



CMPC Forestry and Pulp Division

Now integrated

Page 03



New investments
at CMPC Celulose Riograndense
Page 04

Communal projects incubator
achieved 14 successful initiatives
Page 08



Welcome

Dear Friends

This year will be very challenging for all of us. The financial and political uncertainty that the world is facing right now, has changed the outlook of our markets, and had made everyone unsure of what to do next.

We have seen pulp prices fall sharply in the last few months, exchange rates move in different directions and credit risk start to become a very relevant problem. We all hope that this will be temporary, and that the relevant actors across the world will take the necessary decisions to make the world a more balanced place where we can work without so many worries.

As from the 1st of January 2016, CMPC decided to bring together the Pulp and Forestry businesses in one company, in order to be more effective in this very competitive industry. Pulp originates in the forest, so it is important to align our goals from the forest to our final customer.

This restructuring coincided with the retirement of our CEO, Washington Williamson, who was at the helm of CMPC for the 5 years in which we built our Guaiba 2 line and successfully introduced its pulp to the market. We will all miss Washington as he leaves many friends in the industry, and we wish him luck in this new stage of his life.

Washington has been succeeded as CEO of the joint Pulp and Forestry company by Francisco Ruiz-Tagle, who was the former CEO of CMPC Forestry. Francisco has wide experience in the pulp and paper world as he has held positions in CMPC in the Pulp, Financial, Paper and Forestry sectors, so he is very well qualified to take the helm of this new company.

All this, and other interesting news is covered in depth in this edition of our newsletter. We hope you enjoy it and that we have succeeded in letting you know more about our company.

Best wishes to you all,

Guillermo Mullins
Pulp Sales & Marketing Director

Contents

03

*Integration of Forestry
and Pulp Division*

04

Investments at Guaiba Mill

06

R & D in Customer Service

08

Proyects Incubator

10

CMPC News

11

Our company in synthesis

12

Representatives



CMPC Forestry and CMPC Pulp

Operations aligned

Since 1 January 2016, the CMPC Forestry and Pulp areas have been functioning as an integrated business unit. This corporate reorganization is aimed at achieving greater efficiency and maximizing an integrated vision of Empresas CMPC's forestry and industrial resources in order to ensure greater alignment with the global strategy.

Francisco Ruiz-Tagle, previously the CEO CMPC Forestry, has taken on the leadership of the integrated company. Washington Williamson, the former CEO CMPC Pulp, has left the company, given the corporate strategy for generational change once an executive reaches retirement age.

NEW ORGANISATION

Francisco Ruiz-Tagle,
Chief Executive Officer

Eckart Eitner,
Development Director

Guillermo Mullins,
Pulp Sales & Marketing Director

Raimundo Varela,
Supply Chain Director

José Antonio Correa,
Administration Director

Roland Haemmerli,
Pulp Operations Director

Walter L. Nunes,
Managing Director CMPC Celulose
Riograndense

Pilar Oñate,
Human Resources Director

Eduardo Hernández,
Forestal Mininco Director

Hernán Fournies,
CMPC Maderas Director

US\$ **2,044**
million

*Annual sales
for the new integrated unit
(Figures for the LTM as of
September 2015)*

43%

*Contribution from CMPC Forestry
and CMPC Pulp to consolidated
sales of Empresas CMPC
(Figures for the LTM as of
September 2015)*



Guaíba Mill

We continue optimising

We are making adjustments and new investments to increase the total capacity of the Guaíba Mill and to continue improving efficiency and environmental performance.

The Guaíba Mill finished 2015 with successful completion of the Line 2 expansion project, following the investment of US\$2,100 million. After a six-month learning curve period, which started in May 2015, Guaíba 2 began operating at its design capacity of 1.3 million tons of BEKP pulp and in accordance with quality certifications ISO 9001 and ISO 14001.

During 2016, the company will invest a further US\$50 million in the modernisation of Line 1, in order to optimise its environmental performance and the use of chemical products. Furthermore, adjustments will be made to bring the total capacity of the complex to 1.8 million annual tons of BEKP pulp.

MODERNISATION OF LINE 1

With Line 2 standards as a reference, the investments in Line 1 include the replacement of equipment and improvements to the recovery boiler, evaporators and lime kiln, as well as the elimination of potassium chloride and the installation of precipitant systems.

The incorporation of new technology at Mill 2 has already reduced the total water consumption by 40%, even though final production has quadrupled, thanks to the reutilisation of water in the chemical processes.

POWER GENERATION

The complex is moving towards self-sufficiency in power generation from biomass, with a generation capacity of 220 MW. Both lines together will use 190 MW, leaving a surplus of 30 MW (enough power to supply a city of 300,000 inhabitants), which will be sold to the public system.

ADJUSTMENTS TO LINE 2

While the modernisation of Line 1 takes place, Guaíba 2 will undergo adjustments and alignments during July. This optimisation is related to the digester and the delignification and bleaching processes; it will have a positive impact on the pulp quality.

IMPROVEMENTS AT THE PUBLIC PORT

In parallel with these adjustments and alignments, CMPC Celulose Riograndense is investing around US\$5 million at Puerto de Pelotas in the installation of truck weighing and scanning systems, and in drainage and illumination for the wood handling and provision areas.

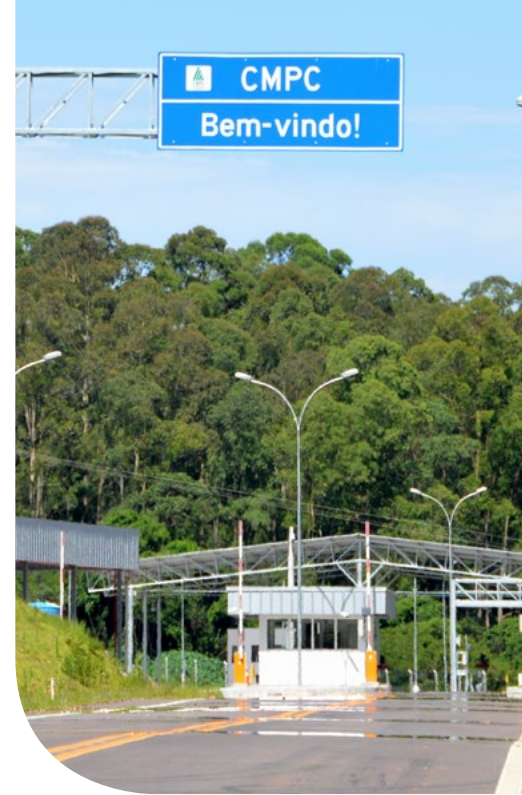
The Eucalyptus wood used at Guaíba, which is produced in the southern part of the state of Rio Grande do Sul, is sent by road to Puerto de Pelotas. From here the company transports it by water in barges with a total transport capacity of 4,000 tons of wood logs. On an annual basis 1.2 million tons of Eucalyptus logs will be moved through the new terminal at Puerto de Pelotas, corresponding to 20% of total log consumption for the mill. The use of the river way for the transport of wood between Pelotas and Guaíba will eliminate 180 complete daily road journeys, and the wood drainage operation in the port

will generate approximately 800 new jobs.

The pulp to be exported will be shipped through the port of Rio Grande, which will receive 1.7 million tons of pulp annually.

OPENING OF PRIVATE ACCESS ROAD

To finish the transport logistics cycle, the company has also invested around US\$15 million in the opening of a new access road to the Guaíba mill, used exclusively for the transport of wood and building materials. From December 2015, the trucks entering and leaving the industrial complex, have been gradually transferring to the private access road, which is a stretch of 4.3 kilometers and a direct link between federal highway BR16 and the industrial zone.



“We will incorporate new technologies into Line 1 to allow a reduction in water consumption”

*Walter Lidio Nunes
Managing Director CMPC
Celulose Riograndense*

1.8
million

*annual tons
BEKP
will be the total
capacity of the
Guaíba Mill*

US\$ 50
million

*will be invested
in Line 1*



Customer service

An R & D objective

During 2015 technical assistance projects and specialised refining studies were carried out, closely copying real manufacturing conditions for the paper industry.

As per the CMPC Pulp strategic agenda, during 2015 we made progress with the development of our value proposal based on the concept of Fibre Basket + Services, through an intense program of client visits in Europe, Asia, America and the Middle East. This allowed us to make proposals for the optimisation of fibre use, with support from our Research & Development Centre.

PRINCIPAL DEVELOPMENTS

In 2015 we intensified the use of the pilot refiner installed at our R & D Centre for the evaluation of market pulps and for carrying out furnish studies focused on identifying the optimum mix of fibres in terms of both quality and the associated costs.

With this aim, and the help of new equipment and simulation tools, we drew up a Market Short Fibre benchmark, trying to get as close as possible to real client operational conditions. The benchmark was structured according to various types of paper (graphic paper, tissue, cardboard and speciality) and considered different stages of the papermaking process: refinability, drainability, dryability and papermaking ability.

The technical assistance projects were related mainly to: the substitution of long fibre with short fibre; separated refining versus co-refining; comparative analysis of fibres to optimise the furnish of speciality papers; and the benefits of Eucalyptus in the tissue and graphic segments.

For 2016 we are planning new initiatives. These include: 100% BEKP Tissue, Structured Tissue, Radiata Fibre Development, Finebar Developments and Recycled versus Virgin Fibres.



"We are focused on improving our knowledge of fibres for the benefit of our customers, in accordance with the tendencies currently predominant in the paper industry."

*Raúl González
Manager of R & D,
Quality and Projects
CMPC Pulp*



Community interest

We are supporting social initiatives undertaken by community organisations in the areas near our mills in Chile, through a project incubator.

At the end of the second year, 14 projects developed with the support of CMPC Pulp had obtained financing for their execution in public funding tender processes. This figure doubles the number of community interest initiatives in Nacimiento, Laja and Mininco that managed to obtain state funding in 2014.

The CMPC Pulp incubator provides a full-time professional who gives assistance at each stage of the project (creation, application and development of the proposal), applying a work model that integrates the detection of local needs, participative design and training.

Forty organisations from communities in which CMPC Pulp mills operate in the country received support from the incubator during 2015.



CULTURE AT EVERYONE'S REACH

Three projects that were successful with their applications are related to culture. One of them is the first Nacimiento Book Reading Fair. Its objective is to raise the reading level among inhabitants of the municipal district, through the creation of a "Friends of the Library Club" and open activities for local people in the Biobío District. Another project involves presentations by music and theatre groups and exhibitions of local crafts, which will form part of the Celebration of the Anniversary 252 of Villa Mininco. This is the second time the Celebration will take place and it is designed to continue promoting the revival of rural and local traditions. Also taking place in the same area will be the First Inter Community Folklore Gathering, bringing together for a week different musical groups.

SPORTS FOR ALL

Regional Development Funds for Sport were won by three projects: a yoga, pilates and dance workshop for elderly adults; the first intercultural baby football championship; and a physical activity and health workshop for elderly adults. The



last two projects are based in the Collipulli area.

SAFETY AND SOCIAL HARMONY

There were also successful projects presented by community groups from Nahuelbuta, Villa Las Araucarias and Laja, representing in total 340 members. The projects are aimed at improving personal safety through conflict mediation led by teams of lawyers and social workers.

ORGANISATIONAL STRENGTH

Projects developed by residents associations in Mininco and Laja received the funds they need in order to operate as organisations. The financing will allow them to improve their knowledge of the regulations that apply to their activities, and will provide the equipment needed at their headquarters, as well as materials for holding workshops.



obtained by community organisations supported by our project incubator in 2015



received our assistance over the last year

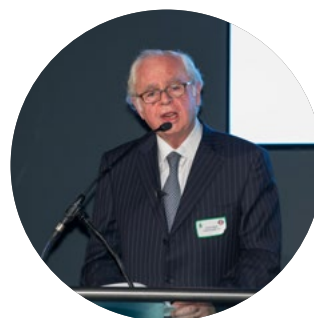
CMPC News



WE CELEBRATED GUAÍBA 2 TOGETHER WITH OUR CUSTOMERS

We got together with our customers in Europe at the London Transport Museum to officially announce the start-up of Guaíba 2. Nearly 150 guests attended the event, which took place on 11 November 2015. We were able to spend a very pleasant evening with our customers, and to tell them about the potential of this new productive unit for their respective businesses.

In the name of the company, the Sales & Marketing Director of CMPC Pulp, Guillermo Mullins, thanked all of those present for their participation in the event. Then, the Chairman of Empresas CMPC, Eliodoro Matte, asked the event participants to consider our company as a partner in whom they could trust. "I invite you to make the highest demands of us, to oblige us to give our best, because we are prepared to give you both service and products of real quality" he told them.



*Eliodoro Matte,
Chairman
Empresas CMPC*

Our company in synthesis

We seek to satisfy the requirements of our customers with differentiating value proposals that are decisive for their success.

4

million annual
tons

Total Eucalyptus and
Radiata Pine pulp
production capacity

650,000

hectares

planted in Chile,
Argentina and Brazil

4,800

employees



Guaíba
Brazil

1,750,000
tons/year BEKP

+ 60,000 tons/year paper P&W



Santa Fe
Chile

1,500,000
tons/year BEKP



Pacífico
Chile

500,000
tons/year BSKP



Laja
Chile

230,000
tons/year BSKP

+ 30,000 tons/year UKP
+ 70,000 tons/year sack kraft
paper

Argentina

Productos Forestales S.A.
PROFORSA
Laprida 3278 piso 2, oficina 43
1642 San Isidro, Buenos Aires
Tel: (54-11) 47352733
Fax: (54-11) 47352740
proforsa@arnet.com.ar

Australia

Silvania Resources, Inc.
1820 N. Corporate Lakes Blvd.
Suite 307 Weston,
Florida 33326, USA
Tel: (1-954) 3854890
Fax: (1-954) 3854950
fredthilen@silvaniaresources.com

Belgium, Netherlands and Luxembourg

Euro Fibres SPRL
18 Avenue Lavoisier
B-1300 Wavre, Belgium
Tel: (32-10) 23 74 50
Fax: (32-10) 23 74 52
Robert.hamilton@euro-fibres.be

Bolivia

Hein Ltda.
Avda. Arce 2396, La Paz
Tel: (591-2) 2442786 - 2440945
Fax: (591-2) 2441188
cfhein@megalink.com

Brazil

CMPC Celulose Riograndense
Rua São Geraldo, 1.800 - CEP
92500-000 - Guaíba-RS-Brasil.
Tel: (55-51) 2139 7135
SNKilpp@cmpcrs.com.br

Costa Rica, El Salvador, Panamá & Guatemala

José Rothschild & CIA. S.A. (JOROSA)
Costa Rica, San José, Escazu, San Rafael
Del restaurante La Cascada, 250 metros al
norte, Barrio Palermo, San José.
Tel: (50-6) 2289 7737
Fax: (50-6) 2228 8262
randallr@jorosacr.com

China

CellMark AB, Shanghai Office
Units 803-806, Ocean Towers,
550 Yan'an Road (E), Huang Pu Distric
Shanghai 200001
Tel: (86-21) 6473 0266
Fax: (86-21) 6473 0030
Henry.Peng@cellmark.com

Colombia

Herzig & Cia. S.A.
Carrera 50 N 6-41, Medellín
Tel: (57-4) 2552122
Fax: (57-4) 2855805
erestrepo@herzig.com.co
Herzig@herzig.com

Dominican Republic

Rero, C.A. Torre Phelps,
Piso 19, Of. A. Plaza Venezuela
Caracas, 1010-A
Tel: (58-212) 7819501/2476
Fax: (58-212) 7815932/6976
reroca@reroca.com

Ecuador

Alter Cia Ltda.
Almagro 1550 y Pradera Edificio P.A.
Kingman, piso 4B, Quito
Tel: (593-2) 2905531
Fax: (593-2) 256 4571
mreyes@alter-ec.com
proserfin@alter-ec.com

France and Italy

Cellmark S.A.
1 rue Pedro Meylan
1208 Geneva, Switzerland
Tel: (41-22) 707 4102
Fax: (41-22) 700 0062
Remy.heintz@cellmark.ch

Germany, Austria and Eastern Europe

GUSCO Handel - G. Schürfeld & Co.
Mönckebergstrasse 31
D-20095 Hamburg
Tel: (49-40) 333 040
Fax: (49-40) 333 04100
Secretary.Office@Gusco.de

India

Seascope Pulp & Paper Pvt. Ltd.
158/33 Laxmi Industrial States
New Link Road, Andheri (West)
Mumbai 400 053
Tel: (91-22) 4049 0000
Fax: (91-22) 4049 0050
sales@seascope.in

Indonesia

Cellmark Interindo Trade Pt.
Jl. Raya Jatiwaringin No 54
Pondok, Gede 17411 Jakarta
Tel: (62-21) 848 0130
Fax: (62-21) 848 0140
hariono@ccdduta.com

Japan

Central National Japan Ltd.
8F Kioicho Building,
3-12, Kioicho, Chiyoda-ku, Tokyo
102-0094 Japan
Tel: (81-3) 3221 1621
Fax: (81-3) 3221 1622
jmizoguchi@cng-japan.com
mtakita@cng-japan.com

Korea

HB Corporation
4th Fl. HB Bldg., 627-1 Sinsa-Dong,
Kangnam-Gu, Seoul, 135-895
Tel: (82-2) 34485227
Fax: (82-2) 34485132
yrhwang@hb-corp.com

Mexico

Paxell International S.A. de CV.
Bernardo Quintana 7001-B, Piso 12- 1201
Centro Sur, 76090 Querétaro
Querétaro, México
Tel: (52) 442 229 3200
llamasrx@paxell.com.mx

Peru

Inunsa S.A.
Av. Lloque Yupanqui N° 1399,
Jesús María, Lima. Perú
Tel: (51-1) 471 8990
Fax: (51-1) 470 6061
administracion@inunsa.com
mcavallero@inunsa.com

Spain

Northern Pulp Cellulose Sales S.A.
Menéndez Pidal, 6 bajo
28036 Madrid, España
Tel: (34-91) 310 1526
Fax: (34-91) 319 1910
louise@northernpulp.es

Taiwan

Beauflex International Corp.
9F-1, N° 36, Alley 38, Lane 358,
Rueiguand Rd., Neihu District.
Taipei 114
Tel: (886-2) 2658 5199
Fax: (886-2) 2658 5196
david@beauflex.com

Thailand

CellMark (Thailand) Co. Ltd.
2024/139-140 Rimtangrodjai Road
Prakanong, Bangkok 10260
Tel: (66 -2) 333 1300
Fax: (66-2) 333 1299
cellmark@cscoms.com

Trinidad and Tobago

Robert Bos
#5 Mahabir Development
Diego Martin
Trinidad y Tobago
Tel: 1 8686953027
Robert.bos@cellmarkpaperla.com

United Kingdom

F.G. Evans & Co. (Pulp) Ltd.
Quinta, Wheeler End Common,
High Wycombe, Bucks HP14 3NJ
Tel: (44-1494) 883657
Fax: (44-1494) 880964
office@fgevans.com

Uruguay

Arturo Nogueira Representaciones
Avda. de las Américas km 18 esquina
Racine Carrasco Country
Terrazas del Lago Edificio II - Depto. 302
Canelones - Uruguay
Tel: (00598) 2600 2239
anrepruy@gmail.com

United States

International Forest Products Corp.
One Patriot Place
Foxboro, Ma. 02035
Tel: (1-508) 698 4600
Fax: (1-508) 698 1500
barrym@ifpcorp.com

Venezuela

Rero, C.A. Torre Phelps, Piso 19, Of. A.
Plaza Venezuela, Caracas, 1010-A
Tel: (58-212) 7819501/2476
Fax: (58-212) 7815932/6976
reroca@reroca.com

Vietnam

Eurocell International Ltd.
4002 Central Plaza, 18 Harbour
Road, Hong Kong
Tel: (852) 2511 2282
Fax: (825) 2507 2053
louis@eurocell.com

CMPC Europe Limited

Challenge House
616 Mitcham Road
Croydon
Surrey CR0 3AA, Reino Unido
Tel: (0208) 683 6485
Fax: (0208) 683 4222
CMPCEuropeLtd@aol.com