



cmppc Pulp07 news

August 2007

Santa Fe 2:
Inauguration for
Shanghai Clients

Santa Fe Line 2 Inaugurated

Santa Fe 2:
A World Class
Project



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Santa Fe 2:
A World Class
Project

Ladies and Gentlemen:

Welcome to Shanghai and to the Santa Fe line 2 inauguration ceremony.

March 29th was a very important day for CMPC. It was when, in the presence of the Chilean authorities, our Santa Fe project was officially inaugurated. Today, we wish to celebrate this key event in the history of our firm with you in this vibrant city.

On December 12th last year the new line whose completion we are celebrating today produced its first bale of pulp - the first fruits of years of planning, investment and hard work.

We have chosen to stage this ceremony in Shanghai to make manifest both Chile's and CMPC's commitment to the Asia-Pacific region. Chile has been a member of the Asia-Pacific Economic Cooperation forum (APEC) since 1994, and has signed trade agreements with China, South Korea, Japan, India, Singapore, New Zealand and Brunei. In addition, negotiations for such agreements with Thailand, Australia and Vietnam are currently underway.

As you well know, our country has a vast common border with the countries of the Asia-Pacific region. In light of this, Chile has been building trade bridges across the Pacific, so as to become a strategic partner for the region.

The Chilean forestry industry has followed a similar path: over time this region has become our main market, displacing more traditional markets such as America and Europe.

The Chilean wood pulp industry is among the most modern in the world. Adoption of the latest technology occurs continuously, as does the industry's contribution to employment growth and the development of rural areas. By way of example, our new mill at Santa Fe complies fully with the most exacting global and local environmental standards, while older mills are continually upgraded to keep pace. Moreover, by 2010 Chile is projected to be the fourth largest pulp producer in the world.

The CMPC story began in 1920, in a small town near our capital city - Santiago - called Puente Alto. In 1959 the pioneering Laja Mill was built: it was the first Kraft pulp mill in Latin America and its exports to the rest of Latin America began a year later. Today, we are active in pulp, paper, tissue and paper products. We have plants and mills in Chile, 6 plants abroad, and forest plantations of mostly Radiata Pine and Eucalyptus that extend over more than 500 thousand hectares.

With annual sales of over 2.5 billion US dollars, CMPC is currently the largest forestry firm in Latin America.

CMPC Pulp has three pulp mills in Chile: two producing pulp from Radiata Pine, and one from Eucalyptus. The pulp from these mills is exported to 200 clients in

welcome

40 countries around the world. Long-term, trust based relationships with our clients are our hallmark.

With the coming on stream of the new second line at Santa Fe one stage comes to a close for CMPC, and another begins. We must now set ourselves wholeheartedly to the task of optimizing our mills' operation, innovating in customer service, and further improving our environmental credentials so as to consolidate a leadership position in the world pulp industry.

The project whose completion we celebrate today involved investment of over 745 million US dollars, and adds 780 thousand tons of Eucalyptus pulp capacity per year, bringing total CMPC capacity to 2 million tons of pulp per year.

The eyes of the world are currently trained on the Asia-Pacific region because of its astonishing economic growth rate, sustained for decades in some countries. In our eyes, this makes you natural partners for CMPC, and it is our hope that you see CMPC as a strategic partner also. We are a firm that has chosen to focus on providing market pulp to the world market, making use of our comparative advantage with respect to other pulp producing countries. This is in many ways not a new strategy: we have been exporting to China, Japan and South Korea since 1965!

We are confident that CMPC will remain a major player in world markets for many years to come. We are well aware that this requires unceasing dedication to improving efficiency by rapidly adopting cutting edge technology, and optimizing the logistics of our business. Moreover, our product and our service must measure up to the highest standards: not only those of the market but also the often more specific standards of our clients.

Dear friends, the mill that we are inaugurating today is proof that we are believers in Chile's potential and its workers, and that we are convinced that hard work pays off handsomely. We hope to contribute to the development of the industry as a whole, of Chile, and of all the countries represented here. We wish you every success for the future, and hope to accompany you throughout the process. Your success is also our success.

Thank you.



Sergio Colvin
Managing Director CMPC Pulp

Inauguration of Santa Fe

Mill Line 2

On March 29th, CMPC Group inaugurated Line 2 of the Santa Fe wood pulp mill in the city of Nacimiento, Chile.

The ceremony was presided over by the Regional Mayor of the Bío-Bío Region, Soledad Tohá; the City Mayor, Gerardo Montes, and the Company Chairman, Eliodoro Matte. Regional authorities, suppliers and locals from Nacimiento attended the event.



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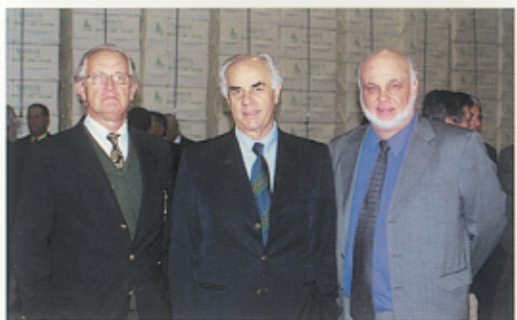
1. Governor Esteban Krause, Sergio Colvin and Francisco Ruiz-Tagle.
2. Monsignor Felipe Bacarreza, Bishop of Los Angeles; Deputy Juan Lobos, Eliodoro Matte, Chairman of CMPC Group; Senator Víctor Pérez; Francis Backhouse, Manager of Santa Fe Mill; Soledad Tohá, Regional Mayor; and the Mayor of Nacimiento, Gerardo Montes.
3. Mario Basualto, Félix Vita, Mayor of Alto Bío-Bío and Gonzalo García.
4. Hernán Rodríguez, Emilio Pellegrini, Juan Manuel Gutiérrez, Juan Carlos Eyzaguirre and Luis Díaz.



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An investment of US\$745 million was required for the construction project of the second line, increasing the company's production capacity by 780 thousand tonnes a year. Without a doubt, this makes it the largest project ever undertaken in the history of CMPC.



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- 5. José Ignacio Letamendi, Juan Eduardo Correa and Arturo Mackenna.
- 6. Víctor Jorquiera, Senator Mariano Ruiz-Esquite and Father Gustavo Abello.
- 7. Cristián Brinck, Eugenio Grohnert and Eduardo Lauer.
- 8. Francis Backhouse, Eliodoro Matte and Mario Basualto.
- 9. Luis Llanos, José Ignacio Letamendi, Jorge Marín, Patricio Grez and Haendel Tapia.
- 10. Eliodoro Matte, Soledad Tohá and the Mayor of Nacimiento, Gerardo Montes.

- 11. Raúl González, Martín Costabal, Juan Claro, Óscar Parra, Bolívar Ruiz and Pedro Navarrete.
- 12. Luis Anguita, Deputy of Juan Lobos; Joel Rosales, Mayor of Los Angeles; Juan Escobar, Jorge Márquez and Pablo Cortés.
- 13. Jaime Illanes, Gerardo Sandoval, Gustavo Vera and Claudio Barrios.
- 14. Deputies Juan Lobos and José Pérez Arriagada, Senator Víctor Pérez, Francis Backhouse and Governor Esteban Krause.

Santa Fe 2 Inauguration for clients in Shanghai

Within the framework of the Santa Fe Mill Line 2 inauguration in Nacimiento, and with the objective of involving clients from the Asian markets, on April 12 - 13 in Shanghai, China, a series of events was arranged for more than 180 clients from China, Taiwan, Indonesia, Thailand, India, Malaysia, Korea, Japan, Australia and Europe.



April 12th

At 6pm at Le Royal Meridien Hotel, a presentation was given on the new Line 2 in Nacimiento with an introduction by Guillermo Mullins (Director of Sales and Marketing, CMPC Pulp), Roger Wright (Managing Director Hawkins Wright) and a final speech from the Managing Director of CMPC Pulp, Sergio Colvin. In addition, a video of the mill was shown.

Later in the evening there was a cocktail party on 64th floor of the hotel.

On leaving, each guest received a book translated into a variety of languages containing images of Chile.





April 13th

At 9am, 122 guests departed on sightseeing buses for Zhujiajiao, 45 minutes from Shanghai.

At 6.30pm the buses waited at the hotel to take all the guests to the CMPC Gala Dinner which took place at the Children's Palace, a house built in 1918. This house was a private residency until 1953, when Soon Chin Ling converted it into China's first educational centre.

This is the first time that a gala dinner has taken place there.

The meal started with a cocktail on the terrace, followed by traditional Chinese music. Later on the guests

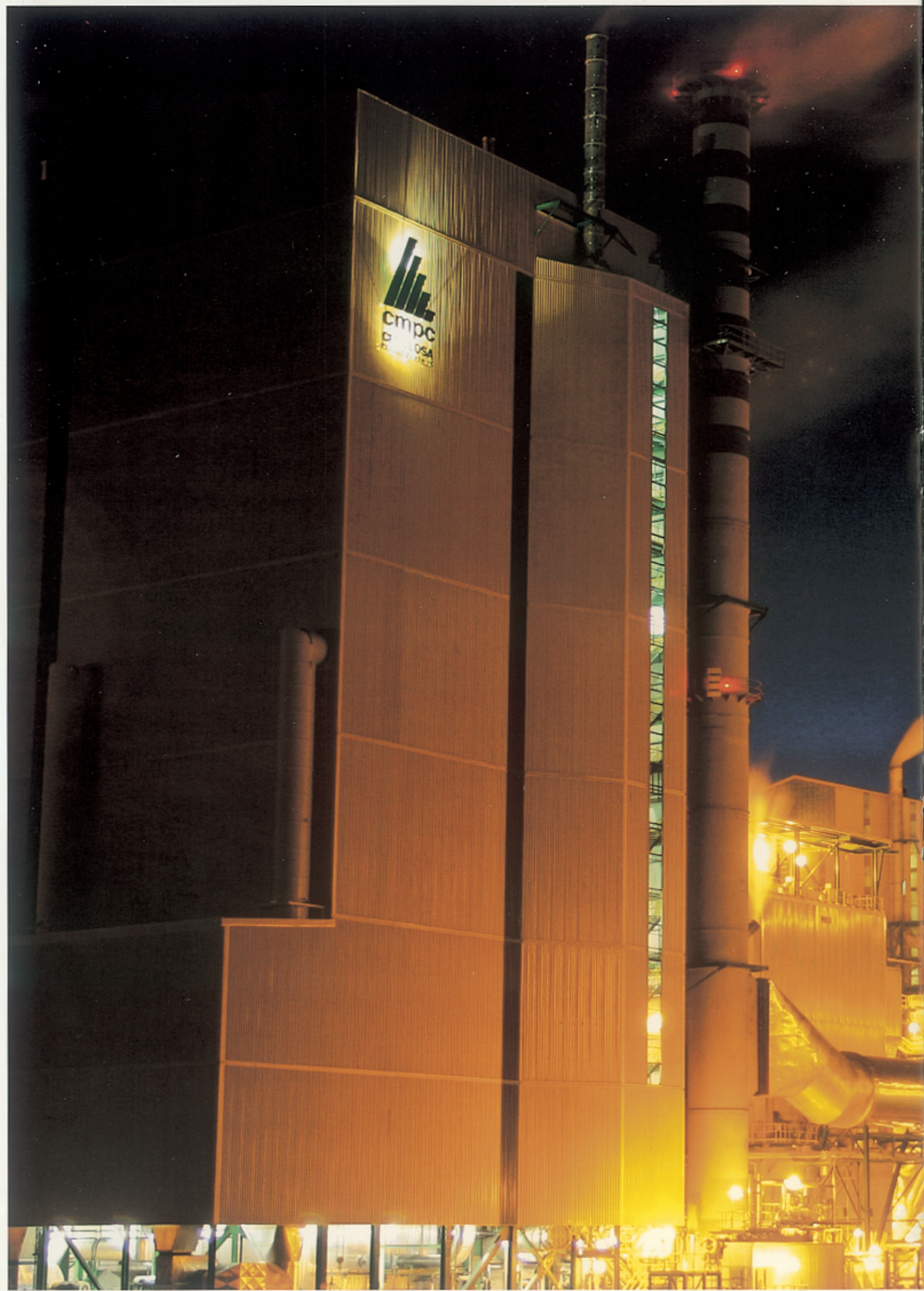
went inside to eat privately at 18 tables in the main dining hall.

During the meal, there was a variety of entertainment.

The show included female violinists, the mask man, Chinese dancers, a Latin music group and female drummers.

At the end of the meal, each guest was given a CMPC Pulp bag with a book entitled, 'Moon Tears, Mapuche Silverwork Treasures' and a wooden box with the silver Mapuche symbol called 'The Great Man'.





Santa Fe 2 A World Class Project

Six months after the start up of Santa Fe Mill Line 2, CMPC Group has appraised the process positively. The challenge of achieving the very best operation within established criteria and timeframes has been successfully achieved.





Eckart Eitner



Mario Basualto



Francis Backhouse



Eugenio Grohnert

On June 1st at midnight, Santa Fe 2 exceeded an average design production of 2210 adt/day, by averaging 2237 adt/day for the following 30 consecutive days. This important goal was achieved 171 days after operations began at the mill, exceeding the achievements of similarly sized projects set up in recent years.

The project, which entailed an investment of US\$ 745 million, the largest in the history of the company, was, according to Eckart Eitner, Operations Manager at CMPC Pulp, "very successful".

"Despite some changes, the project was developed within the estimated timeframes for work of this size and without going over budget. All environmental demands were fully met during the construction process, and the production conformed with regulations right from the start", informed the Operations Manager.

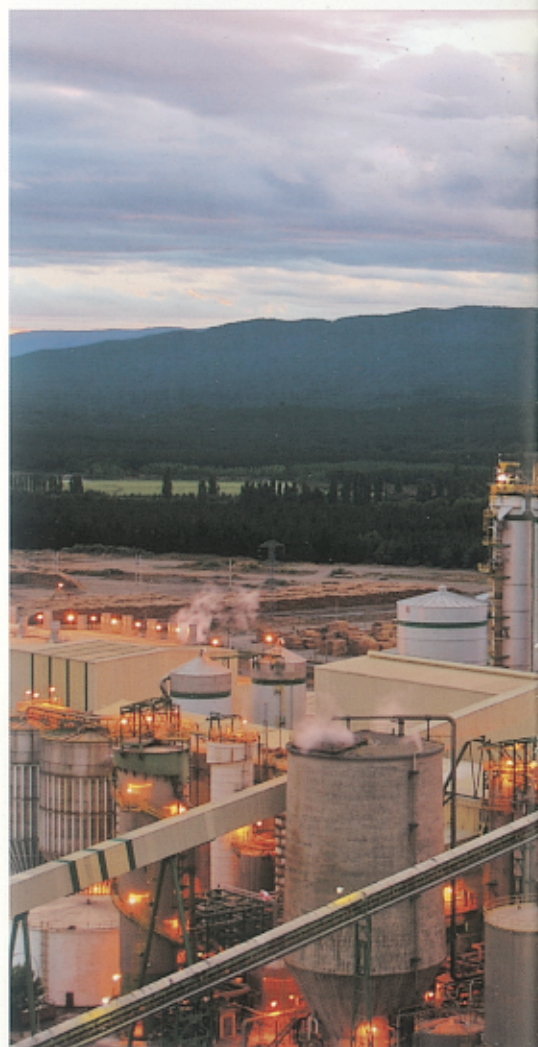
Mario Basualto, Environment and Public Relations Manager, affirms that from the construction point of view the performance of the project

was excellent. "All reductions to which we committed, from emissions to waste management, to packaging, were suitably met. With regard to the inspections undertaken by the COF (Conama Inspection Committee, comprising environmental public services) we suffered no delays or restrictions. In addition, we complied fully with local authorisations".

Safety

With regard to safety, the project gained recognition from the Mutual Society of the Chilean Chamber of Construction and the Chilean Safety Association for its low accident rates.

"We demanded the strictest safety measures, similar to those in mining projects, which encouraged the companies to aim high... much training was undertaken to achieve this. The contractors were asked to provide risk assessments where they had to clearly explain the procedures to be followed in every eventuality. Every week the Safety Officers would meet and tour the mill checking for





potential accidents. In addition, safety motivation campaigns were carried out and workers were rewarded", Mario Basualto reported.

The results were successful and the low accident rates were commended. "This has made us very happy. We were ordered by the Directors to protect the lives of the workers, and that is what we did. We have had no serious accidents considering the size of the project. One should take into consideration that we were in a very difficult situation...we had one mill operating and another under construction which at certain times involved more than 8000 workers. However, there were no life losses", commented Eckart Eitner.

Production quality

In the opinion of Francis Backhouse, Manager of Santa Fe 2 Mill, the initial operations gave better results than expected, in comparison to the world's best projects.

"By the end of the third month in operation, Santa Fe 2 exceeded 90% design production and at 5 months and 20 days, it achieved its goal, performing much better than other recent projects of this size", stated Francis Backhouse.

With regard to the environment, the start of operations and the construction process were carried out with no environmental issues.

The community

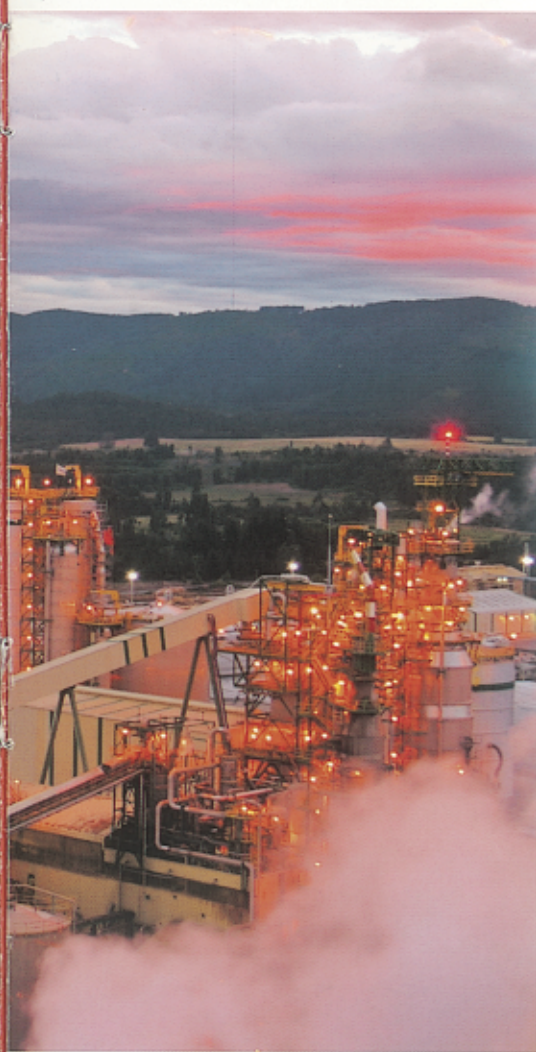
Santa Fe 2 was developed with a commitment to the local community. Currently, approximately 700 people employed at the mill are from the city of Nacimiento.

According to Francis Backhouse, CMPC made sure that the community was not exempt from the benefits of the construction process, and therefore the contractors were obliged to ensure that a high percentage of employees were from the province of Bio Bío. To this end, a variety of projects and programmes were developed focussing on education and developing technical skills that would help to improve employment opportunities. In addition, the Company supported and gave direct incentives to small businesses.

Backhouse assures that "during the development of the project prospects for communication and work with the community were created which will continue to evolve over time".

Eugenio Grohnert, Project Technical Manager, states, "all objectives proposed at the start of the project were successfully achieved. These included building a new line of world-class ECF eucalyptus wood pulp, completing construction within the program's budget, ensuring an excellent start to operations, and reaching design capacity quickly".

Grohnert highlights the excellent results with regard to safety and the environment, and the excellent relationships forged with the community of Nacimiento, which are open and respectful.





CMPC PULP

Production and distribution of woodpulp based on Radiata Pine and Eucalyptus. The mills are Pacifico (500,000 tons softwood), Laja (360,000 tons softwood) and Santa Fe (1.2 million tons softwood). This woodpulp is exported to countries in Asia, Europe, Oceania and the Americas.

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Pulp
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