US$2,100 million investment
Guaíba Project underway

Over 660,000 Hectares
CMPC obtains FSC™ certification for its forests in Chile

Long Term Favourable Conditions
New shipping contracts
Dear Friends,

We have as always a great issue for you, filled with very interesting information and news about CMPC.

Last December our Chilean forests were certified FSC™ by Rainforest Alliance. This comprises more than 600,000 hectares of Eucalyptus and Radiata Pine plantations that will enable us to produce FSC™ pulp in our Santa Fe mill as from April 2013. This, together with the certification last year of our forests in Brazil will allow us to offer our customers both from Santa Fe and Guaíba FSC™ certified pulp which is an important advantage for their sales and distribution of papers. This process took the best part of 3 years and represented very hard work for a very dedicated group within our company.

On the transportation side we renewed our long term contracts both with Gearbulk and Griegstar, two of the best international forest products shipping companies. This will enable us to continue offering our customers a reliable and efficient delivery service worldwide. This service covers shipments from Chile and Brazil to Northern Europe, Mediterranean Ports and Asia.

Another important announcement is that our Board of Directors gave the official approval to the project of a second line at our Guaíba mill. This line will have a design capacity of 1.3 million tons of Bleached Kraft Eucalyptus Pulp and is expected to start-up during the second quarter of 2015 with a total investment of 2.1 billion dollars. All the main equipment orders have been already placed and the construction is starting in the next few weeks.

This new addition will bring CMPC’s market pulp capacity to 4.1 million tons, which will make us one of the top market pulp producers in the world.

We hope you enjoy this newsletter and we hope to see you all in some corner of the world very soon.

Yours,

Guillermo Mullins
Commercial Director of CMPC Pulp
CMPC Pulp has secured transport availability for the increase of volume which it will begin to export upon completion of its Guaíba Pulp Mill expansion in Brazil, by means of long term shipping contracts with specialized maritime shipping companies.

Upon completion of a thorough review of the offers received during its international bidding process, CMPC Pulp signed a five year contract with Gearbulk, the main maritime shipping company specialized in transport of pulp worldwide and also supplier to this Company for over three decades. This contract, valid as from 1st April 2013, will last until 31st March 2018 and comprises transport from Chile-Asia, Chile-Northern Europe, Brazil-Asia and Brazil-Northern Europe. Likewise, CMPC Pulp also renewed its contract with Grieg Star for another two years as from 1st January 2013 through 31st December 2014, for shipping from Chile-Mediterranean.
On the 20th December 2012, Rainforest Alliance, an international auditing company granted CMPC the FSC™ certificate, which confirms our good management of the entire forest patrimony the Company owns in Chile, thus having concluded an over four year long process of intensive work for the Company in order to certify a woodlot of 664,274.3 hectares, comprising 2,571 forest properties which comply with the principles and criteria set out by the FSC™ Forest Stewardship Council, a non-profit, non-governmental organization which promotes and encourages responsible management of forests worldwide.
CMPC in Chile owns over 660,000 certified hectares; one of the world’s largest areas which has this programme.

The validated area is located in the south of Chile, and comprises 485,128.4 hectares intended for forestry exploitation and 150,047.2 hectares of native forests, solely destined to collection of wild fruits by local communities.

The auditing exercise evaluated the environmental, silvicultural and socio-economic aspects of the forestry management system implemented by Forestal Mininco S.A - a CMPC subsidiary - in charge of sustainable management of the forests the company owns in both Chile and Argentina.

CMPC decided to go ahead with the certification process under the conviction that upon obtaining this certification, the company would become more competitive and be able to project its management in time, thus ensuring that its forestry activities comply with the strict standards that balance an adequate management of environmental, social and economic aspects and ultimately satisfy its customer’s requirements.

CERTIFIED RAW MATERIAL

Adopting of the FSC™ certification for the company’s forests will mean that as from the second semester of 2013, approximately 70% of the wood processed by CMPC Pulp at its industrial sites in Chile will be certified. The rest, as established by its FSC™ chain custody certification, corresponds to controlled wood, i.e. wood which is not exploited illegally, or in violation of traditional or civil rights, nor comes from forests whose high conservation values are threatened by management activities, or are being converted into non-forest uses or in which genetically modified trees are planted.
The expansion of Guaíba Pulp Mill moves on – upon approval by CMPC’s Board of Directors in December 2012 - with an aim to start production during the first quarter of 2015. The accomplishment of this project will mean almost doubling the shares of the Company in the pulp market and thus consolidating its position as one of the five largest producers in the world of BEKP, with a total annual capacity of 3,240,000 tonnes/year on the whole, considering the pulp mills in Chile and Brazil. Furthermore, it will also imply greater geographical diversification which will enable us to adequately meet the growing demand of high quality pulp by its customers in all markets.

In order to develop this project called Guaíba Line II, the Company will invest approximately US$2,100 million, thus raising the Brazilian assets to over US$4,500 million.

In January 2013, CMPC shareholders approved a capital increase of US$500 million as part of the financing scheme of this investment, which also considered obtaining a credit with BNDES Bank in Brazil for the equivalent of US$1,200 million, the bond issue for up to US$500 million and eventually the selling of noncore assets.

**GUAIÑA´S PRODUCTION CAPACITY WILL EXCEED 1.7 MILLION TONNES/YEAR**

The Guaíba Line II Project involves the construction and operation of a new production line of bleached eucalyptus pulp, with a deseign capacity of 1.3 million tonnes per year, adjacent to and operationally integrated to current line I, whose capacity reaches 450,000 tonnes / year and is operated by CMPC Celulose Riograndense (CMPC Riograndense Pulp) since December 2009, following the acquisition of the complex by Empresas CMPC at around US $ 1,430 million including 120,000 ha of forests.

In the medium term, the capacity of the pulp mill could reach more than 1.5 million tonnes / year with a marginal investment, since there is enough wood available for its supply.

The expansion of Guaíba Pulp Mill in Brazil will mean a 65% increase in total production of hardwood BEKP pulp, while retaining its cost leadership.
Over 160,000 hectares of FSC™ certified forests planted assure responsible supply for Guaíba Pulp Mill in its new production scale.
Over 95% of the wood required to supply Guaíba Pulp Mill belongs to CMPC Celulose Riograndense and is distributed in forests on three poles: Guaíba, San Gabriel and Losango. A smaller portion will be supplied by third-party forest properties. Wood from the area near Guaíba and Sao Gabriel (located at an average distance of 180 km from the pulp mill) will be transported by road in trucks. The wood coming from Losango will be transported overland to the port of Pelotas and then by barge to the pulp mill.

CMPC Celulose Riograndense owns approximately 120,000 planted hectares, out of which 29,000 correspond to the San Gabriel pole. By purchasing Losango from Fibria – transaction agreed to in September 2012 - an additional 38,000 hectares planted with eucalyptus will be made available, as well as leasing contracts for a further 1,300 hectares; all of which bear FSC™ certification.

The Guaíba complex also features nurseries with a capacity of 300 million plants per year.
“This investment, the largest and most important in the 92 year history of CMPC, confirms the ability of the Company to grow by means of world class assets”

Hernán Rodríguez
CEO CMPC Group

Guaíba’s new production line will contribute with a built area of approximately 560,000 m²
Pedro Bianchi took over as commercial executive in charge of CMPC Pulp (CMPC Celulosa) clients in North America and the Middle East, replacing Cristian Alfero who is now in charge of the European Area. Claudio Ojeda, previously in charge of this area, took over as business manager for Cartulinas CMPC (CMPC Cardboards).

CMPC Pulp EBITDA reached US$ 360 million in 2012, a figure that is 38% lower than in the year 2011. Sales fell 8% mainly due to lower prices (-10%). Besides, Costs were higher than last year due to both higher raw material and freight costs. Brazilian Real weakened 6% regarding the year 2011 and Chilean peso exchange rate remained more or less the same.

4Q2012 Results were nonetheless slightly better than the quarter before, in the context of an (mild) market recovery, with better prices helping to finance higher costs. Both Chilean and Brazilian exchange rates strengthened slightly regarding the 3d quarter 2012.

CMPC Pulp: Results by Quarter
Saltpeter Offices

The “Chilean saltpeter” was used in agriculture worldwide and its economic and social history as well as cultural aspects, are prominent in the formation of the Chilean nation.

Humberstone has retained much of the camp (buildings and public spaces and housing sector)

Built in 1872, the saltpeter offices of Humberstone and Santa Laura lived throughout the boom and crisis of the nitrate industry. Definite shut-down occurred in the late 1950s, and today these offices (the constructions which still stand) represent a whole which enable us to get to know the essence of the exploitation of nitrate and various aspects of life associated with this industry. Humberstone mainly preserves its camp, whereas Santa Laura its industrial area. Humberstone and Santa Laura Saltpeter Offices are located 1.5 km apart - in the desert of northern Chile, in the Pampa del Tamarugal. This is an area located between the foothills and coastal plain which is characterized by the absence of water courses and an arid climate whose most outstanding features are the dry air and prevailing high thermal oscillation (between -5 °C and 35 °C). It is the only place in the world which features nitrate concentration in large proportions and also the sole place where it nitrate has been exploited on an industrial scale.