customer, the channel of distribution and the price at which the products are sold are wholly at the discretion of the customer, and there are no outstanding obligations that could affect the acceptance of the products by the customer. Delivery is not considered to have taken place until the products have been sent to a concrete destination, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract, the acceptance period has ended, or there is objective evidence that the necessary criteria for acceptance have been met.

Sales are recognized based on the price established in the sales contract, net of volume discounts and estimated returns as of the date of the sale. Volume discounts are evaluated based on forecasted annual purchases. It is assumed that there is not a significant financing component, as the sales are carried out with a reduced term of payment, which is in line with market practice.

(b) Sales of services

Services are supplied on the basis of a concrete date and material, or as a contract with a fixed price, for periods that range between one and three years.

Revenues from contracts with concrete dates and materials are recognized at the rates stipulated in the contract, to the extent that personnel hours are utilized and the direct expenses are incurred.

Revenues from fixed-price contracts for the provision of services are generally recognized during the period in which the services are provided, on a straight-line basis over the duration of the contract.

(c) Interest income

Interest income is recognized using the *effective interest method*.

(d) Dividend income

Dividend income is recognized when the right to receive payment is established.

2.23 Leases

(a) When an entity belonging to the Group is the lessee – Capital leases

Leases of fixed assets when the Group holds substantially all of the risks and rewards of ownership are classified as capital leases. Capital leases are capitalized at the beginning of the lease at the fair value of the leased property or at the present value of the minimum lease payments, whichever is less.

Each lease payment is distributed between liabilities and financial charges to obtain a constant interest rate over the remaining balance of the debt. The corresponding lease obligations, net of financial charges, are included under “Other long-term payables.” The interest element of the financial cost is charged to income during the term of the lease such that a constant periodic interest rate is obtained over the remaining balance of the liability for each period. Assets acquired through capital leases are depreciated over their useful lives or the duration of the contract, whichever is less.

(b) When an entity belonging to the Group is the lessee – Operating leases

Leases in which the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are charged to income on a straight-line basis over the term of the lease.

(c) When an entity belonging to the Group is the lessor

When the assets are leased under a capital lease, the present value of the lease payments is recognized as a financial account receivable. The difference between the gross amount receivable and the present value of such amount is recognized as the financial return on the capital.

Lease income is recognized during the term of the lease in accordance with the *net investment method*, which reflects a constant periodic rate of return.

Assets leased to third parties under operating lease contracts are included in fixed assets in the Statement of Financial Position.

Lease income is recognized on a straight-line basis over the term of the lease.

2.24 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale and recognized as the lower of the book value and fair value less sales costs if the book value is primarily recovered through a sales transaction instead of continued use.

2.25 Dividend distribution

The distribution of dividends to the Company's shareholders is recognized as a liability in the consolidated accounts to the extent that the benefit is accrued.

Article 79 of the Corporations Law of Chile establishes that, unless the respective shareholders' meeting unanimously agrees otherwise, publicly traded companies must annually distribute cash dividends to their shareholders, on a pro rata basis considering the number of shares or the proportion established in the by-laws if there are preferential shares, equivalent to at least 30% of the annual liquid net profits, except when accumulated losses from previous years are being absorbed.

The dividend policy that the Company currently has in force is to distribute not less than 40% of the annual liquid net profits subject to dividend distribution, as defined in Note 21, to shareholders. In October of each year the Board of Director determines whether or not an interim dividend will be distributed. Such interim dividend is paid in December to the extent that the year-end results are expected to be positive and that the Company's available cash allows for such distribution.

2.26 Environment

Disbursements related to the environment that do not correspond to additions to fixed assets are recognized in income during the period in which they are incurred.

2.27 Business combinations

Business combinations are accounted for using the *acquisition method*. This involves the recognition of the identifiable assets (including intangible assets that have not been recognized previously) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Purchased goodwill acquired in a business combination is initially measured at cost, which is the excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquisition. After the initial recognition, purchased goodwill is measured at cost less any accumulated impairment losses. For purposes of impairment tests, purchased goodwill acquired in a business combination is assigned from the date of acquisition to each cash generating unit or group of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other Group assets or liabilities are assigned to those units or groups of units.

If the acquisition cost is less than the fair value of the net assets of the acquired affiliate, the difference is directly recognized in income and immediately recognized under "Purchased goodwill."

Transaction costs are treated as expenses at the time they are incurred. For business combinations carried out in stages, the fair value of the acquired company is measured at each opportunity and the effects of changes in the share in income are recognized in the period in which they occur.

2.28 Impairment

a) Non-financial assets

Amounts in Property, plant and equipment are tested for impairment any time an event or change in the circumstances of the business indicates that the book value of the assets may not be recoverable, while purchased goodwill and other non-financial assets with indefinite useful lives are tested annually. The recoverable value of an asset is estimated as the greater of the net sales price and the value in use. Impairment losses are recognized when the amount exceeds the recoverable amount.

An impairment loss that was recognized previously can be reversed if there has been a change in the estimates used to determine the recoverable amount. However, the reversal can not be for an amount greater than the amount that was determined and recognized in previous periods. In the case of purchased goodwill, impairment losses that have been recognized are not reversible.

For purposes of evaluating impairment losses, assets are grouped at the lowest level at which there are separately identifiable cash flows for each cash generating unit. Non-financial assets other than goodwill that have suffered impairment losses are reviewed as of each reporting date in case the losses have been reversed.

“Cash generating units” are defined as the smallest identifiable groups of assets whose ongoing use generates inflows of funds that are largely independent of the inflows resulting from the use of other assets or groups of assets.

Purchased goodwill is assigned to cash generating units for purposes of impairment testing. The distribution is carried out among those cash generating units or groups of cash generating units that are expected to benefit from the business combination that gave rise to the goodwill.

b) Financial assets

At the end of each period an evaluation is carried out to determine whether there is objective evidence that the financial assets or groups of financial assets have been impaired. The effects of impairment are recognized in income only if there is objective evidence that one or more events occurred after the initial recognition of the financial asset and that, in addition, the impairment will affect the associated future cash flows.

The allowance for bad and doubtful debts for trade receivables is determined when there is evidence that the Group will not receive payment in accordance with the original terms of the sale. Provisions are recorded when the customer resorts to legal measures such as bankruptcy or cessation of payment, or when the Group has exhausted the means of debt collection over a reasonable period of time. For sales in Chile by some affiliates, provisions are estimated using a percentage of the accounts receivable that is determined on a case-by-case basis, depending on the internal risk classification of the customer and the age of the debt (days overdue).

NOTE 3. FINANCIAL INSTRUMENTS

3.1 CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Group are detailed as follows:

Classes of cash and cash equivalents	12.31.2010 ThUS$	12.31.2009 ThUS$
Cash on hand	12,900	3,723
Bank balances	108,768	112,608
Short-term deposits	876,435	442,367
Mutual funds	652,700	709,087
Overnight Investments	88,515	100
Other cash and cash equivalents	374	0
Total	**1,739,692**	**1,267,885**
Reconciliation between cash and cash equivalents presented in the statement of financial position and cash and cash equivalents presented in the statement of cash flows		
Bank overdrafts used for cash management	(63)	(188)
Other reconciling items of cash and cash equivalents	0	0
Total reconciling items of cash and cash equivalents	**(63)**	**(188)**
Cash and cash equivalents	1,739,692	1,267,885
Cash and cash equivalents, presented in Statement of Cash Flows	1,739,629	1,267,697

The amortized cost of these financial instruments does not differ from their fair value.

Cash and cash equivalents correspond to cash, cash in banks, time deposits and mutual funds. These types of investments are readily convertible to cash in the short term and are subject to low risk of changes in value. For time deposits, the valuation is performed through the accrual at the rate of purchase of each one of the papers.

3.2 OTHER CURRENT FINANCIAL ASSETS

The following financial assets at fair value through profit or loss are classified in this category:

	12.31.2010 ThUS$	**12.31.2009** ThUS$
Fixed-income instruments	52,155	43,091
Derivative financial instruments		
Forwards	15,462	2,648
Swaps	4,058	5,778
Other financial assets	1,171	213
Total	**72,846**	**51,730**

Financial assets at fair value include shares in mutual funds and fixed-income instruments (corporate bonds, mortgage bonds, bank bonds, time deposits and other similar items) that are managed on behalf of the company by third parties (“outsourced portfolios”). These assets are recorded at fair value, changes in value are recognized in income, and the assets are held for purposes of liquidity and returns. Mutual funds are accounted for at market value through the share value as of period-end. Outsourced portfolios are valued using market rates as of period-end.

Swaps are valued using the *discounted cash flow method* at a rate appropriate for the risk of the operation, using specific tools for the valuation of swaps. As of the reporting date, the financial assets classified in this category are not hedges, as there is no uncertainty about their underlying liabilities. Consequently, these instruments are part of a strategy of structural management of the liquidity risk implicit in the Company’s operations.

Forwards are initially recognized at fair value on the date on which the contract is subscribed, and they are subsequently remeasured at fair value. Forwards are recorded as assets when their fair value is positive and as liabilities when their fair value is negative.

The fair value of foreign exchange forward contracts is calculated in reference to current foreign exchange rates from contracts with similar maturity profiles.

The amortized cost of these financial instruments does not differ from their fair value.

The Group does not present held-to-maturity investments for the above mentioned periods.

3.3 TRADE AND OTHER RECEIVABLES

The Group presents the following balances for trade and other receivables:

	12.31.2010 ThUS$	12.31.2009 ThUS$
Trade receivables	1,485,586	1,044,543
Less: provision for impairment of trade receivables	(30,844)	(27,921)
Net trade receivables	**1,454,742**	**1,016,622**
Other receivables	290,528	95,354
Less: provision for impairment of other receivables	(7,331)	(3,124)
Net other receivables	**283,197**	**92,230**
Total	**1,737,939**	**1,108,852**
Less: non-current portion	**8,577**	**16,259**
Current portion	**1,729,362**	**1,092,593**

Trade receivables and accounts receivable are included in current assets, except for those assets expiring in more than 12 months. These assets are recorded at amortized cost using the *effective interest method* and they are tested for impairment.

Trade receivables represent enforceable rights arising from normal business operations, where normal is defined as the line of business, activities or corporate purpose of operations.

Other receivables correspond to accounts receivable from sales, services or loans outside of the normal course of business.

Implicit interest must be disaggregated and recognized as financial income as interest is accrued.

The amount of the provision is the difference between the asset’s book value and the present value of the estimated future cash flows, discounted at the effective interest rate.

The constitution and reversal of the provision for the impairment of accounts receivable has been included as “expenses for the allowance for bad debt and doubtful accounts” in the statement of income.

The amortized cost of these financial instruments does not differ from their fair value.

3.4 OTHER NON FINANCIAL ASSETS

Other non financial assets, current	12.31.2010 ThUS$	12.31.2009 ThUS$
Unamortized roads, current	64,309	50,461
Unamortized insurance	11,173	7,235
Remnant tax credit	79,101	54,449
Materials, supplies and parts	18,395	15,109
Expenses paid in advanced	8,260	4,879
Fishing permits	2,544	1,385
Contribution to ESSBIO	1,049	597
Others	32,310	10,095
Total current	**217,141**	**144,210**

Other non financial assets, non current	12.31.2010 ThUS$	12.31.2009 ThUS$
Unamortized roads, non current	41,303	24,948
Unamortized paid in advanced (freight, insurance, others)	6,684	26,194
Deferred expenses	1,099	1,123
Others	12,028	9,920
Total non-current	**61,114**	**62,185**

3.5 OTHER FINANCIAL LIABILITIES

Financial liabilities valued at amortized cost correspond to non-derivative instruments with contractual payment flows that can be fixed or subject to a variable interest rate. Financial instruments classified in this category are valued at amortized cost using the *effective interest method*.

As of the reporting date, this classification included obligations with banks and financial institutions and obligations with the public through bonds issued in dollars and UF.

	12.31.2010 ThUS$	12.31.2009 ThUS$
Current		
Loans with banks	411,815	294,160
Accounting overdrafts	34,540	15,714
Bonds in UF	6,991	3,957
Bonds in US dollars	431,321	318,657
Letter of credit	0	100
Financial leasing	344	361
Other financial liabilities	18,726	11,195
Total current	**903,737**	**644,144**
Non-current		
Bonds in US dollars	1,942,937	1,934,181
Bonds in UF	990,103	684,872
Loans with banks	1,133,923	547,296
Financial leasing	424	247
Other financial liabilities	1,132	0
Total non-current	**4,068,519**	**3,166,596**
Total other financial liabilities	**4,972,256**	**3,810,740**

Capital plus interest of the main financial liabilities of Empresas Copec's Group that are subject to risk of liquidity are presented undiscounted and under maturity groups in the following tables:

As of December 31, 2010:

Bank loans	Dates of Maturity					Total	
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Current	Non-current
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Banco Alfa	305	0	1,000	22,581	0	1,305	22,581
Banco BBVA Estados Unidos	0	0	1,726	35,914	0	1,726	35,914
Banco del Estado	24	43,578	1,689	97,306	551	45,291	97,857
Banco do Brasil	0	8,905	0	0	0	8,905	0
Banco Santander Rio	0	0	0	0	0	0	0
Banco Votorantim	438	0	2,501	6,171	4,375	2,939	10,546
Bank Boston	0	0	0	0	0	0	0
BBVA Chile	30,049	36,173	37	0	0	66,259	0
BBVA Estados Unidos	0	260	24,000	219,463	79	24,260	219,542
Banco Galicia	0	0	0	0	0	0	0
Banco Itaú	257	0	30	4,790	0	287	4,790
Fondo de Desenvolvimiento Econom.	81	0	0	0	358	81	358
Banco HSBC	0	0	0	0	0	0	0
J.P. Morgan	9,897	0	25,713	69,094	0	35,610	69,094
Santander Overseas Bank	0	0	5,234	0	0	5,234	0
Santander	7,899	7,151	3,903	11,789	0	18,953	11,789
Corpbanca	0	0	4,321	24,286	0	4,321	24,286
Banco Chile	1,879	76,818	40,080	94,083	0	118,777	94,083
Banco Scotiabank	6,310	0	0	0	0	6,310	0
Banco Bci	23,338	0	65	9,675	0	23,403	9,675
Banco Citibank	1,439	0	0	0	0	1,439	0
Banco Agrario	26,228	0	0	0	0	26,228	0
Banco GNB Sudameris	21,944	0	0	0	0	21,944	0
Banco Av Villas	10,345	0	918	0	17,447	11,263	17,447
Banco Bancolombia	0	3,361	22,075	19,652	193,240	25,436	212,892
Banco Davivienda	0	324	2,978	28,421	56,584	3,302	85,005
Banco Bogota	8,686	381	10,820	97,715	100,403	19,887	198,118
Banco de Occidente	1,156	0	2,988	7,515	42,650	4,144	50,165
Banco Popular	0	0	1,241	0	23,577	1,241	23,577
Banco Caja Social	0	0	1,737	0	33,007	1,737	33,007
Banco Helm Bank	0	587	0	0	21,272	587	21,272
Banco Helm Bank Panama	59	177	232	207	1,361	468	1,568
Banco American Express	495	0	0	0	0	495	0
Total	**150,829**	**177,715**	**153,288**	**748,662**	**494,904**	**481,832**	**1,243,566**

Bonds	Dates of Maturity					Total	
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Current	Non-current
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Barau - E	0	0	303	48,190	0	303	48,190
Barau - F	0	0	2,250	53,987	424,911	2,250	478,898
Barau - H	0	684	0	96,006	0	684	96,006
Barau - J	0	2,422	0	41,385	280,729	2,422	322,114
BECOP - C	0	0	13,497	67,484	509,865	13,497	577,349
Bono 144 A - Argentina	1,004	0	0	68,850	292,482	1,004	361,332
Yankee Bond 2019	15,205	0	0	145,000	638,387	15,205	783,387
Yankee Bond 2º Emisión	0	2,734	0	37,500	142,808	2,734	180,308
Yankee Bond 3º Emisión	0	0	0	0	0	0	0
Yankee Bond 4º Emisión	0	8,914	386,558	0	0	395,472	0
Yankee Bond 5º Emisión	7,303	0	0	329,510	0	7,303	329,510
Yankee Bond 6º Emisión	0	0	4,047	440,252	0	4,047	440,252
Yankee 2021	5,556	0	0	80,000	502,661	5,556	582,661
Total	**29,068**	**14,754**	**406,655**	**1,408,164**	**2,791,843**	**450,477**	**4,200,007**

Leases	Dates of Maturity					Total	
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Current	Non-current
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Banco Santander Chile	40	54	263	49	0	357	49
Leasing Bancolombia	0	0	8	0	375	8	375
Total	**40**	**54**	**271**	**49**	**375**	**365**	**424**

Total interest-bearing loans	**179,937**	**192,523**	**560,214**	**2,156,875**	**3,287,122**	**932,674**	**5,443,997**

As of December 31, 2009:

Bank loans	Dates of Maturity					Total	
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Current	Non-current
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Banco Alfa	5	0	22	325	0	27	325
Banco BBVA	0	16,554	301	172,458	72,453	16,855	244,911
Banco del Estado	1,123	103,698	5,137	41,378	969	109,958	42,347
Banco do Brasil	722	1,195	371	0	0	2,288	0
Banco Santander Rio	3,061	4,006	0	0	0	7,067	0
Banco Votorantim	84	0	0	0	4,828	84	4,828
Bank Boston	3,580	0	0	0	0	3,580	0
BBVA Banco Frances	2,540	4,001	5,022	0	0	11,563	0
Banco Galicia	0	0	2,009	0	0	2,009	0
Banco Itaú	2,568	4,116	9,381	0	0	16,065	0
Fondo de Desenvolvimiento Econom.	7	20	54	474	118	81	592
J.P. Morgan	10,267	0	25,713	104,197	0	35,980	104,197
Santander Overseas Bank	4,839	0	15,953	5,810	0	20,792	5,810
Santander	0	0	2,156	7,971	0	2,156	7,971
Corpbanca	0	17,801	3,913	25,653	0	21,714	25,653
Banco Chile	19,044	0	12,858	87,758	0	31,902	87,758
Banco Bci	8,060	0	23,298	32,029	0	31,358	32,029
Total	**55,900**	**151,391**	**106,188**	**478,053**	**78,368**	**313,479**	**556,421**

Bonds	Dates of Maturity					Total	
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Current	Non-current
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Barau - E	0	0	273	45,796	0	273	45,796
Barau - F	0	0	2,026	48,635	407,643	2,026	456,278
Barau - H	0	617	0	89,067	0	617	89,067
BECOP - C	0	0	1,041	0	289,095	1,041	289,095
Bono Alto Paraná	1,004	0	0	68,650	313,031	1,004	381,681
Yankee Bond 2019	15,406	0	0	145,000	681,250	15,406	826,250
Yankee Bond 2º Emisión	0	2,734	0	37,500	153,125	2,734	190,625
Yankee Bond 3º Emisión	0	8,749	270,500	0	0	279,249	0
Yankee Bond 4º Emisión	0	8,914	0	416,993	0	8,914	416,993
Yankee Bond 5º Emisión	7,303	0	0	346,125	0	7,303	346,125
Yankee Bond 6º Emisión	0	0	4,047	83,250	380,406	4,047	463,656
Total	**23,713**	**21,014**	**277,887**	**1,281,016**	**2,224,550**	**322,614**	**3,505,566**

Leases	Dates of Maturity					Total	
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Current	Non-current
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Banco Santander Chile	29	59	273	247	0	361	247
Total	**29**	**59**	**273**	**247**	**0**	**361**	**247**
Total interest-bearing loans	**79,642**	**172,464**	**384,348**	**1,759,316**	**2,302,918**	**636,454**	**4,062,234**

The maturities aforementioned include interest to be paid in each period.

As of December 31, 2010, loans with credit institutions include ThUS$ 3,371,352 in obligations with the public or bonds (ThUS$ 2,941,667 as of December 31, 2009).

The Parent Company Empresas Copec S.A. and the affiliate Celulosa Arauco y Constitución S.A. hold 76.1% of the Company's consolidated financial debt. In terms of currency, financial debt is detailed as follows:

	Amortized Cost		**Fair Value**	
	12.31.2010 ThUS$	**12.31.2009** ThUS$	**12.31.2010** ThUS$	**12.31.2009** ThUS$
Bonds issued in dollars	2,374,258	2,252,838	2,527,933	2,357,703
Bonds issued in UF	997,094	688,829	1,028,993	679,040
Bank loans in dollars	375,309	527,249	364,751	509,400
Bank loans in other currencies	22,247	23,531	22,247	23,531
Capital lease	768	608	768	608
Creditors and other payables	362,162	321,892	362,162	321,892

The financial covenants to which the Group is subject and the risk ratings of the debt instruments are detailed in the table below:

Instrument	**Amount as of 12.31.2010** ThUS$	**Amount as of 12.31.2009** ThUS$	**Interest coverage >= 2.0x**	**Level of indebtedness(1) <= 1.2x**	**Level of indebtedness(2) <= 0.75x**
Local bonds	997,094	688,830	N/A	√	N/A
Forestal Río Grande S.A. loan	104,144	138,837	√	√	N/A
Bilateral loan	240,260	255,304	√(3)	N/A	√(3)
Other loans	53,152	156,639	No covenants are required		
Foreign bonds	2,374,258	2,252,838	No covenants are required		

N/A: Does not apply for the instrument

(1) Level of indebtedness (financial debt divided by equity plus minority interest)

(2) Level of indebtedness (financial debt divided by total assets)

(3) Financial covenants for loan taken by Forestal Río Grande S.A. only apply to the financial statements of that company

Likewise, the risk ratings of the debt instruments are the following:

Instrument	Standard & Poor's	Fitch Ratings	Moody's	Feller Rate
Arauco				
Local bonds	-	AA	-	AA
Foreign bonds	BBB	BBB+	Baa2	-
Empresas Copec				
Local bonds	-	AA	-	AA

Consolidated Net Tangibles Assets

In accordance with the provisions of Title VIII, Clause Twenty Five of the Contracts for the issuance of bond lines executed between Empresas Copec S.A. and Banco Santander Chile, on November 2, 2009, Registries No. 21.122-2009 and No. 21.123-2009, including their modifications, we report that as of December 31, 2010, the concepts identified in subsections /a/ and /b/ of the definition of consolidated net intangible assets amount to ThUS$ 80,808 and ThUS$ 438,312, respectively (ThUS$ 54,916 and ThUS$ 322,614 as of December 31, 2009).

3.6 OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group has the following financial liabilities at fair value through profit or loss:

	12.31.2010 ThUS$	**12.31.2009** ThUS$
Swaps	7,934	10,648
Forward	6,891	0
Other	0	547
Total	**14,825**	**11,195**

Financial liabilities at fair value through profit or loss include both liabilities designated as such upon initial recognition and liabilities classified as held as investments. Liabilities held as investments and derivatives that are financial liabilities are valued at fair value. Gains and losses are recorded in income.

This liability is included under “Current other financial liabilities.”

3.7 FAIR VALUE HIERARCHY

The financial assets and liabilities that have been accounted for at fair value in the Statement of Financial Position as of December 31, 2010 have been measured on the basis of the methodologies outlined in IAS 39. Such methodologies applied for each class of financial instruments are classified according to their hierarchy as follows:

- Level I: Values or prices in active markets for identical assets and liabilities.
- Level II: Inputs from sources other than the market prices in Level I but observable in the market for the assets and liabilities, whether directly (prices) or indirectly (obtained on the basis of prices).
- Level III: Inputs for assets or liabilities that are not based on observable market data.

	Fair Value	**Measurement Methodology**		
	December 2010 ThUS$	**Level I** ThUS$	**Level II** ThUS$	**Level III** ThUS$
Financial assets at fair value				
Swap (asset)	4,058	-	4,058	-
Forwards	15,462	-	15,462	-
Fixed-income instruments	52,155	52,155	-	
Mutual funds	652,700	652,700	-	-
Financial liabilities at fair value				
Swap (liability)	7,934	-	7,934	-
Foward (liability)	6,891	-	6,891	-

3.8 HEDGING FINANCIAL INSTRUMENTS

Hedging financial instruments correspond to cash flow hedges.

The affiliate Sonacol has a hedge asset associated with a debt denominated in yen, for ThUS$ 1,216.

The affiliate Arauco is exposed to the risk of changes in the exchange rate of the dollar in order to meet its obligations with the public denominated in other currencies, such as bonds issued in readjustable Chilean pesos (UF).

Swap to hedge Series H Bond:

In March 2009, Arauco placed a bond for UF 2,000,000 in the Chilean market (ticker symbol: BARAU-H) with an annual coupon of 2.25% and semiannual interest payments (in March and September). This bond is amortized at the end of the term (bullet payment), with an early redemption option beginning on March 1, 2011. The maturity date is March 1, 2014.

Arauco has two swaps to hedge the total amount of the bond:

1. Swap with Banco de Chile for UF 1,000,000

Through this swap contract, Arauco receives semiannual interest (in March and December) on the basis of the nominal amount of UF 1,000,000 at an annual rate of 2.25% and pays semiannual interest (in March and December) on the basis of a nominal amount of US$ 35,700,986.39 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 4.99%. The market value amounts to ThUS$ 7,555 as of December 31, 2010.

The maturity date of this swap is March 1, 2014.

2. Swap with JPMorgan for UF 1,000,000

Through this swap contract, Arauco receives semiannual interest (in March and December) on the basis of the nominal amount of UF 1,000,000 at an annual rate of 2.25% and pays semiannual interest (in March and December) on the basis of a nominal amount of US$ 35,281,193.28 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 4.94%. The market value amounts to ThUS$ 8,088 as of December 31, 2010.

The maturity date of this swap is March 1, 2014.

Through an effectiveness test it can be seen that the affiliate Arauco was able to eliminate uncertainty with respect to the exchange rate on the commitments related to the hedged item.

Swap to hedge Series F bond:

In November 2008 and then in March 2009, Arauco placed a series F bond for a total of UF 7,000,000, with an annual coupon of 4.25%, paid semiannually. In order to mitigate exchange rate risk, the affiliate Arauco carried out five cross-currency swap contracts, which partially hedge the amount of the bond that was placed:

Contract 1: Arauco receives semiannual interest (in April and October) on the basis of a notional amount of UF 1,000,000 at an annual rate of 4.25% and pays semiannual interest (in April and October) on the basis of a notional amount of MUS$ 38.38 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.86%. The market value amounts to ThUS$ 6,544 as of December 31, 2010. This contract matures on October 30, 2014.

Contract 2: Arauco receives semiannual interest (in April and October) on the basis of a notional amount of UF 1,000,000 at an annual rate of 4.25% and pays semiannual interest (in April and October) on the basis of a notional amount of MUS$ 37.98 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.79%. The market value amounts to ThUS$ 7,115 as of December 31, 2010. This contract matures on April 30, 2014.

Contract 3: Arauco receives semiannual interest (in April and October) on the basis of a notional amount of UF 1,000,000 at an annual rate of 4.25% and pays semiannual interest (in April and October) on the basis of a notional amount of MUS$ 37.98 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.8%. The market value amounts to ThUS$ 7,100 as of December 31, 2010. This contract matures on October 30, 2014.

Contract 4: Arauco receives semiannual interest (in April and October) on the basis of a notional amount of UF 1,000,000 at an annual rate of 4.25% and pays semiannual interest (in April and October) on the basis of a notional amount of MUS$ 37.62 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.79%. The market value amounts to ThUS$ 7,526 as of December 31, 2010. This contract matures on October 30, 2014.

Contract 5: Arauco receives semiannual interest (in April and October) on the basis of a notional amount of UF 1,000,000 at an annual rate of 4.25% and pays semiannual interest (in April and October) on the basis of a notional amount of MUS$ 38.42 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.62%. The market value amounts to ThUS$ 6,852 as of December 31, 2010. This contract matures on October 30, 2014.

Through an effectiveness test it was possible to validate that the hedging instruments described above are highly effective within an acceptable range for Arauco in order to eliminate uncertainty related to the exchange rate on the commitments related to the hedged item.

Swap to hedge Series J bond:

In September 2010, Arauco placed a series J bond for a total of UF 5,000,000, with an annual coupon of 3.25%, paid semiannually. In order to mitigate exchange rate risk, the affiliate Arauco carried out five cross-currency swap contracts, which partially hedge the amount of the bond that was placed:

Contract 1: Arauco receives semiannual interest (in March and September) on the basis of a notional amount of UF 1,000,000 at an annual rate of 3.25% and pays semiannual interest (in March and September) on the basis of a notional amount of MUS$ 42.86 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.20%. The market value amounts to ThUS$ 452 as of December 31, 2010. This contract matures on September 1, 2020.

Contract 2: Arauco receives semiannual interest (in March and September) on the basis of a notional amount of UF 1,000,000 at an annual rate of 3.25% and pays semiannual interest (in March and September) on the basis of a notional amount of MUS$ 42.86 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.20%. The market value amounts to ThUS$ 452 as of December 31, 2010. This contract matures on September 1, 2020.

Contract 3: Arauco receives semiannual interest (in March and September) on the basis of a notional amount of UF 1,000,000 at an annual rate of 3.25% and pays semiannual interest (in March and September) on the basis of a notional amount of MUS$ 42.86 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.25%. The market value amounts to ThUS$ 244 as of December 31, 2010. This contract matures on September 1, 2020.

Contract 4: Arauco receives semiannual interest (in March and September) on the basis of a notional amount of UF 1,000,000 at an annual rate of 3.25% and pays semiannual interest (in March and September) on the basis of a notional amount of MUS$ 42.87 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.17%. The market value amounts to ThUS$ 567 as of December 31, 2010. This contract matures on September 1, 2020.

Contract 5: Arauco receives semiannual interest (in March and September) on the basis of a notional amount of UF 1,000,000 at an annual rate of 3.25% and pays semiannual interest (in March and September) on the basis of a notional amount of MUS$ 42.86 (equivalent to UF 1,000,000 at the contract-end exchange rate) at a rate of 5.09%. The market value amounts to ThUS$ 911 as of December 31, 2010. This contract matures on September 1, 2020.

Through an effectiveness test it was possible to validate that the hedging instruments described above are highly effective within an acceptable range for Arauco in order to eliminate uncertainty related to the exchange rate on the commitments related to the hedged item.

Hedging strategy:

Given that Arauco has a high percentage of its assets in dollars and obligations in readjustable Chilean pesos, it needs to minimize the exchange rate risk. The purpose of this swap position is to eliminate uncertainty related to the exchange rate by exchanging flows from obligations in readjustable Chilean pesos from the bonds described above for flows in dollars (Arauco's functional currency) at a fixed exchange rate determined as of the contract's date of execution.

NOTE 4. FINANCIAL RISK MANAGEMENT

- Financial risk factors:

Through its affiliates and associates, the Group has operations in different sectors related to natural resources and energy. The relevant risk factors vary depending on the type of business. Accordingly, the Management of each of the affiliates carries out its own risk management in collaboration with their respective operating units.

The most relevant affiliates are Arauco, with activities in the forestry sector, and Copec, with activities in the fuel sector. Together these two companies represent approximately 85% of the Group's consolidated assets, 90% of EBITDA and 90% of net income. Additionally, they represent around 95% of receivables and 85% of bond issuances. Together with the Parent Company, they represent 95% of consolidated placements.

Therefore, a significant portion of the risks faced by the Group lie within these three units. The specific risks that affect each unit are analyzed below.

a) Risks associated with Empresas Copec S.A., the Parent Company

The risks of the Parent Company are fundamentally associated with its financial placements, which are exposed to several risks, including interest rate risk, exchange rate risk and credit risk. Management provides written policies for the management of investments that establish the objectives of obtaining the maximum return for acceptable levels of risk, maintaining sufficient liquidity, and limiting the levels of the different types of risk. These policies identify the instruments that are allowed, and they establish limits per type of instrument, issuer and risk rating. In addition, they determine the control and operating mechanisms for investing activities.

Risk management is administered by the treasury department, which complies with the policies approved by Management.

The financial instruments held by the Company have been categorized as cash or financial assets at fair value through profit and loss, given the feasibility that the instruments will be sold in the short term.

(i) Interest rate risk

The assets affected by this risk are the financial placements held by the Parent Company, which, in accordance with the investment policy, primarily consist of fixed-income instruments in the form of deposits, bonds, mortgage bonds and other similar items, as well as fixed-income mutual funds. The duration is used as a measurement of the sensitivity of the portfolio's value in the face of changes in market interest rates. Given that the market value of such instruments varies according to changes in interest rates, a maximum limit on the aggregate duration of the portfolio has been set at three years. Currently, the aggregate portfolio has duration of 0.88 years.

The table below shows the possible effects on pre-tax income of changes in the value of the Company's investment portfolio as a result of changes in interest rates:

Aggregate term (years)	**0.9**
Total portfolio value (US$)	**419,130,516**

Interest rate sensitivity analysis

Change in Rate %	**Change in Value** US$	**Total Portfolio Value** US$
2.0%	(7,376,697)	411,753,819
1.0%	(3,688,349)	415,442,168
0.5%	(1,844,174)	417,286,342
-0.5%	1,844,174	420,974,691
-1.0%	3,688,349	422,818,865
-2.0%	7,376,697	426,507,213

(ii) Exchange rate risk

As part of its investment policy, the Parent Company is authorized to have placements in U.S. dollars in order to handle possible uses of cash in that currency, which would result from the needs of certain affiliates and associates, as well as new potential businesses in which the Parent Company may participate. Such resources can be invested in local or international mutual funds, time deposits and third-party management, through a specific mandate.

Variations in the exchange rate affect the value of peso-denominated instruments when expressing them in dollars. A depreciation of the Chilean peso would have a negative effect when expressing the peso-denominated investments in dollars, whereas an appreciation of the peso would have a positive effect.

To date, approximately 59.7% of the aggregate portfolio is denominated in dollars and 40.3% in pesos and UF. However, the Company's objective is to achieve a portfolio with approximately 50-80% in dollars in the medium term, in accordance with the forecasted uses for the placements.

A table showing the possible effects on pre-tax income of changes in the value of the investment portfolio (measured in dollars), as a result of fluctuations in the exchange rate, is presented below:

Percentage of portfolio in Chilean pesos	**40.3%**
Total portfolio value (US$)	**419,130,516**

Exchange rate sensitivity analysis

	Change in Exchange Rate %	Change in Value US$	Total Portfolio Value US$
Appreciation Ch$	10.0%	16,896,413	436,026,929
	5.0%	8,448,206	427,578,723
Depreciation Ch$	-5.0%	(8,448,206)	410,682,310
	-10.0%	(16,896,413)	402,234,104

Additionally, in its financial statements, the Company consolidates affiliates that carry their accounting in Chilean pesos, which is the case of Compañía de Petróleos de Chile Copec S.A., Abastible S.A. and Sociedad Nacional de Oleoductos S.A., which record their financial information as described in Note 2.4 (c). The consolidated net income of Empresas Copec S.A. can be affected by movements in the exchange rate when the peso-denominated results of these affiliates are converted to dollars. Likewise, affiliates such as Arauco and the affiliates in the fishing sector are also affected by movements in the exchange rate, as a portion of their operating costs are denominated in pesos.

Finally, on December 22, 2009, the Parent Company placed a UF-denominated bond in the Chilean market (BECOP-C) for a total amount of UF 7,000,000. The placement rate was 4.30%, for a nominal rate of 4.25%. Interest is paid semiannually, and the principal is amortized in a single payment in 2030. This liability is denominated in a currency (UF) other than the Parent Company's functional currency (U.S. dollars). However, these bonds have been transferred to the affiliates belonging to the fuel sector, whose functional currency is the peso, such that the consolidated exposure to the exchange rate for this concept is eliminated. This transfer also eliminates all liquidity risk at the Parent level.

(iii) Credit risk

The financial placements held by the Parent Company consist predominantly of fixed-income instruments. In accordance with the investment policy, limits per issuer and limits on the categories of instrument have been established, depending on the risk rating of such issuers. In this regard, risk ratings must be issued by recognized local or international rating agencies.

The main counterparties are detailed in the table below:

Main counterparties	%	Value US$
Banchile Fondos Mutuos	16.5%	69,284,509
Santander Fondos Mutuos	12.8%	53,595,492
Banco BCI	10.7%	44,859,182
Celfin Capital Fondos Mutuos	9.0%	37,534,147
Banco Chile	8.6%	36,134,583
BCI Fondos Mutuos	7.8%	32,869,724
Banco CorpBanca	5.1%	21,462,413
Banco Santander	4.8%	20,024,272
Cruz del Sur Fondos Mutuos	4.8%	19,944,654
Bice Fondos Mutuos	2.7%	11,173,729
Larraín Vial Fondos Mutuos	2.5%	10,484,733
BBVA Fondos Mutuos	2.3%	9,567,505
Corpbanca Fondos Mutuos	1.1%	4,690,273
Banco Estado	1.0%	4,087,172
Banco Central	0.8%	3,155,273
Otros	9.6%	40,262,855
Total	**100.0%**	**419,130,516**

b) Risks associated with Celulosa Arauco y Constitución S.A. (forestry sector)

The affiliate's financial assets are exposed to a number of financial risks: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and price risk).

The global risk management program considers uncertainty in the financial markets and tries to minimize the potential adverse effects on financial yields.

Financial risk management is administered by the Finance department. This department identifies, evaluates and hedges financial risks in close collaboration with the operating units. The company does not actively participate in the trading of its financial assets for speculative purposes.

(i) Credit risk

Credit risk refers to financial uncertainty, over different periods of time, in relation to the fulfillment of obligations subscribed by counterparties at the point in time when contractual rights to receive cash or other financial assets are exercised.

The exposure of the affiliate Arauco to credit risk is directly related to the individual ability of its customers to fulfill their contractual commitments and is reflected in trade receivables.

In accordance with company policies, the subsidiary has insurance policies for open account sales. In order to cover the export sales of the companies Celulosa Arauco y Constitución S.A., Aserraderos Arauco S.A., Paneles Arauco S.A. and Forestal Arauco S.A., as well as the local sales of Arauco Distribución S.A., Arauco México S.A.

de C.V., Arauco Wood, Arauco Colombia S.A. and Alto Paraná S.A. (and affiliates), Arauco has worked with the credit insurance company Continental (rated AA- by Fitch Ratings) since April 8, 2010. For local open account sales to the company Placas do Paraná (Brazil), the credit insurance company is Euler Hermes. The coverage of these policies is 90% of the amount of each invoice, with no deductible.

In order to back a line of credit or an advance payment to a provider that has been approved by the credit committee, the company has guarantees such as mortgages, pledges, stand-by letters of credit, bank guarantees, checks, promissory notes, loans and other similar items that could be enforced in accordance with the legislation of each country. The debt covered by these types of guarantees amounts to US$ 131.22 million as of December 31, 2010. The guarantee procedure is regulated by the guarantee policy, the purpose of which is to control the accounting, expiration and valuation of guarantees.

The department of Credit and Collections, which reports to the department of Finance, is the area charged with minimizing the credit risk of accounts receivable. This area supervises overdue accounts and approves or denies the credit limits for all term sales. The standards and procedures for the proper control and management of the risk of open account sales are governed by the Credit Policy.

A procedure for the approval and/or modification of customer lines of credit has been established and must be followed by all companies belonging to the Arauco group. Requests for lines of credit are entered into a Credit Evaluation model ("EVARIE"), where all available information is analyzed, including the amount of the line granted by the credit insurance company. Subsequently, these requests are approved or denied by the internal committees of each of the companies belonging to the Arauco group, according to the maximum amount authorized by the Credit Policy. If the line of credit exceeds that amount, it is analyzed by the Corporate Committee. Credit lines are renewed annually through this internal process.

During 2010, consolidated sales totaled ThUS$ 3,788,354, of which 57.12% were open account sales, 29.19% were sales with credit letters, and 13.69% were other types of sales, such as Cash Against Documents (CAD) and payment in advance.

As of December 31, 2010, accounts receivable totaled ThUS$ 609,189, of which 58.82% corresponded to open account sales, 34.54% to sales with letters of credit, and 6.63% to other types of sales, such as CAD and payment in advance. These receivables correspond to 2,536 customers. The customer with the greatest open account debt represented 2.42% of total accounts receivable as of that date.

The debt covered by the different insurance policies and guarantees amounts to 95.84% of the total, and consequently Arauco's portfolio exposure amounts to 4.16%.

Sales with letters of credit mainly correspond to the Asian and Middle East markets. Periodically a credit evaluation of the banks that issue credit letters is performed, in order to obtain their rating by the main risk rating agencies, their ranking at the country and worldwide levels, and their financial situation for the past five years. In accordance with this evaluation, the issuing bank is approved or a confirmation of the letter of credit is requested.

All sales are controlled using a credit verification system, the parameters of which have been defined to block orders from customers that have a certain percentage of overdue payments or whose line of credit has been exceeded or expired as of the time the product would be shipped.

As of December 31, 2010, 88.3% of the total accounts receivable are not overdue, 7.68% between 1 to 15 days of overdue, 1.82% between 16 to 30 days, 0.23% between 31 to 60 days, 0.58% between 61 to 90 days and 0.25% between 91 to 180 days of overdue.

The table below shows the percentages of overdue payments from net trade receivables:

Days	Not Overdue	1-15	16-30	31-60	60-90	90-180	More than 180	Total
ThUS$	538,731	46,766	11,058	1,412	3,528	1,500	6,194	609,189
%	88.43%	7.68%	1.82%	0.23%	0.58%	0.25%	1.01%	100.00%

The impairment of trade receivables in the last five years amounted to MMUS$ 9.77, 0.057% of total operating revenues for the period.

The amount recovered through guarantees, insurance indemnities or other credit-related improvements during 2010 amounted to ThUS$ 1.69, which represents 18.18% of the amount provisioned in these cases.

In March 2009, a guarantee policy was implemented in order to control the accounting, valuation and expiration of guarantees.

At present, a Trade Receivables Provision Policy under IFRS standard exists to all the companies of Arauco's Group.

In December 2009, the Corporate Credit Policy of the affiliate Arauco was updated.

With respect to risks relating to time deposits, agreements and mutual funds, the affiliate Arauco has a placement policy to minimize risk by providing guidelines on the management of cash excesses in low-risk institutions.

(ii) Liquidity risk

Liquidity risk corresponds to the ability to meet debt obligations upon maturity.

The exposure to liquidity risk affects obligations with the public, banks and financial institutions, creditors and other accounts payable, and it is related to the ability to respond to the net cash requirements that sustain operations under both normal and exceptional conditions.

The Finance department constantly monitors the company's cash projections on the basis of short- and long-term forecasts, as well as forecasts of alternative financing options available. In order to control the level of risk of the financial assets available, the company has a placement policy.

The capital committed under each of the main financial liabilities subject to liquidity risk is detailed in the table below and grouped by date of maturity:

In thousands of dollars	December 2010					
	0 - 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
Dates of maturity						
Accounts payable and capital lease	40	54	250	49	0	393
Bank loans	41,437	9,165	52,214	296,360	4,812	403,988
Bonds issued in UF and dollars	29,068	14,754	393,158	1,340,680	2,281,978	4,059,638
Total	**70,545**	**23,973**	**445,622**	**1,637,089**	**2,286,790**	**4,464,019**

In thousands of dollars	December 2009					
	0 - 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
Dates of maturity						
Accounts payable and capital lease	29	59	273	247	0	608
Bank loans	27,673	131,981	42,873	277,454	77,399	557,380
Bonds issued in UF and dollars	23,713	21,014	276,846	1,281,216	1,935,455	3,538,244
Total	**51,415**	**153,054**	**319,992**	**1,558,917**	**2,012,854**	**4,096,232**

- Placement policy:

The affiliate Arauco has a placement policy that identifies and limits the financial instruments and the entities in which the companies, in particular Celulosa Arauco y Constitución S.A., are authorized to invest. It should be mentioned that treasury management is handled centrally for operations in Chile. Thus, the parent company for the forestry sector acts as an internal bank for the Chilean affiliates, granting intercompany loans at a fixed rate determined by central management. The parent carries out investment operations, cash excess placement and short- and long-term debt subscriptions with banks, financial institutions and the public. The exception to this rule occurs in specific operations that must be carried out through other companies, in which case the express authorization of the Chief Financial Officer of Arauco is required.

Only investment in fixed-income instruments and instruments with sufficient liquidity is permitted. Each type of instrument has a specific classification and limit, depending on its term and on the issuer.

With respect to intermediaries, a methodology is used in order to determine the relative degree of risk of each bank or financial institution in terms of its financial statements and debt or equity titles. Each institution is assigned a score, which ultimately determines a relative risk ranking that Arauco uses to define the investment limits for each institution.

The background information that is necessary to evaluate the different criteria is obtained from the official financial statements of the banks being evaluated and from the rating of the short- and long-term debt titles in force, as defined by the supervisory organization (Superintendency of Banks and Financial Institutions) and assigned by the risk rating agencies authorized by this organization, which in this case are Fitch Ratings Chile, Humphreys and Feller Rate.

The following criteria are evaluated: Capital and reserves, current ratio, share in total financial system placements, return on capital, profit margin, debt-to-capital ratio and risk ratings of each entity.

Any exceptions that become necessary, mainly in relation to the investment limits in a particular instrument or entity, must be expressly authorized by the Chief Financial Officer of Arauco.

(iii) Market risk- exchange rate

This risk arises from the likelihood of losses from changes in the exchange rates of the currencies in which the assets, liabilities and off-balance-sheet operations of an entity are denominated.

The company is exposed to the risk of changes in the exchange rate of the dollar (functional currency) with respect to sales, purchases and obligations that are denominated in other currencies, such as the Chilean peso, euro, real or others. The Chilean peso is the currency with the greatest risk in the event of a significant exchange rate fluctuation.

Sensitivity analyses are performed to determine the effect of this variable on EBITDA and net income for the business.

For the sensitivity analysis, a variation of + / - 10% in the period-end exchange rate of the Chilean peso is assumed; this is considered a possible range of fluctuation given market conditions as of the reporting date. If all other variables remain constant, a change of + / - 10% in the exchange rate between the dollar and the Chilean peso would result in a change in EBITDA of + / - 0.21%; a change in net income for the period of + / -0.23%; and a change in equity of + / -0.02%.

The main financial instrument affected by exchange rate risk are the UF-denominated bonds issued in Chile and that are not hedged by the swaps described in the section on hedges.

	12.31.2010 UF	**12.31.2009** UF
Bonds issued in UF (Series E)	1,000,000	1,000,000
Bonds issued in UF (Series F)	2,000,000	3,000,000

(iv) Market risk – interest rate risk

Interest rate risk refers to the sensitivity of the value of financial assets and liabilities to changes in interest rates.

The affiliate Arauco is also exposed to the risk of changes in the interest rate of obligations with the public, banks and financial institutions and variable-rate interest-bearing financial instruments.

The affiliate Arauco performs a risk analysis by reviewing the exposure to changes in the interest rate. As of December 31, 2010, 7.3% of bonds and loans with banks accrue interest at a variable rate. Therefore, a change of + / - 10% in the interest rate, which is considered a possible range of fluctuation given market conditions, would have an effect of + / - 0.07% on net income for the period, whereas equity would not be affected.

(v) Market risk – Price of wood pulp

The price of wood pulp is determined by the world market and by the conditions in the regional market. Prices fluctuate as a function of demand, production capacity, business strategies adopted by large forestry companies and pulp and paper producers, and the availability of substitutes.

The prices of wood pulp are reflected in the operating revenues in the statement of income and directly affect net income for the period.

As of December 31, 2010, operating revenues from the sale of wood pulp represented about 47.24% of total revenues. Forward contracts and other financial instruments are not used for wood pulp sales; instead, the price is set on a monthly basis according to the market.

This risk is handled in a number of ways. The affiliate Arauco has a specialized team that performs periodic analyses of the market and the competition, providing tools to evaluate trends and adjust forecasts accordingly. Similarly, financial sensitivity analyses for the price variable enable the company to take the necessary precautions to better face different situations.

For the sensitivity analysis, a variation of + / - 10% in the average price of wood pulp is assumed; this is considered a possible range of fluctuation given market conditions as of the reporting date. If all other variables remain constant, a change of + / - 10% in the average price of wood pulp would result in a change of + / - 17.18% in net income for the period; + / - 1.40% in equity; and + / - 23.43% in EBITDA.

c) Risks associated with Compañía de Petróleos de Chile Copec S.A. (fuel sector)

The operations of the Company are exposed to a number of financial risks, specifically market risk, credit risk, liquidity risk and investment in foreign assets risk. This company's risk management is based on the diversification of the business and of customers, financial evaluations of customers, and the utilization of derivative instruments to the extent that they are required.

Risk management is administered by the Finance and Administration department, in accordance with the guidelines of the Chief Executive Officer and the Board of Directors of the Company. This department identifies, evaluates and hedges the financial risks, working jointly with the operating and sales areas of the Company.

(i) Exchange rate risk

The primary market risk facing the company is the exchange rate risk (Chilean peso/U.S. dollar) resulting from fuel import operations for the Chilean market and export operations, both of which are very-short-term operations.

Management has established a policy of managing the risk of exchange rates between foreign and local currency, in order to minimize the net exposure in foreign currency. To do so, the company's Finance and Administration department uses forward contracts with local financial entities. These contracts have very short terms: less than 15 days for fuel import hedges and around 30 days for export operations.

The exchange rate risk of financial investments in foreign currency is not managed, as these are operating positions of one or two days.

(ii) Investment in foreign assets risk

During 2010, the Company made investments abroad which allowed controlling 56.15% of Organización Terpel in Colombia, society which distributes fuel and has their financial statements in Colombian pesos. As a result of these investments, Compañía de Petróleos de Chile Copec S.A. has as of December 31, 2010, exposure of 556,004 million Colombian pesos in the balance. Fluctuations on exchange rate of Colombian pesos respect to Chilean pesos can affect the value of this investment abroad. An eventual devaluation of 15% in Colombian pesos respect to Chilean pesos, If all other variables remain constant, would result in a loss of 20,394 million Chilean pesos on Conversion Reserves. This scenario is improbable, considering the last five years.

The Company has hedges in order to minimize this risk. As of December 31, 2010, 49.3% of Colombian investment is hedged for exchange rate Colombian pesos – Chilean pesos. In January, this hedge increased to 68.6%.

(iii) Interest rate risk

The Company does not hold significant remunerated assets other than those relating to cash variations as a result of operations, which are invested in a period of around one to three days. Operating income and outflows are independent of interest rate fluctuations. As a result of the above, no significant financial risk is understood to exist.

Management understands that there is no significant interest rate risk for remunerated financial liabilities, as these liabilities correspond to the financing of operating cash flows, with terms mainly between 1 and 90 days, and are highly variable over the course of the year.

(iv) Credit risk

The company faces credit risk resulting from the composition of its portfolio of trade receivables and its portfolio of financial investments.

In order to manage the credit risk of accounts receivable in Chile, the company assigns a credit line to each customer, after performing an individual analysis of their financial and market positions. The Finance and Administration department is in charge of performing this analysis for customers with lines exceeding UF 1,000 (ThUS$ 46 as of December 31, 2010), and the administrative units of the sales department are in charge of with performing this analysis for customers with lines of less than UF 1,000 (ThUS$ 46 as of December 31, 2010). As of December 31, 2010, customers over UF 1,000 (ThUS$ 46 as of December 31, 2010) make up 90.8% of the portfolio, and customers under UF 1,000 (ThUS$ 46 as of December 31, 2010) make up 9.2% of the portfolio. The company has reports for each customer indicating the daily status of its portfolio, which is divided according to accounts that are not yet due, late and overdue. In the latter case, collections action may be taken. The Finance and Administration department issues monthly reports on the status of the portfolio, and the Chief Executive Officer holds periodic meetings with the sales and finance and administration departments to analyze the status of the overall portfolio, as well as the portfolios of individual customers, in order to take corrective action if necessary. The Company has systems to block customers that have not fulfilled their payment commitments and customers that have used up their credit lines.

The Company has a portfolio of financial investments to manage excess cash; the terms of investment for this portfolio are mostly around one to three days. In order to manage this credit risk, Management has established an investment policy for fixed-income instruments and low-risk financial entities. The Finance and Administration department is in charge of with managing these investments through the Finance department, which establishes a group of financial entities in which investment is authorized and assigns a maximum credit line and portfolio composition to each entity. The credit lines per institution are granted on the basis of an analysis of equity and solvency risk for banks and equity, composition and term for mutual funds.

The credit quality of the financial assets that have not yet matured or been impaired can be evaluated on the basis of the risk ratings granted by entities outside of the Empresas Copec S.A. Group or the Company's internal indices.

Customers with no external credit rating (*)	**12.31.2010** ThUS$	**12.31.2009** ThUS$
Group A	713,957	403,385
Group B	156,349	66,802
Group C	9,522	8,152
Group D	18,769	9,118
Others	16,480	93
Short-term bank deposits		
AAA	3	9,118
Others	32,748	18,950
Mutual funds		
AA+fm	118,851	272,942
Others	88,515	100

***Customer classification criteria**

	% Debt Currently Due	**or**	**% Overdue Debt**
Group A (1)	< 30%		< 1%
Group B	between 30% and 60%		between 1% and 20%
Group C	between 60% and 90%		between 20% and 75%
Group D	> 90%		> 75%
Others	Unclassified groups of accounts		

(1) Group A also includes customers with no debt that is currently due, related companies and fiscal entities

None of the financial assets in force has been renegotiated during the period.

(v) Liquidity risk

The purpose of the Company's liquidity risk management is to provide significant cash to cover demand liabilities. As of period-end, 48.1% of sales were made to concessionaires, which are more than 600 concessionaires, with an average payment term of less than 3 days, and 51.3% of sales were made to low-risk industrial customers (with A and B ratings), with an average credit term of less than 31 days. Therefore, for purposes of liquidity risk management, the Finance and Administration department uses a period of 60 days for its daily cash flow forecasts, and it has access to immediately-available lines of credit with the main financial entities in the local market, which are solvent and have good risk ratings.

NOTE 5. ACCOUNTING ESTIMATES AND JUDGMENT

The accounting policies adopted in the preparation of these consolidated financial statements were prepared in accordance with IFRS 1. These policies have been designed on the basis of the IFRSs in force as of December 31, 2010 and applied uniformly across all the periods presented in these consolidated financial statements.

Significant accounting estimates and judgments:

The Group makes estimates and judgments in relation to the future. The resulting accounting estimates, by definition, will rarely be equal to the corresponding actual results. The estimates with a significant risk of giving rise to a material adjustment in the book values of assets and liabilities during the next financial period are explained below:

a) Staff severance indemnities

The present value of obligations for staff severance indemnities depends on a number of factors that are determined on the basis of actuarial methods using a series of assumptions, including a rate of interest and a rate of inflation. Any changes in these assumptions will affect the book value of these obligations. Additional information about the assumptions used is provided in Note 17.

b) Environmental restoration

Certain criteria and estimates are applied when recording costs and establishing provisions for environmental remediation and cleanup, which are based on current information about costs and expected remediation plans. With respect to environmental provisions, the costs may differ from the estimates as a result of changes in laws and regulations, the discovery and analysis of the conditions of the site, variations in remediation technologies, and the date on which the remediations are expected to be complete. Therefore, any modification in the factors or circumstances related to this type of provision, or in the standards and regulations, could have as a consequence a significant effect on the provisions recorded for these costs.

c) Biological assets

The valuation of forest plantations is based on discounted cash flow models, which means the fair value of the biological assets is calculated using the cash flows from continuing operations; that is, on the basis of sustainable forest management plans considering the growth potential of the forests. This valuation is performed on the basis of each stand identified and for each type of forest species.

These discounted cash flows require estimates about the growth, harvest, sales price and costs. Therefore, the quality of the estimates of the future price levels and sales and cost trends is important, as is the performance of periodic studies of the forests to establish the volumes of wood available for harvest and the current growth rates. The main considerations used for the calculation of the valuation of forest plantations are presented in Note 7.

The Group has defined that molluscs mussels, principally in growing process, are recognized at cost because doesn't exist a fair value that can be reliably measured before the harvest.

As consequences, they are initially recognized at cost and subsequent, in the final stage of the cultivation, they are recognized at fair value less estimated costs at sale point. The effect is charged or credited to income at the end of each period.

d) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined through the use of valuation techniques. The Group applies its judgment to select a variety of methods and to apply assumptions that are primarily based on current market conditions as of each reporting date.

e) Taxes

Tax assets and liabilities are reviewed periodically, and the balances are adjusted accordingly. The Group considers that it has recorded a sufficient provision for future tax effects on the basis of current facts, circumstances and tax laws. However, the tax position could change, giving rise to different results and having a significant impact on the amounts reported in the consolidated financial statements.

f) Lawsuits and contingencies

Empresas Copec S.A. and its affiliates have lawsuits that have not yet been resolved, the future effects of which must be estimated by the Company's Management, in collaboration with its legal advisors. The Company applies judgment in the interpretation of the reports of its legal advisors, who make an estimate as of each period-end and/or after each substantial modification of the lawsuits or the origins of the same.

NOTE 6. INVENTORY

	12.31.2010 ThUS$	12.31.2009 ThUS$
Raw materials	127,140	119,164
Merchandise	307,483	167,490
Production supplies	82,718	76,440
Work in progress	64,597	27,620
Finished goods	500,710	371,286
Other inventory	105,008	117,142
Total	**1,187,656**	**879,142**

Changes in inventory charged to income are detailed in the following table:

	12.31.2010 ThUS$	12.31.2009 ThUS$
Cost of sales	9,796,433	8,198,137
Provision for obsolescence	22,061	3,545
Write-downs	7,799	12
Total	**9,826,293**	**8,201,694**

As of the date of these Financial Statements, there are no inventories pledged in guarantee to report.

NOTE 7. BIOLOGICAL ASSETS

As of the reporting date of these financial statements, biological assets are presented as current and non-current as follows:

	12.31.2010 ThUS$	12.31.2009 ThUS$
Current	348,159	310,832
Non-current	3,446,862	3,446,696
Total	**3,795,021**	**3,757,528**

As of December 31, 2010, the composition of current and non-current biological assets is detailed in the following table (As of December 31, 2009, biological assets only include forestry biological assets).

	Forestry ThUS$	Mussels ThUS$
Current	344,096	4,063
Non-current	3,446,862	0
Total	**3,790,958**	**4,063**

The biological assets of the affiliate Arauco correspond to forest plantations, which mainly include Monterey pines (*pinus radiata*) and Loblolly pines (*pinus taeda*). These plantations are located in Chile, Argentina, Brazil and Uruguay, and they make up 1.5 million hectares of land, of which 939,000 hectares are used for plantations, 367,000 hectares are for native forests, 158,000 hectares are for other uses and 52,000 hectares remain to be planted.

As of December 31, 2010, the volume produced was 16.6 million cubic meters (16.2 million cubic meters as of December 31, 2009).

The purpose of the harvest of forest plantations is to supply raw materials to the rest of the products produced and sold by the affiliate Arauco. By directly controlling the development of the forests to be processed, Arauco is assured of the quality of the wood to be used in each of its products.

The affiliate Arauco uses discounted future cash flows to value its forest plantations, and therefore the company has a forecast over time of the harvests to be carried out at the plantations in existence as of the current date.

Equity is projected over time with the assumptions that total volume is not decreasing, the minimum volume is equal to the demand being satisfied today, and future plantations are not considered.

Forest plantations classified as current assets correspond to those plantations that will be harvested and sold in the short term.

Flows are determined on the basis of the harvest and expected sales of forest products, which are associated with the demand of the company's own industrial centers and sales to third parties. In addition, this valuation takes into consideration the sales margins of the different products that are harvested from the forest. Changes that arise in the value of plantations, in accordance with the criteria defined above, are accounted for in income for the period, in accordance with the provisions of IAS 41.

Under IFRS, changes in fair value less the estimated costs at the point of sale of forest plantations are recognized in income, affecting the revenues for each period. This is presented in the Statement of Income under “Other operating income”, which as of December 31, 2010 amounted to ThUS$ 221,501 (ThUS$ 155,532 as of December 31, 2009). For purposes of the appraisal of biological assets, this produces a cost of the wood that is greater than the real cost incurred, which effect is presented under “Cost of sales” and amounts to ThUS$ 200,276 as of December 31, 2010 (ThUS$ 115,969 as of December 31, 2009).

Forests are harvested in accordance with the demand requirements of Arauco’s production plants.
The discount rates used are: Chile 8%, Argentina 12% and Brazil 10%.

The prices of harvested wood are considered to be constant in real terms, based on the prices in current markets.

Likewise, costs are assumed to be constant over the life of the forests, based on estimated costs included in the forecasts determined by the affiliate Arauco.

The average harvest age, in years, of the forests by country and species is the following:

	Chile	**Argentina**	**Brazil**
Pine	24	15	15
Eucalyptus	12	10	7

The predominant species of pine in Chile is *pinus radiata*; in Argentina and Brazil it is *pinus taeda*.

The company holds fire insurance for the forest plantation, which together with the company’s own resources and an efficient system of protection over the forest assets enable it to minimize the risks of damage to these assets.

The affiliate Arauco owns biological assets in Uruguay through a joint venture with Stora Enso, which is presented in the financial statements using the *equity method*.

As of December 31, 2010, this investment of the affiliate Arauco in Uruguay represents a total of 127,000 hectares, of which 68,000 hectares are used for plantations, 7,000 hectares are for native forests, 44,000 hectares are for other uses, and 8,000 hectares remain to be planted.

(a) Biological assets pledged in guarantee:

There are no forest plantations pledged in guarantee, except the plantations of Forestal Río Grande S.A. (the affiliate of Fondo de Inversión Bío Bío, a special purpose vehicle). In October 2006, non-transferable pledges prohibiting encumbrance or disposal were constituted in favor of JPMorgan and Arauco over the forests located on the lands it owns. As of December 31, 2010, the fair value of these forests totals ThUS$ 30,222 (ThUS$ 59,819 as of December 31, 2009).

(b) Biological assets with restricted ownership:

As of the date of these financial statements, there are no biological assets with restricted ownership.

(c) Information to disclose about agricultural products:

Agricultural products correspond primarily to forest products to be sold, which are part of the operation and are valued at fair value as of period-end.

(d) Government subsidies related to agricultural operations:

No significant subsidies have been received.

(e) Biological assets movements

	12.31.2010 ThUS$	12.31.2009 ThUS$
Opening balance	**3,757,528**	**3,652,433**
Changes in biological assets		
Additions through acquisition	116,254	95,197
Decreases through sales, biological assets	(2,832)	(3,370)
Decreases through harvest, biological assets	(302,994)	(197,149)
Gain (loss) on changes in fair value less estimated costs at point of sale	221,501	155,532
Discontinuation of consolidation due to constitution of joint venture recorded under the equity method	0	(54,951)
Increase (decrease) in foreign currency translation, biological assets	21,501	112,371
Other increases (decreases), biological assets	(15,937)	(2,535)
Total changes	**37,493**	**105,095**
Ending balance	**3,795,021**	**3,757,528**

As of the date of these financial statements no disbursements have been committed for the acquisition of biological assets.

NOTE 8. CURRENT TAX ASSETS AND LIABILITIES

Accounts receivable for taxes are detailed below:

	03.31.2010 ThUS$	12.31.2009 ThUS$
Monthly provisional tax prepayments	73,361	83,052
Recoverable income taxes from previous period	51,034	30,382
SENCE credits	1,058	1,571
Credits for fixed assets	7,197	6,016
Income tax provision	(26,025)	(44,156)
Credits for dividends received	1,147	973
Other current tax assets	83,020	90,402
Total	**190,792**	**168,240**

Current tax liabilities	12.31.2010 ThUS$	12.31.2009 ThUS$
First category tax provision	62,423	2,181
Taxes from fuel sales	35,567	0
Tax from Art. 21	25	21
Other current tax liabilities	7,033	10,166
Total	**105,048**	**12,368**

NOTE 9. NON CURRENT ASSETS AND LIABILITIES HELD FOR SALE

Assets held for sale	12.31.2010 ThUS$	12.31.2009 ThUS$
Organización Terpel Chile Ltda. (1)	347,766	0
Lands	5,003	0
Buildings	5,877	0
Plant and equipment	7,138	0
Fleet assets	1,769	0
Others	3,181	0
Total	**370,734**	**0**

Liabilities held for sale	12.31.2010 ThUS$	12.31.2009 ThUS$
Organización Terpel Chile Ltda. (1)	139,363	0
Total	**139,363**	**0**

(1) As of December 2010, the affiliate Compañía de Petróleos de Chile Copec S.A., has direct control of Proenergía Internacional S.A. and subsidiaries, hence, has the indirect control of Organización Terpel S.A. and Terpel del Centro S.A., companies which have a participation on Organización Terpel Chile Ltda.

The affiliate has adopted measures to dispose the participation on Organización Terpel Chile Ltda., reason why assets and liabilities associated to this investment are record under this concept in the Consolidates Financial Statements.

NOTE 10. INTANGIBLE ASSETS

As of December 31, 2010 and December 31, 2009 the main classes of intangibles assets, patents, trademarks, IT programs, water and fishing rights, easements and other acquired rights, are recorded at historic cost.

Patents, trademarks, IT programs, water and fishing rights, mining properties, easements and other acquired rights have indefinite useful life, as it is not clear when the period during which the rights are expected to generate cash flows began and/or will end.

These rights are not amortized, but they are tested periodically for impairment.

a) Classes of intangible assets different from goodwill:

	12.31.10			12.31.09		
	Gross value ThUS$	Accumulated amortization ThUS$	Net value ThUS$	Gross value ThUS$	Accumulated amortization ThUS$	Net value ThUS$
Patents, trademarks and other rights	598,698	0	598,698	922	0	922
IT programs	56,861	(26,660)	30,201	45,788	(18,765)	27,023
Other identifiable intangible assets	39,863	(4,193)	35,670	22,711	(3,020)	19,691
Fishing authorizations	17,993	0	17,993	16,077	0	16,077
Water rights	5,804	0	5,804	5,757	0	5,757
Mining projects	10,234	(229)	10,005	9,275	0	9,275
Total intangible assets	**729,453**	**(31,082)**	**698,371**	**100,530**	**(21,785)**	**78,745**
Finite life	106,958	(31,082)	75,876	77,774	(21,785)	55,989
Indefinite life	622,495	0	622,495	22,756	0	22,756
Total	**729,453**	**(31,082)**	**698,371**	**100,530**	**(21,785)**	**78,745**

b) The detail and movement of the main classes of intangible assets is provided below:

	Patents, trademarks and other rights	IT programs	Fishing authorizations	Water rights	Other intangible assets	Mining projects	Total
Opening balance as of January 1, 2010	**922**	**27,023**	**16,077**	**5,757**	**19,691**	**9,275**	**78,745**
Movements in identificable intangible assets:							
Disposals	0	0	0	0	0	0	0
Additions	597,743	9,272	1,916	47	15,711	959	625,648
Retirements	0	0	0	0	0	0	0
Amortization	0	(7,309)	0	0	(1,188)	(229)	(8,726)
Increases (decreases) from revaluation and from impairment of the amount	0	0	0	0	0	0	0
recognized in net equity	0	0	0	0	0	0	0
Increase (decrease) from revaluation recognized in income	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	2	1,357	0	0	1,351	0	2,710
Other increases (decreases)	31	(142)	0	0	105	0	(6)
Total movements in identificable intangible assets	**597,776**	**3,178**	**1,916**	**47**	**15,979**	**730**	**619,626**
Ending balance as of 12.31.10, identificable intangible assets	**598,698**	**30,201**	**17,993**	**5,804**	**35,670**	**10,005**	**698,371**

	Patents, trademarks and other rights	IT programs	Fishing authorizations	Water rights	Other intangible assets	Mining projects	Total
Opening balance as of January 1, 2009	**0**	**25,565**	**16,077**	**5,257**	**17,496**	**9,188**	**73,583**
Movements in identificable intangible assets:							
Disposals	0	(11)	0	0	0	0	(11)
Additions	922	3,994	0	500	831	87	6,334
Retirements	0	0	0	0	0	0	0
Amortization	0	(7,173)	0	0	(2,443)	0	(9,616)
Increases (decreases) from revaluation and from impairment of the amount	0	0	0	0	0	0	0
recognized in net equity	0	0	0	0	0	0	0
Increase (decrease) from revaluation recognized in income	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	0	4,648	0	0	3,807	0	8,455
Other increases (decreases)	0	0	0	0	0	0	0
Total movements in identificable intangible assets	**922**	**1,458**	**0**	**500**	**2,195**	**87**	**5,162**
Ending balance as of 12.31.09, identificable intangible assets	**922**	**27,023**	**16,077**	**5,757**	**19,691**	**9,275**	**78,745**

c) The useful lives applied to intangibles as of December 31, 2010 and December 31, 2009 are detailed as follows:

		Finite Life		Indefinite Life
		Minimum	Maximum	
Patents, trademarks and other rights	Useful life (years)	-	-	X
Industrial patents	Useful life (years)	10	50	-
IT programs	Useful life (years)	3	16	-
Other identifiable intangible assets	Useful life (years)	3	25	-
Fishing authorizations	Useful life (years)	-	-	X
Water rights	Useful life (years)	-	-	X
Capitalized mining projects	Useful life (years)	3	10	-
Mining properties	Useful life (years)	-	-	X

The charge to income for the amortization of intangibles is recorded under “Administrative expenses” in the Statement of Comprehensive Income.

d) Other intangible assets – Goodwill

Purchased goodwill represents the excess of the acquisition cost over the fair value of the Group’s share in the net identifiable assets of the subsidiary/associate acquired on the acquisition date. Purchased goodwill is not amortized, but it is tested annually for impairment.

Purchased goodwill is assigned to the groups of cash generating units identified in the operating segments that gave rise to such goodwill. Purchased goodwill generated by the investment in Arauco do Brasil (ex-Tafisa) was assigned to the Pien plant from the panel segment. The recoverable amount of this cash generating unit was determined on the basis of calculations of its value in use, and for such calculations forecasts of cash flows based on the 10-year operating plan approved by Management were used.

As of December 31, 2010, this purchased goodwill totals ThUS$ 159,450 (As of December 31, 2009 totals ThUS$ 63,776).

	12.31.10			12.31.09		
	Gross value ThUS$	Amortization ThUS$	Net value ThUS$	Gross value ThUS$	Amortization ThUS$	Net value ThUS$
Opening balance	63,776	0	63,776	3,134	0	3,134
Additions	93,219	0	93,219	56,567	0	56,567
Disposals	0	0	0	0	0	0
Amortization	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	2,455	0	2,455	4,075	0	4,075
Total goodwill	**159,450**	**0**	**159,450**	**63,776**	**0**	**63,776**

During the current period, the affiliate Compañía de Petróleos de Chile Copec S.A. acquired 100% of the social rights of Copec Colombia Investments Ltd. and Copec Colombia Holdings Ltd. and 8.954% of Proenergía Internacional S.A.

The trading price for acquiring 100% of social rights of Copec Colombia Holdings Ltd. and Copec Colombia Investment Ltd. amounted to ThUS$ 239,936 and the price paid in the takeover for 8.954% of Proenergía Internacional S.A. amounted to ThUS$ 45,049. Both transactions were paid in cash.

The assets and liabilities acquired were valued at fair value and under IFRS standards as of December 31, 2010. As this date was determined the difference between purchase price and fair value, which generates a goodwill of ThUS$ 89,455.

As a result of the valuation of the intangible assets identified on the purchase of Proenergía Internacional S.A. (Colombia), on the Consolidates Financial Statements and consequence of the fair value establishment, the brands Accel, Terpel, Oiltec, Maxter, Celerity, Tergas and Gazel have been recorded. These brands have indefinite useful life.

According to the explanation in Note 19, the merger process of the indirect affiliate Orizon S.A. generated a goodwill of ThUS$ 3,764.

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

a) Classes of net property, plant and equipment

	Figures in ThUS$ as of 12.31.10			Figures in ThUS$ as of 12.31.09		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Construction in progress	709,235	0	709,235	523,738	0	523,738
Land	1,354,628	0	1,354,628	1,086,056	0	1,086,056
Buildings	3,285,113	(1,214,825)	2,070,288	2,897,721	(1,110,347)	1,787,374
Plant and equipment	4,974,837	(2,226,107)	2,748,730	4,526,006	(1,919,458)	2,606,548
IT equipment	63,660	(36,316)	27,344	51,689	(28,479)	23,210
Fixed facilities and fittings	400,682	(69,924)	330,758	368,114	(59,286)	308,828
Motor vehicles	105,019	(59,503)	45,516	84,610	(50,567)	34,043
Improvements to leased goods	125,527	(40,219)	85,308	0	0	0
Other property, plant and equipment	667,346	(292,003)	375,343	570,067	(251,530)	318,537
Total property, plant and equipment	**11,686,047**	**(3,938,897)**	**7,747,150**	**10,108,001**	**(3,419,667)**	**6,688,334**

Depreciation for the period	12.31.2010 ThUS$	03.31.2009 ThUS$
Operating costs	235,619	238,547
Administrative expenses	30,422	29,146
Other miscellaneous operating expenses	34,872	3,748
Total	**300,913**	**271,441**

b) The detail of and movements in different categories of fixed assets are presented below:

As of December 31, 2010	Construction in progress	Land	Buildings	Plant and equipment	IT equipment	Fixed facilities and fittings	Motor vehicles	Improvements to leased goods	Other property, plant and equipment	Property, plant and equipment
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance	**523,738**	**1,086,056**	**1,787,374**	**2,606,548**	**23,210**	**308,828**	**34,043**	**0**	**318,537**	**6,688,334**
Changes:										
Additions	446,000	92,067	79,482	34,038	4,644	2,874	7,410	0	18,811	685,326
Acquisitions through business combinations	6,307	156,054	161,232	297,333	5,058	19,359	9,864	85,308	35,523	776,038
Disposals	(142)	(14,107)	(5,040)	(4,518)	(52)	(48)	(340)	0	(4,828)	(29,075)
Transfers to (from) investment properties	(30,565)	(2,661)	3,897	(477)	(4)	1,272	891	0	21,865	(5,782)
Retirements	(1,025)	(6)	(7,581)	(10,323)	(122)	(16,051)	(4,885)	0	(7,999)	(47,992)
Depreciation expenses	0	0	(98,010)	(187,105)	(2,476)	(6,936)	(3,041)	0	(20,900)	(318,468)
Increase (decrease) from revaluation and from impairment losses	0	0	(24,198)	(110,408)	(63)	0	(102)	0	(9,341)	(144,112)
Reversals of impairment recognized in income	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	3,318	33,432	38,549	28,482	(3,349)	20,094	302	0	1,808	122,636
Other increases (decreases)	(238,396)	3,793	134,583	95,160	498	1,366	1,374	0	21,867	20,245
Total changes	**185,497**	**268,572**	**282,914**	**142,182**	**4,134**	**21,930**	**11,473**	**85,308**	**56,806**	**1,058,816**
Ending balance	**709,235**	**1,354,628**	**2,070,288**	**2,748,730**	**27,344**	**330,758**	**45,516**	**85,308**	**375,343**	**7,747,150**

As of December 31, 2009	Construction in progress	Land	Buildings	Plant and equipment	IT equipment	Fixed facilities and fittings	Motor vehicles	Improvements to leased goods	Other property, plant and equipment	Property, plant and equipment
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance	**392,869**	**940,467**	**1,636,344**	**2,409,082**	**20,026**	**260,149**	**31,851**	**0**	**259,349**	**5,950,137**
Changes:										
Additions	255,553	37,904	58,071	81,541	5,183	47,185	5,891	0	14,800	506,128
Acquisitions through business combinations	4,951	33,005	44,694	192,276	0	0	458	0	5,904	281,288
Disposals	(13,184)	(181)	(2,906)	(3,467)	(197)	(1,082)	(1,287)	0	(1,027)	(23,331)
Transfers to (from) investment properties	(6,838)	(32,014)	6	(33)	0	0	314	0	6,524	(32,041)
Retirements	(1,520)	(1,265)	(82)	(2,805)	(3)	(55)	(3,413)	0	(1,467)	(10,610)
Depreciation expenses	0	0	(78,956)	(184,378)	(2,305)	(6,848)	(6,084)	0	(18,209)	(296,780)
Increase (decrease) from revaluation and from impairment losses	0	0	(1,416)	(1,694)	0	0	0	0	0	(3,110)
Reversals of impairment recognized in income	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	8,073	105,042	88,594	48,049	(1,049)	7,764	5,613	0	51,938	314,024
Other increases (decreases)	(116,166)	3,098	43,025	67,977	1,555	1,715	700	0	725	2,629
Total changes	**130,869**	**145,589**	**151,030**	**197,466**	**3,184**	**48,679**	**2,192**	**0**	**59,188**	**738,197**
Ending balance	**523,738**	**1,086,056**	**1,787,374**	**2,606,548**	**23,210**	**308,828**	**34,043**	**0**	**318,537**	**6,688,334**

Property, plant and equipment pledged in guarantee:

With respect to Forestal Río Grande S.A., a affiliate of Fondo de Inversión Bío Bío, a special purpose vehicle, in October 2006, first- and second-degree mortgages were constituted in favor of JPMorgan Chase Bank N.A. and Arauco, respectively, as well as the prohibition to encumber and dispose of the real estate currently owned by the abovementioned special purpose vehicle in order to guarantee the fulfillment of the obligations of Fondo de Inversión Bío Bío.

In September 2007, Forestal Río Grande S.A. acquired property in the municipality of Yungay, in Region VIII of Chile, over which the company constituted a first-degree mortgage with a prohibition to encumber in favor of, among others, JPMorgan. Likewise, a second-degree mortgage with prohibitions to encumber and dispose were constituted in favor of the company.

	12.31.2010 ThUS$	**12.31.2009** ThUS$
Amount of property, plant and equipment pledged in guarantee	59,187	56,799

Commitment for disbursements for projects or to acquire property, plant and equipment

	12.31.2010 ThUS$	**12.31.2009** ThUS$
Amount of commitments to acquire property, plant and equipment	297,131	244,407

	12.31.2010 ThUS$	**12.31.2009** ThUS$
Amount of disbursements for property, plant and equipment in construction	516,954	299,367

NOTE 12. LEASES

When assets are leased under capital leases, the present value of the payments is recognized as a financial account receivable. The difference between the gross amount receivable and the present value of the account is recognized as a financial yield on the capital.

Information to disclose about capital leases by class of assets, Lessee:

	12.31.2010 ThUS$	12.31.2009 ThUS$
Total property, plant and equipment under capital lease, net	**1,972**	**608**
Plant and equipment	1,972	608

Reconciliation of minimum capital lease payments, Lessee:

Present value of minimum capital lease obligations

Minimum lease payments, capital leases	12.31.2010		
	Gross ThUS$	Interest ThUS$	Value ThUS$
Not more than one year	354	10	344
More than one year but less than five years	425	1	424
More than five years	0	0	0
Total	**779**	**11**	**768**

Present value of minimum capital lease obligations

Minimum lease payments, capital leases	12.31.2009		
	Gross ThUS$	Interest ThUS$	Value ThUS$
Not more than one year	381	20	361
More than one year but less than five years	253	6	247
More than five years	0	0	0
Total	**634**	**26**	**608**

These obligations are presented in the statement of financial position under “Current and non-current interest-bearing loans,” depending on the expiration dates detailed above.

Reconciliation of minimum capital lease payments, lessor:

Present value of minimum capital lease payments

Minimum lease payments receivable, capital leases	12.31.2010		
	Gross ThUS$	**Interest** ThUS$	**Value** ThUS$
Not more than one year	4,767	450	4,317
More than one year but less than five years	5,957	358	5,599
More than five years	0	0	0
Total	**10,724**	**808**	**9,916**

Present value of minimum capital lease payments

Minimum lease payments receivable, capital leases	12.31.2009		
	Gross ThUS$	**Interest** ThUS$	**Value** ThUS$
Not more than one year	4,860	545	4,315
More than one year but less than five years	7,940	490	7,450
More than five years	0	0	0
Total	**12,800**	**1,035**	**11,765**

These receivables are presented in the Statement of Financial Position under “Current and non-current trade and other receivables,” depending on the expiration dates detailed above.

There are no contingent payments or restrictions to report for capital leases as lessee and as lessor presented in the tables above.

NOTE 13. INVESTMENT PROPERTY

	12.31.2010 ThUS$	12.31.2009 ThUS$
Opening balance	**85,869**	**69,773**
Additions	50	0
Acquisitions through business combinations	323	0
Disposals	(45)	(147)
Disposals through divestitures of businesses	0	0
Transfers to (from) properties occupied by the owner	(100)	0
Transfers to (from) non-current assets and disposal groups held for sale	0	0
Removals	0	0
Impairment losses recognized in income	0	0
Reversals of impairment losses recognized in income	0	0
Depreciation expense	(36)	(25)
Other increases (decreases)	6,759	16,268
Total changes in investment properties	**6,951**	**16,096**
Ending balance	**92,820**	**85,869**

There are no significant rental income or operating expenses for investment properties.

There are no contractual obligations for the acquisition, construction or development of investment properties, or for the repair, maintenance or improvement of the same.

NOTE 14. DEFERRED TAXES

a) Deferred tax assets and liabilities are detailed as follows:

	12.31.2010 ThUS$	12.31.2009 ThUS$
Deferred tax assets relating to:		
Depreciation	151	10
Inventory	9,245	2,040
Allowance for bad and doubtful debts	4,861	4,574
Provision for vacations	1,801	1,443
Prepaid income	3,105	1,895
Obligations for post-employment benefits	12,781	9,570
Revaluations of financial instruments	1,531	1,913
Revaluations of property, plant and equipment	2,339	3,065
Tax losses	89,529	76,956
Differences for deferred liabilities	4,601	6,690
Differences for revaluations of intangibles	24,717	10,584
Differences for revaluations of biological assets	8,812	11,424
Differences for revaluations of trade and other receivables	3,940	4,878
Provisions	9,155	8,180
Other items	2,577	6,817
Total deferred tax assets	**179,145**	**150,039**

	03.31.2010 ThUS$	12.31.2009 ThUS$
Deferred tax liabilities relating to:		
Depreciation	70,130	25,076
Provisions	(72)	(65)
Obligations for post-employment benefits	579	2,669
Revaluations of property, plant and equipment	823,519	806,576
Revaluations of biological assets	511,401	508,285
Revaluations of expenses in advanced	35,130	27,006
Revaluations of income in advanced	76,539	0
Intangible assets	35,419	890
Revaluations of financial instruments	13,869	7,798
Inventory	14,786	11,149
Other items	60,462	28,185
Revaluations of assets at fair value	145,361	0
Total deferred tax liabilities	**1,787,123**	**1,417,569**

Deferred tax assets and liabilities can be offset only if the right has been legally recognized and the assets and liabilities are in reference to the same tax authority.

As of December, the tax rate applicable to the Parent Company's main affiliates is 17%.

On July 30th, Law N°20,455 of financing for national reconstru ction was published in the Chilean Official Gazette. One of the main amendments considers in this Law is a transitory increase on the First Category Tax over perceived or deferred income of the commercial years 2011 and 2012, with tax rate of 20% and 18.5%, respectively.

The change on the tax rates originated a deferred tax adjustment over the accounts of assets and liabilities of ThUS$ 21,123, according to the projected profile of temporary differences reverse, benefits for tax losses and other events that originate differences between the accounting and tributary basis of assets and liabilities.

b) Income (expenses) from current and deferred income taxes

	12.31.2010 ThUS$	03.31.2009 ThUS$
Current income tax expense		
Current tax expense	(157,726)	(83,000)
Tax benefit arising from tax assets not recognized previously used to reduce the current tax expense	8,320	6,526
Adjustment to current taxes from previous period	(594)	1,527
Other current tax expenses	(2,510)	(516)
Total current tax expense, net	**(152,510)**	**(75,463)**

	12.31.2010 ThUS$	03.31.2009 ThUS$
Deferred income tax expense		
Deferred expense (income) from taxes relating to the creation and reversal of temporary differences	(72,964)	(47,813)
Deferred expense (income) from taxes relating to changes in the tax rate or new rates	(21,123)	0
Tax benefit arising from tax assets not recognized previously used to reduce the deferred tax expense	1,802	9,400
Other deferred tax expenses	54	3,922
Total deferred tax expenses, net	**(92,231)**	**(34,491)**
Total income (expense) from income taxes	**(244,741)**	**(109,954)**

c) Income (expenses) from foreign and Chilean income taxes

	12.31.2010 ThUS$	12.31.2009 ThUS$
Current foreign tax	(52,567)	(20,350)
Current chilean tax	(99,943)	(55,113)
Total current tax	**(152,510)**	**(75,463)**
Deferred foreign tax	17,876	913
Deferred chilean tax	(110,107)	(35,404)
Total deferred tax	**(92,231)**	**(34,491)**
Total income (expense) from income taxes	**(244,741)**	**(109,954)**

d) Reconciliation of tax expense using the legal rate to tax expense using the effective rate

	12.31.2010 ThUS$	03.31.2009 ThUS$
Tax expense using the legal rate	**(217,613)**	**(116,214)**
Tax effect of rates from other jurisdictions	(24,714)	(16,699)
Tax effect of non-taxable operating revenues	23,953	27,629
Tax effect of non-tax-deductible expenses	(24,774)	(23,083)
Tax effect of the use of tax losses not recognized	0	0
Tax effect of tax benefit not previously recognized in income	0	0
Tax effect of a new evaluation of unrecognized deferred tax assets	0	0
Tax effect of change in tax rates	(21,123)	0
Tax effect of over or under provided tax in prior periods	(542)	2,597
Taxation calculated at applicable rate	(2)	0
Other increases (decreases) in charges for legal taxes	20,074	15,816
Total adjustments to tax expense using the legal rate	**(27,128)**	**6,260**
Tax expense using the effective rate	**(244,741)**	**(109,954)**

Deferred tax assets from negative tax bases that have not yet been offset are recognized to the extent that it is likely that the corresponding tax benefit will be realized through future tax benefits. In this regard, there are no unrecognized deferred tax assets.

	12.31.2010		12.31.2009	
	Deductible Difference ThUS$	Taxable Difference ThUS$	Deductible Difference ThUS$	Taxable Difference ThUS$
Deferred tax assets	91,977	0	73,083	0
Tax losses	87,168	0	76,956	0
Deferred tax liabilities	0	1,787,123	0	1,417,569
Total	**179,145**	**1,787,123**	**150,039**	**1,417,569**

Amount recognized in income	12.31.2010 Deductible Difference ThUS$	12.31.2009 Taxable Difference ThUS$
Deferred tax assets	8,322	(66)
Tax losses	(4,990)	10,690
Deferred tax liabilities	(95,962)	(49,139)
Decreases in foreign currency translation	399	4,024
Total	**(92,231)**	**(34,491)**

NOTE 15. TRADE AND OTHER PAYABLES

Trade and other payables are detailed as follows:

	12.31.2010 ThUS$	12.31.2009 ThUS$
Current		
Trade payables	1,037,611	724,732
Lease liabilities	16,873	6,512
Other payables	24,806	23,409
Total	**1,079,290**	**754,653**

NOTE 16. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are carried out under market conditions.

Related companies are considered to be the entities defined according to the provisions of IAS 24, the standards of the Chilean Superintendency of Securities and Insurance, and the Corporations Law.

Balances receivable from and payable to related parties as of each period-end primarily arise from transactions within the consolidated line of business, are agreed in Chilean pesos and U.S. dollars, have terms of payment that do not exceed 60 days, and in general do not have indexation or interest clauses.

As of the date of these consolidated financial statements, no guarantees have been granted in relation to balances between related companies, and no provisions for doubtful accounts have been constituted.

The table “Transactions” includes all transactions with related entities with which the accumulated amounts in one or more periods exceed ThUS$ 200 (which amount represents 0.0016% of operating revenues and 0.0020% of the cost of sales).

16.1 Receivables from related entities

Current receivables from related companies		Country	Nature of relationship	12.31.2010 ThUS$	12.31.2009 ThUS$
96.942.120-8	AIR BP COPEC S.A.	Chile	Indirect associate	34,198	30,570
76.456.800-1	Sociedad Minera Isla Riesco S.A.	Chile	Associate	13,122	15,216
96.505.760-9	Colbún S.A.	Chile	Director in common	13,112	1,257
96.532.330-9	CMPC Celulosa S.A.	Chile	Director in common	9,520	5,710
96.893.820-7	Corpesca S.A.	Chile	Indirect associate	8,546	5,095
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	6,547	141
79.825.060-4	Forestal del Sur S.A.	Chile	Indirect associate	4,032	3,247
99.500.140-3	Eka Chile S.A.	Chile	Indirect associate	3,665	1,896
0-E	Stora Enso Arapoti Industria de Papel S.A.	Brasil	Indirect associate	1,112	818
61.704.000-K	Codelco - Chile S.A.	Chile	Director in common	1,084	2,258
0-E	Otras Empresas Colombia	Chile	Indirect associate	925	0
96.731.890-6	Cartulinas CMPC S.A.	Chile	Director in common	811	774
96.853.150-6	Papeles Cordillera S.A.	Chile	Director in common	449	37
71.625.000-8	Fundación Educacional Arauco	Chile	Indirect associate	340	717
91.656.000-1	Industrias Forestales S.A.	Chile	Indirect associate	240	409
82.777.100-7	Puerto de Lirquén S.A.	Chile	Associate	192	208
91.440.000-7	Forestal Mininco S.A.	Chile	Director in common	111	223
76.384.550-8	Sociedad Nacional Marítima S.A.	Chile	Indirect associate	107	80
95.304.000-K	CMPC Maderas S.A.	Chile	Director in common	88	100
0-E	Peruana de Gas	Perú	Indirect associate	39	0
96.925.430-1	Servicios Corporativos Sercor S.A.	Chile	Indirect associate	38	34
99.285.000-0	Compañía de Seguros Cruz del Sur S.A.	Chile	Shareholders in common	32	17
77.107.649-3	Sociedad de inversiones Coloso S.A.	Chile	Indirect associate	32	0
96.529.310-8	CMPC Tissue S.A.	Chile	Director in common	23	15
89.201.400-0	Envases Impresos S.A.	Chile	Indirect associate	7	6
96.792.430-K	Sodimac S.A.	Chile	Director in common	7	4
87.635.000-9	Sociedad Edificio Don Crescente Ltda.	Chile	Associate	3	2
92.580.000-7	Entel S.A.	Chile	Director in common	2	2
0-E	Promigas Comunicaciones	Colombia	Indirect associate	2	0
79.895.330-3	Compañía Puerto Coronel S.A.	Chile	Indirect associate	1	49
93.628.000-5	Molibdenos y Metales S.A.	Chile	Director in common	0	147
96.722.460-K	Metrogas S.A.	Chile	Associate	0	12
0-E	El Esparragal Asoc.Agraria de Resp.Ltda.	Uruguay	Other related parties	0	11,280
0-E	Dynea Brasil S.A.	Brazil	Indirect associate	0	96
				98,387	**80,420**

Non-current receivables from related companies				12.31.2010 ThUS$	12.31.2009 ThUS$
96.641.810-9	GAS NATURAL PRODUCCION S.A.	Chile	Associate	491	453
				491	**453**

16.2 Payables to related entities

Current payables to related companies		Country	Nature of relationship	12.31.2010 ThUS$	12.31.2009 ThUS$
96.636.520-K	Gases y Graneles Líquidos S.A.	Chile	Indirect associate	5,369	2,324
95.304.000-K	Sociedad Minera Isla Riesco S.A.	Chile	Associate	1,826	0
76.384.550-8	Sociedad Nacional Marítima S.A.	Chile	Indirect associate	1,560	643
82.040.600-1	Sociedad de Inversiones de Aviación Ltda.	Chile	Indirect associate	801	353
82.777.100-7	Puerto de Lirquén S.A.	Chile	Associate	655	595
86.370.800-1	Sigma Servicios Informáticos S.A.	Chile	Shareholders in common	544	177
0-E	Gases de Bocaya y Santander	Colombia	Control by Society's Director	350	0
96.924.170-6	PREGO S.A.	Chile	Indirect associate	312	7
79.895.330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	237	579
0-E	Condominio Industrial Terpel	Colombia	Control by Society's Director	208	0
78.096.080-9	Portaluppi Guzman, Bezanilla abogados	Chile	Partner as Society's Director	131	0
96.722.460-K	Metrogas S.A.	Chile	Associate	90	10
96.925.430-1	Servicios Corporativos Sercor S.A.	Chile	Indirect associate	75	19
96.953.090-2	Boat Parking	Chile	Indirect associate	73	0
96.792.430-K	Sodimac S.A.	Chile	Director in Common	45	0
92.580.000-7	Entel S.A.	Chile	Director in Common	38	32
99.517.930-K	Cenelca S.A.	Chile	Director in Common	34	32
96.871.870-3	Depósitos Portuarios Lirquén S.A.	Chile	Indirect associate	32	4
96.720.740-3	Petróleos Trasandinos S.A.	Chile	Indirect associate	23	0
96.893.820-7	Corpesca S.A.	Chile	Indirect associate	17	15
76.107.649-3	Sociedad de Inversiones Coloso S.A.	Chile	Indirect associate	3	0
96.635.700-2	Empresa Electrica Guacolda S.A.	Chile	Associate	1	0
96.942.120-8	AIR BP COPEC S.A.	Chile	Indirect associate	1	0
93.305.000-9	Proveedora Industria Minera S.A.	Chile	Indirect associate	1	0
96.628.780-2	Compañía de Seguros de Vida Cruz del Sur	Chile	Shareholders in common	0	1
96.529.310-8	CMPC Tissue S.A.	Chile	Director in Common	0	5
99.500.140-3	EKA Chile S.A.	Chile	Indirect associate	0	2,743
				12,426	**7,539**

Non-current payables to related companies	12.31.2010 ThUS$	12.31.2009 ThUS$
	0	**0**

16.3 Transactions with related entities

As of December 31, 2010

Related Party	Taxpayer ID	Country	Nature of Relationship	Good or Service Purchased	Amount of Purchases Net of VAT ThUS$	Effect on Income ThUS$
AIR BP COPEC S.A.	96.942.120-8	Chile	Indirect associate	Sale of fuel	281,049	281,049
AIR BP COPEC S.A.	96.942.120-8	Chile	Indirect associate	Rec. Expenses and other charges	362	0
AIR BP COPEC S.A.	96.942.120-8	Chile	Indirect associate	Miscellaneous purchases	62	(62)
Boat Parking	96.952.090-2	Chile	Indirect associate	Rental of vessel parking sites	107	(107)
Cartulinas CMPC S.A.	96.731.890-6	Chile	Director in common	Sale of market pulp	16,225	16,225
Cartulinas CMPC S.A.	96.731.890-6	Chile	Director in common	Sale of fuel	4,404	4,404
Cartulinas CMPC S.A.	96.731.890-6	Chile	Director in common	Sale of mat., clothes and others	163	163
Cartulinas CMPC S.A.	96.731.890-6	Chile	Director in common	Sale of lubricants	129	129
Compañía de Seguros de Vida Cruz del Sur S.A.	96.628.780-2	Chile	Shareholders in common	Insurance policies	803	(803)
Compañía Puerto de Coronel S.A.	79.895.330-3	Chile	Indirect associate	Sale of lubricants	2	2
Compañía Puerto de Coronel S.A.	79.895.330-3	Chile	Indirect associate	Sale of fuel	101	101
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Sale of fuel	48,178	48,178
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Sale of inputs	4,567	4,567
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Sale of lubricants	594	594
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Sale of mat., clothes and others	408	408
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Other pruchases	893	(893)
CMPC Maderas S.A.	95.304.000-K	Chile	Director in common	Sale of lubricants	360	360
CMPC Maderas S.A.	95.304.000-K	Chile	Director in common	Sale of fuel	64	64
CMPC Maderas S.A.	95.304.000-K	Chile	Director in common	Purchase of logs and others	49	(49)
CMPC Tissue S.A.	96.529.310-8	Chile	Director in common	Sale of fuel	120	120
CMPC Tissue S.A.	96.529.310-8	Chile	Director in common	Sale of lubricants	104	104
CMPC Tissue S.A.	96.529.310-8	Chile	Director in common	Miscellaneous purchases	37	(37)
Codelco - Chile	61.704.000-K	Chile	Director in common	Sale of fuel	3,460	3,460
Codelco - Chile	61.704.000-K	Chile	Director in common	Sale of lubricants	1,000	1,000
Codelco - Chile	61.704.000-K	Chile	Director in common	Sale of mat., clothes and others	371	371
Codelco - Chile	61.704.000-K	Chile	Director in common	Miscellaneous purchases	569	(569)
Colbún S.A.	96.505.760-9	Chile	Director in common	Sale of fuel	307,824	307,824
Colbún S.A.	96.505.760-9	Chile	Director in common	Electricity	2,418	2,418
Colbún S.A.	96.505.760-9	Chile	Director in common	Other sales	9,179	9,179
Colbún S.A.	96.505.760-9	Chile	Director in common	Sale of lubricants	20	20
Colbún S.A.	96.505.760-9	Chile	Director in common	Sale of mat., clothes and others	16	16
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Sale of fuel	33,971	33,971
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Sale of lubricants	1,492	1,492
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Rental of offices	228	228
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Other sales	26	26
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Administrative services	2	(2)
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Land purchase	2,717	(2,717)
Dynea Brasil S.A.	0-E	Brazil	Indirect associate	Sale of fuel	259	259
Dynea Brasil S.A.	0-E	Brazil	Indirect associate	Services provided	160	160
Dynea Brasil S.A.	0-E	Brazil	Indirect associate	Purchase of melamine paper	5,466	(5,466)
Dynea Brasil S.A.	0-E	Brazil	Indirect associate	Purchase of chemical products	9,695	(9,695)
Eka Chile S.A.	99.500.140-3	Chile	Indirect associate	Sale of electricity	26,277	26,277
Eka Chile S.A.	99.500.140-3	Chile	Indirect associate	Sodium chlorate	39,338	(39,338)
Empresa Eléctrica Guacolda S.A.	96.635.700-2	Chile	Associate	Sale of fuel	3,911	3,911
Empresa Eléctrica Guacolda S.A.	96.635.700-2	Chile	Associate	Reim. Expenses and other payments	21	(21)
Entel S.A.	92.580.000-7	Chile	Director in common	Sale of fuel	98	98
Entel S.A.	92.580.000-7	Chile	Director in common	Communications	574	(574)
Forestal del Sur S.A.	79.825.060-4	Chile	Indirect associate	Sale of wood chips	26,985	26,985
Forestal del Sur S.A.	79.825.060-4	Chile	Indirect associate	Purchase of logs and others	1,087	(1,087)
Forestal Mininco S.A.	91.440.000-7	Chile	Director in common	Sale of wood	2,061	2,061
Forestal Mininco S.A.	91.440.000-7	Chile	Director in common	Sale of fuel	663	663
Forestal Mininco S.A.	91.440.000-7	Chile	Director in common	Purchase of logs and others	705	(705)
GasMar S.A.	96.636.520-K	Chile	Associate	Purchase of fuel	148,896	(148,896)
GasMar S.A.	96.636.520-K	Chile	Associate	Sale of fuel	5	5
Industrias Forestales S.A.	91.656.000-1	Chile	Indirect associate	Sale of fuel	2,303	2,303
Industrias Forestales S.A.	91.656.000-1	Chile	Indirect associate	Sale of mat., clothes and others	199	199
Industrias Forestales S.A.	91.656.000-1	Chile	Indirect associate	Sale of lubricants	97	97
Metrogas S.A.	96.722.460-K	Chile	Associate	Sale of fuel	8	8
Metrogas S.A.	96.722.460-K	Chile	Associate	Purchase of natural gas	535	(535)
Molibdenos y Metales S.A.	93.628.000-5	Chile	Director in common	Sale of fuel	775	775
Papeles Cordillera S.A.	96.853.150-6	Chile	Director in common	Sale of fuel	1,377	1,377
Papeles Cordillera S.A.	96.853.150-6	Chile	Director in common	Sale of lubricants	65	65
Portaluppi, Guzmán y Bezanilla Abogados	78.096.080-9	Chile	Partner as Society's Director	Legal advisory	1,432	(1,432)
Prego S.A.	96.924.170-6	Chile	Indirect associate	Administrative services	989	(989)
Puerto de Lirquén S.A.	82.777.100-7	Chile	Associate	Port services	7,049	(7,049)
Servicios Corporativos Sercor S.A.	96.925.430-1	Chile	Indirect associate	Administrative services	238	(238)
Servicios Corporativos Sercor S.A.	96.925.430-1	Chile	Indirect associate	Operating advisory	195	(195)
Servicios Corporativos Sercor S.A.	96.925.430-1	Chile	Indirect associate	Reimbursement expenses	15	(15)
Sigma Servicios Informáticos S.A.	86.370.800-1	Chile	Shareholders in common	Computer services	2,039	(2,039)
Sociedad de Inversiones de Aviación Ltda.	82.040.600-1	Chile	Indirect associate	Storage services	3,094	(3,094)
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Administrative services	552	552
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Sale of lubricants	492	492
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Reim. Expenses and other payments	3	3
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Maritime transport	9,698	(9,698)
Sodimac S.A.	96.792.430-K	Chile	Director in common	Sale of wood	19,383	19,383
Sodimac S.A.	96.792.430-K	Chile	Director in common	Sale of fuel	272	272
Sodimac S.A.	96.792.430-K	Chile	Director in common	Miscellaneous purchases	26	26
Stora Enso Arapoti Industria de Papel S.A.	0-E	Brazil	Indirect associate	Sale of wood	8,839	8,839
Totales					**1,047,950**	**574,978**

As of December 31, 2009

Related Party	Taxpayer ID	Country	Nature of Relationship	Good or Service Purchased	Amount of Purchases Net of VAT ThUS$	Effect on Income ThUS$
AIR BP COPEC S.A.	96.942.120-8	Chile	Indirect associate	Sale of fuel	207,277	207,277
AIR BP COPEC S.A.	96.942.120-8	Chile	Indirect associate	Miscellaneous purchases	59	(59)
AIR BP COPEC S.A.	96.942.120-8	Chile	Indirect associate	Reim. Expenses and other payments	19	19
Boat Parking	96.952.090-2	Chile	Indirect associate	Dock rental and unloading service	83	(83)
Cartulinas CMPC S.A.	96.731.890-6	Chile	Director in common	Sale of fuel	3,294	3,294
Cartulinas CMPC S.A.	96.731.890-6	Chile	Director in common	Sale of lubricants	202	202
Compañía de Seguros de Vida Cruz del Sur S.A.	96.628.780-2	Chile	Shareholders in common	Insurance policies	601	(601)
Compañía Puerto de Lirquén S.A.	82.777.100-7	Chile	Indirect associate	Port services	0	0
Compañía Puerto de Coronel S.A.	79.895.330-3	Chile	Indirect associate	Storage services	4,390	(4,390)
Compañía Puerto de Coronel S.A.	79.895.330-3	Chile	Indirect associate	Sale of fuel	41	41
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Sale of fuel	42,131	42,131
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Sale of lubricants	650	650
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Sale of mat., clothes and others	268	268
CMPC Celulosa S.A.	96.532.330-9	Chile	Director in common	Sale of inputs	192	192
CMPC Maderas S.A.	95.304.000-K	Chile	Director in common	Sale of lubricants	499	499
CMPC Maderas S.A.	95.304.000-K	Chile	Director in common	Miscellaneous sales	17	17
CMPC Maderas S.A.	95.304.000-K	Chile	Director in common	Sale of fuel	130	130
CMPC Maderas S.A.	95.304.000-K	Chile	Director in common	Purchase of logs and others	325	(325)
CMPC Tissue S.A.	96.529.310-8	Chile	Director in common	Sale of fuel	1,857	1,857
CMPC Tissue S.A.	96.529.310-8	Chile	Director in common	Sale of lubricants	87	87
CMPC Tissue S.A.	96.529.310-8	Chile	Director in common	Miscellaneous purchases	39	(39)
Codelco - Chile	61.704.000-K	Chile	Director in common	Sale of fuel	14,720	14,720
Codelco - Chile	61.704.000-K	Chile	Director in common	Sale of lubricants	2,922	2,922
Codelco - Chile	61.704.000-K	Chile	Director in common	Miscellaneous purchases	2,197	(2,197)
Codelco - Chile	61.704.000-K	Chile	Director in common	Sale of mat., clothes and others	709	709
Colbún S.A.	96.505.760-9	Chile	Director in common	Sale of fuel	260,555	260,555
Colbún S.A.	96.505.760-9	Chile	Director in common	Electricity	12,342	12,342
Colbún S.A.	96.505.760-9	Chile	Director in common	Other sales	37	37
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Sale of fuel	26,529	26,529
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Sale of lubricants	1,439	1,439
Corpesca S.A.	96.893.820-7	Chile	Indirect associate	Rental of offices	230	230
Dynea Brasil S.A.	0-E	Brazil	Indirect associate	Sale of fuel	682	682
Dynea Brasil S.A.	0-E	Brazil	Indirect associate	Purchase of chemical products	27,596	(27,596)
Dynea Brasil S.A.	0-E	Brazil	Indirect associate	Services provided	529	529
Dynea Brasil S.A.	0-E	Brazil	Indirect associate	Purchase of melamine paper	18,917	(18,917)
Eka Chile S.A.	99.500.140-3	Chile	Indirect associate	Sale of electricity	19,580	19,580
Eka Chile S.A.	99.500.140-3	Chile	Indirect associate	Sodium chlorate	547	(547)
Eka Chile S.A.	99.500.140-3	Chile	Indirect associate	Other inputs	57,430	(57,430)
Empresa Eléctrica Guacolda S.A.	96.635.700-2	Chile	Associate	Sale of fuel	4,206	4,206
Empresa Eléctrica Guacolda S.A.	96.635.700-2	Chile	Associate	Reim. Expenses and other payments	31	0
Entel S.A.	92.580.000-7	Chile	Director in common	Communications	333	(333)
Entel S.A.	92.580.000-7	Chile	Director in common	Sale of fuel	12	12
Forestal del Sur S.A.	79.825.060-4	Chile	Indirect associate	Sale of wood chips	16,689	16,689
Forestal del Sur S.A.	79.825.060-4	Chile	Indirect associate	Purchase of wood	10	(10)
Forestal del Sur S.A.	79.825.060-4	Chile	Indirect associate	Purchase of logs and others	1,145	(1,145)
Forestal Mininco S.A.	91.440.000-7	Chile	Director in common	Sale of fuel	932	932
Forestal Mininco S.A.	91.440.000-7	Chile	Director in common	Sale of wood	823	823
Gases y Graneles Líquidos S.A.	96.636.520-K	Chile	Associate	Sale of fuel	81,552	(81,552)
Industrias Forestales S.A.	91.656.000-1	Chile	Indirect associate	Sale of fuel	1,857	1,857
Industrias Forestales S.A.	91.656.000-1	Chile	Indirect associate	Sale of lubricants	78	78
Industrias Forestales S.A.	91.656.000-1	Chile	Indirect associate	Sale of mat., clothes and others	86	86
Lota Protein S.A.	96.766.590-8	Chile	Indirect associate	Dock rental and unloading service	197	197
Metrogas S.A.	96.722.460-K	Chile	Associate	Sale of fuel	384	384
Metrogas S.A.	96.722.460-K	Chile	Associate	Purchase of natural gas	23	(23)
Molibdenos y Metales S.A.	93.628.000-5	Chile	Director in common	Sale of fuel	1,646	1,646
Papeles Cordillera S.A.	96.853.150-6	Chile	Director in common	Sale of fuel	9,960	9,960
Papeles Cordillera S.A.	96.853.150-6	Chile	Director in common	Sale of lubricants	95	95
Portaluppi, Guzmán y Bezanilla Abogados	78.096.080-9	Chile	Partner as Society's Director	Legal advisory	1,552	(1,552)
Puerto Lírquen S.A.	82.777.100-7	Chile	Indirect associate	Sale of fuel	16	16
Puerto Lírquen S.A.	82.777.100-7	Chile	Indirect associate	Port services	8,162	(8,162)
Servicios Corporativos Sercor S.A.	96.925.430-1	Chile	Indirect associate	Administrative services	367	(367)
Servicios Corporativos Sercor S.A.	96.925.430-1	Chile	Indirect associate	Operating advisory	46	(46)
Servicios Corporativos Sercor S.A.	96.925.430-1	Chile	Indirect associate	Reimbursement expenses	13	(13)
Sigma Servicios Informáticos S.A.	86.370.800-1	Chile	Shareholders in common	Computer services	1,180	(520)
Sociedad de Inversiones de Aviación Ltda.	82.040.600-1	Chile	Indirect associate	Storage services	2,647	(2,647)
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Administrative services	549	549
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Sale of lubricants	529	529
Sociedad Nacional Marítima S.A.	76.384.550-8	Chile	Indirect associate	Maritime transport	9,618	(9,618)
Sodimac S.A.	96.792.430-K	Chile	Director in common	Sale of wood	29,688	29,688
Sodimac S.A.	96.792.430-K	Chile	Director in common	Sale of fuel	506	506
Sodimac S.A.	96.792.430-K	Chile	Director in common	Miscellaneous purchases	5	(5)
Stora Enso Arapoti Industria de Papel S.A.	0-E	Brazil	Indirect associate	Sale of wood	7,457	7,457
Total					**891,516**	**454,471**

16.4 Board of Directors and key members of Management

Remunerations of key personnel include directors, officers and senior managers and comprise a fixed monthly amount, as well as a potential discretionary annual bonus.

Compensation of directors and key members of Management.

Remunerations received by key members of Management and Board	**12.31.2010** ThUS$	**12.31.2009** ThUS$
Remunerations and benefits	58,204	43,436
Board expenses	3,146	2,791
Severance benefits	3,962	2,404
Total remunerations received by key members of Management	**65,312**	**48,631**

NOTE 17. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Lawsuits and other legal actions, affiliate Celulosa Arauco y Constitución S.A.

1. (i) On October 8, 2007, the Federal Public Income Administration ("AFIP") initiated tax determination proceedings against the Argentine affiliate Alto Paraná S.A. (referred to herein as "APSA"), questioning deductions for certain expenses, interest and exchange differences generated by Private Negotiable Obligations that were issued by the Company in the year 2001 and paid in 2007.

On November 20, 2007, APSA presented its response to the notice served by the AFIP, completely rejecting the position of the Government, with the understanding that there are solid legal foundations proving the legitimacy of its actions in the determination of its tax liability, and consequently the AFIP's claim is unfounded.

On December 14, 2007, the AFIP notified APSA that the defense it presented was not sustained and proceeded to demand payment, within 15 business days, of the differences calculated for the income taxes for the tax periods 2002, 2003 and 2004 relating to capital and other items as compensatory interest and fines for failure to pay.

On February 11, 2008, APSA appealed the resolution before the National Tax Court ("TFN").

On February 8, 2010, APSA was notified of the sentence of the TFN, confirming the resolution of AFIP including costs, although the reasons for the decision differed from the reasons invoked by the AFIP in its original claim. This sentence exhausts the administrative appeals process, but the judicial process is still available (Federal Appeals Chamber for Judicial Review and, subsequently, the National Supreme Court of Justice).

On February 15, 2010, APSA appealed the sentence before the Federal Appeals Chamber for Judicial Review and presented the necessary information in order to have the sentence revoked and to terminate the effects of the same. APSA paid litigation fees in the amount of $ 5,886,053 Argentine Pesos (ThUS$ 1,481 at December 31, 2010).

On March 18, 2010, the same Federal Chamber issued a measure to better resolve the dispute, in which it ordered the AFIP to abstain from requiring the impediment of injunctive measures, demanding payment through administrative means, issuing debt warrant or initiating judicial collections proceedings, including the impediment of embargos and other executive injunctive measures against APSA until such Court has come to a decision about the cautionary measure filed by APSA for the same purpose.

On May 13, 2010 the Federal Appeal Court decided to accept the precautionary ruling requested by APSA, ordering to suspend the enforcement of the AFIP resolution until the final decision on this matter. This precautionary ruling was granted by the Federal Appeal Court subject to the granting of a corresponding bond. On May 19, 2010, APSA filed with the Appeal Court a surety policy issued by Zurich Argentina Cía. de Seguros S.A. On May 20, 2010, the Federal Appeal Court request APSA some precisions about the items covered by the insurance surety. On May 28, 2010, APSA complied and included Endorsement N°1 of the surety policy . On June 2, 2010, the Federal Appeal Court accepted this surety filed by APSA and ordered to notify the precautionary ruling granted to the AFIP. On June 4, 2010 the AFIP was notified on this precautionary ruling at May 13, 2010, which is final since June 22, 2010.

Despite the TFN’s sentence, the opinion of APSA’s external advisors has not changed in that APSA’s deduction of the interest on the debt that is being questioned by the Government was legal. Therefore, such advisors continue to sustain that there is a good chance that the sentence of the TFN will be revoked and its original claim overturned. Consequently no provisions have been constituted for any of the periods in which the Negotiable Obligations were in effect.

(ii) During the course of this proceeding and with respect to the payment of the court tax to the Tax Court, on July 18, 2008, the judge in charge of the case requested that the Company pay $ 10,447,705 (Argentine pesos) (equivalent to ThUS$ 2,629 as of December 31, 2010) for the court tax to the National Tax Court. On August 14, 2008, APSA filed a motion to appeal this charge, on the grounds that the amount was unreasonable. In this same motion, APSA made a payment for $ 1,634,914 (Argentine pesos) (equivalent to ThUS$ 411 as of December 31, 2010), considering that this was the amount that the Company was legally required to pay for the court tax. On April 13, 2010, Room I of the Federal Appeals Chamber for Judicial Review denied the motion for appeal filed by APSA. On April 26, 2010, APSA filed an ordinary motion for appeal before the National Supreme Court of Justice; this appeal is still being considered by the Court. If the appeal were to be denied by the Chamber or declared wrongly conceded by the Supreme Court, and for the best possible defense of the rights of APSA, on May 6, 2010, a corresponding extraordinary motion was filed. The analysis of the grounds of the dispute leads, in the opinion of APSA’s legal advisors, to an optimistic view of the case.

2.- In relation to the Valdivia Plant of Celulosa Arauco y Constitución S.A. (herein also referred to as the “Company”), several complaints and denunciations have been filed before the corresponding guarantee court, in light of alleged offenses related to the environment resulting from the operations of such Plant. The complaints and denunciations have been accumulated into a single investigation. The offenses indicated in the complaints and denunciations are the offenses described in Article 291 of the Penal Code, Article 136 of the Fishing Law, and Article 38 of the Law on National Monuments. The Public Prosecution Offices (Ministerio Público) closed the investigation and decided not to persist with it. The Warranty Court called the parties to a hearing to communicate this decision of the Public Prosecution Office. On October 18, 2010, at a hearing held before the Warranty Court of San Jose de la Mariquina, the Prosecutor in charge of the investigation announced that the Public Prosecution Office would not continue with the investigation due to the lack of a factual basis for the charges. Such decision was then announced officially by the Court, and it was not challenged.

3.- With respect to the Valdivia Plant, on April 27, 2005, the Government Board of Defense filed a civil lawsuit against the Company for the repair and indemnification of environmental damages, before the First Civil Court of Valdivia (File 746-2005).

The Company filed its response, arguing that it is not responsible for the environmental damages and therefore that the indemnification payments as well as the alleged reparation, are inadmissible. This proceeding is still pending, having terminated the period in which the parties are allowed to gather and submit evidence. Currently, Court is waiting for experts' reports requested by the Court.

4.- With respect to the Valdivia Plant, on March 26, 2010, eleven indigenous communities, located in the borough of San José de la Mariquina, filed a constitutional action (Recurso de Protección) against the Regional Environmental Commission of the Los Ríos Region, in connection with the Exempted Resolution Nº 027 dated February 24, 2010 that favorably qualified the Environmental Impact Study of the project known as "Conduction and Ocean Discharge System for Treated Emissions from the Valdivia Plant", the holder of which is the Company. This action is based on the grounds of alleged constitutional, legal, and regulatory infractions incurred in by said Resolution, as well as an alleged lack of surveillance and enforcement, acts and omissions, all of which would purportedly violate the constitutional rights set forth in Article 19, numbers 2, 6, 8 and 21 of the Political Constitution of Chile, namely, equality under the Law, freedom of worship, freedom to live in a pollution-free environment, and the right to freely engage in economic activities. The plaintiffs are demanding that the Resolution mentioned above be declared unenforceable.

The constitutional action mentioned above was unanimously rejected by the Court of Appeals of Valdivia on May 26, 1010.

On June 1, 2010, the plaintiffs filed an appeal before the Supreme Court. On October 14, 2010 the Supreme Court confirmed the veredict of the Court of Appeals rejecting the constitutional action (Recurso de Protección). This judgment is just firm and enforceable. The process is finished.

5.- With respect to the Nueva Aldea Plant, on December 21, 2007, the Company was notified of nine similar lawsuits. Eight lawsuits were filed against the company Echeverría Izquierdo Montajes Industriales S.A., as employer, and against the Company, as a jointly and severally liable party, and additionally directly against the Company. The other lawsuit was filed against Mr. Leonel Enrique Espinoza Canales, as employer, and against the Company, as a jointly and severally liable party, and additionally directly against the Company.

The lawsuits seek the indemnification of each of the plaintiffs, 72 persons in total, for the alleged damages they suffered as a result of an accident involving three employees of the contractor Echeverría Izquierdo Montajes Industriales S.A. These employees were working on the construction of the Nueva Aldea wood pulp plant in December 2005 and allegedly suffered radiation while handling a source from a piece of equipment belonging to a subcontractor of the abovementioned contractor.

After being notified of these lawsuits, the Company filed a motion for total judicial incompetence and subsidiarily responded to the main lawsuits, requesting that they be rejected on the grounds of being completely unfounded. In addition, it responded to the subsidiary lawsuits filed directly against the Company, asking the Court that they be rejected on the grounds of being unfounded. All of these lawsuits have been grouped together. The trial is currently in progress, and to date both parties have provided their testimony.

For these same events, on January 29, 2008, the Company was notified of a lawsuit for the indemnification of damages for a workplace accident presented by Mr. Fernando Vargas Llanos. The lawsuit was filed against his former employer, Inspección Técnica y Control de Calidad Limitada (ITC), the construction company Echeverría Izquierdo Montajes Industriales S.A. and the Company. The lawsuit seeks the indemnification of Mr. Vargas for alleged damages suffered as a result of the event that took place in December 2005, as indicated above.

After being notified of this lawsuit, the Company filed a motion for total judicial incompetence and subsidiarily responded to the main lawsuit, requesting that it be rejected on the grounds of being completely unfounded. On July 20, 2009, the Court decreed that the proceeding was terminated, as the plaintiff had been inactive in the legal proceedings for more than six months. This resolution is currently being contested by the plaintiff, and such opposition has not yet been resolved. Therefore, resumed the processing of this case, a hearing was set for conciliation and testing for the day January 25, 2011.

Finally, for these same events, on November 10, 2009, the Company was notified of a work-related lawsuit, in a general application procedure, filed by 14 former employees of the construction company Echeverría Izquierdo Montajes Industriales S.A., against the latter as the main defendant and against the Company as jointly and severally liable, and subsidiarily against the Company as the party that is allegedly directly responsible for the accident. The lawsuit seeks payment for emotional damages suffered as a result of the exposure that the parties allegedly experienced to a radioactive isotope during an accident that took place at the Nueva Aldea Plant on December 14 and 15, 2005. The Court denied the complaint based on the applicable statute of limitation. The plaintiff then appealed such resolution, which appeal remains pending. On October 21, 2010 hearing was held for trial, where the Court decided to reject the plea raised and allow the plea of prescription. Both the plaintiffs and Echeverría appealed to such a resolution. On November 16, 2010 joined the appeal to the Court of Appeals Chilllán, Docket 66-2010, being currently in table.

Considering that the position of the Company is supported by solid legal arguments, there is a reasonable likelihood of a favorable outcome for the Company.

6.- On August 25, 2005, the Chilean Servicio de Impuestos Internos (the “Chilean IRS”) issued tax calculations No. 184 and No. 185 of 2005 objecting to certain capital reduction transactions effected by Arauco on April 16, 2001 and October 31, 2001, and furthermore, requested reimbursement from the Company for amounts returned to it in respect of certain claimed tax losses. On November 7, 2005, the Company requested a Review of the Supervision Action (Revisión de la Actuación Fiscalizadora, or “RAF”), which is an administrative review of the tax action brought by the Chilean IRS, and subsidiarily, a claim was filed against the abovementioned tax calculations No. 184 and 185 of 2005. The RAF was resolved on January 9, 2009 by the Chilean IRS, which resolution, however, only partially sustained the Company’s request. In response, the Company filed an additional complaint with regard to the portion of the RAF that was not granted by the administrative review. On February 19, 2010, the Court took note of the Company’s request; therefore the IRS should inform to the Court on this request. As of the date of issuance of these financial statements, the investigation in respect of this complaint is pending.

Considering that the position of the Company is supported by solid legal arguments, there is a reasonable likelihood of a favorable outcome for the Company.In our opinion, and according to the information available to us, this lawsuit is unfounded.

7.- On April 14, 2009, Forestal Celco S.A. was notified of a civil lawsuit filed by Mario Felipe Rojas Sepúlveda on behalf of Víctor Adrián Gavilán Villarroel against Cooperativa Eléctrica de Chillán Limitada and against Forestal Celco S.A. The lawsuit aims to make both companies jointly and severally liable for compensation of alleged material damages suffered as a result of a fire that occurred on January 12, 2007 on the El Tablón county property, which belongs to Forestal Celco S.A.

On April 30, 2009 Forestal Celco S.A. filed objections pointing to defects in the demand. The plaintiff rectified the defects, and the Company replied to the demand. To date, the parties are summoned to hear sentence. Consequently, the judgment is pending.

8.- On December 1, 2007, Forestal Celco S.A., affiliate of Celulosa Arauco y Constitución S.A., was notified of a civil lawsuit filed by Ms. Marcela Larraín Novoa in representation of Nimia del Carmen Alvarez Delgado against Ms. Patricia del Carmen Muñoz Zamorano and Forestal Celco S.A. This lawsuit seeks the replevin of a payment for 88% of the rights to the property named “Loma Angosta”, which has a total surface area of 281.89 hectares. This property was acquired in 1994 by Forestal Celco S.A. through the purchase from Ms. Patricia del Carmen Muñoz Zamorano, who had acquired the property through the division of the property, which was annulled by a first instance sentence on October 22, 1998 and confirmed by the decision of the Supreme Court on July 18, 2006. To date, Ms. Patricia del Carmen Muñoz Zamorano has not been notified.

As a result on May 18, 2008, the Company filed a motion to correct the claim, which was allowed and accepted by the Court. As of this date, the plaintiff has not corrected the defects of its claim finding the cause pending.

9.- On November 17, 2003, Bosques Arauco S.A., affiliate of the Company, was notified of a lawsuit for replevin filed by Ms. Celmira María Curín Tromo, who was seeking the replevin and restitution of a property, the civil proceeds and the indemnification for damages in a Special Indigenous Trial. The plaintiff claimed to be the sole and exclusive owner of a property of 5.5 hectares that was materially occupied by Bosques Arauco S.A. and the ownership rights of which were unknown. On June 6, 2008, a first instance decision was issued, rejecting the lawsuit. The lawsuit was subsequently appealed before the Appeals Court of Temuco, which on January 6, 2009 revoked the first instance sentence and accepted the lawsuit in its entirety, include court costs, and decreeing that the property must be restituted along with the natural and civil proceeds, and the damages for which Bosques Arauco S.A. is responsible or liable must be indemnified. The determination of such damages was reserved for the compliance stage of the sentence.

On October 28, 2009, the plaintiff requested compliance with the sentence through a summons, asking that in addition to the restitution of the property and its proceeds, she be indemnified for the alleged moral damages she personally experienced. After being notified of such request, Bosques Arauco S.A. requested the annulment of the proceeding, based on the fact that the alleged moral damages were not included in the original dispute, and therefore the sentence does not apply to them.

The court rejected the incidence, proceeding to dictate the corresponding burden of proof, ordering notice by ballot.

10.- On November 28, 2008, APSA was notified of Resolution 212 issued by the Central Bank of the Republic of Argentina (“BCRA”) on November 19, 2008. Through this resolution the BCRA decided to prepare Indictment No. 3991 questioning the timely settlement of currencies corresponding to export charges.

Alto Paraná S.A. presented the corresponding defense before the BCRA within the required period of time and in the required format.

As of the date of issuance of these financial statements and in consideration of the preliminary status of these proceedings, the Legal Advisors of APSA cannot estimate the outcome of the abovementioned indictment. Therefore, and given the understanding that these charges are unfounded, no provision for contingencies has been constituted for this matter.

As of period-end, the Companies are not involved in any other contingencies that could significantly affect their financial, economic or operating conditions.

Information to disclose about provisions

Provisions are recognized when there is a current legal or constructive obligation as a consequence of past events, it is likely that a payment will be necessary to settle the obligation, and the amount of such payment can be reliably estimated.

Classes of provisions	Current 12.31.2010 ThUS$	Current 12.31.2009 ThUS$	Non-current 03.31.2010 ThUS$	Non-current 12.31.2009 ThUS$
Provision for guarantees	0	0	0	0
Provision for legal claims	6,023	5,119	7,609	9,463
Provision for onerous contracts	0	2,636	0	0
Dismantling, costs of restoration and rehabilitation	372	0	9,821	8,640
Share in profits and bonds	1,637	1,675	0	0
Other provisions	3,009	505	1,327	418
Total	**11,041**	**9,935**	**18,757**	**18,521**

Movements in provisions	Provision for guarantees	Provision for legal claims	Provision for onerous contracts	Dismantling, costs of restoration and rehabilitation	Share in profits and bonds	Other provisions	Total
Opening balance as of January 1, 2010	**0**	**14,582**	**2,636**	**8,640**	**1,675**	**925**	**28,458**
Movements in provisions:							
Increase (decrease) in existing provisions	0	0	0	445	(335)	(43)	67
Current provision for onerous contracts	0	0	0	0	0	0	0
Acquisitions through business combinations	0	181	0	373	297	874	1,725
Disposals through divestitures of businesses	0	0	0	0	0	0	0
Provision used	0	(6,849)	0	0	0	(50)	(6,899)
Reversal of unused provision	0	0	0	0	0	0	0
Increase for adjustment of the time value of money	0	0	0	0	0	0	0
Increase (decrease) from changes in discount rate	0	0	0	0	0	0	0
Exchange rate differences	0	0	0	735	0	0	735
Increase (decrease) in foreign currency exchange	0	665	0	0	0	(108)	557
Additional provisions	0	5,024	0	0	0	100	5,124
Other increases (decreases)	0	29	(2,636)	0	0	2,638	31
Total changes in provisions	**0**	**(950)**	**(2,636)**	**1,553**	**(38)**	**3,411**	**1,340**
Total provision, ending balance as of December 31, 2010	**0**	**13,632**	**0**	**10,193**	**1,637**	**4,336**	**29,798**

Movements in provisions	Provision for guarantees	Provision for legal claims	Provision for onerous contracts	Dismantling, costs of restoration and rehabilitation	Share in profits and bonds	Other provisions	Total
Opening balance as of January 1, 2009	**0**	**9,269**	**749**	**8,049**	**579**	**1,840**	**20,486**
Movements in provisions:							
Increase (decrease) in existing provisions	0	0	1,887	63	1,584	(725)	2,809
Current provision for onerous contracts	0	0	0	0	0	0	0
Acquisitions through business combinations	0	31,250	0	0	0	0	31,250
Disposals through divestitures of businesses	0	0	0	0	0	0	0
Provision used	0	(30,209)	0	(1,349)	(488)	(258)	(32,304)
Reversal of unused provision	0	0	0	0	0	0	0
Increase for adjustment of the time value of money	0	0	0	(128)	0	0	(128)
Increase (decrease) from changes in discount rate	0	717	0	0	0	0	717
Exchange rate differences	0	0	0	0	0	85	85
Increase (decrease) in foreign currency exchange	0	0	0	2,005	0	0	2,005
Additional provisions	0	3,573	0	0	0	50	3,623
Other increases (decreases)	0	(18)	0	0	0	(69)	(87)
Total changes in provisions	**0**	**5,313**	**1,887**	**591**	**1,096**	**(917)**	**7,970**
Total provision, ending balance as of December 31, 2009	**0**	**14,582**	**2,636**	**8,640**	**1,675**	**923**	**28,456**

The provision for legal claims primarily corresponds to labor- and tax-related lawsuits, and the term of payment is undetermined.

With respect to the entry for provisions for dismantling, restoration and rehabilitation costs, the Group recognizes a provision for the present value of the costs that will be incurred in the restoration of the locations of certain plants and service stations on property belonging to third parties. The term of payment is undetermined.

NOTE 18. OBLIGATIONS FOR POST-EMPLOYMENT BENEFITS

Termination Benefits	12.31.2010 ThUS$	12.31.2009 ThUS$
Current amount of liability recognized for termination benefits	5,627	6,188
Non-current amount of liability recognized for termination benefits	70,704	53,852
Total amount of liability recognized for termination benefits	**76,331**	**60,040**

The amounts recognized in the statement of financial position have been determined as follows:	12.31.2010 ThUS$	12.31.2009 ThUS$
Present value of financial obligations	76,331	60,040
Unrecognized actuarial losses	0	0
Unrecognized cost of past services	0	0
Total obligations for post-employment benefits	**76,331**	**60,040**

Movements in the obligation for defined benefits have been the following:	12.31.2010 ThUS$	12.31.2009 ThUS$
Opening balance	60,040	44,521
Cost of current services	6,467	2,586
Interest cost	5,023	4,043
Contributions from plan participants	0	0
Actuarial gains (losses)	12,415	259
Benefits paid	(12,764)	(2,976)
Reductions	0	(38)
Settlements	0	(301)
Increase (decrease) for changes in foreign currency	5,150	11,946
Closing balance	**76,331**	**60,040**

The amounts recognized in the statement of income have been the following:	12.31.2010 ThUS$	12.31.2009 ThUS$
Cost of current service	6,467	2,586
Interest cost	5,023	4,043
Cost of past services	0	0
Losses from plan reductions	0	0
Total (included in personnel expenses)	**11,490**	**6,629**

These amounts correspond to obligations for personnel service termination indemnities for certain workers, based on the provisions of collective and individual employment contracts.

The liability recognized in the statement of financial position is the present value of the obligation for defined benefits as of the reporting date. This amount is calculated annually by independent actuaries, and it is determined by discounting estimated future outflows of cash at interest rates of instruments denominated in the currency in which the benefits will be paid and with terms similar to the corresponding obligations. Personnel turnover rates are determined by the actuaries on the basis of the actual situation in each business.

Losses and gains arising from experience and from changes in actuarial hypotheses are charged or credited to income in the period in which they occur.

Costs for past services are recognized immediately in income.

NOTE 19. INVESTMENTS IN AFFILIATES AND ASSOCIATES ACCOUNTED FOR USING THE *EQUITY METHOD*

a) The complete list of companies included in consolidation in presented below:

Taxpayer ID	Company Name	Ownership Interest %			
		12.31.2010			12.31.2009
		Direct	Indirect	Total	Total
91.806.000-6	ABASTECEDORA DE COMBUSTIBLES S.A.	99.0481	0.0000	99.0481	99.0481
79.927.130-3	ADM. CENTRAL DE ESTACIONES DE SERVICIOS LTDA.	0.0000	100.0000	100.0000	100.0000
79.689.550-0	ADM. DE ESTACIONES DE SERVICIOS SERCO LTDA.	0.0000	100.0000	100.0000	100.0000
77.614.700-1	ADM. DE SERVICIOS DE RETAIL LTDA.	0.0000	59.9400	59.9400	59.9400
79.927.140-0	ADM. DE SERVICIOS GENERALES LTDA.	0.0000	100.0000	100.0000	100.0000
77.215.640-5	ADM. DE VENTAS AL DETALLE ARCO PRIME LTDA.	0.0000	60.0000	60.0000	60.0000
96.765.270-9	ARAUCO DISTRIBUCION S.A.	0.0000	99.9779	99.9779	99.9779
96.547.510-9	ARAUCO BIOENERGIA S.A. (EX ARAUCO GENERACION S.A.)	0.0000	99.9779	99.9779	99.9779
96.563.550-5	ARAUCO INTERNACIONAL S.A.	0.0000	99.9779	99.9779	99.9779
76.000.605-K	ARCO ALIMENTOS LTDA.	0.0000	59.9999	59.9999	59.9999
96.565.750-9	ASERRADEROS ARAUCO S.A.	0.0000	99.9779	99.9779	99.9779
82.152.700-7	BOSQUES ARAUCO S.A.	0.0000	99.9779	99.9779	99.9779
93.458.000-1	CELULOSA ARAUCO Y CONSTITUCION S.A.	99.9779	0.0000	99.9779	99.9779
79.874.200-0	COMPAÑIA DE INVERSIONES MOBILIARIAS LTDA. - CIMOL	0.0000	100.0000	100.0000	100.0000
99.520.000-7	COMPAÑIA DE PETROLEOS DE CHILE COPEC S.A.	99.9996	0.0004	100.0000	100.0000
85.840.100-3	COMPAÑIA DE SERVICIOS INDUSTRIALES LTDA.(EX COMPAÑIA DE INVE	0.0000	100.0000	100.0000	100.0000
96.668.110-1	COMPAÑIA LATINOAMERICANA PETROLERA S.A.	0.0000	60.0000	60.0000	60.0000
96.623.630-2	COMPAÑIA MINERA CAN CAN S.A.	99.8680	0.1320	100.0000	100.0000
96.657.900-5	CONTROLADORA DE PLAGAS FORESTALES S.A.	0.0000	59.6639	59.6639	59.6639
76.068.320-5	ESTUDIOS Y DESARROLLOS DE GAS LTDA.	0.0000	99.0575	99.0575	99.0575
96.573.310-8	FORESTAL ARAUCO S.A.	0.0752	99.9027	99.9779	99.9779
85.805.200-9	FORESTAL CELCO S.A.	0.0000	99.9779	99.9779	99.9779
93.838.000-7	FORESTAL CHOLGUAN S.A.	0.0000	97.4799	97.4799	97.4799
78.049.140-K	FORESTAL LOS LAGOS S.A.	0.0000	79.9824	79.9824	79.9824
96.567.940-5	FORESTAL VALDIVIA S.A.	0.0000	99.9779	99.9779	99.9779
76.107.630-2	GAS LICUADO MOTOR LTDA.	0.0000	99.0575	99.0575	99.0575
77.660.290-6	INMOBILIARIA CONO SUR CHILE LTDA.	0.0000	100.0000	100.0000	100.0000
85.759.000-7	INMOBILIARIA LAS SALINAS LTDA.	0.0000	100.0000	100.0000	100.0000
79.990.550-7	INVESTIGACIONES FORESTALES BIOFOREST S.A.	0.0000	99.9779	99.9779	99.9779
76.268.260-5	MUELLE PESQUERO MARIA ISABEL LTDA.	0.0000	27.9129	27.9129	55.7267
96.768.760-K	PANELES ARAUCO S.A.	0.0000	99.9779	99.9779	99.9779
91.123.000-3	PESQUERA IQUIQUE-GUANAYE S.A.	50.2180	31.7150	81.9330	81.9330
88.840.700-6	SERVICIOS DE COMBUSTIBLES LTDA.	99.9740	0.0260	100.0000	100.0000
96.637.330-K	SERVICIOS LOGISTICOS ARAUCO S.A.	0.0000	99.9779	99.9779	99.9779
78.953.900-6	SERVICIOS Y TRANSPORTES SETRACOM LTDA.	1.0000	98.0576	99.0576	99.0576
77.090.440-4	SOCIEDAD CONTRACTUAL MINERA VILACOLLO	0.0000	100.0000	100.0000	100.0000
81.095.400-0	SOCIEDAD NACIONAL DE OLEODUCTOS S.A.	0.0000	52.6857	52.6857	52.6857
96.929.960-7	ORIZON S.A. (EX SOUTHPACIFIC KORP S.A.)	0.0000	41.0484	41.0484	81.9511
79.904.920-1	TRANSPORTES DE COMBUSTIBLES CHILE LTDA.	0.0000	100.0000	100.0000	100.0000
0-E	AGENCIAMIENTO Y SERV. PROFESIONALES S.A.	0.0000	99.9779	99.9779	99.9779
0-E	ALTO PARANA S.A. (ARGENTINA)	0.0000	99.9554	99.9554	99.9554
0-E	ARAUCO AUSTRALIA S.A.	0.0000	99.9779	99.9779	0.0000
0-E	ARAUCO COLOMBIA	0.0000	99.9779	99.9779	99.9779
0-E	ARAUCO DENMARK APS. (DINAMARCA)	0.0000	99.9779	99.9779	99.9779
0-E	ARAUCO DO BRASIL	0.0000	99.9779	99.9779	99.9778
0-E	ARAUCO ECUADOR S.A.	0.0000	99.9779	99.9779	99.9779
0-E	ARAUCO FLORESTAL ARAPOTI S.A.	0.0000	79.9823	79.9823	79.9823
0-E	ARAUCO FOREST BRASIL S.A.	0.0000	99.9777	99.9777	99.9779
0-E	ARAUCO HOLANDA COOPERATIEF U.A.	0.0000	99.9779	99.9779	0.0000
0-E	ARAUCO PERU S.A.	0.0000	99.9779	99.9779	99.9779
0-E	ARAUCO WOOD PRODUCTS INC (USA)	0.0000	99.9779	99.9779	99.9779
0-E	ARAUCOMEX S.A. DE C.V.	0.0000	99.9779	99.9779	99.9779
0-E	COPEC CANAL INC.	0.0000	100.0000	100.0000	100.0000
0-E	COPEC COLOMBIA HOLDINGS LTD.	0.0000	100.0000	100.0000	0.0000
0-E	COPEC INTERNATIONAL INC. (USA)	100.0000	0.0000	100.0000	100.0000
0-E	COPEC COLOMBIA INVESTMENTS LTD.	0.0000	100.0000	100.0000	0.0000
0-E	EC INVESTRADE INC. (PANAMA)	100.0000	0.0000	100.0000	100.0000
0-E	EMPREENDIMIENTOS SANTA CRUZ S.A.(EX LUCCHESE LTDA.)	0.0000	99.9554	99.9554	99.9454
0-E	FAPLAC S.A. (ARGENTINA)	0.0000	0.0000	0.0000	99.9771
0-E	FLOORING S.A. (ARGENTINA)	0.0000	0.0000	0.0000	99.9776
0-E	FORESTAL MISIONES S.A. (ARGENTINA)	0.0000	99.9776	99.9776	99.9776
0-E	FORESTAL NUESTRA SEÑORA DEL CARMEN S.A. (EX. LA SEÑORA DEL M	0.0000	99.9760	99.9760	99.9779
0-E	INDUSTRIAS FORESTALES S.A. (ARGENTINA)	0.0000	99.9779	99.9779	99.9779
0-E	INVERSIONES CELCO S.L. (ESPAÑA)	0.0000	99.9779	99.9779	99.9779
0-E	LEASING FORESTAL S.A.	0.0000	99.9559	99.9559	99.9559
0-E	PLACAS DO PARANA S.A. (BRASIL)	0.0000	0.0000	0.0000	99.9779
0-E	PROENERGIA	0.0000	56.1500	56.1500	0.0000
0-E	SAVITAR S.A.	0.0000	99.9778	99.9778	99.9778

The financial information of the main affiliates is presented in Note 29 (Segments).

On August 26, 2009, Placas do Paraná S.A., Brazilian affiliate of the affiliate Arauco, acquired 100% of the shares of the company Tafisa Brasil S.A. (currently Arauco do Brasil S.A.) through a purchase contract subscribed with the companies SCS Beheer, B.V. and Tafiber-Tableros de Fibras Ibéricos, S.L., affiliates of Sonae Indústria, SGPS S.A. Placas do Paraná S.A. paid ThUS$ 166,977 for the shares of Tafisa Brasil S.A. As of December 31, 2009, purchased goodwill was estimated at ThUS$ 56,657.

The acquisition of this company will enable the affiliate Arauco to consolidate its presence in the Brazilian board market, in which it already participates through Placas do Paraná S.A.

On June 30, 2009, the company Arauco Internacional S.A. acquired an ownership interest of 80% in the Savitar group (Forestal Talavera S.A.) for the amount of ThUS$ 10,131. Previously, on March 28, 2008, the purchase of 20% of such entity was carried out through the affiliate Faplac S.A.

The acquisition of Savitar (Forestal Talavera S.A.) gave rise to a profit of ThUS$ 701 that is presented in the Statement of Comprehensive Income, under “Immediately recognized purchased negative goodwill.

On January 4, 2010, the societary reorganization was approved as a consequence of themerging by absorption done by the subsidiary Alto Paraná S.A, of Faplac S.A. and Flooring S.A. effective last January 1, 2010.

On March 15, 2010 Arauco, through its subsidiary Placas do Paraná S.A. made a contribution of ThUS$ 15,000 to acquire 50% of the shares of Dynea Brasil S.A. This resulted in Placas do Paraná S.A. holding 100% of participation in Dynea Brasil S.A. This investment generated negative goodwill of ThUS$ 1,113 presented in the income statement under Other income (loss).

Dynea Brasil S.A. was merged by Placas do Paraná S.A. in April, 2010.

On June 28 and July 14, 2010 the Alto Paraná subsidiary made two additional capital contributions to the brasilian society Empreendimentos Florestais Santa Cruz Ltda. The first amount of ThReal$ 17,150 (ThUS$ 9,649), and the second one in the amount of ThReal$ 880 (ThUS$ 502). The abovementioned investments were done as part of the expansion policy of the business throughout the acquisition of forest assets in Brazil. That operation will be carried out by the related society Catan Empreendimentos e Participaçiónes S.A., of which, Empreendimentos Florestais Santa Cruz Ltda. and Arauco Forest Brasil S.A. owns the 25.24% and 74.76%, respectively.

On February 2, March 12, May 10 and July 9, 2010 capital contributions amounted to ThUS$ 2,000 each one, were made to the associated company Inversiones Puerto Coronel S.A.

The summarized fair values of the acquired assets and liabilities as of the acquisition date are presented in the tables below:

Tafisa	08.26.2009 ThUS$
Cash	2,891
Trade receivables	29,141
Inventory	19,699
Property, plant and equipment	253,407
Deferred taxes	26,133
Other assets	7,949
Total assets	**339,220**
Bank loans	26,799
Trade payables	32,306
Deferred taxes	54,341
Provisions*	31,250
Other liabilities	84,204
Total liabilities	**228,900**

*corresponds to provisions for lawsuits

Savitar (Forestal Talavera S.A.)	06.30.2009 ThUS$
Cash	106
Trade receivables	116
Property, plant and equipment	15,302
Biological assets	3,113
Other assets	278
Total assets	**18,915**
Trade payables	505
Deferred taxes	5,888
Other liabilities	49
Total liabilities	**6,442**

Dynea Brasil S.A.	03.15.2010 ThUS$
Cash	8,023
Trade receivables	3,621
Inventory	4,535
Property, plant and equipment	29,212
Deferred taxes	140
Other assets	933
Total assets	**46,464**
Trade payables	6,707
Deferred taxes	8,267
Other liabilities	854
Total liabilities	**15,828**

Proenergía	12.15.2010 ThUS$
Cash	115,365
Trade receivables	167,904
Inventory	175,063
Property, plant and equipment	544,106
Deferred taxes	85
Other assets	996,252
Total assets	**1,998,775**
Trade payables	140,359
Deferred taxes	197,600
Other liabilities	864,452
Total liabilities	**1,202,411**

Purchased goodwill and negative goodwill for the investments presented in the tables above are detailed in the following table:

	Tafisa ThUS$	Savitar ThUS$
Amount paid	166,977	10,131
20% acquired in 2008	0	1,641
Fair value of the acquired assets and liabilities	110,320	12,473
Purchased goodwill	**56,657**	**(701)**

	Dynea ThUS$
Amount paid	15,000
50% acquired in previous years	14,523
Fair value of the acquired assets and liabilities	30,636
Purchased goodwill	**(1,113)**

	Proenergía ThUS$
Amount paid	290,496
% acquired in the period	56.15%
Fair value of the acquired assets and liabilities	201,041
Purchased goodwill	**89,455**

On January 29, 2009, the affiliates Compañía de Inversiones Mobiliarias Ltda. and Administradora de Servicios Generales Ltda. acquired ownership interests of 80% and 20%, respectively, in Mobil Cono Sur Chile Ltda., which company owns 50% of Compañía de Lubricantes de Chile Ltda., which as of that date was a subsidiary of the affiliate Compañía de Petróleos de Chile Copec S.A.

The price amounted to ThUS$ 12,762 and was paid in cash. This transaction gave rise to a profit of ThUS$ 8,554, which was presented in the Statement of Comprehensive Income under “Other gains (losses).”

In this same transaction, Mobil Cono Sur Ltda. changed its name to Inmobiliaria Cono Sur Chile Ltda., and Compañía de Lubricantes de Chile Ltda. changed its name to Inmobiliaria Las Salinas Ltda. As a result of this operation, both companies were constituted as affiliates of Compañía de Petróleos de Chile Copec S.A.

b) The ownership interest of Grupo Empresas Copec S.A. in its main associates is the following:

As of December 31, 2010

Taxpayer ID	Name	Country of Constitution	Functional Currency	Cost of Investment in Associates ThUS$	Income ThUS$
0-E	Grupo Uruguay	Uruguay	U.S. dollar	362,210	(8,105)
96.722.460-K	Metrogas S.A.	Chile	Chilean peso	280,781	27,846
96.893.820-7	Corpesca S.A.	Chile	U.S. dollar	137,296	6,546
0-E	Grupo AEI Colombia	Colombia	Colombian pesc	0	12,944
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	U.S. dollar	125,571	21,181
82.777.100-7	Puerto de Lirquén S.A.	Chile	U.S. dollar	50,689	2,494
76.456.800-1	Sociedad Minera Isla Riesco S.A.	Chile	U.S. dollar	43,072	(2,846)
0-E	Stora Enso Arapoti Industria de Papel S.A.	Brazil	U.S. dollar	38,694	277
96.785.680-0	Inversiones Puerto Coronel S.A.	Chile	U.S. dollar	31,453	(1,173)
99.500.140-3	Eka Chile S.A.	Chile	Chilean peso	20,359	(1,494)
96.636.520-K	Gases y Graneles Líquidos S.A.	Chile	Chilean peso	18,326	6,579
76.384.550-8	Sociedad Nacional Marítima S.A.	Chile	U.S. dollar	7,271	774
96.942.120-8	AIR BP Copec S.A.	Chile	Chilean peso	5,175	239
82.040.600-1	Sociedad de Inversiones de Aviación Ltda.	Chile	Chilean peso	1,976	1,259
96.925.430-1	Servicios Corporativos Sercor S.A.	Chile	Chilean peso	1,349	(53)
96.953.090-2	Boat Parking S.A.	Chile	Chilean peso	1,204	24
70.037.855-0	Laguna Blanca S.A	Chile	U.S. dollar	478	(22)
76.659.730-0	Elemental S.A.	Chile	Chilean peso	200	67
76.743.130-9	Genómica Forestal S.A.	Chile	Chilean peso	62	46
0-E	Dynea Brasil	Brazil	U.S. dollar	0	640
0-E	Peruana de Gas	Peru	Nuevo sol	12,742	0
87.635.000-9	Sociedad Edificio Don Crescente Ltda.	Chile	Chilean peso	0	0
	TOTAL			**1,138,908**	**67,223**

As of December 31, 2009

Taxpayer ID	Name	Country of Constitution	Functional Currency	Cost of Investment in Associates ThUS$	Income ThUS$
0-E	Grupo Uruguay	Uruguay	U.S. dollar	330,757	209
96.722.460-K	Metrogas S.A.	Chile	Chilean peso	232,321	10,983
96.893.820-7	Corpesca S.A.	Chile	U.S. dollar	134,529	(2,967)
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	U.S. dollar	117,436	14,024
82.777.100-7	Puerto de Lirquén S.A.	Chile	U.S. dollar	47,543	5,320
76.456.800-1	Sociedad Minera Isla Riesco S.A.	Chile	U.S. dollar	45,918	(571)
0-E	Stora Enso Arapoti Industria de Papel S.A.	Brazil	U.S. dollar	36,851	(1,292)
76.384.550-8	Eka Chile S.A.	Chile	Chilean peso	26,910	2,328
96.785.680-0	Inversiones Puerto Coronel S.A.	Chile	U.S. dollar	24,435	(1,697)
96.636.520-K	Gases y Graneles Líquidos S.A.	Chile	Chilean peso	16,645	5,015
0-E	Dynea Brasil S.A.	Brazil	U.S. dollar	14,514	2,332
76.384.550-8	Sociedad Nacional Marítima S.A.	Chile	U.S. dollar	8,276	3,022
96.942.120-8	AIR BP Copec S.A.	Chile	Chilean peso	4,537	118
82.040.600-1	Sociedad de Inversiones de Aviación Ltda.	Chile	Chilean peso	2,015	929
96.925.430-1	Servicios Corporativos Sercor S.A.	Chile	Chilean peso	1,263	94
96.953.090-2	Boat Parking S.A.	Chile	Chilean peso	789	11
70.037.855-0	Laguna Blanca S.A	Chile	U.S. dollar	500	0
76.659.730-0	Elemental S.A.	Chile	Chilean peso	117	15
76.743.130-9	Genómica Forestal S.A.	Chile	Chilean peso	29	21
96.641.810-9	Gas Natural Producción S.A.	Chile	Chilean peso	0	0
87.635.000-9	Sociedad Edificio Don Crescente Ltda.	Chile	Chilean peso	0	0
	TOTAL			**1,045,385**	**37,894**

Summarized financial information of associates:

	12.31.2010		12.31.2009	
	Assets ThUS$	**Liabilities** ThUS$	**Assets** ThUS$	**Liabilities** ThUS$
Current of associates	859,237	543,032	717,840	511,069
Non-current of associates	4,211,739	1,394,894	4,210,391	985,015
Total of associates	**5,070,976**	**1,937,926**	**4,928,231**	**1,496,084**

	12.31.2010 ThUS$	**12.31.2009** ThUS$
Operating revenues of associates	2,441,688	1,558,866
Operating expenses of associates	(2,247,417)	(1,429,887)
Net income (loss) of associates	**194,271**	**128,979**

On May 14, 2010, our affiliate Compañía de Petróleos de Chile Copec S.A. (Copec Combustibles) purchased 100% of the rights of AEI Colombia Holdings Ltd. and of AEI Colombia Investments Ltd., companies that jointly hold 47.2% of the shares issued by “Proenergía Internacional S.A.” (Proenergía), a closely-held Colombian corporation.

Proenergía owns 52.7% of the shares of “Sociedad de Inversiones en Energía S.A.” (SIE), a listed Colombian company, which in turn directly and indirectly owns, through the Colombian company “Terpel del Centro S.A.,” 88.9% of the shares of “Organización Terpel S.A.” (Terpel Colombia), a stock Colombian company.

Terpel Colombia distributes fuels in Colombia under the “Terpel” brand and sells vehicle natural gas (VNG) in that country under the “Gazel” brand. The rest of its assets are in Ecuador, Panama, Peru, Mexico and Chile.

On December 2010, the affiliate Compañía de Petróleos de Chile Copec S.A. launched an initial public offering (IPO) for the shares of Proenergía Internacional S.A. On December 15, 2010, IPO concluded and the company acquired 8.954% of the shares of Proenergía Internacional S.A. With this new acquisition the company takeover for 56.15% of the shares of Proenergía Internacional S.A.

The company has taken all the necessary measures to dispense with its indirect interest in Organización Terpel Chile Limitada. In the meantime, from now until this severance takes place, Copec Combustibles will strive for the company chain, to which Organización Terpel Chile Limitada belongs, to take other measures to assure the absolute independence and autonomy of Terpel Chile Limitada and Copec Combustibles in the domestic market.

The trading price for acquiring 100% of social rights of AEI Colombia Holdings Ltd. and AEI Colombia Investment Ltd. amounted to ThUS$ 239,936 and the price paid in the takeover for 8.954% of Proenergía Internacional S.A. amounted to ThUS$ 45,049. Both transactions were paid in cash.The assets and liabilities acquired were valued at fair value and under IFRS standards as of December 31, 2010. As this date was determined the difference between purchase price and fair value, which generates a goodwill of ThUS$ 89,455 (Note N°10). Additio nally, between May and December 2010, 47.196% of the income of Proenergía Internacional S.A. was recognized under IFRS standards, period in which this society was associate of the company.

On December 30, 2010, the affiliates AEI Colombia Holdings Ltd. and AEI Colombia Investment Ltd. changed their corporate name to Copec Colombia Holdings Ltd. and Copec Colombia Investment Ltd., respectively.

Merger through businesses combination

On November 30, 2010, concluded the merger process in which Pesquera San José S.A. was incorporated in the indirect affiliate SouthPacific Korp S.A. (now Orizon S.A.)

For the incorporation of the assets and liabilities of Pesquera San José S.A. in SouthPacific Korp S.A. (now Orizon S.A.) were determined corresponding adjustments to express these assets and liabilities in their corresponding fair value.

On December 1, 2010, this businesses combination, between Igemar’s Group and Coloso’s Group, was materialized. As result of this, the society acquired a shareholding of 8.439% on the associate Boat Parking S.A., amounting a 29.799% of shareholding.

Goodwill acquired through businesses combination is presented in the following table:

Pesquera San José S.A.	11.30.2010 ThUS$
Cash	14,477
Other non-financial assets, current	2,555
Trade receivables and other receivables, current	50,434
Current receivables from related parties	511
Inventory	25,301
Biological assets, current	4,216
Current tax assets	2,279
Other financial assets, non current	294
Fees receivable	1,048
Investment property from equity method	118
Intangible assets other than goodwill	12,798
Property, plant and equipment, net	205,455
Deferred tax assets	1,107
Total assets	**320,593**
Other financial liabilities, current	104,386
Trade and other payables	12,631
Current payables to related parties	4
Other short-term provisions	175
Current tax liabilities	151
Other non financial liabilities, current	81
Other financial liabilities, non current	12,667
Deferred tax liabilities	32,772
Total liabilities	**162,867**

	ThUS$
Amount paid	161,490
Fair value of acquired assets and liabilities	(157,726)
Purchased goodwill	**3,764**

c) Movements in investments in associates

	12.31.2010 ThUS$	12.31.2009 ThUS$
Investments in associates accounted for using the equity method - opening balance	**1,045,385**	**634,906**
Additions, investments in associates and joint ventures	62,637	311,405
Disposals, investments in associates	0	0
Immediately recognized purchased negative goodwill	1,113	36,170
Profits from the incorporation of joint ventures	222	28,167
Share in operating income (loss)	67,223	37,894
Share in entries from previous periods	(1,115)	(201)
Dividends received	(14,206)	(25,088)
Impairment	0	0
Reversal of impairment	0	0
Increases (decreases) in foreign currency exchange	8,373	81,553
Other increases (decreases)	(38,394)	(77,221)
Exchange rate differences	7,670	17,800
Total changes in investments in associates	**93,523**	**410,479**
Ending balance	**1,138,908**	**1,045,385**

d) Interest in joint ventures

In accordance with IAS 31, the Company records its investments in joint ventures using the *equity method*. These investments are recorded in the classified statement of financial position along with investments in associates under the item “Investments in equity method associates related.”

In the event that the joint venture associate records negative shareholders’ equity, a liability must be recognized only if the investor has incurred legal or implied obligations, or has made payments on behalf of the associate. The investment would then be recorded at zero until the associate generates earnings to return the previously generated negative shareholders’ equity resulting from the loss.

The Group has a 50% interest in the joint venture, Eka Chile S.A., which sells sodium chlorate to pulp mills in Chile. The Group holds a contractual agreement with this company in which Arauco has undertaken economic activity subject to joint control.

In addition, the Group holds an interest in Air BP Copec S.A. This company is the result of a joint venture established in 2001 between Copec and BP Global Investments Ltd., in which each partner holds a 50% interest. The company sells fuel for commercial and civil aviation. Currently, Air BP Copec operates in eight airports throughout the country and holds the leading market share in Chile, supplying the fuel needs of LAN Chile and international airlines arriving in Santiago, such as American Airlines, Aerolíneas Argentinas, Delta, Varig, Avianca and Pluna, among others. The company also serves important consumers in the cargo air industry such as Polar Cargo and Cielos Airlines and numerous civil aviation customers.

Finally, the Company has a 50% interest in Sociedad Minera Isla Riesco S.A. This company is the result of a strategic alliance initiated in 2007 split equally between Empresas Copec and Inversiones Ultraterra. The company's purpose is to develop a coal exploration and production project in Isla Riesco, located north of Punta Arenas, in Chile's Magallanes Region. In 2007 Sociedad Minera Isla Riesco was awarded tender by CORFO to explore with the option to purchase two coalfields located on the island, where the largest known proven sub-bituminous coal reserves are found. The deposits "Mina Elena", "Río Eduardo" and "Estancia Invierno" together cover nearly 7,000 hectares. The purchase option was exercised in January 2009. The Company also owns its own deposit named "Adela" on the same island, which has more than 70 million tons of reserves.

There are no contingent liabilities corresponding to the Group's interest in joint ventures.

The most significant joint ventures are outlined below:

a) Eka Chile S.A.

	12.31.2010 ThUS$	12.31.2009 ThUS$
Assets:		
Current assets	19,546	30,612
Non-current assets	31,524	33,475
Total assets	**51,070**	**64,087**
Liabilities:		
Current liabilities	6,582	6,325
Non-current liabilities	3,768	3,942
Equity	40,720	53,820
Total liabilities	**51,070**	**64,087**

	12.31.2010 ThUS$	03.31.2009 ThUS$
Income	42,467	61,866
Expenses	(45,454)	(57,210)
Net income (loss) from joint ventures	**(2,987)**	**4,656**

b) Air BP Copec S.A.

	12.31.2010 ThUS$	12.31.2009 ThUS$
Assets:		
Current assets	43,155	36,695
Non-current assets	10,559	8,926
Total assets	**53,714**	**45,621**
Liabilities:		
Current liabilities	42,081	36,394
Non-current liabilities	1,284	154
Equity	10,349	9,073
Total liabilities	**53,714**	**45,621**

	12.31.2010 ThUS$	03.31.2009 ThUS$
Income	287,884	210,229
Expenses	(287,406)	(209,993)
Net income (loss) from joint ventures	**478**	**236**

c) Sociedad Minera Isla Riesco S.A.

	12.31.2010 ThUS$	12.31.2009 ThUS$
Assets:		
Current assets	11,908	4,894
Non-current assets	113,652	101,041
Total assets	**125,560**	**105,935**
Liabilities:		
Current liabilities	29,381	13,272
Non-current liabilities	9,015	828
Equity	87,164	91,835
Total liabilities	**125,560**	**105,935**

	12.31.2010 ThUS$	03.31.2009 ThUS$
Income	183	381
Expenses	(5,221)	(1,997)
Net income (loss) from joint ventures	**(5,038)**	**(1,616)**

d) Eufores S.A.

	12.31.2010 ThUS$	12.31.2009 ThUS$
Assets:		
Current assets	26,252	31,539
Non-current assets	415,532	404,459
Total assets	**441,784**	**435,998**
Liabilities:		
Current liabilities	31,120	61,752
Non-current liabilities	23,358	22,742
Equity	387,306	351,504
Total liabilities	**441,784**	**435,998**

	12.31.2010 ThUS$	03.31.2009 ThUS$
Income	43,298	5,885
Expenses	(51,318)	(5,029)
Net income (loss) from joint ventures	**(8,020)**	**856**

e) Forestal Cono Sur S.A.

	12.31.2010 ThUS$	12.31.2009 ThUS$
Assets:		
Current assets	13,735	5,392
Non-current assets	274,224	259,307
Total assets	**287,959**	**264,699**
Liabilities:		
Current liabilities	4,792	3,122
Non-current liabilities	13,060	1,726
Equity	270,107	259,851
Total liabilities	**287,959**	**264,699**

	12.31.2010 ThUS$	03.31.2009 ThUS$
Income	3,372	1,252
Expenses	(9,337)	0
Net income (loss) from joint ventures	**(5,965)**	**1,252**

- Investments made

New investments in Uruguay

a) On October 1, 2009, Stora Enso Amsterdam B.V. (affiliate of the Swedish-Finnish transnational company Stora Enso Oyj) contributed 100% of the shares of Stora Enso Uruguay S.A. to Forestal Cono Sur S.A., affiliate at that time of Arauco in Uruguay. As a result, Arauco currently holds a 50% ownership interest in Forestal Cono Sur S.A. This transaction generated a gain through the incorporation of the joint venture in the amount of ThUS$ 28,167, which was recorded in the Statement of Comprehensive Income under “Other gains (losses).”

b) On October 16, 2009, Arauco, through its affiliate Arauco Internacional S.A., finalized the acquisition, jointly and equally, with the Swedish-Finnish transnational company Stora Enso Oyj (“Stora Enso”), the latter through its affiliate Stora Enso Amsterdam B.V., of the following Uruguayan associates of the Spanish company Grupo Empresarial ENCE, S.A. (“Ence”): Eufores S.A. (along with its affiliates El Esparragal Asociación Agraria de Responsibilidad Limitada and Terminal Logística e Industrial M’Bopicuá S.A.), Celulosa y Energía Punta Pereira S.A. and Zona Franca Punta Pereira S.A.

The 50% paid by Arauco amounted to ThUS$ 116,279, which generated a profit of ThUS$ 36,170.

At the same time, the debt that the acquired companies held with Ence totaling ThUS$ 51,225, was also acquired, of which ThUS$ 37,777 was capitalized on December 30, 2009.

The purchased negative goodwill generated by the transaction described above in the amount of ThUS$ 36,170 was incurred mainly by the valuation at fair value of the land of the acquired companies. This gain is recorded in the Statement of Comprehensive Income under “Immediately recognized negative goodwill.”

The calculation of purchased negative goodwill is presented in the following chart:

	Ence Group ThUS$
Equity at fair value as of date of purchase	304,898
50% ownership interest purchased by Arauco	152,449
Amount paid	116,279
Immediately recognized purchased negative goodwill	**36,170**

The main assets acquired from Ence are: 130,000 hectares of land, including 73,000 hectares of forest plantations; 6,000 hectares under agreement; an industrial site; the environmental permits necessary for construction of a pulp mill; a river terminal; a woodchip production plant and a nursery.

All of these assets are added to the land and plantations controlled by Arauco and Stora Enso through the joint venture in Uruguay, allowing the joint venture to achieve forestry equity in Uruguay of approximately 254,000 hectares of land, of which 135,740 are planted.

Subsequent to these transactions, the affiliate Arauco made capital contributions to Forestal Cono Sur S.A. and to the companies of Grupo Ence in the amount of ThUS$ 2,000 and ThUS$ 10,000, respectively. During 2010, the affiliate Arauco has made capital contributions totaling ThUS$ 39,559.

These investments made in Uruguay qualify as joint ventures since contracts exist between the affiliate Arauco and Stora Enso that subject the investments to joint control.

NOTE 20. LOCAL AND FOREIGN CURRENCY

Foreign Currency: Assets

	12.31.2010 ThUS$	12.31.2009 ThUS$
Liquid assets	**1,812,538**	**1,319,615**
U.S. dollar	852,129	281,257
Euro	73,579	66,935
Other currency	156,358	64,879
Non-indexed Chilean peso	730,438	906,536
U.F.	34	8
Cash and cash equivalents	**1,739,692**	**1,267,885**
U.S. dollar	849,075	272,831
Euro	73,579	66,935
Other currency	156,358	64,879
Non-indexed Chilean peso	660,646	863,232
U.F.	34	8
Other current financial assets	**72,846**	**51,730**
U.S. dollar	3,259	8,426
Euro	0	0
Other currency	0	0
Non-indexed Chilean peso	69,587	43,304
U.F.	0	0
Short- and long-term receivables	**1,828,240**	**1,173,466**
U.S. dollar	686,830	418,146
Euro	31,651	19,348
Other currency	249,047	35,988
Non-indexed Chilean peso	845,632	687,484
U.F.	15,080	12,500
Current trade and other receivables	**1,729,362**	**1,092,593**
U.S. dollar	649,823	418,146
Euro	31,651	19,348
Other currency	247,266	35,074
Non-indexed Chilean peso	786,786	607,610
U.F.	13,836	12,415
Current receivables from related parties	**98,387**	**80,420**
U.S. dollar	37,007	0
Euro	0	0
Other currency	1,781	914
Non-indexed Chilean peso	58,355	79,432
U.F.	1,244	74
Non-current receivables from related parties	**491**	**453**
U.S. dollar	0	0
Euro	0	0
Other currency	0	0
Non-indexed Chilean peso	491	442
U.F.	0	11
Other assets	**15,809,020**	**13,086,540**
U.S. dollar	11,376,226	10,645,620
Euro	458	57
Other currency	1,761,070	86,822
Non-indexed Chilean peso	2,626,499	2,332,008
U.F.	44,767	22,033
Total assets	**19,449,798**	**15,579,621**
U.S. dollar	12,915,185	11,345,023
Euro	105,688	86,340
Other currency	2,166,475	187,689
Non-indexed Chilean peso	4,202,569	3,926,028
U.F.	59,881	34,541

Foreign Currency: Liabilities

	12.31.2010 ThUS$		12.31.2009 ThUS$	
	Up to 90 days	**91 days to 1 year**	**Up to 90 days**	**91 days to 1 year**
Current liabilities				
Other current financial liabilities	**409,061**	**494,676**	**314,819**	**329,325**
U.S. dollar	131,264	446,336	313,735	307,599
Euro	0	0	0	0
Other currency	93,143	16,581	27	18,959
Non-indexed Chilean peso	181,393	28,769	0	327
U.F.	3,261	2,990	1,057	2,440
Bank loans	**349,395**	**99,936**	**269,625**	**52,479**
U.S. dollar	76,015	55,731	269,625	33,052
Euro	0	0	0	0
Other currency	93,143	15,249	27	18,959
Non-indexed Chilean peso	180,176	28,769	0	327
U.F.	61	187	79	141
Capital leases	**94**	**250**	**361**	**0**
U.S. dollar	0	0	0	0
Euro	0	0	0	0
Other currency	0	0	0	0
Non-indexed Chilean peso	0	0	0	0
U.F.	94	250	361	0
Bank overdrafts	**0**	**0**	**0**	**0**
U.S. dollar	0	0	0	0
Euro	0	0	0	0
Other currency	0	0	0	0
Non-indexed Chilean peso	0	0	0	0
U.F.	0	0	0	0
Other loans	**59,572**	**394,507**	**44,727**	**276,846**
U.S. dollar	55,249	390,622	44,110	274,547
Euro	0	0	0	0
Other currency	0	1,332	0	0
Non-indexed Chilean peso	1,217	0	0	0
U.F.	3,106	2,553	617	2,299
Other current liabilities	**1,237,796**	**417,870**	**817,841**	**122,185**
U.S. dollar	739,199	19	299,129	18,562
Euro	5,105	1,332	3,922	0
Other currency	185,153	139,362	16,935	15,953
Non-indexed Chilean peso	305,128	275,904	489,348	86,598
U.F.	3,211	1,253	8,507	1,072
Total current liabilities	**1,646,857**	**912,546**	**1,132,660**	**451,510**
U.S. dollar	870,463	446,355	612,864	326,161
Euro	5,105	1,332	3,922	0
Other currency	278,296	155,943	16,962	34,912
Non-indexed Chilean peso	486,521	304,673	489,348	86,925
U.F.	6,472	4,243	9,564	3,512

	03.31.2010 ThUS$		12.31.2009 ThUS$	
	13 months to 5 years	**More than 5 years**	**13 months to 5 years**	**More than 5 years**
Non-current liabilities				
Other non-current financial liabilities	**1,745,932**	**2,322,587**	**1,566,750**	**1,600,692**
U.S. dollar	1,051,393	1,277,490	1,444,512	1,322,361
Euro	0	258,881	0	0
Other currency	43,857	4,940	325	4,220
Non-indexed Chilean peso	159,650	0	0	0
U.F.	491,032	781,276	121,913	274,111
Bank loans	**625,417**	**264,633**	**271,182**	**76,623**
U.S. dollar	385,217	347	270,857	72,403
Euro	0	258,881	0	0
Other currency	43,857	4,940	325	4,220
Non-indexed Chilean peso	159,650	0	0	0
U.F.	36,693	465	0	0
Capital leases	**57**	**374**	**247**	**0**
U.S. dollar	8	374	0	0
Euro	0	0	0	0
Other currency	0	0	0	0
Non-indexed Chilean peso	0	0	0	0
U.F.	49	0	247	0
Bank overdrafts	**0**	**0**	**0**	**0**
U.S. dollar	0	0	0	0
Euro	0	0	0	0
Other currency	0	0	0	0
Non-indexed Chilean peso	0	0	0	0
U.F.	0	0	0	0
Other loans	**1,120,458**	**2,057,580**	**1,295,321**	**1,524,069**
U.S. dollar	666,168	1,276,769	1,173,655	1,249,958
Euro	0	0	0	0
Other currency	0	0	0	0
Non-indexed Chilean peso	0	0	0	0
U.F.	454,290	780,811	121,666	274,111
Other non-current liabilities	**1,499,460**	**533,236**	**863,336**	**756,423**
U.S. dollar	588,116	36,239	30,120	45,591
Euro	0	0	0	0
Other currency	491,951	244,998	277,057	4,220
Non-indexed Chilean peso	419,393	176,944	524,179	74,861
U.F.	0	75,055	31,980	631,751
Total non-current liabilities	**3,245,392**	**2,855,823**	**2,430,086**	**2,357,115**
U.S. dollar	1,639,509	1,313,729	1,474,632	1,367,952
Euro	0	258,881	0	0
Other currency	535,808	249,938	277,382	8,440
Non-indexed Chilean peso	579,043	176,944	524,179	74,861
U.F.	491,032	856,331	153,893	905,862

NOTE 21. SHARES

	No. Shares	Ordinary Shares	Own Shares	Total
As of January 1, 2010	1,299,853,848	1,299,853,848	-	1,299,853,848
Capital expansion	-	-	-	-
Acquisition of dependent	-	-	-	-
Purchase of own shares	-	-	-	-
Balance as of December 31, 2010	**1,299,853,848**	**1,299,853,848**	**-**	**1,299,853,848**

	No. Shares	Ordinary Shares	Own Shares	Total
As of January 1, 2009	1,299,853,848	1,299,853,848	-	1,299,853,848
Capital expansion	-	-	-	-
Acquisition of dependent	-	-	-	-
Purchase of own shares	-	-	-	-
Balance as of December 31, 2009	**1,299,853,848**	**1,299,853,848**	**-**	**1,299,853,848**

NOTE 22. NET DISTRIBUTABLE INCOME AND EARNINGS PER SHARE

The Board of Directors of Empresas Copec S.A. agreed to establish as a general policy that net income to be distributed for the payment of dividends shall be determined on the basis of earned income, subtracting any significant variations in the value of unrealized assets and liabilities, which are reintegrated into the calculation of net income for the period in which these variations are realized.

As a result, for the purposes of determining the Company's net distributable income, that is, the net income to consider in the calculation of the mandatory minimum and additional dividends, the following categories of unearned income are not included in income for the period.

- Income related to the recording at fair value of forestry assets regulated by IAS 41; such income is reintegrated into net income upon realization. For this purpose, the portion of such increases in fair value corresponding to sold or disposed of assets is considered realized.

- Income generated in the acquisition of entities. These results will be reintegrated into net income upon realization. For this purpose, income generated by the entities following their acquisition, or when these entities are divested, is considered realized.

The effects of deferred taxes associated with the items mentioned in points 1) and 2) will follow the same procedure as the item that gave rise to them.

Concept	Distributable earnings ThUS$
Income attributable to equity holders as of 12.31.2010	**1,013,789**
Adjustments:	
Biological assets	
Unrealized	(221,453)
Realized	200,276
Deferred taxes	(1,744)
Biological assets (net)	**(22,921)**
Income for incorporation of joint venture	**0**
Purchased negative goodwill and others	**(1,113)**
Total adjustments	**(24,034)**
Distributable earnings as of 12.31.2010	**989,755**

The general dividend policy that the Company expects to carry out in future periods consists of distributing 40% of distributable net income for each period, including the possibility of an interim dividend at the end of the year.

As of December 31, 2010, in the classified Statement of Financial Position the amount of ThUS$ 263,037 under "Other current liabilities" corresponded to the minimum dividend provision. That amount corresponds to 40% of the distributable earnings less the interim dividend of ThUS$ 132,865 paid on December 16, 2010 and charged to net income for that period.

On November 26, 2009 the Company's Board of Directors agreed to distribute an interim dividend of US$ 0.055573 per share, which was paid starting on December 17, 2009 with a charge to net income for that period.

In Ordinary Session No. 75 held on April 28, 2010, the Board agreed to distribute a final dividend of US$ 0.0915 per share, which was paid beginning on May 12, 2010.

On October 28, 2010 the Company's Board of Directors agreed to distribute an interim dividend of US$ 0.102215 per share, which was paid starting on December 16, 2010 with a charge to net income for that period.

Earnings per share are calculated by dividing income attributable to the Company's shareholders by the weighted average of common shares in circulation; the Company does not record diluted shares.

Earnings (loss) per share	12.31.2010 ThUS$	12.31.2009 ThUS$
Earnings (loss) attributable to net equity holders of parent company	1,013,789	576,188
Weighted average number of shares	1,299,853,848	1,299,853,848
Earnings (loss) per share (US$ per share)	0.78	0.44

Rights, Privileges and Restrictions for Ordinary Share Capital Class:

For liabilities recorded under "Interest-bearing loans, the Parent Company must maintain a consolidated indebtedness ratio no greater than 1.2; otherwise the debt under these contracts could become current. As of the reporting date, the Group is in compliance with this restriction.

NOTE 23. OPERATING REVENUES

	12.31.2010 ThUS$	12.31.2009 ThUS$
Sale of goods	11,573,521	9,447,654
Provision of services	576,257	493,859
Interest income	0	0
Royalty income	0	0
Dividend income	0	0
Total	**12,149,778**	**9,941,513**

NOTE 24. FINANCIAL INCOME AND EXPENSES

Financial expenses are detailed as follows:

	12.31.2010 ThUS$	12.31.2009 ThUS$
Interest and readjustments for bank loans	(201,889)	(172,274)
Financial cost of post-employment obligations	(5,023)	(1,454)
Other financial costs	(35,518)	(31,907)
Total financial costs	**(242,430)**	**(205,635)**

Financial income is detailed as follows:

	12.31.2010 ThUS$	12.31.2009 ThUS$
Income from interest on financial instruments	33,823	29,631
Income from financial assets at fair value through profit and loss	0	0
Interest on loans and receivables	385	231
Other income	15	1
Total financial income	**34,223**	**29,863**

NOTE 25. EXCHANGE DIFFERENCES

	12.31.2010 ThUS$	12.31.2009 ThUS$
Exchange differences generated by assets		
Cash equivalent	(351)	30,668
Investments in mutual funds, short term deposits and pacts	(11,471)	5,911
Trade and other receivables	11,402	4,933
Tax receivables	5,506	29,633
Receivables from related parties	34,014	4,972
Other financial assets	1,490	(409)
Other assets	1,945	275
Total	**42,535**	**75,983**
Exchange differences generated by liabilities		
Trade and other payables	12,522	5,423
Payables to related parties	(3,758)	28,226
Loans with financial institutions (include bonds)	(36,957)	(43,071)
Dividends to be paid	54	(3,631)
Other financial liabilities	(15,314)	(13,330)
Other liabilities	(4,450)	(10,059)
Total	**(47,903)**	**(36,442)**
Total	**(5,368)**	**39,541**

NOTE 26. IMPAIRMENT OF ASSETS

The recoverable amount of property, plant and equipment is always measured whenever there is an indication that the asset may have become impaired. Among the factors to consider as indications of impairment are: decrease in market value of the asset, significant change in the technological environment, obsolescence or physical deterioration of the asset, and changes in the way the asset is used or expected to be used, which could imply its disuse, among others. At the end of each period, the Group evaluates and reports as to whether there is any evidence of the indications mentioned.

For this evaluation, assets are grouped into the smallest group of assets that generate cash flows independently.

As of the end of the present period, the following impairment indicators were considered:

Effects of the economic crisis

The decrease in demand for sawn timber products due primarily to the credit crisis and the continued downturn in the real estate market in the United States have led Arauco to decide to permanently close during the fiscal year 2009 and 2008, and during first months of 2010 Arauco had stopped activities of the following sawmills: La Araucana, Escuadrón, Lomas Coloradas, Coronel, Coelemu, Horcones II, and the remanufacturing plant Lomas Coloradas. All closed facilities are located in Chile.

During May 2010, Horcones II plant started to operate again and in June the Plant of Coronel was sold. By the continuing investment in equipments and technologies and more intensive use of our facilities, an important part of the production capacity of the plants have been supplied, and determined that the closure of Araucana, Escuadron, Aserradero Lomas Coloradas, Coelemu and Remanufacturas Lomas Coloradas plants is considered as permanent. To the closing date of these Consolidated Financial Statements, the assets associated with these plants located in Chile are classified as Assets held for sale.

Due to the complex market situation since the beginning of 2009 that came through Bosseti sawmill operation located in Argentina, the Company decided to close it in December 2010 and to adapt its operational structure to the reality of the business, converting the operation using its land and buildings as a logistic center. At December 31, 2010, the Company registered ThUS$ 2,000 as impairment provision related with machinery and installations which there is even no decision about their destination.

The recoverable value of the permanently closed facilities was determined based on sales estimates and residual value, making the corresponding provision in the event that the recoverable value is less than the book value. These estimates were made by both external and internal evaluators.

Detail of cash generating units with impaired assets

Information regarding impaired assets as of December 31, 2010 and December 31, 2009, respectively, is presented below:

Classes of impaired assets	Sawmills
Reportable primary segment of cash generating unit	Sawn wood
Basis used to determine fair value less costs to sell	Third-party appraisal
Key assumptions used to determine recoverable amount	Fair value less costs to sell

Impairment amounts	12.31.2010 ThUS$	12.31.2009 ThUS$
La Araucana Sawmill	0	498
Escuadrón Sawmill	0	1,285
Lomas Coloradas Sawmill	0	937
Coronel Sawmill	0	3,167
Coelemu Sawmill	0	99
Bosseti Sawmill	2,000	0
Total impairment for cash generating unit	**2,000**	**5,986**

Detail of asset impaiment:

Disclosure of asset impairment		
Principal classes of assets affected by impairment and reversion losses	Machinery and equipment	
Principal facts and circumstances that lead to recognizing impairment and reversion losses	Technical Obsolescense	
	12.31.2010 ThUS$	**12.31.2009** ThUS$
Information relevant to the sum of all impairment	**2,682**	**2,536**

Disclosure of asset impairment		
Principal classes of assets affected by impairment and reversion losses	Machinery and equipment	
Principal facts and circumstances that lead to recognizing impairment and reversion losses	Assets affected by earthquake and tsunami	
	12.31.2010 ThUS$	**12.31.2009** ThUS$
Information relevant to the sum of all impairment	**144,207**	**0**

Property, plant and equipment provision	ThUS$
Opening balance	**8,522**
Increased provision	149,601
Impairment reversion (1)	(2,455)
Impairment reversion of sale	(3,034)
Impairment reversion of assets held for sale	(3,745)
Closing balance at 12.31.2010	**148,889**

(1) Aserraderos Mutrún assets that were write-off

Effects of the earthquake and tsunami

As a result of the earthquake and tsunami that primarily affected the south-central region of Chile on February 27, 2010, area in which the Company maintains its industrial operations, all of our production units applied their contingency plans, which involved shutting down operations and evaluating the damage caused to each facility by the earthquake.

The companies have insurance that covers down time loss and damage. The handling charges related to these insurance is in progress.

Forestry sector:

Mutrún sawmill located in Constitución was destroyed by floodwaters. This facility represented a 6% of the Arauco' saw timber production capacity in Chile.

Arauco's industrial facilities, 34 in Chile, have resumed their activities in the shortest time possible. As of the date of this Financial Statement, all of its facilities are operating including line II of the Arauco Pulp Mill from February, 2011.

The suspension of the Company's operations in Chile resulted in a decrease in sales volumes and adverse effects on the result of the Company.

Damages caused by the earthquake are adequately covered by the following insurance policies:

- All risk of physical assets and income (loss)
- All transport risk and all inventory losses
- Residential Fire
- All construction risk

Financial Statement as of December 31, 2010 includes:

US$ 99 million registered under Trade and Other Receivables for future compensations, associated with physical damages (US$ 80 million) and operational costs (US$ 19 million).

These Consolidated Financial Statements include a payment compensation amounting to US$ 285 million, basically associated with physical damages (US$ 105 million) and operational costs and losses caused by downtime (US$ 180 million).

Related expenses to the damaged produced by the earthquake has been recognized at the moment when events occurred, but accounts receivable from insurance companies related to this expenses, and the effects of the downtime of the plant as a consequence of this event, are recognized only when this charges are virtually certain.

Fishing sector:

As a result of the earthquake and tsunami that affected the south-central region of Chile on February 27, 2010, the affiliate SouthPacific Korp S.A. (now Orizon S.A.) suffered significant damages at unloading points processing plants, material supply warehouses, spare parts, raw materials and finished products. At the end of these financial statements Orizon S.A., has made the drop in their sinister assets.

The cash generating units affected by the earthquake and tsunami of the last February 27, 2010 weren't fixed for its operation and were classified as assets held for sale. The book value of these assets is close to the recoverable value.

Insurance policies covers the damages caused by the earthquake.

Fuel sector:

For its part, the plants (San Vicente and San Fernando), service stations and sale points of the affiliate Compañía de Petróleos de Chile Copec S.A. had no major damage significantly jeopardizing their correct operation, as a result of damages from the earthquake and tsunami that affected the south-central region of Chile on February 27, 2010. Total losses caused by physical damages, downtime and stocks losses amount to ThUS$ 7,583.

The affiliate Abastecedora de Combustibles S.A. as of December 31, 2010, recorded a net loss of ThUS$ 2,314 caused by damages and stolen at company's facilities as a result of the earthquake. This effect is registered under Other gains (losses).

NOTE 27. RETAINED EARNINGS

	12.31.2010 ThUS$	12.31.2009 ThUS$
Opening balance	7,621,923	7,234,475
Income (loss) for the period	1,013,789	576,188
Dividends paid	(132,865)	(72,237)
Interim dividends	(263,037)	(117,182)
Actuarial losses and gains	0	0
Other items	(9,273)	679
Exchange differences	0	0
Ending balance	**8,230,537**	**7,621,923**

NOTE 28. ENVIRONMENT

For Empresas Copec S.A., sustainability translates into a management strategy that incorporates values, commitments and standards, together with adoption of the best practices and technologies available in the industry, seeking ongoing improvement in the company's environmental management. The Environment department, with its specialists in each business area, ensures that these guidelines are put into practice in day-to-day operations.

All of the affiliate Arauco's production units have certified environmental management systems that reinforce the Company's commitment to environmental performance and ensure the traceability of raw materials.

In its production processes, the affiliate Arauco uses various inputs, such as wood, chemicals, water, etc., which in turn generate liquid and gaseous emissions. In an effort to improve the company's operating efficiency, significant advances have been made in reducing consumption and emissions.

Environmental investments were made related to atmospheric emission control, processes improvements, water management, waste management and tributary treatments in order to improve environmental performance in business units.

Expenditures incurred and committed during the period related to environmental protection are detailed below:

Forestry Sector

Company	12.31.2010	Disbursements Made in 2010				Committed Future Disbursements	
	Project Name	Project Status	Amount ThUS$	Asset Expense	Asset/Expense Entry for Classification	Amount ThUS$	Estimated Date
Celulosa Arauco y Constitución S.A.	Construction of outlets	Complete	3,915	Asset	Property, plant and equipment	0	-
Celulosa Arauco y Constitución S.A.	Management for the implementation of environmental improvements	In progress	1,752	Asset	Property, plant and equipment	158	2011
Celulosa Arauco y Constitución S.A.	Management for the implementation of environmental improvements	Complete	19,142	Expense	Operating costs	0	-
Celulosa Arauco y Constitución S.A.	Management for the implementation of environmental improvements	Complete	1,096	Expense	Administrative expenses	0	-
Celulosa Arauco y Constitución S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	In progress	5,410	Asset	Property, plant and equipment	251	2011
Celulosa Arauco y Constitución S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	In progress	370	Expense	Operating costs	28	2011
Celulosa Arauco y Constitución S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	Complete	1,125	Asset	Property, plant and equipment	0	-
Celulosa Arauco y Constitución S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	Complete	394	Expense	Operating costs	0	-
Alto Paraná S.A.	Construction of outlets	In progress	705	Asset	Property, plant and equipment	813	2011
Alto Paraná S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	In progress	726	Asset	Property, plant and equipment	3,486	2011
Paneles Arauco S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	In progress	467	Expense	Administrative expenses	500	2011
Paneles Arauco S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	In progress	1,696	Asset	Operating costs	2,264	2011
Paneles Arauco S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	Complete	3,329	Expense	Administrative expenses	0	-
Paneles Arauco S.A.	Management for the implementation of environmental improvements	In progress	898	Asset	Property, plant and equipment	2,080	2011
Paneles Arauco S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	In progress	702	Asset	Property, plant and equipment	22	2011
Forestal Celco S.A.	Management for the implementation of environmental improvements	In progress	853	Asset	Property, plant and equipment	853	2012
Forestal Celco S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	Complete	586	Asset	Property, plant and equipment	0	-
Arauco Do Brasil S.A.	Management for the implementation of environmental improvements	In progress	1,820	Asset	Property, plant and equipment	2,285	2011
Total			**44,986**			**12,740**	

Company	12.31.2009	Disbursements Made in 2009				Committed Future Disbursements	
	Project Name	Project Status	Amount ThUS$	Asset Expense	Asset/Expense Entry for Classification	Amount ThUS$	Estimated Date
Celulosa Arauco y Constitución S.A.	Investment projects for the control and handling of gases emitted by industrial processes	Complete	556	Expense	Operating costs	0	-
Celulosa Arauco y Constitución S.A.	Investment projects for the control and handling of gases emitted by industrial processes	In progress	3,515	Asset	Property, plant and equipment	541	2010
Celulosa Arauco y Constitución S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	In progress	3,270	Asset	Property, plant and equipment	88	2010
Celulosa Arauco y Constitución S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	Complete	911	Expense	Administrative expenses	0	-
Celulosa Arauco y Constitución S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	In progress	13,908	Asset	Property, plant and equipment	2,352	2010
Celulosa Arauco y Constitución S.A.	Management for the implementation of environmental improvements	Complete	25,245	Expense	Operating costs	0	-
Celulosa Arauco y Constitución S.A.	Management for the implementation of environmental improvements	Complete	744	Expense	Administrative expenses	0	-
Celulosa Arauco y Constitución S.A.	Management for the implementation of environmental improvements	In progress	2,131	Asset	Property, plant and equipment	2,532	2010
Celulosa Arauco y Constitución S.A.	Construction of outlets	In progress	7,197	Asset	Property, plant and equipment	66,376	2010
Aserraderos Arauco S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	In progress	542	Asset	Property, plant and equipment	0	-
Forestal Celco S.A.	Management for the implementation of environmental improvements	In progress	95	Asset	Property, plant and equipment	2,811	2010
Placas do Paraná S.A.	Management for the implementation of environmental improvements	In progress	782	Asset	Property, plant and equipment	113	2010
Alto Paraná S.A.	Management for the implementation of environmental improvements	Complete	790	Asset	Property, plant and equipment	0	-
Alto Paraná S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	In progress	1,216	Asset	Property, plant and equipment	2,625	2010
Alto Paraná S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	In progress	1,271	Asset	Property, plant and equipment	1,680	2010
Alto Paraná S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	Complete	2,448	Asset	Property, plant and equipment	0	-
Paneles Arauco S.A.	Management for the implementation of environmental improvements	In progress	221	Expense	Operating costs	568	2010
Paneles Arauco S.A.	Management for the implementation of environmental improvements	In progress	533	Asset	Property, plant and equipment	1,480	2010
Paneles Arauco S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	In progress	3,023	Asset	Property, plant and equipment	3,326	2010
Paneles Arauco S.A.	Investment projects for the control and handling of liquids and energy optimization of water in industrial plants	In progress	922	Expense	Operating costs	270	2010
Paneles Arauco S.A.	Expansion of dumping sites for solid industrial waste for the handling of the same in the future	In progress	59	Expense	Operating costs	219	2010
Total			**69,379**			**84,981**	

Fuel Sector

Company	12.31.2010	Disbursements Made in 2010				Committed Future Disbursements	
	Project Name	Project Status	Amount ThUS$	Asset Expense	Asset/Expense Entry for Classification	Amount ThUS$	Estimated Date
Compañía de Petróleos de Chile Copec S.A.	Sewage treatment plants	Complete	315	Asset	Works in progress	0	-
Compañía de Petróleos de Chile Copec S.A.	Spill recovery and containers	Complete	24	Asset	Works in progress	0	-
Compañía de Petróleos de Chile Copec S.A.	Fire protection system	In force	956	Asset	Works in progress	21	2011
Compañía de Petróleos de Chile Copec S.A.	Environmental evaluation	In force	44	Expense	Administrative expenses	16	2011
Compañía de Petróleos de Chile Copec S.A.	Waste removal	Complete	28	Expense	Administrative expenses	0	-
Compañía de Petróleos de Chile Copec S.A.	Sewage treatment	Complete	14	Expense	Administrative expenses	0	-
Compañía de Petróleos de Chile Copec S.A.	Plant repair	Complete	19	Expense	Administrative expenses	0	-
Abastecedora de Combustibles S.A.	Dangerous waste removal	In progress	48	Expense	Administrative expenses	0	-
Abastecedora de Combustibles S.A.	Transport and collection of garbage	In progress	16	Expense	Administrative expenses	0	-
Abastecedora de Combustibles S.A.	Liquid waste treatment	In progress	96	Expense	Administrative expenses	0	-
Abastecedora de Combustibles S.A.	Plant cleaning and maintenance	In progress	11	Expense	Administrative expenses	0	-
Abastecedora de Combustibles S.A.	Sewer connection and potable water for sales office in Los Angeles	In progress	1	Investment	Works in progress	37	2010
Abastecedora de Combustibles S.A.	Chillán sewer connection	Complete	16	Investment	Works in progress	0	2010
Abastecedora de Combustibles S.A.	Lenga plant sewage treatment plant	Ready to begin	0	Investment	Works in progress	137	2010
Abastecedora de Combustibles S.A.	Marine monitoring program and proposed dredging	In progress	92	Expense	Administrative expenses	0	-
Abastecedora de Combustibles S.A.	Sewage treatment plant at PED	Ready to begin	0	Investment	Works in progress	64	2011
Abastecedora de Combustibles S.A.	Clean system for PCY cylinders	In progress	10	Investment	Works in progress	31	2011
Abastecedora de Combustibles S.A.	Disposal of surplus earthworks in San Vicente storage facility	Complete	1,527	Investment	Works in progress	1,077	2010
Total			**3,217**			**1,383**	

Company	12.31.2009	Disbursements Made in 2009				Committed Future Disbursements	
	Project Name	Project Status	Amount ThUS$	Asset Expense	Asset/Expense Entry for Classification	Amount ThUS$	Estimated Date
Compañía de Petróleos de Chile Copec S.A.	Access improvement	In force	651	Asset	Works in progress	0	2010
Compañía de Petróleos de Chile Copec S.A.	Sewage treatment plant	In force	850	Asset	Works in progress	0	2010
Compañía de Petróleos de Chile Copec S.A.	Replacement and repair of fuel tanks	In force	294	Asset	Works in progress	0	2010
Compañía de Petróleos de Chile Copec S.A.	Spill recovery and containers	In force	776	Asset	Works in progress	0	2010
Compañía de Petróleos de Chile Copec S.A.	Environmental evaluation	-	29	Expense	Administrative expenses	0	-
Compañía de Petróleos de Chile Copec S.A.	Waste removal	-	16	Expense	Administrative expenses	0	-
Compañía de Petróleos de Chile Copec S.A.	Sewage treatment	-	13	Expense	Administrative expenses	0	-
Compañía de Petróleos de Chile Copec S.A.	Potable water system	-	12	Expense	Administrative expenses	0	-
Compañía de Petróleos de Chile Copec S.A.	Plant repair	-	11	Expense	Administrative expenses	0	-
Abastecedora de Combustibles S.A.	Waste water treatment TSV	In progress	189	Asset	Works in progress	747	2010
Abastecedora de Combustibles S.A.	San Vicente storage plant and maritime terminal	In progress	106	Asset	Works in progress	420	2010
Total			**2,947**			**1,167**	

Fishing Sector

Company	12.31.2010	Disbursements Made in 2010				Committed Future Disbursements	
	Project Name	Project Status	Amount ThUS$	Asset Expense	Asset/Expense Entry for Classification	Amount ThUS$	Estimated Date
Pesquera Iquique y Guanaye S.A.	Upgrade of fleet	In progress	451	Asset	Works in progress	0	-
Pesquera Iquique y Guanaye S.A.	Improvement of sanitary facilities	Active	2	Asset	Property, plant and equipment	0	-
Pesquera Iquique y Guanaye S.A.	Adjustment of systems in plants	In progress	56	Asset	Property, plant and equipment	0	-
Pesquera Iquique y Guanaye S.A.	Adjustment of systems in plants	In progress	78	Asset	Works in progress	2	2011
Pesquera Iquique y Guanaye S.A.	Improvements to unloading system of non professional fishing	Active	289	Asset	Property, plant and equipment	0	-
Pesquera Iquique y Guanaye S.A.	Environmental impact study	In progress	13	Asset	Works in progress	0	2011
Total			**889**			**2**	

Company	12.31.2009	Disbursements Made in 2009				Committed Future Disbursements	
	Project Name	Project Status	Amount ThUS$	Asset Expense	Asset/Expense Entry for Classification	Amount ThUS$	Estimated Date
Pesquera Iquique y Guanaye S.A.	Upgrade of fleet	In progress	1,745	Asset	Works in progress	605	2010
Pesquera Iquique y Guanaye S.A.	Upgrade of fleet	In progress	70	Asset	Property, plant and equipment	0	-
Pesquera Iquique y Guanaye S.A.	Improvement of sanitary facilities	In progress	67	Asset	Works in progress	0	2010
Pesquera Iquique y Guanaye S.A.	Adjustment of systems in plants	In progress	106	Asset	Works in progress	134	2010
Pesquera Iquique y Guanaye S.A.	Adjustment of systems in plants	In progress	155	Asset	Property, plant and equipment	0	-
Pesquera Iquique y Guanaye S.A.	Improvements to unloading system and fish storage	In progress	798	Asset	Property, plant and equipment	0	-
Pesquera Iquique y Guanaye S.A.	Improvements to unloading system and fish storage	In progress	138	Asset	Works in progress	182	2010
Pesquera Iquique y Guanaye S.A.	Environmental impact study	In progress	75	Asset	Works in progress	20	2010
Total			**3,154**			**941**	

NOTE 29. OPERATING SEGMENTS

Operating segments have been defined according to the manner in which senior management reports on their segments internally in order to make operating decisions and to allocate resources. In addition, the availability of relevant financial information has also been considered in the defining of operating segments.

The segments were divided according to the main direct affiliates: Celulose Arauco y Constitución S.A., Compañía de Petróleos de Chile Copec S.A., Abastible S.A. and Pesquera Iquique-Guanaye S.A. These Companies together represent more than 90% of the sales, EBITDA, net income, and consolidated assets and liabilities.

- Celulosa Arauco y Constitución S.A.:

Arauco has established itself as one of the leading forestry companies in Latin America, in terms of area and yield of its plantations, market kraft pulp manufacturing, and sawn timber and panel production.

Arauco's plantations and forest lands span 1.6 million hectares in Chile, Argentina, Brazil and Uruguay. In the first three countries the Company also has modern industrial facilities, which include six pulp mills, with a production capacity of 3.2 million tons per year; 8 operating sawmills that produce 2.8 million m^3 of timber per year and 8 panel plants whose production capacity reaches 3.2 million m^3 per year.

Arauco's main competitive advantages are the rapid growth and short harvest cycle of its species, the economies of scale and scope of its operations, the quality of its facilities and its proximity to shipping ports.

During 2010, Arauco's production totaled 2.3 million tons of pulp, 1.7 million m^3 of sawn timber and 2.9 million m^3 of panels. Sales totaled US$ 2,733 million, of which 49.6% corresponded to pulp, 16.4% to sawn timber, 29.3% to panels and 4.7% to other products. Of the total sales, 30.1% was sold in the Chilean market and the rest overseas, primarily to Asia and the Americas.

- Compañía de Petróleos de Chile Copec S.A.:

Compañía de Petróleos de Chile Copec S.A. is one of the country's most important sellers and distributors of fuel for domestic and industrial use. It was established in 1934 and began selling gasoline the following year. Over time, the company expanded its line of business and diversified its activities. Copec has 624 service stations throughout the country, forming the most extensive network in Chile, which includes 70 Pronto convenience stores and 165 Punto stores. The company also manages an industrial channel that supplies nearly 4,000 customers, belonging to the most important segments of the national economy. The company manages the Mobil and Esso brand lubricants for vehicles and machinery and has 15 fuel storage plants between Arica and the Chacabuco Port, with a total capacity of 384,000 m^3.

In 2010, the company took over the Colombian society, Terpel. With this, the company started the internationalization of the sale business, accessing into five markets: Colombia, Ecuador, Panama, Peru y Mexico.

Organización Terpel has a service station network with 1,463 sales points, of which 1,270 are in Colombia where it has a market share of 37%. The company also has 198 natural gas sales points through Gazel, a company that was acquired in 2008. It is also the main wholesale distributor in Colombia with 800 customers in industry, transport and aviation, a sector where it has a 57% share.

- Abastible S.A.:

Abastecedora de Combustibles S.A., Abastible, was founded in 1956 with the purpose of selling liquefied petroleum gas for domestic, commercial and industrial use. The company, which provides storage, packaging and distribution services of liquefied petroleum gas have established itself as a major player in the national energy sector.

Abastible serves more than 1.5 million customers, between Atacama and Aysén. It has a network of 1,492 distributors, 15 sales and distribution offices, 48,000 tanks, 5.4 million cylinders, 7 cylinder filling plants and a marine fuel terminal for loading and unloading of liquefied and gaseous fuels.

- Pesquera Iquique - Guanaye S.A.:

Empresas Copec S.A. has been present in the Chilean commercial fishing sector since 1980 through Pesquera Guanaye Ltda., which many years later merged with Pesquera Iquique S.A. producing Pesquera Iquique-Guanaye Igemar as a result.

Through its partner Corpesca S.A., Igemar operates in the north of Chile, and with its affiliate Orizon S.A., recently created from the merger between SouthPacific Korp S.A. and Pesquera San José S.A., in the country's central-south region.

These companies' products include fishmeal, which is mainly used as a raw material in food production for aquaculture and livestock, due to its high level of protein, Omega 3 fatty acids and favorable digestibility. Fish oil, another of its products, is used extensively in aquaculture. However, in recent years, it has been gaining importance as a nutritional supplement in human nutrition and the pharmaceutical industry. Canned and frozen products, using mackerel as the main raw material, are produced for human consumption. Mussel are produced canned and frozen.

The primary destinations of these products are the domestic market and Asian market.

- Sociedad Nacional de Oleoductos S.A.:

Copec, Enap and Esso Chile established Sociedad Nacional de Oleoductos S.A., Sonacol, in 1957 to create an oil pipeline network to transport fuels and other oil byproducts. In 1979, the company added a maritime division to deliver fuels to the most distant parts of the country.

Sonacol became an affiliate of Empresas Copec in 2004 and the following year it split the ocean and land shipping businesses, thereby giving rise to Sociedad Nacional Marítima S.A. (Sonamar). Copec reduced its stake in Sonamar in 2006 when Sociedad de Inversiones Monterrey joined the company.

Sonacol currently has a 465-kilometer oil pipeline network that runs from Quintero to San Fernando, which transports 98% of the fuels for the Metropolitan Region. The company also has 9 pumping stations, a product delivery terminal and a central dispatch facility strategically located in the corporate building.

Sonamar has a fleet of four oil tankers with a total capacity to ship 248,000 m^3 of oil and its byproducts to the centers of greater demand at different points in Argentina, Chile, Peru, Venezuela and countries in the Caribbean. Such ocean freight accounts for around 50% of the consumption of oil byproduct fuels in Chile.

Sonacol piped 8.8 million m^3 of liquefied fuels in 2010, which was 9.2% up on the previous year. Sonamar's vessels shipped 4.5 million m^3, which was 22.6% down on 2009.

The main performance figures associated with these segments, as of December 31, 2010 and 2009, respectively, are outlined below:

Segments 2010	Arauco ThUS$	Copec ThUS$	Abastible ThUS$	Sonacol ThUS$	Igemar ThUS$	Others ThUS$	Subtotal ThUS$	Elimination ThUS$	Total ThUS$
Operating revenues from external customers	3,788,354	7,775,363	470,502	40,075	69,949	5,535	12,149,778	0	12,149,778
Inter-segment operating revenues	0	88,983	4,503	27,245	0	2,665	123,396	(123,396)	0
Interest income	22,154	3,713	360	60	335	7,601	34,223		34,223
Interest expense	(213,912)	(15,611)	(6,971)	(6,010)	(1,001)	1,075	(242,430)		(242,430)
Interest expense, net	**(191,758)**	**(11,898)**	**(6,611)**	**(5,950)**	**(666)**	**8,676**	**(208,207)**		**(208,207)**
Operating income	786,668	246,173	72,944	47,851	(2,598)	(5,282)	1,145,756		1,145,756
EBITDA	**1,405,931**	**296,261**	**89,637**	**53,909**	**11,675**	**(4,150)**	**1,853,263**		**1,853,263**
Depreciation and amortization	233,655	50,088	16,693	6,058	14,273	1,132	321,899		321,899
Income (loss) from the reporting segment	**700,749**	**210,116**	**61,797**	**34,322**	**(7,943)**	**36,293**	**1,035,334**		**1,035,334**
Share in income (loss) of associates	(7,693)	28,961	11,461	0	6,570	27,924	67,223		67,223
Income (expense) from income taxes	(198,018)	(30,010)	(10,805)	(7,356)	2,218	(770)	(244,741)		(244,741)
Investments by segment									
Incorporations of property, plant and equipment	516,001	94,443	45,152	14,931	36,365	0	706,892		706,892
Payments to achieve biological assets	116,191	0	0	0	0	0	116,191		116,191
Payments to acquire affiliates and associates	54,536	284,985	0	0	0	78	339,599		339,599
Loans to related companies	0	0	0	0	0	0	0		0
Payments to acquire other investments	0	0	0	0	0	992	992		992
Total investments	**686,728**	**379,428**	**45,152**	**14,931**	**36,365**	**1,070**	**1,163,674**		**1,163,674**
Country of origin of operating revenues									
Operating revenues - local (Chilean companies)	2,846,179	7,775,363	470,502	40,075	52,492	5,535	11,190,146		11,190,146
Operating revenues - foreign (foreign companies)	942,175	0	0	0	17,457	0	959,632		959,632
Total operating revenues	**3,788,354**	**7,775,363**	**470,502**	**40,075**	**69,949**	**5,535**	**12,149,778**		**12,149,778**
Assets by segment	**12,506,332**	**4,322,427**	**610,506**	**376,734**	**787,414**	**846,385**	**19,449,798**		**19,449,798**
Equity method investments	498,204	95,877	43,309	0	138,500	363,018	1,138,908		1,138,908
Liabilities by segment	5,665,757	2,244,469	313,117	199,659	240,809	(3,193)	8,660,618		8,660,618
Country of origin of non-current assets									
Chile	6,780,458	2,359,594	522,211	364,743	595,543	409,068	11,031,617		11,031,617
Foreign	2,573,758	0	0	0	0	0	2,573,758		2,573,758
Total non-current assets	**9,354,216**	**2,359,594**	**522,211**	**364,743**	**595,543**	**409,068**	**13,605,375**		**13,605,375**

Segments 2009	Arauco ThUS$	Copec ThUS$	Abastible ThUS$	Sonacol ThUS$	Igemar ThUS$	Others ThUS$	Subtotal ThUS$	Elimination ThUS$	Total ThUS$
Operating revenues from external customers	3,113,045	6,320,055	377,539	39,452	88,679	2,743	9,941,513	0	9,941,513
Inter-segment operating revenues	0	82,331	3,952	18,997	0	2,904	108,184	(108,184)	0
Interest income	19,313	3,593	173	44	263	6,477	29,863	0	29,863
Interest expense	(193,872)	(4,147)	(540)	(5,279)	(1,786)	(11)	(205,635)	0	(205,635)
Interest expense, net	**(174,559)**	**(554)**	**(367)**	**(5,235)**	**(1,523)**	**6,466**	**(175,772)**	**0**	**(175,772)**
Operating income	322,675	172,673	73,572	40,929	7,807	(5,813)	611,843	0	611,843
EBITDA	**728,765**	**215,871**	**93,476**	**45,680**	**20,763**	**(5,087)**	**1,099,468**	**0**	**1,099,468**
Depreciation and amortization	207,415	43,198	19,904	4,751	12,956	726	288,950	0	288,950
Income (loss) from the reporting segment	**304,596**	**157,586**	**70,755**	**30,079**	**(2,992)**	**34,627**	**594,651**	**0**	**594,651**
Share in income (loss) of associates	6,621	14,805	10,557	0	8,867	(2,956)	37,894	0	37,894
Income (expense) from income taxes	(53,537)	(30,065)	(12,229)	(6,329)	(491)	(7,303)	(109,954)	0	(109,954)
Investments by segment									
Incorporations of property, plant and equipment	275,151	78,112	51,063	11,157	16,256	75	431,814	0	431,814
Payments to achieve biological assets	92,002	0	0	0	0	0	92,002	0	92,002
Payments to acquire affiliates and associates	290,390	0	0	0	0	35,195	325,585	0	325,585
Loans to related companies	0	0	0	0	0	0	0	0	0
Payments to acquire other investments	0	0	0	0	0	0	0	0	0
Total investments	**657,543**	**78,112**	**51,063**	**11,157**	**16,256**	**35,270**	**849,401**	**0**	**849,401**
Country of origin of operating revenues									
Operating revenues - local (Chilean companies)	2,493,223	6,320,055	377,539	39,452	24,065	2,743	9,257,077	0	9,257,077
Operating revenues - foreign (foreign companies)	619,822	0	0	0	64,614	0	684,436	0	684,436
Total operating revenues	**3,113,045**	**6,320,055**	**377,539**	**39,452**	**88,679**	**2,743**	**9,941,513**	**0**	**9,941,513**
Assets by segment	**11,415,772**	**2,074,271**	**640,791**	**334,479**	**431,951**	**682,357**	**15,579,621**	**0**	**15,579,621**
Equity method investments	476,101	77,474	40,029	0	135,318	316,463	1,045,385	0	1,045,385
Liabilities by segment	5,033,339	776,817	382,455	171,053	77,545	(69,838)	6,371,371	0	6,371,371
Country of origin of non-current assets									
Chile	6,670,074	972,678	465,745	323,549	374,905	360,627	9,167,578	0	9,167,578
Foreign	2,471,440	0	0	0	0	0	2,471,440	0	2,471,440
Total non-current assets	**9,141,514**	**972,678**	**465,745**	**323,549**	**374,905**	**360,627**	**11,639,018**	**0**	**11,639,018**

NOTE 30. BORROWING COSTS

The Group capitalizes interest on current investment projects by calculating the average rate of loans dedicated to financing these investment projects.

Costs of capitalized interest for property, plant and equipment	January - December 2010 ThUS$	2009 ThUS$
Capitalization rate for costs of capitalized interest for property, plant and equipment	5.50%	5.64%
Amount of costs of capitalized interest for property, plant and equipment	10,271	9,523

NOTE 31. SUBSEQUENT EVENTS

- From the affiliate Celulosa Arauco y Constitución S.A.:

1. The following was reported on January 18, 2011:

"The undersigned, in representation of the corporation Celulosa Arauco y Constitución S.A., hereinafter "Arauco" or the "Company", both domiciled in the Metropolitan Region, at Avenida El Golf No. 150, 14th, in the Council of Las Condes, the company registered in the Securities Registry under No. 42, Tax ID Number 93.458.000-1, communicates the following essential information related to the Society and its business areas by virtue of that disposed on the Article 9th and subsection 2nd of the Article 10th, both registered under the Law N° 18,045 and in the General Rule N° 30 of the Superintendency of Se curities:

According to the Essential Facts of May 18, September 27 and October 16, 2009, Arauco and Stora Enso have done a number of investments in order to secure a strategic base that allows forestry to carry out a project to build a pulp mill in the Republic of Uruguay. To achieve this goal, Arauco, through its subsidiary Inversiones Arauco Internacional Limitada and Stora Enso are equal partners in a joint venture nominated Montes del Plata, who owned forests in Uruguay of approximately 250,000 hectares of land, of which half is planted.

Considering this strategic supply base forest, Inversiones Arauco Internacional Limitada and Stora Enso have agreed to undertake a project to build a pulp mill with a guaranteed capacity of 1.3 million tons per year, a port and a power unit utilizing renewal resources in the location of Punta Pereira, department of Colonia, Uruguay. Total investment is estimated to be of US$ 1,900,000,000.

It is estimated that the pulp mill is operational in the first half of 2013. Wood supply will come mostly from its forest plantations of Montes del Plata in the various department of the country. The project will be financed by approximately 40% correspondent to capital from shareholders and 60% from third-party financing.

Arauco estimates that this Project will have positive effects in the Company's results, despite the fact that these effects are currently not quantifiable."

2. The following was reported on January 28, 2011:

“The undersigned, in representation of the corporation Celulosa Arauco y Constitución S.A., hereinafter “Arauco” or the “Company”, both domiciled in the Metropolitan Region, at Avenida El Golf No. 150, 14th, in the Council of Las Condes, the company registered in the Securities Registry under No. 42, Tax ID Number 93.458.000-1, communicates the following essential information related to the Society and its business areas by virtue of that disposed on the Article 9th and subsection 2nd of the Article 10th, both registered under the Law N° 1 8,045 and in the General Rule N° 30 of the Superintendency of Se curities:

The company have informed in several occasions about the normalization process of its industrial activities. In that sense, the only industrial unit of the Company in which normalization is pending is Line II of the Arauco Plant, located in Arauco, VIII Region, with a production capacity of 500,000 tons of cellulose per year. This line faced a complex repair process for the damages caused by the earthquake that occurred last February 27, especially its recovery boiler, which is critical for resuming production.

Currently, Line II of the Arauco Plant is under final stage of fixings, and the recovery boiler is under starting up process. With this, the referred Line II initiated its productive activities the first two weeks of February 2011”.

3. The following was reported on February 9, 2011:

“The undersigned, in representation of the corporation Celulosa Arauco y Constitución S.A., hereinafter “Arauco” or the “Company”, both domiciled in the Metropolitan Region, at Avenida El Golf No. 150, 14th, in the Council of Las Condes, the company registered in the Securities Registry under No. 42, Tax ID Number 93.458.000-1, communicates the following essential information related to the Society and its business areas by virtue of that disposed on the Article 9th and subsection 2nd of the Article 10th, both registered under the Law N° 1 8,045 and in the General Rule N° 30 of the Superintendency of Se curities:

As was reported in the Essential Fact of January 18, 2011, Inversiones Arauco Internacional Limitada, a affiliate of the Company, and Stora Enso agreed to carry out a Project to build a pulp mill edge with guaranteed capacity of 1.3 million tons per year, a port and a power generated unit based on renewal resources in the location of Punta Pereira, department de Colonia, Uruguay.

In relation to the above mentioned, on February 9, 2011 the Board of Directors of the Company in 23rd Extraordinary Shareholders’ Meeting approved the provision of a nonsolidarity and limited guarantee to ensure obligations to the Uruguayan company, Celulosa y Energía Punta Pereira S.A. (“CEPP”), a related company of Arauco, to assume through “Engineering Procurement and Construction Agreement” the construction of the main areas of the pulp mill (the “EPCs”) in favor of the company Andritz AG constituted in Uruguay to celebrate the EPCs that will be signed for this purposes. The mentioned guarantee will be limited to the lower sum of: (i) 50% of any and all amounts owed by CEPP, under the EPCs; or (ii) the total and cumulative amount of € 189.000.000”.

Management is unaware of any other subsequent events between March 31, 2010 and the date of preparation of these financial statements that could significantly impact the Companies’ financial situation.